



Woningborg N.V.

GOUDA

ANNUAL REPORT 2023

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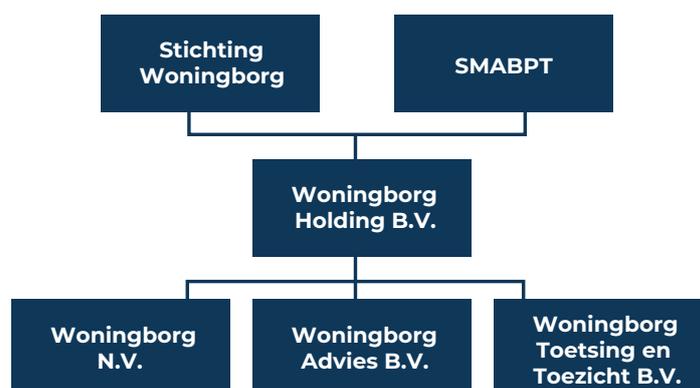
Management Board report 2023

1. General Information

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

Legal and group structure

Woningborg is a wholly-owned subsidiary of Woningborg Holding B.V. The Woningborg Group consists of Woningborg N.V., Woningborg Advies B.V. and Woningborg Toetsing en Toezicht B.V., all based and registered in Gouda. The main activities of Woningborg Advies B.V. consists of providing training and specific construction information. Woningborg Toetsing en Toezicht B.V. focus on improving construction quality in the Netherlands by providing quality assurance processes. Woningborg N.V. is an non-life insurance company that focuses on surety products, guaranteeing (new) construction projects in the housing sector. The legal structure of Woningborg per 31 December 2023:



Woningborg has a two-tiered board. The supervision of the Executive Board of Woningborg N.V. is carried out by the Supervisory Board. The Supervisory Board has established an Audit & Risk Committee and a Remuneration Committee. Woningborg N.V. is classified as a non-life insurer and as such supervised by the Dutch financial regulator; De Nederlandsche Bank N.V.

Strategy, purpose and mission statement

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

We believe that every new home buyer has the right to own a high-quality and future-proof home. Through constant innovation in the technical, legal and financial knowledge of the construction industry, Woningborg assures buyers that their dreams will come true.

