



Solvency and Financial Condition Report (SFCR) 2022

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1. Introduction

1.1. Structure and context

The structure of the Solvency and Financial Condition Report (SFCR) has been prepared in accordance with annex XX of the Delegated Acts. The subjects addressed are based on article 51 to 56 of the Solvency II directive and article 292 up to 298 of the Delegated Acts.

The figures presented in this report are in line with the supervisor's reported Quantitative Reporting Templates.

All amounts quoted in this report are in thousands of euros (€), unless stated otherwise. The figures and explanations on the figures are per 31-12-2022, unless stated otherwise.

In line with the implementing regulation (EU) 2015/2452 of December 2 2015, article 4, the Quantitative Reporting Templates (QRT's) which are subject to public disclosure are made available in electronic form (MS Excel) separate to this SFCR document.

This Solvency and Financial Condition Report was approved by Maasloyd's Management Board in April 2023.

1.2. Summary

Business and external developments

Maasloyd is active in the field of discontinued operations for mainly general liability insurances. The portfolio has developed through the acquisition of run-off portfolios of other (re-) insurance companies including the active reinsurance structure of those portfolios. Through focus, knowledge and efficient processes Maasloyd generates value in managing the development of reserves and settlement of claims as well as generating investment income. After receiving DNB approval in 2019, Maasloyd started to underwrite new business again via underwriting agents (UA's) in pools for 2020 risks and is allowed to act as leader in insurance pools as from Q2 2022. The updated business strategy is aimed at adding business volume via underwriting of new business via Underwriting Agents as of 2020 to reduce the dependency on run-off activities and have a more diversified insurance portfolio.

Premiums

On 1 January 2020, the Company started with active underwriting with providing insurance capacity to underwriting agents in the non-life Dutch insurance market. In total the gross premiums written for the year 2022 were Euro 20.8 million (2021: Euro 13.9 million), the net premium earned for the year was Euro 5.2 million (2021: Euro 1.1 million).

Claims

The run-off of the claims reserves showed a positive development. In total the net claims incurred for the year were Euro 1.6 million positive (2021: Euro 0.2 million positive).

Investment income

Overall, the investment income in 2022 including the change in unrealised revaluation of the investments in shares, bonds and real estate was Euro 0.46 million negative (2021: Euro 0.53 million positive). The investment return net of expenses was Euro 0.57 million negative (2021: Euro 0.40 million positive).

System of Governance

Regarding its System of Governance, Maasloyd has a Management Board of two members and a Supervisory Board members of three members (per 9th of December 2022 since the ownership of the

company was transferred). Within the Supervisory Board, one member represents the ultimate shareholders and two independent members are represented.

Risk profile

The risk universe for Maasloyd has been dominated by:

- Underwriting risk due to uncertainty around the adequacy of its reserves, so called reserve risk for its insurance book, premium risk for underwriting new business as well as catastrophe risk
- Market risk related to its investments (interest rate, real estate, credit spread, concentration, currency risk and strategic participation risk)
- Counterparty default (credit) risk related to certain investments (cash deposits) and reinsurance or other counterparties
- Operational risk due to expansion of activities by accepting new business

Related to the run-off portfolio of Maasloyd, strategic including cost risk were critical risk factors on the mid- to long-term horizon as one of the key challenges for Maasloyd is to align the cost levels of the organisation with the development of the business volume. Using a relatively flexible organization and variable costs as much as possible are important mitigations in that regard.

Underwriting new business provides a clear risk mitigating effect in that regard: Maasloyd has increased the business volume and service activity. The new business activities have the same objective as acquiring run-off portfolios but provide a more controlled and fluent (more predictable timing) growth path than the one resulting from acquisitions of run-off portfolios.

The key changes to the risk profile of Maasloyd as a result of accepting new business is that inherently the strategic risk profile of the company changes. Furthermore:

- Market risk slightly increases (due to injection of capital via Real Estate in 2021)
- Underwriting risk (non-life) increases and premium risk is added
- Counterparty default risks increases (due to the reinsurance strategy)

Operational risk increases (due to increased complexity, business volume and outsourcing of core processes and IT).

Capital management

The capital position of Maasloyd per 31-12-2022 is the following:

SCR & MCR		
Amounts in € thousands		
Solvency II	31-12-2021	31-12-2022
SCR	6,295	6,875
Own Funds	27,440	27,489
Solvency Ratio	436%	400%
MCR	3,700	4,000
Own Funds	27,440	27,489
Solvency Ratio	742%	687%

The solvency position has decreased from 436% to 400%, but is still well above regulatory and internal limits and targets.

2. A. Business and Performance

2.1. A.1 Business and external developments

2.1.1. A.1.1 General information and company structure

The Company, domiciled in Rotterdam, is a public limited company.

The Company's principal activities are mainly in industrial insurance services.

The Company started in 1985 with the run-off of a discontinued liability portfolio and started to underwrite risks in the Netherlands. Since the end of 1987 the Company is in run-off and has not undertaken underwriting activities since then. Since 2007 the Company acquired several (non-life) run-off portfolios and or insurance companies in run-off.

In 2002 the Company was acquired by the Hampden Group. In 2019, the Company received approval from DNB to start active underwriting (new business) again and per Q2 2022 to act as leader in insurance pools.

At the end of 2022, the shares were transferred to a consortium led by Capital A.

The Company is not listed and has no staff. All management services are outsourced to Halcyon Insurance Group B.V.

Name and contact details of the external auditor

Name: BDO Audit & Assurance B.V.

Visiting address: Krijgsman 9, 1186 DM Amstelveen

Phone number (general): +31 (0)20 543 21 00

Email: amstelveen@bdo.nl

Name and contact details of the supervisory authority

Name: De Nederlandsche Bank

Visiting address: Spaklerweg 4, 1096 BA Amsterdam

Phone number (general): +31 800 020 1068

Email: info@dnb.nl

Qualifying holdings

At the end of 2022, 100% of the shares in the Company were held by Halcyon Insurance Group B.V., a subsidiary of Dutch Insurance Group B.V.

Address: Gustav Mahlerplein 106, 1082 MA Amsterdam

2.1.2. A.1.2 Business portfolio and lines of business

The Company started in 1985 with the run-off of a discontinued US liability portfolio and started to underwrite risks (motor, transport and general liability) in the Netherlands. Since 1987 the Company is in run-off and has not undertaken underwriting activities since then.

In 2007, the Company merged with its sister operation N.V. Algemene Verzekering Maatschappij "De Zee". This was a small insurance Company, established in 1977, which has gone into run off in 1988 and which was bought by N.V. Schadeverzekeringsmaatschappij Maasloyd in 2006.

On 30 September 2010, the Company bought all shares of Phoenix N.V. and all shares of N.V. Schadeverzekering Maatschappij van 1890 and merged with both companies as per 1 October 2010.

Phoenix N.V. was a small insurance company, established in 2002, which has gone in run-off since 2007.

N.V. Schadeverzekering Maatschappij van 1890 was a small insurance company, established in 1890, which has gone in run-off since 1991.

Also on 30 September 2010 the Company acquired a reinsurance portfolio of Achmea Re. This reinsurance portfolio is in run-off since 1991.

On 30 May 2012, for own account and expense as per 1 January 2012, the Company acquired a Dutch insurance portfolio in run-off from Malayan Insurance Company Inc.

On 21 November 2012, for own account and expense as per 15 October 2012, the Company acquired a liability portfolio from Delta Lloyd Schadeverzekering N.V. The main part of this portfolio was written from 1967 to 1976.

On 7 November 2013 the Company acquired, for own account and expense as per 1 April 2013, the insurance portfolio of its sister company Hampden Insurance N.V. This portfolio was written from 1990 to 2002.

On 2 April 2015 the Company acquired, for own account and expense as per 1 January 2015, a non-life underwriting agents portfolio of Delta Lloyd Schadeverzekering N.V. This portfolio was written from 1975 to 2005.

On 5 September 2017, the Company acquired, for own account and expense as per 1 January 2017, the insurance portfolio from AIOI Nissay Dowa Insurance Company Ltd. This portfolio was written in the Netherlands from 1976 till 1998.

In 2018, the Company acquired a small reinsurance portfolio from R&V Versicherung AG. This liability portfolio was written from 1974 to 1980.

In 2019, the Company acquired a small reinsurance portfolio from Continentale AG. The portfolio was written from 1974 to 1980.

In 2019 the company prepared its organisation in order to act as a commercial insurer in the Dutch non-life insurance market. As of 2020 Maasloyd accepted new business and per Q2 2022 is allowed to act as leader in insurance pools.

The lines of business of the current technical provisions are Casualty, Property, Motor Car Liability, Personal Accident and Transport.

The main line of run-off business is Liability which covers more than 90% of the Best Estimate Technical provisions.

The acquired run-off portfolios are:

- EU liabilities: Losses outstanding from mainly Dutch origin.
- US liabilities Direct: Direct policies on coinsurance basis in respect of US liabilities. (in run-off before 1987)
- US liabilities Reinsurance: Inwards Reinsurance policies mainly in respect of US liabilities. (in run-off before 1991).

2.1.3. A.1.3 External and Strategic developments

The Company's strategy was to acquire (re)insurance portfolios and providing run-off management services. In 2019, Maasloyd received approval to underwrite new business again and per Q2 2022 to act as leader in insurance pools. Maasloyd added a new activity as a result of and in accordance with its strategy.

Maasloyd targets only non-life business for Personal and Commercial Lines (SME). The key role for Maasloyd is to ensure efficient distribution, smart use of data and IT and monitoring the quality of data throughout the value chain.

2.2. A.2. Underwriting Performance

2.2.1. A.2.1 Life

Not applicable. Maasloyd doesn't have any Life business in its portfolio.