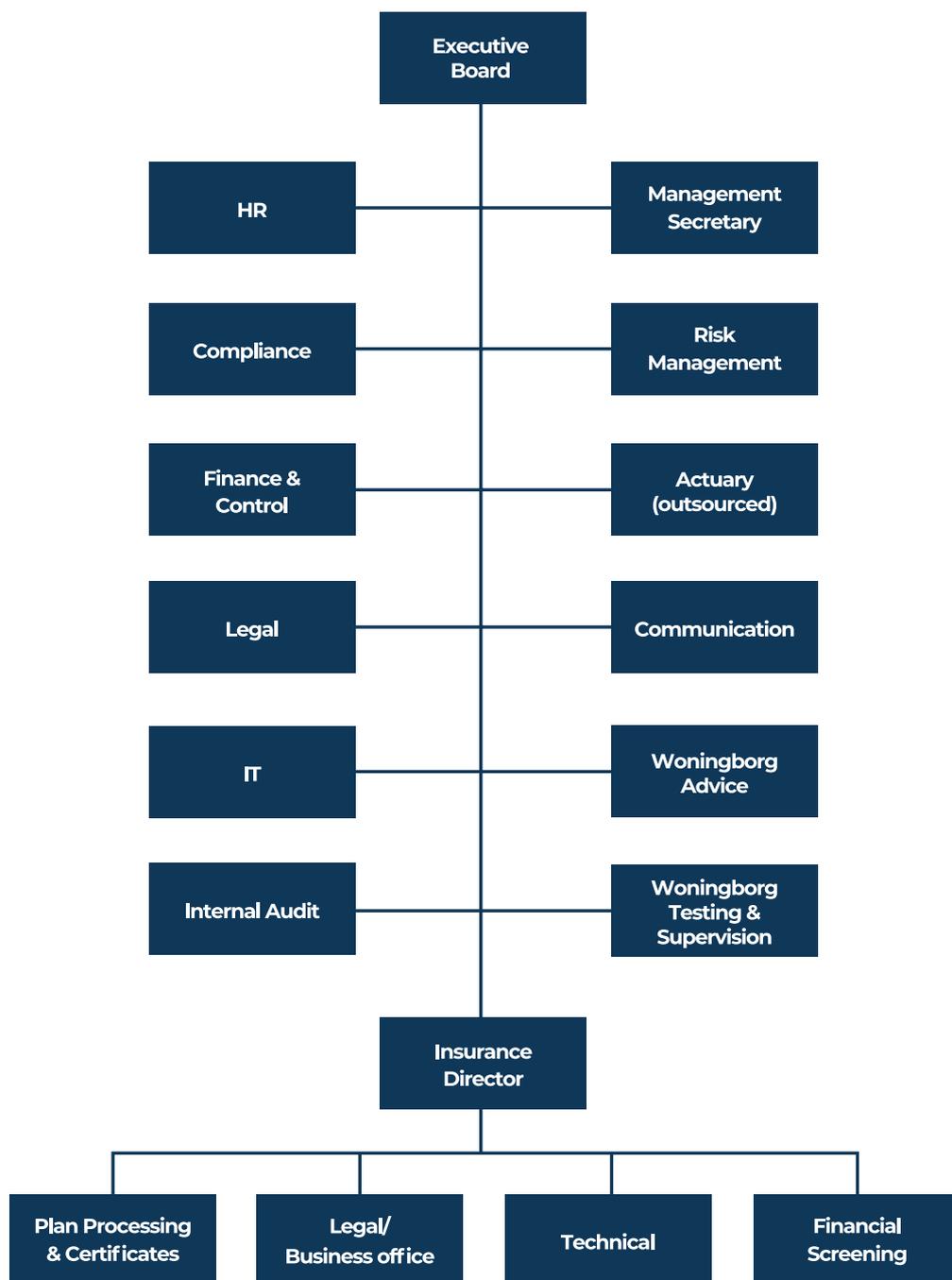
We aim to exceed the expectations of our participating construction companies. We want to be a trusted advisor and sparring partner. Through strategic, long-term partnerships and the expertise of our employees, we are and will continue to be the leading surety insurer for construction companies in the Netherlands.

The specific social contribution the Company makes with our services to the new build home construction sector of the Netherlands, makes our employees very proud. For constructors and buyers, Woningborg as a group is therefore a strong partner for bankruptcy and repair insurance, quality assurance and training.

Composition of the Executive Board

In 2023 the Executive Board consisted of the following members: Wytzejan de Jong (CEO) and Gerlof Muntinga (CFRO). Gerlof Muntinga stepped down as of December 31st 2023. Martine Ammerlaan was appointed as CFRO by January 1st 2024.

Woningborg is organised as follows:



The average number of FTE's in financial year 2023 was 71.2 (2022: 78.0) of which 42 are male and 30 female (2022: 45 male and 33 female). All employees are employed in the Netherlands. Section 9 'Inclusion and diversity' describes the measures and initiatives Woningborg has taken to increase (gender) diversity.

2. Business Developments

2023 was a turbulent year for the Dutch new build home construction market. The sale of new build houses dropped with about 40% compared to 2022. The main drivers for this decrease were the inflation and higher interest rates in the capital markets resulting in an increase in mortgage rates. Secondly the building cost increased due to higher energy prices, higher costs of materials and an increase of labour costs. Thirdly, a decline in the number of building permits issued by the local authorities, due to nitrogen legislation and environmental discussions.

According to the Dutch central government, the Netherlands will have a shortage of 900,000 houses by 2030 and to solve this shortage they have defined the goal to build 100,000 houses per year. In reality, the number of houses built (73,000) and sold in 2023, is far below the number needed to solve this shortages. Another topic effecting the marked development, is the planned change of the law that determines the maximum rent for landlords. Changing this law makes it less profitable for developers and investors to build and hold houses for rent.

As a result of the declining construction market the number of certificates issued by Woningborg declined significantly to 13,949 (2022: 22,314). To bring the expenses in line with this lower income level, Woningborg has undertaken adequate cost cutting measures, including a reduction in the number of employees. Although the difficult market conditions led to an increase in bankruptcies among constructors and developers in the market, the impact on claims for Woningborg was limited.

For the years 2016, 2017 and 2018, Woningborg has submitted claims to its reinsurers, in connection with the bankruptcy for several constructors for these underwriting years. A claim of EUR 12.3 million was reported at QBE Re and Woningborg is in dispute with QBE Re over the payment of this claim. QBE Re and Woningborg have started an arbitration procedure on this claim. The arbitration ruling is expected in the second half of 2024. The other reinsurers in the same program have paid out 100% of their share of the claim. The total claim is significantly higher and exceeds the maximum reinsured cover. The claim of QBE Re has been recognised as a receivable in the balance sheet as at 31 December 2023.

In order to strengthen its capital position for the coming years and to be able to facilitate market growth if needed, the company started a process of recapitalization in 2021. This process resulted in capital contribution of EUR 30 million provided by Société Mutuelle d'Assurance des chambres syndicales du Bâtiment et des Travaux Publics ('SMABTP') a strong French insurance group, specialist in the construction and property industry) to acquire a 50% non-controlling share in Woningborg Holding B.V. through the issuance of new shares.

A letter of intent was signed on 14 December 2022 by Woningborg Holding B.V., Stichting Woningborg and SMABTP. This transaction was subject to regulatory approval, and DNB gave its consent on 12 December 2023. The outstanding subordinated loans of EUR 23.7 million were repaid on 22 December 2023. This transaction has further strengthened Woningborg's solvency ratio.

For Woningborg, in addition to improving its capital position, the cooperation with SMABTP offers new opportunities, as SMABTP's has extensive knowledge of both the construction market and the insurance market. Woningborg and SMABTP will explore possibilities to further optimise its business operations, product range and improve service to its participating construction companies.

3. Financial Information

The year 2023 was a turbulent year for Woningborg due to declining market as a result of the decreasing construction market. Gross premium income decreased by EUR 5.0 million to EUR 24.9 million (2022: EUR 29.9 million) due to the decrease in the number of certificates (2023: 13,949 2022: 22,314). The decrease in premium income, due to a decrease of certificates, was offset by a 11% increase on premium per certificate as new build home contract prices increased to EUR 296,000 (2022: EUR 288,000) and the average premium percentage increased by 8%.

The reinsurance premium decreased by EUR 1.8 million to EUR 10.3 million (2022: EUR 12.1 million) due to a combination of lower premium income of Woningborg and a higher deductible of the reinsurance coverage.

Nine bankruptcies occurred in 2023 (2022: 6). In five cases the involved participants had already been deregistered. Only one of these bankruptcies led to a relatively small loss for Woningborg.

An one off positive claim result of EUR 3.7 million was realised on an old reserved claim dated 2017 which was disputed and in 2023 the legal objection period expired.

In 2023, the investment result was positive EUR 0.3 million due to better interest markets (2022: EUR 0.8 million negative).

Operating expenses increased by EUR 0.9 million to EUR 15.9 million (2022: EUR 15.0 million). The increase is partly due to one-off items in particular:

- Expenses due to the recapitalisation process.
- Expenses as a result of the reorganization.
- Additional impairment on the IT system, as the management decided to buy and implement a new IT system.

Woningborg N.V. closed the year 2023 with a result of EUR 1.1 million positive (2022: EUR 1.7 million negative) after tax. After assessing the deferred tax asset and the future profitability, it was decided to impair EUR 1.7 million of the deferred tax asset.

The solvency ratio at the end of 2023 was 268% (2022: 209%), which is well above the target solvency of 210%. The combined ratio for 2023 was: 73% (2022: 89%).