2.2.2. A.2.3 Non-Life

The technical result per main line of business is the following in 2022:

Technical account (Euro x 1.000)	Total	Fire and other damage to property insurance	Other motor insurance	Motor vehicle liability insurance	General liability insurance	Other branches
	2022	2022	2022	2022	2022	2022
Gross premiums written	20.771	11.773	2.713	3.382	1.812	1.091
Reinsurer's share	-16.867	-9.578	-2.191	-2.752	-1.474	-872
Net premiums written	3.904	2.195	522	630	338	219
Change in gross premium reserve	418	261	105	6	44	1
Reinsurer's share	897	601	-3	234	43	23
Net premiums written	1.315	862	102	240	88	24
Allocated investment income	-200	-47	-8	-23	-120	-2
Other technical income	122	-87	-20	-25	263	-8
Gross claims paid	8.097	4.273	1.192	916	1.500	216
Reinsurers' share	-5.709	-3.412	-949	-718	-480	-150
Net claims paid	2.388	861	243	198	1.020	66
Change in gross claims reserve	1.548	2.426	-61	896	-2.080	368
Reinsurers' share	-3.305	-1.770	25	-692	-580	-287
Change in net claims reserve	-1.757	656	-37	204	-2.660	81
Acquisition expenses	6.333	3.549	877	1.039	561	307
Other operating expenses	4.512	2.558	589	735	394	237
Reinsurance commission income	-6.580	-3.597	-999	-1.102	-540	-342
Net operating expenses	4.265	2.510	467	672	415	202
Result technical account	245	-1.103	-78	-251	1.793	-116

The run out results contain the claims paid during the financial year concerning all claim years and the changes in claim reserve, deducted by the reinsurers' share.

Since the underwriting business has started from 2020 and all run-off activities have a claim year before 2020, a split between run-off and underwriting business is shown as well.

The following claim run-off results in 2022 can be calculated based upon the change of the net claim reserve and the paid claims:

EURO x 1,000	Net claim reserve	Claims	Net claim reserve	Run-off results
	31-12-2021	paid	31-12-2022	2022
< 2020	6,270	592	4,303	1,375
2020	43	10	24	9
2021	832	323	343	166
2022	-	1,062	1,148	(2,210)
ULAE	2,733	401	2,468	(136)
Risk margin	<u>742</u>	=	<u>577</u>	<u>165</u>
Total	10,620	2,388	8,863	(632)

The details per line of business can be summarized as following:

EURO x 1,000	Risk						Total
	margin	ULAE	2022	2021	2020	< 2020	
Fire and other damage to property insurance	(32)	(154)	(1,296)	35	-	(70)	(1,517)
Other motor insurance	(4)	4	(307)	101	-	1	(205)
Motor vehicle liability insurance	(10)	(48)	(370)	41	9	(22)	(400)
General liability insurance	227	83	(157)	4	-	1,482	1,639
Other branches	<u>(16)</u>	<u>(21)</u>	<u>(80)</u>	<u>(15)</u>	=	<u>(17)</u>	<u>(149)</u>
Total	165	(136)	(2,210)	166	9	1,374	(632)

2.3. A.3 Investment Performance

2.3.1. A.3.1 Investment result and its components

Over the year, the total investment portfolio decreased from Euro 37.8 million at the end of 2021 to Euro 32.3 million at year end 2022.

The total investment portfolio at year-end 2022, of which was invested in real estate (22,7%), fixed-income (36,1%), deposits at banks (32,5%), bond related investment funds (8,3%) and other investments (0,4%). This is in line with the investment policy.

Overall, the investment income including the change in unrealised revaluation of the investments in shares, bonds and real estate was Euro 0.57 million negative (2021: Euro 0.40 million positive).

<i>Investment return 2022</i>	<i>Dividend</i>	<i>Rent</i>	<i>Interest</i>	<i>Revaluation and disposal result</i>	<i>Total</i>
1. Government bonds			269.813	-891.347	-621.534
2. Corporate Bonds			2.864	-115.037	-112.174
3. Investment funds	16.677			-251.098	-234.421
4. Bankdeposits			27.380		27.380
5. Real estate		174.272		150.000	324.272
6. Other Investments			0	153.918	153.918
Returns	16.677	174.272	300.056	-953.564	-462.558
Investment management fees					106.543
Result					-569.101

In comparison the results in 2021 were the following:

<i>Investment return 2021</i>	<i>Dividend</i>	<i>Rent</i>	<i>Interest</i>	<i>Revaluation and disposal result</i>	<i>Total</i>
1. Government bonds			277.027	-432.415	-155.388
2. Corporate Bonds			87.428	-34.469	52.959
3. Investment funds	23.290			-52.004	-28.714
4. Bankdeposits			16.329		16.329
5. Real estate		118.505		495.000	613.505
6. Other Investments			3.889	22.685	26.574
Returns	23.290	118.505	384.673	-1.203	525.265
Investment management fees					123.147
Result					402.118

2.3.2. A.3.2 Overall investment performance

Like in 2021 the Investment profile remained “Very Defensive” in 2022.

The interest rates in the markets, in which the Company operates, increased during 2022. The average investment return including the change in the unrealized revaluation and excluding investment expenses was negative.

2.3.3. A.3.3 Projections over the business planning time period

In the ORSA 2022 the Company has projected the composition of the investments and its returns up to and including 2031. The composition of the investments is based on the “Very Defensive” investment profile.

The Company has projected the following investment returns for the following investment classes:

- Government bonds (0%)
- Corporate bonds (0%)
- Participations (0%)
- Liquid assets (0%)
- Real Estate (3.0%)

2.3.4. A.3.4 Gains/Losses recognised directly in equity

The Company has not processed any Gains and or Losses on investments directly in the equity.

2.4.A.4 Performance of other activities

The Company has not performed other activities than settlement of the remaining legitimate insurance claims, new business underwriting and management of its assets.

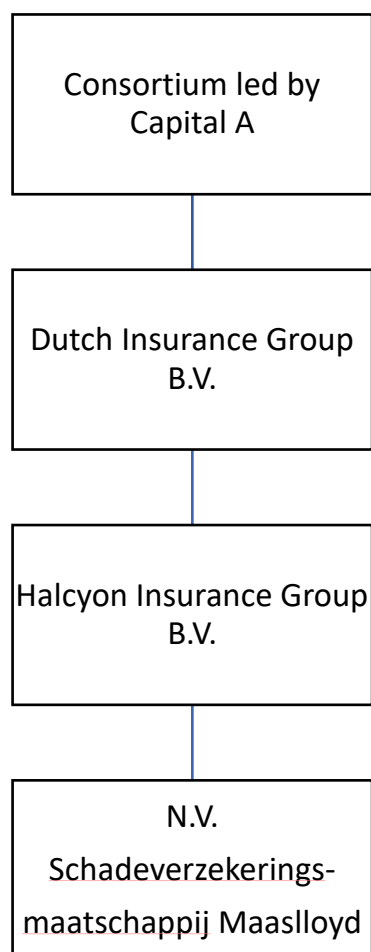
2.5.A.5 Any other information

There is no further information other than the information published already elsewhere in this document.

3. B. System of Governance

3.1. B.1 General information on the System of governance

N.V. Schadeverzekeringsmaatschappij Maasloyd (Maasloyd) is a 100% subsidiary of Halcyon Insurance Group (HIG) B.V., which is a 100% subsidiary of Dutch Insurance Group B.V., which is owned by a consortium led by Capital A per the 9th of December 2022. Maasloyd is active on the Property & Casualty (P&C) market.



On December 31 2022 the Supervisory Board of Maasloyd consists of 3 members:

Last name	First name	Initials	Position	Title	In function
Van der Weide	Bert	B.	Supervisory Board	Chairman	2016
De Boer	Loes	L.	Supervisory Board	Member	2022
Janmaat	Friso	F.H.	Supervisory Board	Member	2022

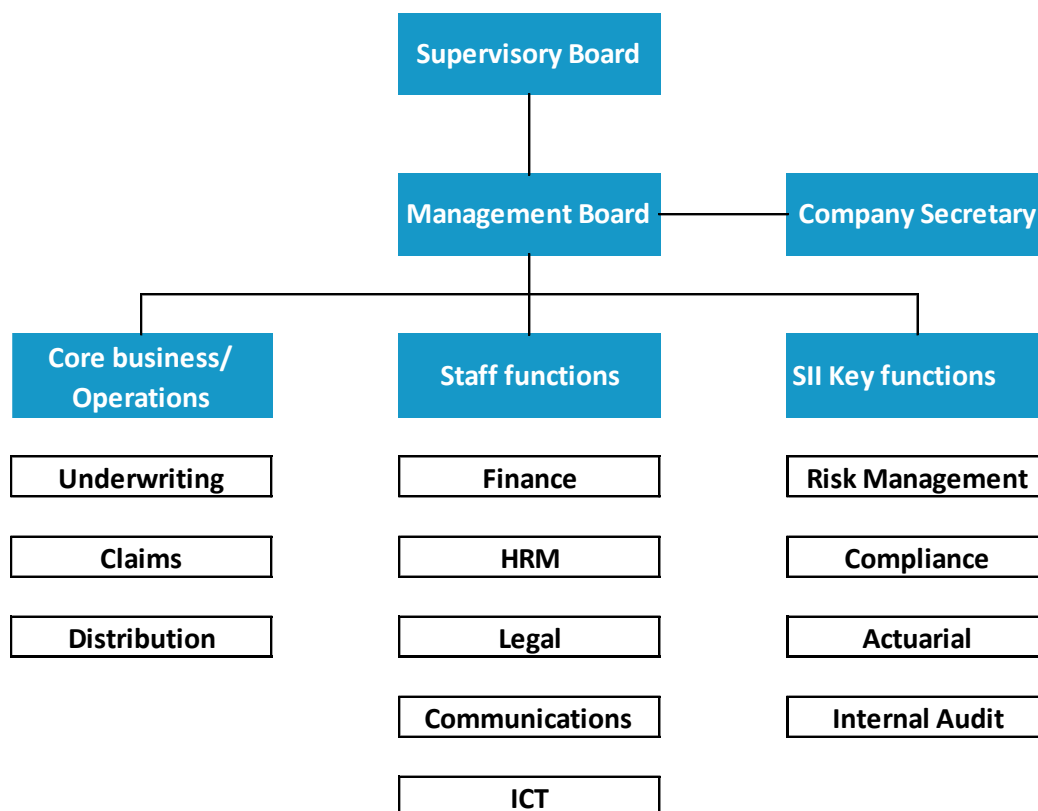
Maasloyd has a Supervisory Board in which one member represents the ultimate shareholders and two members are independent. Bye-laws are in place that outline the responsibilities and tasks of the Supervisory Board in detail.