Liquidity

Woningborg needs to maintain sufficient liquidity to meet short term cash demands under normal conditions, but also in crisis situations.

In this context, Woningborg is committed to have a strong liquidity position, and has invested its assets in deposits and high grade bonds. Woningborg can quickly liquidate this bond portfolio if needed. A liquidity forecast is drawn up annually and monitored on a monthly basis. Woningborg has a strong liquidity position.

4. Risk Management

Woningborg's risk management structure has been established based on the principles of the "Three lines of defense" model. Woningborg's first line of defense, the operations and support functions, have direct responsibility for managing and taking risk in accordance with defined risk strategy, risk tolerances and risk policies. The second line of defense – including the risk management function, compliance function and actuarial function – facilitates and oversees the effectiveness and integrity of the risk management policies across Woningborg. The third line of defense – the internal audit function – is responsible for assessing the design and effectiveness of governance system and the risk management & internal control processes.

Key function holders

Woningborg has appointed a Compliance Function Holder (CFH), an Actuarial Function Holder (AFH), a Risk Management Function Holder (RFH) and an Internal Audit Function Holder in line with Solvency II regulation and additional guidance related to system of governance.

As part of the design of the risk management framework, various policy frameworks have been drawn up and adopted. These are based on Woningborg's strategy, the risk management framework and the associated risk appetite.

The risk appetite is based on Woningborg's objective to complete the construction of houses and guarantee the terms in case of bankruptcy of the constructing company. Since Woningborg's guarantee product has a volatile claims pattern, in both the number and amount of claims, Woningborg has a strong risk management system in place.

Woningborg has defined its risk appetite as the amount of risk it is willing to take including qualitative and quantitative risk tolerances that are the basis to support the business in making decisions about whether risks are within this appetite, acceptable or need to be mitigated or avoided. Qualitative and quantitative tolerances are to be determined by management based on the values and principles of Woningborg and should be in line with the company's purpose, values, objectives and Code of Conduct. Woningborg has set out its risk appetite in the risk appetite statement.

Woningborg's overall risk appetite is low because Woningborg is strongly committed to being a solid insurer. Woningborg controls the risk it faces along various dimensions through its risk governance framework, risk monitoring, and embedding of risk management into functional areas, such as plan and technical acceptors, financial screeners, risk management, remuneration, pricing and product development. Risks are controlled with procedures and product features such as:

- underwriting guidelines for clients (technical, financial and legal),
- underwriting guidelines for construction plans to be underwritten (technical, financial and legal),
- capping of risks by requiring collateral and the reinsurance programme,
- investment guidelines, and
- measures of internal control.

These control measures determine Woningborg's ultimate net risk appetite.

Risk profile

Woningborg's risk profile is determined by the main material risks: market risk, credit risk, underwriting risk and operational risk.

- **Market risk:** is the risk that the market value of investments will fluctuate because of changes in the financial condition of the obligor. This risk can result from changes in the rating category of the obligor, regular fluctuation of spreads associated with each credit rating over time, and potentially default. Woningborg operates a conservative policy with regard to investments and only invests in bonds with a high credit rating.
- **Credit risk:** in order to limit credit risk, Woningborg only works with reputable counterparties (reinsurers) with an adequate rating, and has limits in place for its bank balances.
- **Underwriting risk:** is the risk of incurring losses when actual experience deviates from Woningborg's best estimate assumptions on the credit worthiness of the construction company. Woningborg takes underwriting risks by accepting risks concerning the completion of homes and the repair of defects

to homes, after delivery, when the constructor is bankrupt. Woningborg has set up policies to ensure proper selection of risks (segments, products and reinsurance), and adequate pricing for the risks accepted and avoid concentration of underwriting risks.

Within underwriting risk, premium reserve and catastrophe risk are the main risk components and a material component of the Solvency Capital Requirement (SCR).

- Operational risk: losses may occur when conducting operational activities. The Operational Risk Management Framework defines how Woningborg ensures that operational risks are adequately controlled. Within operational risk, Woningborg distinguishes, among other things, legal risk, outsourcing risk, ICT risk and integrity risk.
- Integrity & fraud risk: concerns the risk that the integrity of Woningborg is affected as a result of dishonest or unethical conduct. While Woningborg maintains a zero tolerance approach to fraud, Woningborg has special procedures to manage integrity and fraud risks. Each year the company performs a SIRA (Systemic Integrity Risk Assessment) to assess the risk, the risk appetite and decide on possible risk mitigating actions. Like screening of all new employees, system enforcements of certain procedures before clients or plans can be accepted, segregation of duties, the four-eyes principle and codes of conduct and control measures in place. The Compliance Officer monitors compliance with the measures.

5. Regulation and supervision

Woningborg N.V. is classified as an insurer and is regulated. Regulation of the financial sector in the Netherlands is included in the Financial Supervision Act (Wet op het financieel toezicht or Wft). The Wft embeds the cross-sectorial functional approach within the Dutch supervisory system. The supervision of financial institutions pursuant to the Wft rests with the DNB and the Dutch Authority for the Financial Markets (AFM).

The DNB is responsible for prudential supervision, while the AFM supervises the conduct of business of financial institutions and the conduct of business on financial markets.

The aim of the DNB's prudential supervision is to ensure the strength of financial institutions and contribute to the stability of the financial sector.

The Solvency II framework consists of an EU Directive and has consequently been transposed into the Dutch Financial Supervision Act. A large part of the Level II Solvency II rules are, however, also set out in EU regulations, which apply directly in EU member states, and as a consequence have not been implemented into national legislation, such as in the Decree on Prudential Rules under the Wft (Besluit prudentiële regels Wft).

The AFM's conduct of business supervision focuses on ensuring orderly and transparent financial market processes, integrity in relations between market parties and due care in the provision of services to customers.

The Dutch Data Protection Authority (Dutch DPA) supervises processing of personal data in order to ensure compliance with laws that regulate such use. The tasks and powers of the Dutch DPA are described in the General Data Protection Regulation (GDPR), supplemented by the Dutch Implementation Act of the GDPR

6. Code of conduct for insurers

Woningborg confirms to the Insurers' Code of Conduct, which applies to members of the Dutch Association of Insurers, Woningborg is a prospective member. This is a mandatory set of conditions for how Woningborg employees should conduct business, comply with all applicable laws and regulations, and exercise sound judgment in reaching ethical business decisions in the long-term interests of our stakeholders. Training on the Code of Conduct is mandatory for all employees. The full text of the Insurers' Code of Conduct can be read on our website.

7. Environmental, corporate and social responsibility

Woningborg is a responsible company, and explicitly aims to fulfil a socially relevant role by facilitating the construction of new homes. In this light, Woningborg aims to set up its processes in the most environmentally and user-friendly way possible in order to contribute to sustainable and social development objectives.

Woningborg therefore aims to systematically reduce its ecological footprint. Woningborg is housed in a building with a green certificate (very sustainable utility building). In 2021 and 2022, this building was modified to create an even more user- and work-friendly environment.

The company significantly reduced the amount of printed paper by digitising its processes like the credit reports and certificates. This line will be continued with the aim of becoming a fully digital insurer. In 2023, an electronic portal was introduced, allowing contractors to submit their construction plans fully digital.

In the car fleet, replacement is increasingly taking place with electric and hybrid cars. Woningborg has adopted a working from home policy in 2022 and made the possibility of working from home a permanent part of its policy.

Woningborg embraces the developments in the market and the measures taken by participating contractors to carry out construction in the most energy-friendly way possible and to make homes to be built energy-neutral and circular constructing initiatives.

Woningborg is subject to the Corporate Sustainability Reporting Directive (CSRD), which will be applicable for insurance companies such as Woningborg over the reporting year 2025. Woningborg will start with the materiality assessment in 2024, as the first step in the preparation for implementing this reporting requirement.