Per December 31, 2022, the Management Board of Maasloyd consists of two members:

Last name	First name	Initials	Position	Title	In function
Offereins	Elbert-jan	J.E.B.	Management Board	Director	2016
Bogaerts	Josephus	J.C.	Management Board	Director	2008

Bye-laws are in place that outline the responsibilities and tasks of the Management Board in detail.

Headlines Organisation



All personnel (12,6 FTE) is employed by Halcyon Insurance Group B.V. and perform activities for the respective entities including Maasloyd. Also there are a number of self-employed people or people employed via a staffing agency for Claims handling, IT development, Actuarial and Internal Audit.

The governance system of a Solvency II insurer like Maasloyd has four key functions:

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

These key functions are intended to provide countervailing power to the business, in order to ensure sound and controlled operations.

Maasloyd uses the '3 Lines of Defence' model in which the risk management, compliance and actuarial functions form the second line and the internal audit function the third line, while the execution of the insurance business takes place in the first line. For each key function a dedicated key function holder is appointed. The Compliance function and Internal Audit report to the CEO, the Risk Management function and Actuarial Function report to the CFO. Regular reporting to and discussion with the Supervisory Board/RAC is assured.

In 2022 the Company further continued the activities to act as commercial insurer and was allowed to act as leader in insurance pools. As commercial insurer the company will only provide capacity to underwriting agents to participate, in first instance, as follower in insurance pools. This means that the Company has outsourced the main part of its underwriting activities. The Company has procedures in place to select monitor and evaluate the performance of the underwriting agents.

The Actuarial and Internal Audit function are outsourced to respectively ADDACTIS Netherlands BV and ARC People B.V.

- Risk Management Function: Mr. I. Kadijk
- Compliance Function: Mrs. M. Bruinzeel-Tak
- Actuarial Function: Mr. A.M. Roest from ADDACTIS Netherlands BV
- Internal Audit Function: Mr. J.H.M. van Grinsven from ARC People B.V.

3.1.1. Remuneration

Maasloyd has a remuneration policy in place. The remuneration policy for identified staff is outlined, as well as for the non-identified staff. The remuneration policy formalizes key decision-making processes, responsibilities and key principles with respect to the remuneration. The remuneration policy is an integral part of the corporate strategy and risk profile and maintains a sustainable balance between short-term and long-term value creation, building on our responsibility towards our clients, society and all other stakeholders.

Specific requirements apply to identified staff being Supervisory Board members, members of the Management Board, Staff members responsible for Compliance, Risk Management, Actuary, Internal Audit, HR and control Functions and Department Managers. All other employees are considered non-identified staff.

The remuneration package for the Management Board has the following components:

- fixed remuneration
- general employee benefits, such as 8% holiday pay, employer pension contributions, disability insurance coverage, contributions to healthcare insurance coverage and company cars

Additionally, under conditions, a variable remuneration may be awarded.

The remuneration packages for the Supervisory Board is limited to a fixed remuneration only.

All staff that do not fall in the categories of Supervisory Board or Management Board follow the CAO verzekeringbedrijf agreements.

A limited variable remuneration can be granted, linked to specific, additional performances. This reward cannot be agreed upon in advance but is awarded after delivering an extraordinary, specific performance.

Other special forms of variable remunerations can be retention allowances, a welcome bonus and a buy-out, which occur only occasionally and are awarded in line with legislation and regulations.

3.2. B.2 Fit and Proper

Maasloyd has a Fit and Proper policy in place that describes the core processes and principles for ensuring that the Solvency II Key Function holders and Board members of Maasloyd are fit and proper to perform their function and related duties. Its' aim is to safeguard compliance with regulatory requirements (Solvency II and Wft) and ensure continuity for Maasloyd. In scope are the Supervisory Board, Management Board and Solvency II Key Function holders of Maasloyd, regardless whether or not they are outsourced.

Regulatory notification or clearance procedures can be applicable for functions subject to this policy. Internal review of the fit and proper principles should be conducted before the regulatory clearance is requested.

Processes ensuring compliance with the Fit and Proper requirements include three elements:

1. Fit and proper assessment recruitment: during the recruitment process of a function in scope of the policy a Fit and Proper assessment should be performed. This includes:
 - a. The evaluation of the match of the candidate's ability with the requirements outlined in the job description and function profile, s. If deemed necessary an assessment can be part of the recruitment process.
 - b. The proper requirements are evaluated by performing background checks on public sources on the candidate and a certificate of good conduct.
 - c. If uncertainties arise from the background check on public sources a more in-depth pre-employment screening should be performed.
 - d. The results of the fit and proper assessments are documented and stored.

2. Fit and proper assessment on-going.

On a periodic basis the fit and proper assessment must be performed and documented.

- a. Full ad-hoc reviews will be required in case incidents involving the function holder or board member are reported or uncovered including, but not limited to a breach of the internal code of conduct, a regulatory fine, internal fraud, a conviction, or a change in personal circumstances resulting in a potential risk (personal bankruptcy, distraint on wages). No such incidents have occurred at Maasloyd.
- b. A regular periodic review takes place at least once every two years re-assessing the function holder or board member's performance in relation to the job and function requirements.
- c. The results of the fit and proper assessments are documented and stored.

3. Training

There are Permanent Education (PE) requirements applicable for the board positions as well as for any potential function holder. Maasloyd assures that they receive appropriate training in order to constantly fulfil their duties and fitness requirements of their responsibilities.

3.3. B.3 Risk Management system

3.3.1. Risk Management Framework.

The SII key function holder Risk Management is owner of the Risk Management Policy and assures reporting of the actual Solvency II ratios to the Supervisory Board as well as to the regulator is performed in timely and adequately. The Risk Management Policy outlines the principles for the Risk Management Function as well as the tasks and processes and the roles and responsibilities around Risk Management Function.

The three lines of defence framework applies, in which the first line represent the day to day management of the organisation who are the risk takers, the second line includes the Risk Management Function who provides independent risk oversight, and the third line of defence which is represented by the Internal Audit function who provides independent oversight on the overall System of Governance.

The Risk Management Function safeguards that there is an effective risk management framework in place covering all material risks relevant to Maasloyd. The Risk Management Function assists the Management Board and the Supervisory Board in the effective operation of the Risk Management System.

The Risk Management Function provides detailed reporting on risk exposures and advises the Management Board and Supervisory Board on risk management matters, including in relation to strategic affairs such as mergers and acquisitions and major projects and investments. Examples of these reports include actual solvency ratio versus solvency limits, as well as actual investments compared to the asset allocation of the chosen investment profile.

The Risk Management Function works closely together with Compliance Function on compliance risks (incl. the performance of the Systematic Integrity Risk Assessment – SIRA) and with the Actuarial Function on risk quantification and reporting.

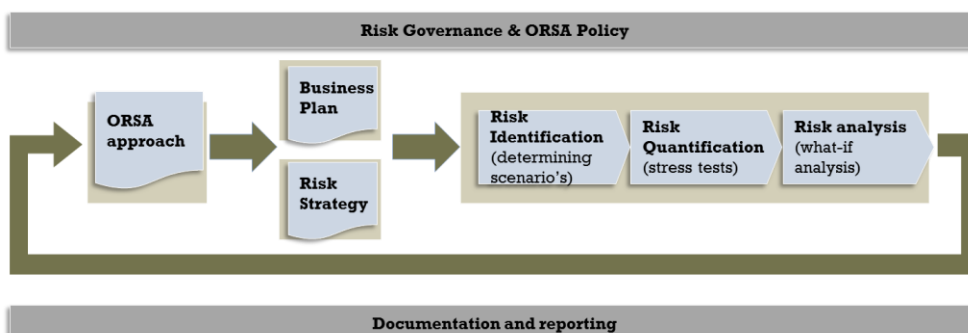
Risks are systematically identified, assessed and treated (mitigated, transferred, accepted, avoided). This involves a quantitative approach based on Solvency Capital Requirements related to the risk as well as a quantification based on probability and (financial and non-financial) impact and an assess of the effectiveness of internal controls in place (see also 3.4).

The Risk Management System also covers capital and solvency management by reviewing the policies and the capital composition. Maasloyd does not use any of the transitional measures under Solvency II. No usage is made of the Matching Adjustment, Volatility Adjustment or Ultimate Forward Rate. The Supervisory Board approves the organisation’s risk appetite. Also, in its supervisory role, the Supervisory Board assesses the risk management activities as performed by the Management Board. A periodic review is done to determine that the companies’ activities, it’s risk profile, the capital allocation and liquidity position are in line with the approved risk appetite (amongst other the by determining that the actual solvency ratio is in line with the target solvency ratios). The Capital Management Policy is submitted to the Supervisory Board for consent prior to approval by the Management Board.

The Prudent Person principle is an integral part of the Investment Management Policy, in which the principle has been translated into concrete guidelines for Maasloyd on the allowed usage of types of investment categories and instruments, the external asset manager, the accounting method (fair value) as well as the requirements for liquidity and duration.

3.3.2. Own Risk and Solvency Assessment (ORSA)

The ORSA process of Maasloyd can be described as follows:



ORSA approach

The ORSA process starts with a meeting with the (Risk & Audit Committee of the) Supervisory Board, the Management Board and SII key function holders to discuss the approach of the ORSA. In preparation of the discussion the relevant information (e.g. feedback from regulator, risk assessments) are evaluated and key assumptions for the upcoming period are defined taking into account the business developments (new business underwriting and run-off) and other developments that could impact the ORSA, for example cost levels and the composition of the product mix. Developments that could imply additional scenarios (e.g. climate related risks, significant changes in the reinsurance programme) are evaluated and in case additional scenarios are justified, these will be taken into account in the ORSA.

Business plan and risk strategy

Key ingredients for the ORSA are the multi-year business plan and the Risk Strategy.

The business plan includes a qualitative description of the interpretation of market developments as well as planned strategic decisions from the insurance entity. The focus of Maasloyd's business plan is on underwriting new business via Underwriting Agencies and the management of the run-off portfolio.

Additionally, it serves as a financial plan outlining balance sheet and profit & loss projections for the upcoming years. Acquisitions of run-off portfolios are no longer a key part of the business strategy of Maasloyd and in the business plan no annual acquisition volume is considered anymore. However, as acquisitions are not fully ruled out and are uncertain in nature and timing, the variations are also duly considered in the stress scenarios.

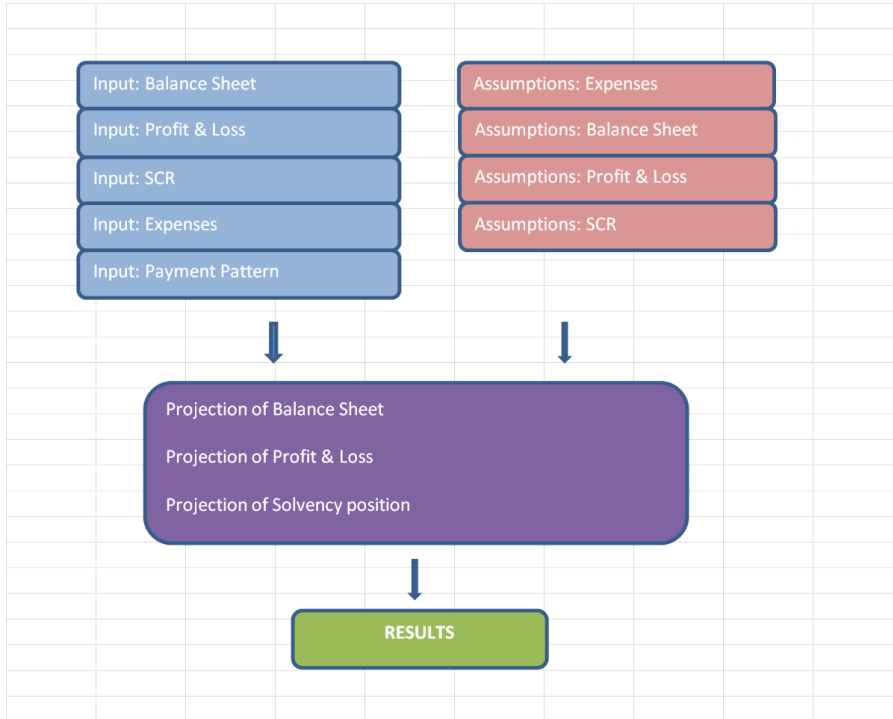
The risk strategy is described in the Risk Management policy. With regards to financial ratios, the Capital Management policy outlining Solvency II limits as well as the Investment Management Policy outlining investment related limits, are specifically relevant. These documents form the framework in which the solvency ratio should develop.

Risk identification

With Risk identification risk scenarios are defined which are most relevant to Maasloyd. Adverse scenarios that may have a reasonable probability, but a high impact to the continuity of Maasloyd are identified and translated into model parameters. Developments in the risk universe of Maasloyd are duly considered as well as more generic developments in the environment Maasloyd operates in.

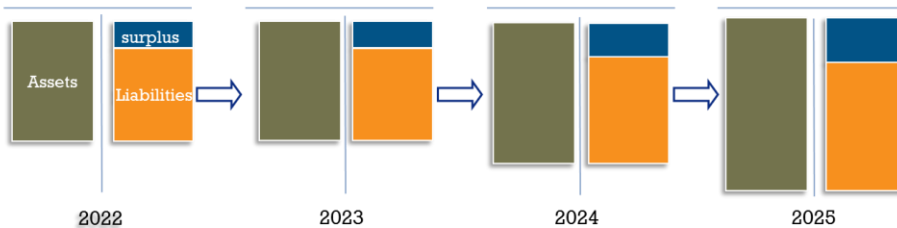
Risk quantification

The first step of the Risk quantification is to execute the ORSA calculations, in particular the base case projections, based on the required input and assumptions. The process used for the ORSA calculations can be depicted as follows:

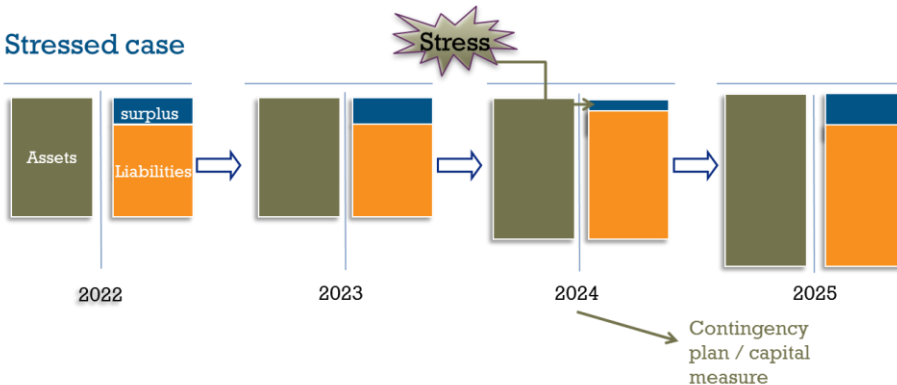


Within Risk Quantification the risk scenarios are used to stress the developments of the capital requirements, and available funds – and thus the Solvency II position - over the multi-year projection horizon of the business plan.

Base case



Stressed case



Risk analysis

In the risk analysis phase, the impact of the stress scenarios is analysed in detail and evaluated. Also, potential measures are defined in case limits are breached under a particular scenario. This is usually the case when a scenario would lead to a continuing negative impact that could be prevented or (partly) mitigated or reduced by taking intervening actions. Those measures could also impact the business plan, or can include the formulation of key risk indicators that will be closely monitored to assess the development of a risk in the next periods.

Review

The Actuarial Function Holder (AFH) performs a review and provides an opinion on the adequacy of on the ORSA projection model, including its assumptions and the assumed stress scenarios. Additionally, the AFH makes recommendations. In addition, Internal Audit audits the ORSA and reports to the Management Board. The Management Board provides a response to the review / audit and recommendations. The ORSA exercise also provides insights for the AFH, to provide an opinion on the solvency position, underwriting policy and the reinsurance policy.

3.4. B.4 Internal Control

3.4.1. Internal Control System

Maasloyd's Internal Control System aims to manage and mitigate the key operational risks including financial misstatement risk and compliance risk. The following diagram outlines the key processes of Maasloyd's business model and operations:



Key processes have been documented in process flows and descriptions. A Risk & Control Self Assessment (RCSA) cycle has been implemented. The RCSA is a commonly used practice to implement a risk management cycle for operational risks. Given the risk profile of Maasloyd, extra attention is paid to Outsourcing, IT and Data Quality risks in the RCSA cycle.

Risk rating					
Probability					
Very likely	Low	Medium	High	Very high	Very high
Likely	Low	Medium	High	Very high	Very high
Possible	Very low	Low	Medium	High	Very high
Unlikely	Very low	Low	Medium	High	High
Very unlikely	Very low	Very low	Low	Medium	High
	Insignificant	Limited	Fair	Significant	Very significant

Per risk a risk tolerance has been defined and control measures are documented to mitigate the risks below or equal to the tolerance level. The defined controls are periodically performed and their effectiveness is assessed. Reported operational losses or near misses can be used as a source in this evaluation. The Risk Management Function reviews the assessment of the control effectiveness. The Internal Audit Function reviews the effectiveness of the operational risk management framework. Also, the External Auditor considers the effectiveness of the internal controls framework related to the financial figures as part of its scope of work for the Annual Report.

3.4.2. Compliance Function

Compliance can be defined as the total of measures aimed at the implementation, monitoring and adherence to laws and regulations, including the internal procedures and codes of conduct preventing financial damage, license issues and the deterioration of Maasloyd's reputation and integrity.

The ultimate responsibility for compliance of Maasloyd rests with the Management Board. The Manager Compliance is SII key function holder Compliance is part of the second line of defence in the 'three lines of defence' model

The report of the Compliance Function is discussed with the Management Board and the Supervisory Board and shared with the other key functions. Also, the Supervisory Board oversees the appropriate follow-up of compliance findings or issues and approves the Compliance policy.

The key tasks of the Compliance Function are:

- Identification of applicable legislative framework and monitoring of relevant changes in this framework for Maasloyd
- Establish the Compliance policy and related procedures and keep them up-to-date.
- Foster Compliance awareness with all employees and relevant suppliers for Maasloyd.
- Coordinate the performance of Compliance Risk assessments and advice on the implementation of risk mitigating measures.
- Management of compliance incidents and follow up of actions, including investigating alleged abuse or breaches of integrity rules.
- Issuing advice on disciplinary and employment measures upon proven violations
- Monitoring and reporting on Compliance to the Management Board and Supervisory Board
- Support communication on Compliance with regulators

3.5. B.5 Internal Audit Function

Maasloyd has an Internal Audit policy in place which describes the core processes and principles regarding the Internal Audit Function. It outlines the principles, internal audit framework and roles and responsibilities around the Internal Audit Function.

The guiding principles for the Internal Audit Function are:

- The Internal Audit Function is independent from the operational functions and activities and preferably also from the other Solvency II key functions
- The Internal Audit Function is subject to the requirements of the Outsourcing policy and to the Fit and Proper policy.
- The generic requirements of the Fit and Proper policy (integrity, reputation, competence, capability) apply as well as specific requirements for the holder of the Internal Audit Function including, but not limited to: active membership of Norea or IIA, independence in mind, state and appearance, understanding of the organization of insurance and its processes.
- Outsourcing of the Internal Audit Function should be approved by the Supervisory Board and reported to the DNB.
- Following the definition of the Institute of Internal Auditors (IIA), the Internal Audit Function of Maasloyd fulfils the third line of defence.
- In order to fulfil its responsibility, the Internal Audit Function should have unrestricted access to all information necessary to perform its duties.
- The audit plan is approved by the Audit Committee of the Supervisory Board.
- Audit reports concluding the audit work are presented at least annually to the Management Board and the Supervisory Board.
- Suspicion of Fraud or illegal activity detected by or reported to the Internal Audit Function is to be reported to the Management Board and Supervisory Board.

Since June 2020, the Internal Audit Function of Maasloyd has been outsourced to Mr. J.H.M. van Grinsven MSc RE from ARC People B.V. The outsourcing is to ensure independence from the operational management of Maasloyd and the other Solvency II key functions, while safeguarding the expertise and experience from auditing point of view. The Outsourcing policy applies to outsourcing of the Internal Audit Function. The outsourcing of the Internal Audit Function is evaluated as proportional to the risk profile of Maasloyd.

3.6. B.6 Actuarial Function

Maasloyd has an Actuarial policy in place which describes the core processes and principles regarding the Actuarial Function of Maasloyd. It outlines the principles, actuarial framework and roles and responsibilities around the Actuarial Function.

The Actuarial Function safeguards that all material assumptions, actuarial techniques and methods applied, and data modifications or expert judgement are documented and controlled appropriately. This includes ensuring the consistency of applied techniques and data over time.

The Actuarial Function contributes both to the Business Management as well as to the Risk Management of Maasloyd. The ultimate responsibility for the Actuarial Function rests within the Management Board of Maasloyd.

To enhance the level of independence and to safeguard sufficient actuarial knowledge is available to Maasloyd the Actuarial Function is outsourced to Mr. A.M. Roest AAG from ADDACTIS Netherlands BV. ADDACTIS provides assurance on the actuarial calculations and provides an independent actuarial report on an annual basis to the Management Board and Supervisory Board. Segregation of duties within the

supplier's organization safeguards that the Actuarial Function as performed by the Certified Actuary is not involved in the actual calculation processes but retains sufficient level of independence to formulate its independent opinion. Some first line of defence calculations are performed internally, some are performed by the supplier. All first line of defence calculations performed by the supplier are performed by other employees than the key function holder of the Actuarial Function and are supervised and approved by the CFO of Maasloyd.

3.7. B.7 Outsourcing

Maasloyd has defined an Outsourcing policy which describes the core processes and principles regarding the outsourcing of services and functions by Maasloyd. Its aim is to safeguard compliance with regulatory requirements (Solvency II and WFT) and ensure continuity for Maasloyd. The Outsourcing policy outlines the definitions for Outsourcing, clear roles and responsibilities around outsourcing and the requirements for selecting and monitoring Outsourcing partners.

Given the small scale of operation for Maasloyd, Outsourcing is seen as a key measure to mitigate the key person risk within the operation and to assure the appropriate knowledge and skills can be obtained in a cost-efficient and flexible manner. Currently the following activities and SII key functions are outsourced:

- Underwriting and claims management is outsourced to Underwriting Agents;
- IT (infrastructure);
- Asset Management;
- The Internal Audit and Actuarial Function are outsourced.

Key considerations are applied to Outsourcing:

- Before any outsourcing agreement or contract is signed, all internal approvals should be obtained and all prerequisites (e.g. risk analysis) should be fulfilled.
- Outsourcing of tasks should not negatively influence Maasloyd quality of operation, supervision or system of governance.
- Maasloyd remains fully responsible for any activity, service or function it wishes to outsource.
- Maasloyd should retain the ability to appropriately oversee the quality and performance of the Outsourcing parties.
- The outsourcing agreements should safeguard the right to access and audit by Maasloyd's internal and external audit function as well as by DNB.
- Maasloyd must ensure adequate documentation of the Outsourcing throughout all phases of the Outsourcing process.
- A register with records of all material outsourcing agreements is in place.

3.8. B.8 Any other information

There is no other information regarding our System of Governance that should be mentioned in this section.

4. C. Risk profile

The risk universe for Maasloyd has been dominated by:

- Underwriting risk due to uncertainty around the adequacy of its reserves, so called reserve risk for its insurance book, premium risk for underwriting new business as well as catastrophe risk
- Market risk related to its investments (interest rate, real estate, credit spread, concentration, currency risk and strategic participation risk)
- Counterparty default (credit) risk related to certain investments (cash deposits) and reinsurance or other counterparties
- Operational risk due to expansion of activities by accepting new business (in particular ICT and Outsourcing risk)

Related to the run-off portfolio of Maasloyd, strategic including cost risk were critical risk factors on the mid- to long-term horizon as one of the key challenges for Maasloyd is to align the cost levels of the organisation with the development of the business volume. Using a relatively flexible organization and variable costs as much as possible are important mitigations in that regard.

Underwriting new business provides a clear risk mitigating effect in that regard as Maasloyd has increased the business volume and service activity. The new business activities have the same objective as acquiring run-off portfolios but provide a more controlled and fluent (more predictable timing) growth path than the one resulting from acquisitions of run-off portfolios.

The key changes to the risk profile of Maasloyd as a result of accepting new business since 2020 is that inherently the strategic risk profile of the company has changed. Furthermore:

- Market risk slightly increases (due to injection of capital via Real Estate)
- Underwriting risk (non-life) increases and premium risk is added
- Counterparty default risks increases (due to the reinsurance strategy)
- Operational risk increases (due to increased complexity, business volume and outsourcing of core processes and IT).

4.1. C.1 Underwriting risk

Underwriting new business has changed the scope of underwriting risk of Maasloyd. New underwriting is accepted via underwriting agents and is reinsured to a large extent. Also, Premium Risk has been added to the risks for Maasloyd. No Life/Health business is included in the portfolio.

The underwriting risk is partly mitigated by reinsurance. The reinsurance structure applied for the run-off portfolio is usually dependent on the structure applied when the portfolio was acquired by Maasloyd. The foundation of the reinsurance programme for new underwriting is a quota share contract, complemented with excess of loss contracts. In 2022 the reinsurance programme was extended with an excess of loss contract for both Property and GTPL.

The majority of the run-off underwriting risk relates to the General Liability business. Within General Liability, European risks are in the books as well as US risks. For more details on the composition of the Technical Liabilities, please refer to paragraph 5.3.

The capital requirement for the non-life risk is shown in the table below.

SCR Non Life Risk		
Amounts in € thousands		
	31-12-2021	31-12-2022
Premium & Reserve Risk	3,297	2,742
CAT Risk	1,342	2,320
Diversification	-781	-1,052
SCR Non Life Risk	3,859	4,009

The premium & reserve risk has decreased mainly due to changes in the run-off best estimate loss reserves. The CAT risk increased due to the expected growth in premium volume for 2023. Since the decrease of premium and reserve risk was smaller than the increase in CAT risk, the capital requirement for Underwriting risk has increased

4.2. C.2 Market risk

The assets are invested based on the Investment Management Policy of Maasloyd. The Prudent Person principle is the key guidance for this Investment Management Policy. The Prudent Person principle assures that:

- All investments are made in the best interest of policyholders
- Adequately match of investments and liabilities (ALM)
- Paying due attention to financial risks (e.g. liquidity and concentration risk)
- All assets, but in particular those covering SCR/MCR ensuring security, quality, liquidity and profitability of the investment portfolio as a whole.

It includes the following requirements

- Requirement to invest only in assets and instruments whose risks can be properly identified, measured, monitored, controlled and report and considered in the ORSA
- Assets held to cover Technical Provisions must be appropriate to the nature and duration of (re) insurance liabilities
- Diversification necessary to avoid excessive accumulation of risk
- Mixing necessary to avoid excessive risk concentration
- The use of derivative instruments is only allowable insofar
 - they contribute to a reduction of risks or
 - facilitate efficient portfolio management
- Prudent levels for investments/assets not traded on a regulated financial market

For Maasloyd, these principles and requirements have been translated in detailed investment guidelines in the Investment Management Policy.

Overall, the capital requirement for market risk has increased slightly.

The Solvency Capital Requirement for Market Risk per 31-12-2022 (and 31-12-2021) is the following:

SCR Market Risk		
Amounts in € thousands		
	31-12-2021	31-12-2022
Interest rate Risk	249	277
Equity Risk	0	0
Property Risk	1,794	1,831
Spread Risk	286	223
Concentration Risk	307	400
Foreign currency Risk	193	215
Diversification within module	-772	-862
SCR Market Risk	2,057	2,084

4.3. C.3 Credit risk

Credit risk has increased because of the new business underwriting following claims amounts which are held as receivables or recoverable towards the reinsurance parties. A Reinsurance Policy has been defined in which the credit rating and quality of the reinsurance parties is appropriately considered.

Maasloyd holds a significant concentration of cash deposits at a Dutch bank. Given the credit quality of this bank the likelihood of this bank going into default is very limited. Maasloyd will take appropriate steps to reduce this concentration in the near future

The capital requirement for the counterparty default risk is subdivided into type I and type II counterparty default risk.

Counterparty Default Risk		
Amounts in € thousands		
	31-12-2021	31-12-2022
Type I Reinsurers/Banks	1,133	1,541
Type II Intermediaries/Brokers	252	462
Diversification within module	-53	-91
SCR Counterparty Default Risk	1,333	1,912

4.4. C.4 Liquidity risk

Liquidity risk could result from a mismatch in the timing of cash flows resulting from liabilities and assets. This is mitigated by investing a large share in liquid assets and holding a buffer in cash. As valuation is on fair value basis, liquidation of assets will not lead to a direct Profit & Loss or Balance Sheet impact. As the both cash volume and liabilities will increase with the addition of the new business liquidity risk will become more important. Agreements with Underwriting agencies and Reinsurance parties on liquidity and payment terms are crucial.

4.5. C.5 Operational risk

The new activities have resulted in an increase in operational risk. The total volume and complexity of the business increases, and IT and outsourcing are more important for Maasloyd.

This is largely mitigated by experienced IT staff and/or working closely together with a professional party in the IT domain and assuring the outsourcing with all the Underwriting agencies is properly managed via quality standards (such as NVGA membership and NVGA agreements and protocols) and continuous monitoring and audit efforts from Maasloyd towards the Underwriting agencies.

Maasloyd has to hold more capital for operational risk because of the new business activities as the Solvency II standard formula calculates this on a factor-based approach of either gross premium or gross reserves. Given the projected gross premiums related to the new business underwriting, this has become the dominant factor driving the risk capital requirement for operational risk significantly up in future years. The SCR for operational risk for 2022 is calculated as a percentage of the premium volume. Maasloyd

SCR Operational Risk Maas Lloyd		
Amounts in € thousands		
Solvency II Operational Risk	31-12-2021	31-12-2022
Discounted best estimate (gross)	15.222	13.362
Operational risk charge - based on reserves	457	401
Earned premium - previous 12 months (gross)	12.953	19.732
Earned premium - 12 months before previous 12 months (gross)	2.335	12.953
Operational risk charge - based on premiums A	389	592
Operational risk charge - based on premiums B	305	126
Operational risk charge - based on premiums	693	718
SCR Operational Risk	693	718

4.6. C.5 Other material risks

Other risk categories include:

The following impacts are qualitatively assessed for the other risk categories (which are not included in the Solvency II risk capital calculation:

Strategic risks relate to costs, future acquisitions, reputation, the execution of its strategy. Also external developments are considered such as climate related risks and risk of a pandemic. Below a more detailed description can be found:

Cost risk

The risk that the cost levels of the organisation cannot be aligned sufficiently with the development of the run-off and volume of the new business portfolios. Using a relatively flexible organisation and variable costs as much as possible are important mitigations in that regard. Adding the new underwriting is also clearly a risk mitigation. Adding volume through new business provides better chances to a sustainable business model. Also, the proposed underwriting of new business provides a more predictable and controlled manner of growth than through acquisitions of run-off portfolios. However, there is some cost risk related to the investments needed to set up the new activity and the cost levels as such will increase in absolute terms, which means that the same relative deviations could have a larger absolute impact.

Strategic risk profile

The strategic risk profile of Maasloyd has changed. Currently the strategic risks relate mainly to any potential future acquisitions and the introduction of new business and the speed of the realisation of the growth strategy. Several mitigating controls are in place for the risks related to acquisitions such as governance, due diligence, ad-hoc ORSA, and regulatory approvals. The new activities also seek to further reduce this risk and allows for a more controlled and predictable growth than via acquisitions of run-off portfolios. Maasloyd will become more exposed to developments in general market conditions or competitive environment. Specific risks related to the new business strategy of Maasloyd include the dependency on the DUC market in the Netherlands and the dependency on the reinsurance markets and partners as well as the progress Maasloyd is able and allowed to make in realising growth in premium volume and transforming into a leading position in pools.

Although reputational risk is always an applicable strategic risk for any insurance entity, the risk is fairly low for Maasloyd as it has not been active in Life insurance (which is a key market under reputational pressure in the Netherlands) and was for a long-time active in the run-off business with limited direct exposure to insurance clients. As a result of the new activity Maasloyd will become somewhat more exposed to this risk as it will no longer be just active in the run-off portfolios only but will engage in underwriting of new business.

Pandemic risk

Maasloyd has assessed the COVID-19 pandemic in previous years, which shows the risk is limited.

Climate related risks

Maasloyd has assessed its exposure to climate related risks. This risk assessment covers both the asset side of the balance sheet as the technical provisions and its reflection below is based on the residual risk assessment. Following the good practice as published by DNB Maasloyd considers physical risks (e.g. change in weather patterns due to climate change, increase storm frequency, flooding, etc.) as well as transitional risks (risks related to change to CO2 neutral business models, increased regulation, changed customer preferences).

Type of risk	Assets	Liabilities
Physical risks - Flood, increased storm frequency and severity, etc.	LOW RISK	MEDIUM RISK
Transition risks - High CO2 industries less valuable, consumer preferences, increased regulation	LOW RISK	LOW RISK

Physical risks – Assets: given the composition of the asset categories and the investment strategy, assets which are subject to physical risks related to climate change are very limited.

One could argue that only the direct investments in real-estate are exposed to this risk directly. Part of this risk is covered by an insurance policy (flood risk excluded from coverage). Other asset categories are either not subject to physical risk or well diversified. It can therefore be concluded that this risk is low.

Transition risks – Assets: Investments in bonds and investment funds are managed via an external asset manager. The mandates for both the EUR and USD provide a low risk profile on ESG, CO2 impact and a positive or neutral impact on SDG's. For other assets this type of risk is less relevant. It can therefore be concluded that this risk is low.

Physical risks – Liabilities: Natural Catastrophe risks (CAT risk) are related to an event caused by natural forces and generally results in a large number of individual losses, involving many insurance policies. In the run-off portfolio CAT risk is non-existent, because this portfolio is 99% related to liability risks and all policies are inactive. But in the active underwriting Cat risk this risk is partly covered and as such almost fully reinsured. In July 2021 such an event, in the form of a flood, occurred in Limburg. Fortunately, the impact for Maasloyd was limited to a very limited number of losses. An increase in CAT risk related losses could potentially over time lead to an increase of reinsurance premiums or worst case scenario in the unavailability of CAT risk covers in the reinsurance market. Specifically for liability, the physical risks are

even more limited than for property. As with property, natural catastrophes are generally excluded, but additionally a causal relationship between the event and the loss is not likely to be established. In case of potential liability claims on large corporations (e.g. Shell), a court might take into account the impact on the society and therefore might determine large corporations to bear the losses. Given the portfolio of Maasloyd (consumers and SME), this effect is negligible.

Although this risk is relatively small given the size of the active underwriting portfolio at this stage, it could potentially increase over the next years as premium volumes increase for Maasloyd. As such, this risk is classified as medium.

Transition risks – Liabilities: transitional risk resulting from the technical provisions are limited. This is due to the fact that Maasloyd doesn't insure CO2 intensive industries (such as oil & gas) and large corporates. Some changes resulting from the transition towards more electrical cars and solar panels on real estate for example can be well covered in the period underwriting and loss ratio monitoring processes. Specific guidelines on this are already included in the underwriting guidelines applicable at Maasloyd. Therefore, the risk is classified as low.

Intra-group relations

The general risk of contamination₂ resulting from adverse developments elsewhere in the group of entities related to Maasloyd, is limited. Most risks are related only to the balance sheet of the respective entities and do not have a direct or indirect impact on the own funds or solvency ratio of Maasloyd. There are also no intercompany loans or callable Own Fund components that could be impaired by a reduced creditworthiness of related entities.

A secondary effect could entail that the possibility for Maasloyd to raise or attract additional capital in the context of the Group should Maasloyd need this additional capital could be reduced.

The risk of contamination between the new activity and the run-off portfolios will be duly managed. Additional staff will be employed focusing solely on the new business. A choice for the new activity also means that Maasloyd is no longer dependent on the strategy of acquiring additional run-off portfolios. The competing capital consumption requirements will be duly managed. Diversification remains a key priority and the new activity will contribute to that, especially in the next few years.

5. Valuation for Solvency purposes

5.1. D.0 reconciliation Solvency II and statutory reporting.

All amounts are in EUR x 1.000, - unless mentioned otherwise. As the Statutory reporting is in thousands and the Solvency II reporting is in full amounts, in some cases this has led to rounding differences (EUR x 1.000,-). The Solvency II and Statutory Balance Sheet per December 31, 2022 is the following:

BALANCE SHEET 31 December 2022				
Euro x 1.000				
Assets	Solvency II	Statutory	Classification	Revaluation
Intangible assets	0	1.690		-1.690
Investments				
Real estate	7.325	7.325		
Shares	0	2.665	-2.665	
Bonds	11.687	11.608	79	
Collective Investments Undertakings	2.665	0	2.665	
Deposits at Banks	10.485	10.485		
Funds held by ceding company	142	142		
Total Investments	32.304	32.225		
RI premium reserve	-1.775	1.292	-3.201	134
Reinsurance share of claims reserve	6.935	7.497		-562
Receivables				
Direct insurance	1.945	1.945		
Reinsurance	596	596		
Other Receivables	542	461	82	-1
Total Receivables	3.083	3.002		
Other Assets				
Tangible fixed assets	0	49	-49	
Cash at Banks	6.858	6.858	0	
Other assets	49	642	49	-642
Total Other Assets	6.907	7.549		
Prepaid expenses and Accrued income	0	161	-161	
Total Assets	47.454	53.416	-3.201	-2.761
Liabilities				
Shareholder's Equity	27.489	28.780		-1.291
Gross premium reserve	-1.097	2.025	-3.201	79
Gross claims reserve	14.460	15.783		-1.323
Risk margin	577	577		
Deferred tax liabilities	1.064	1.290		-226
Liabilities				
Direct insurance	1.440	1.440		
Reinsurance payables	2.798	2.798		
Other	723	360	362	1
Total Liabilities	4.961	4.598		
Accrued expenses	0	363	-362	-1
Total Liabilities	47.454	53.416	-3.201	-2.761

The Solvency II and Statutory Balance Sheet per December 31, 2021 (previous reporting period) was the following:

BALANCE SHEET 31 December 2021				
Euro x 1.000				
Assets	Solvency II	Statutory	Classification	Revaluation
Intangible assets	0	1.380		-1.380
Deferred tax assets	0	447		-447
Investments				
Real estate	7.175	7.175		
Shares	0	2.916	-2.916	
Bonds	19.229	19.108	121	
Collective Investments Undertakings	2.916	0	2.916	
Deposits at Banks	8.421	8.421		
Funds held by ceding company	107	107		
Total Investments	37.848	37.727		
RI premium reserve	-819	-819		0
Reinsurance share of technical provisions	4.158	4.192		-34
Receivables				
Direct insurance	1.311	1.311		
Reinsurance	371	371		0
Other Receivables	0	731	-731	
Total Receivables	1.682	2.413		
Other Assets				0
Tangible fixed assets	0	22	-22	
Cash at Banks	5.401	5.401	0	
Other Assets	897	0	878	19
Total Other Assets	6.298	5.423		
Prepaid expenses and Accrued income	0	246	-246	
Total Assets	49.167	51.009	0	-1.842
Liabilities				
Shareholder's Equity	27.440	28.871		-1.431
Gross premium reserve	1.257	1.257		0
Technical Provisions	13.965	14.070		-105
Risk margin	742	742		
Deferred tax liabilities	773	1.129		-356
Liabilities				
Direct insurance	981	981		
Reinsurance payables	3.142	3.092		50
Other	867	181	686	
Total Liabilities	4.990	4.254		
Accrued expenses and deferred income	0	686	-686	
Total Liabilities	49.167	51.009	0	-1.842

Comments to accounting principles:

The financial statements of the Company have been prepared in accordance with part 9 of book 2 of the Netherlands Civil Code and the financial statements are prepared in conformity with accounting principles generally accepted in the Netherlands (Dutch GAAP). All amounts mentioned in EUR x 1000.

The classification and revaluation differences are due to Solvency II accounting regulations.

Comments regarding material classification differences per year-end 2022:

In the Statutory accounts under "Shares" an amount of Euro 2.665 is included as Investment funds.

The Investment funds are investment funds in Bonds.

In the Solvency II accounts under "Bonds" an amount of Euro 79 is included as accrued interest.

Accrued interest under "Bonds" is classified under "Prepaid expenses and Accrued Income" in the Statutory account.

In the statutory accounts under "Prepaid expenses and Accrued Income" an amount of Euro 82 is classified as "Other receivable" in the Solvency II accounts.

In the statutory accounts under "Tangible fixed assets" an amount of Euro 49 is classified as "Other assets" in the Solvency II accounts.

In the statutory accounts under "Reinsurance premium reserve" an amount of Euro 3.201 is classified under Gross premium reserve in the statutory accounts.

Accrued expenses (Euro 362) in the statutory accounts are classified under "Other liabilities" in the Solvency II accounts.

Comments regarding material valuation differences

As per 1 January 2020 the Company has started to act as commercial insurer by providing capacity to Underwriting Agents. In order to report, monitor and analyze the underwriting

data and evaluate the performance of the Underwriting agents, the Company started to develop a system and infrastructure and capitalized the external development cost of the system.

The statutory valuation for this intangible asset (Euro 1,690) does not meet the valuation methodology used for Solvency II. Quoted market prices in active markets for this unique asset are not available.

Therefore the Deferred tax liability of Euro 436, based on the value of this intangible asset, is not taken into account under Solvency II.

The net valuation difference on the Technical Provisions between the Statutory accounts and Solvency II accounts has resulted in a Deferred tax liability of Euro 210 in the Solvency II accounts.

The valuation differences on the technical provisions are created due to a different valuation between the Statutory accounting principles and Solvency II valuation regulations.

In contrast to the Solvency II accounts the technical provisions are not discounted.

In the Solvency II accounts the discounting effect on the Gross claims reserve is Euro 1,323.

In the Solvency II accounts the discounting effect on the Reinsurance share of the claims reserve provisions is Euro 562.

Valuation differences on premium reserves compared to statutory accounts are on Gross premium reserve Euro 79 and on Reinsurance premium reserve Euro 134.

Due to tax losses available for future compensation in the statutory accounts under "Other assets" a deferred tax asset is recorded (Euro 642) which is not taken into account in the Solvency II accounts.

5.2. D.1 Assets

Material asset categories (excluding reinsurance assets)

The market values of the various investments are delivered by the external asset manager. These are checked and verified by Maasloyd, by taking various samples. Also, both the internal auditor as well as the external auditor include the valuation of assets in their scope of work for the Annual Report.

Investments

Real Estate

This consists of two office buildings in the Netherlands. The real estate in Rotterdam is let out for 50% and 50% is for own use. The real estate in Amsterdam was purchased in 2021 and is partly rented out but rentable for 100%.

As per December 2021 the two buildings are valued at Euro 7.325 by a valuation assessment from an independent real estate agent. The valuation is based on the net market rent at the moment of the valuation. Also condition of the real estate were defined as valuation parameters.

Bonds

This concerns several Bonds listed on Stock exchanges (Euro 11.687). The bonds can be divided in Government Bonds (Euro 10.351) and Corporate Bonds (Euro 1.336).

Investment funds

This concerns shares in a bonds related investment funds (Euro 2.665) listed on several stock exchanges.

The shares in several bond related investment funds are based on participations in corporate bonds worldwide.

Bank deposits and Cash at banks.

This concerns deposits (Euro 10.485) and cash at banks (Euro 6.858) both at a Dutch bank.

The deposits are valued at nominal value and are short term.

The durations are shorter than one year.

Other material assets

Reinsurance assets

The reinsurance reserves are Euro 5.160 and the reinsurance receivables are Euro 596. These reinsurance assets are part of the calculation of the Counterparty default risk.

5.3. D.2 Technical provisions

Per Q4 2022 the technical provisions were the following:

Technical Provisions for all lines of business				
Amounts in € thousands				
All Lines of Business	Solvency II	Dutch GAAP	Revaluation	Reclassification
Gross Best Estimates (undiscounted)	14.607	17.808	0	-3.201
Discounting Effect	-1.244	0	-1.244	0
Gross Best Estimates (discounted)	13.363	17.808	-1.244	-3.201
Risk Margin / Prudence Margin	577	577	0	0
Total Gross Technical Provisions	13.940	18.385	-1.244	-3.201
Reinsurance Best Estimates (undiscounted)	5.587	8.789	-1	-3.201
Discounting Effect	-427	0	-427	0
Reinsurance Best Estimates (discounted)	5.160	8.789	-428	-3.201
				0
Total Net Technical Provisions	8.780	9.596	-816	0

Per Q4 2021 the technical provisions were the following:

Technical Provisions for all lines of business				
Amounts in € thousands per Q42021				
All Lines of Business	Solvency II	Dutch GAAP	Revaluation	Reclassification
Gross Best Estimates (undiscounted)	15.328	15.328	0	0
Discounting Effect	-105	0	-105	0
Gross Best Estimates (discounted)	15.223	15.328	-105	0
Risk Margin / Prudence Margin	742	742	0	0
Total Gross Technical Provisions	15.965	16.070	-105	0
Reinsurance Best Estimates (undiscounted)	3.374	3.373	1	0
Discounting Effect	-35	0	-35	0
Reinsurance Best Estimates (discounted)	3.339	3.373	-34	0
Total Net Technical Provisions	12.626	12.697	-71	0

Comments Technical Provisions

Until 2019 Maasloyd was only active in the field of discontinued operations for general liability insurance.

Until December 31, 2019, there was no new premium nor new reinsurance activity involved. Through focus, knowledge and efficient processes Maasloyd generates value in managing the development of reserves and settlement of claims as well as generating investment income.

Most of the sub-portfolios are expected to be fully released within 10 years. But for some sub-portfolio's the expected run-off period can be relatively long. This is in particular the case for a part of the DLV liability sub-portfolio and a part of the Sampo Liability portfolio, which comprise the IBNR reserves for Dutch Asbestos.

The run-off portfolio has developed through the acquisition of run-off portfolios of other (re-) insurance companies including the active reinsurance structure of those portfolio.

Next to the run-off reserve risk the Company started in 2020 with underwriting non-life insurance risks in the Dutch insurance market, Premium Risk, Catastrophe Risk and Reserve risk are identified as new risks. The new underwriting risks are written in Personal Lines and in Small and Medium sized Enterprises in the Dutch insurance market. The Company started to underwrite new risks via pools as follower insurer. The nature of the technical provisions from the new business in 2020, 2021, and 2022 is for the main part short tail.

Maasloyd reflects the value of the technical provisions in the Dutch GAAP report based on their best estimate calculations, which is set to the same value as the undiscounted Solvency II Best estimates. An additional prudency margin has been identified in the Dutch GAAP report, which is set to the same value of the Solvency II Risk Margin. The difference between the Solvency II and Dutch GAAP technical provisions is that the Solvency II net claim reserves are discounted.

The gross, undiscounted best estimates per 31-12-2022 per significant lines of business can be shown as follows:

Gross Claim reserves (undiscounted)		
EURO x 1,000	2022	2021
Fire and other damage to property insurance	4.746	2.521
Other motor insurance	540	711
Motor vehicle liability insurance	2.153	1.488
General liability insurance	7.924	9.279
Transport	119	42
Other branches	<u>301</u>	<u>29</u>
	15.783	14.070
Reinsurance share of Claim reserves (undiscounted)		
EURO x 1,000	2022	2021
Fire and other damage to property insurance	2.924	1.154
Other motor insurance	406	431
Motor vehicle liability insurance	1.596	904
General liability insurance	2.262	1.682
Transport	81	3
Other branches	<u>228</u>	<u>18</u>
	7.497	4.192

The undiscounted net premium reserve per lines of business is the following:

Amounts in € thousands										
		Other Motor Insurance	Motor vehicle liability insurance	General liability insurance	Fire and other damage to property insurance	Miscellaneous financial loss	Assistance	Marine, aviation and transport insurance	TOTAL	
Best Estimate Premium Provision (NET)		133	198	41	376	-8	-3	-4	733	

Disclaimer

The actual results will most likely differ from the estimated results since the actual events will not exactly resemble what has been assumed and forecasted. The resulting variations may be material.

In the process of estimating future claim payments, there is uncertainty about how these develop. In order to estimate the best estimate of unpaid claims, use is made of patterns observed in the past whereby expert judgement is applied to make an estimate for the future.

It is inevitable that there is a certain element of subjectivity. For example, if legislative changes occur or if the claims handling processes or underwriting processes have changed, this may have a material impact on the estimates. In addition, the portfolio changes over time, whereby the client mix can have different behavioural patterns.

Because of making best estimates for the technical provisions, there is inherent uncertainty.

Future results are, for example, depending upon various influences and factors which are not to be foreseen, such as:

- the claim handling processes;
- social and economic inflation;
- changes in legislation and case law;
- new types of claims that are not provided yet;
- new contingent claims;
- improvements in medical technology;
- other economic, legal, political and social trends and developments;
- different type of clients in a different market;
- pandemics such as COVID-19
- random fluctuations.

When estimating future results, it is to a large extent not possible to take into account the potential impact of these influences and factors, partly because it is not quantifiable.

The Actuarial Function can make a judgement and provide an opinion on the reasonableness of the models used, the assumptions used and the plausibility of outcomes. The Actuarial Function can however, mainly due to the reasons as provided above, not guarantee that the estimated reserves shall be adequate.

5.3.1. Portfolio Descriptions

In 2002 ABN AMRO sold Maasloyd to the Hampden Group, and since then Maasloyd has acquired various portfolio's in run-off containing, amongst other, US liability risks. Since then, various portfolios have been added to Maasloyd:

- In 2006 De Zee was acquired
- In 2010 Phoenix N.V.

- In 2010 N.V. Verzekering Maatschappij van 1890
- In 2010 a reinsurance portfolio of Centraal Beheer (“CBRe”)
- In 2012 the Malayan portfolio in the Netherlands was acquired.
- In October 2012, the US liability portfolio (both direct and reinsurance) of Delta Lloyd was acquired.
- In November of 2014 (for risk and account since April 2014) the insurance portfolio of Hampden Insurance N.V. (“HI NV”) is transferred to N.V. Schadeverzekeringsmaatschappij Maasloyd (“Maasloyd”), which is resulted in the situation whereby there is only one single supervised risk carrier.
- In October of 2015 (for risk and account since January 1 2015) a portfolio has been acquired from Delta Lloyd which is referred to as the “Delta Lloyd Volmacht” portfolio. Or the “DLV” portfolio.
- In 2017 the Dutch Run-off portfolio of AIOI Nissay Dowa Insurance Company Ltd has been acquired.
- In 2018, the Company acquired a small reinsurance portfolio from R&V Versicherung AG. The portfolio was written from 1974 to 1980.
- In 2019, the Company acquired a small reinsurance portfolio from Continentale AG. The portfolio was written from 1974 to 1980. In 2019 the company prepared its organisation in order to act as a commercial insurer in the Dutch non-life insurance market
- On 1 January 2020, the Company started with active underwriting with providing insurance capacity to underwriting agents in the non-life Dutch insurance market as a following insurer.
- Per Q2 2022 Maasloyd is allowed to act as ‘leader’ in insurance pools.

Maasloyd – US Liability

Between 1977 and 1985 Maasloyd (before RAK) has accepted US liability risks for US based corporates. Maasloyd mainly participated in the higher layers and the percentage of participation varies from 0,3% to 15%, limiting the maximum exposure per contract. The main portion of the claims are reinsured by various reinsurance companies.

Maasloyd – Dutch Portfolio

From 1985 to 1987 Maasloyd has accepted various regular insurance products such as Motor, Property/Engineering and Liability. This portfolio is almost completely settled with only two active claims remaining.

Hampden Insurance N.V.

In the period from 1991 until 2003 Hampden Insurance N.V. (“HI NV”) and her legal predecessors have signed various risks. The products mainly relate to Casualty (employer liability, general liability and product liability) and Property/Engineering for Industry sector and small and medium size enterprises (SME). Hampden Insurance was also active in the co-insurance market both as leading as well as following insurer.

Delta Lloyd

The run-off business of the former Delta Lloyd portfolio contains three sub-portfolios depending on the underwriting party involved (H.S. Weavers Underwriting Agency (“HSW”), C.R. Driver Ltd. (“CRD”) and various exposures signed in Amsterdam).

H.S. Weavers (“HSW”)

The risks that were underwritten by HSW are mainly general liability for Fortune 500 multinationals and excess of loss reinsurance for local US entities and London Market risks, including facultative reinsurance. The Delta Lloyd’s share is on average 5%. The HSW portfolio is reinsured based on excess of loss with a large number of international reinsurers.

C.R. Driver Ltd. (“CRD”)

CRD was an intermediary active in the London Market. This portfolio is reinsured for Catastrophe coverage on a limited excess of loss basis which has been fully exploited.

APH Tekening in Amsterdam – “25”

Delta Lloyd has accepted a number of contracts with an APH element in Amsterdam. In 2006 there were 25 contracts in portfolio explaining the name “25”. Most claims have been settled or closed.

Currently, only a small number of contracts are open, with only four of them with any significant activity. There is no reinsurance coverage for this portfolio.

CBrE

Centraal Beheer Reassurantie (“CBrE”) is founded in 1978 as a reinsurance company (both incoming as well ceding) for the total Centraal Beheer Groep.

Of the incoming reinsurance only a small portion is active, and this portfolio is in run-off. Due to the character of the portfolio the remaining duration of the liabilities is relatively long. The strategy is to close as many contracts as possible by full and final settlement.

Currently the following contracts / risks are in portfolio:

- London Market Excess of Loss contracts (“LMX contracts”): Lloyds syndicates reinsured themselves with other syndicates, but also with international reinsurance companies such as CBrE
- Treaty business contracts: these are mainly contracts in which CBrE participated for a small portion (mainly in surplus treaties)
- Bodily Injury risks: liability contracts with long remaining durations.

Delta Lloyd Volmacht portfolio or DLV Portfolio:

The portfolio is a run-off portfolio of products that were written via pools: either via authorized agents (pools volmacht) or via the bourse (beurs direct). The products include Fire, Marine and General Liability. The main risks that have remained in the portfolio are mainly related to asbestos. In addition, there are a few other bodily injury claims left.

Others – Phoenix, Verzekering Maatschappij 1890, Malayan, AIOI, R&V Versicherung AG and Continale AG.

Various other smaller insurance portfolios.

5.3.2. Overall conclusions of the Technical Provisions

The Actuarial Function concludes that the calculations carried out by Maasloyd are sophisticated and appropriate and believes that the outcomes are within a reasonable range

5.4. D.3 Other liabilities

Material liabilities (excluding Technical provisions and Risk margin)

Direct insurance liabilities

This concerns direct insurance liabilities which are due in less than one year.

Inwards reinsurance Liabilities.

This concerns inwards reinsurance insurance liabilities which are due in less than one year.

5.5. D.4 Alternative methods for valuation

There are no items with an alternative method for valuation.

5.6. D.5 Other material information

Maasloyd does not use any transitional measures such as Matching Adjustment or Volatility Adjustment.

6.2. E.2. Solvency Capital Requirement and Minimum Capital Requirement

In the tables below the solvency position and own funds position are shown. Maasloyd uses the Standard Formula, without any Undertaking Specific Parameters (USP) to determine the Solvency Capital Requirement (SCR).

SCR & MCR		
Amounts in € thousands		
Solvency II	31-12-2021	31-12-2022
SCR	6,295	6,875
Own Funds	27,440	27,489
Solvency Ratio	436%	400%
MCR	3,700	4,000
Own Funds	27,440	27,489
Solvency Ratio	742%	687%

SCR & MCR		
Amounts in € thousands		
Solvency II	31-12-2020	31-12-2021
SCR	5,729	6,295
Own Funds	27,629	27,440
Solvency Ratio	482%	436%
MCR	3,700	3,700
Own Funds	27,629	27,440
Solvency Ratio	747%	742%

The solvency position has decreased from 436% at the end of 2021 to 400% per the end of 2022, but is still well above regulatory and internal limits and targets.

6.2.1. SCR calculation

The table below gives an overview of the composition of the SCR as at 31-12-2022 and 31-12-2021.

SCR		
Amounts in € thousands		
(sub) risk type	31-12-2021	31-12-2022
Market risk	2,057	2,084
Counterparty default risk	1,333	1,912
Life risk	0	0
Health risk	0	0
Non-Life risk	3,859	4,009
Intangible assets risk	0	0
Subtotal (before diversification)	7,248	8,006
Diversification	-1,647	-1,849
Basic SCR	5,602	6,158
Operational risk	693	718
Adj. for risk absorbing capacity of profit sharing		
Adjustment for risk absorbing capacity of DTL/DTA	0	0
SCR	6,295	6,875

6.2.2. MCR calculation

The tables below shows the calculation of the MCR.

MCR as of 31-12-2022						
Amounts in € thousands						
Line of business	SCR	Net TP	MCR factor	Net Premium	MCR factor	MCR
Motor vehicle liability insurance		680	8.5%	676	9.4%	121
Other motor insurance		253	7.5%	542	7.5%	60
Marine, aviation and transport insurance		33	10.3%	92	14.0%	16
Fire and other damage to property insurance		2,095	9.4%	2,354	7.5%	374
General liability insurance		4,105	10.3%	364	13.1%	470
Assistance		7	18.6%	32	8.5%	4
Miscellaneous financial loss		53	18.6%	94	12.2%	21
Non-proportional casualty reinsurance		978	18.6%	0	15.9%	182
MCR calculated according to the linear approach						1,248
MCR (lower bound 25% of SCR)	6,875				25.0%	1,719
MCR (upper bound 45% of SCR)	6,875				45.0%	3,094
AMCR						4,000
MCR						4,000

The MCR is equal to the maximum of the $MCR_{combined}$ and the AMCR. The AMCR is equal to 4.000 as at year end 2022.

The $MCR_{combined}$ is equal to the minimum of:

- The Maximum of the MCR_{linear} and 25% of the SCR
- 45% of the SCR

For Maasloyd, the MCR_{linear} is calculated using a factor-based approach on the net technical provisions.

6.3. E.3 use of duration based equity submodule

Maasloyd does not use the duration based equity submodule.

6.4. E.4 difference between standard formula and internal model used

Maasloyd does not use an internal model.

6.5. E.5 Non-compliance with MCR and SCR

Maasloyd has been continuously compliant with both the MCR as well as the SCR throughout 2022.

6.6. E.6 Any other information

In Solvency II, the DTL regarding the technical provisions should be recalculated, if the discounted best estimate of the technical provisions is lower than the held technical provisions.

The table below provides the calculation of the DTL adjustment:

Deferred tax liabilities			
Amounts in € thousands		31-12-2021	31-12-2022
	Formula		
Statutory: Net reserves	(A)	12.697	9.596
Solvency II: Net Best Estimate	(B)	11.883	8.203
Solvency II: Risk Margin	(C)	742	577
Difference statutory and SII	(D) = (A)-(B)-(C)	72	816
SII Tax Adjustment (25.8% difference)	(E) 25.8% *(D)	19	210
Calculated DTL SII	(F) = max(0;E)	19	210
Selected DTL SII	(G)	0	210

Maasloyd has defined a Capital Management policy. Maasloyd aims to operate at a solvency ratio, calculated according to the standard formula. The minimum threshold level is defined at 150% of the Solvency Capital Requirement, whereby the target threshold level is defined as 180% of the Solvency Capital Requirement (“SCR”).