8. Information Security and Technology

Woningborg's systems and processes are designed to support its customers, products and transactions, and to help to protect against issues as system failures, business disruption, financial crime, and breaches of information security. Woningborg monitors and analyses these risks, and retains flexibility to update and revise where necessary.

Woningborg protects and continually strengthens its existing security control environment and use preventive tooling to minimize impact and exposure to new and existing threats. Evaluations of security controls – including detection and response capabilities are frequently performed by both internal and external experts. Identified vulnerabilities are followed-up by risk based actions plans, which are reported, tracked and monitored by management. Woningborg performed a security capability assessment to determine the maturity of current capabilities and desired future maturity of these capabilities to be able to manage current and future information security/cyber risks.

Besides the advantages of working from home, it also brings risks. Therefore, as part of the high priority for information security and cybersecurity, the new work situation also requires employees to be aware of these risks.

Woningborg takes a structured approach to information security, ensuring that security is and remains at an appropriate level and that security measures are deployed effectively and efficiently.

The scope of the Woningborg information security and cybersecurity policy includes:

- Responsible and awareness of behaviour of internal and external employees regarding information security.
- All business processes, underlying information systems and information of Woningborg. This includes controlled information generated and managed by Woningborg itself and uncontrolled information to which Woningborg can be addressed such as on websites and/or social media.
- The information security policy also includes devices (tablets, laptops, phones) with which authorised access to the Woningborg network can be obtained and/or which contain privacy-sensitive information.
- Access security, logical and physical security and security of both the Woningborg office building and the home workplace.

DNB has drawn up a Good Practice Information Security to discuss how information security should be organised. This Good Practice includes topics (58 controls) on information security (cyber), continuity and outsourcing. For the topics listed by DNB, an organisation should set up a control framework based on an IT risk analysis. This control framework should be tested by means of a self-assessment on its operation and report this to DNB. Woningborg has set-up and implemented this control framework. Internal audit has tested this control framework with the standards set by DNB.

Complying with the regulatory environment is characterised by adapting business processes to new laws and regulations, especially in the area of sustainable financing, privacy and digital resilience (DORA). Woningborg has carried out its first gap assessment and foresees a challenge in terms of workload and cost pressure for Woningborg.

9. Internal control

Woningborg has implemented an internal control framework, to ensure we comply with all laws and regulations applicable to Woningborg, such as Solvency II, and the Code of Conduct for Insurers. With the design and set up of our processes and automated systems we ensure that these also supports the control of our activities as an insurance company.

Woningborg tests the design, existence and operating effectiveness of key controls on an annual basis to ensure that material misstatements in the financial figures can be prevented or detected in a timely manner. In keeping the internal management system up-to-date, the second-line key functions play an important role.

10. Inclusion and Diversity

Woningborg is explicitly working to create an environment in which differences between people are accepted, valued and embraced.

Woningborg focuses its policy on a balanced composition of its employees in terms of age, experience, male/female, background, competencies, working style and salary. Important is that everyone is equal, that everyone should feel equal and that people feel free to express themselves and feel welcome at Woningborg.

The Company has also taken note of the act that has been adopted in 2021 relating to more balanced male/female ratio on management and supervisory boards (wet evenwichtige man-vrouwverhouding, the Gender Act). After the start of the new board member Martine Ammerlaan, per 1 January 2024, the Executive Board consist of 50% female and 50% male. At this moment the Supervisory Board consists only of male. For future positions of the Supervisory Board, the company will actively work to improve the female/male ratio.

11. Outlook

The housing market is under pressure in the Netherlands. Although, there is a high demand for houses. As the Netherlands has a shortage of 900,000 houses until 2030, the number of houses being built stays far behind to reach this overall need. Less building permits have been issued due to a shortage of building locations, as a result of the continued discussion about the legislation around nitrogen emission and the Flora and Fauna Act.

Expectations regarding the number of houses being built in 2024, both owner-occupied and rented, vary. The main marked drivers like mortgage interest rates, consumer confidence ratio and consumer purchasing power improved over the last months of 2023, which could result in slight recovery of the market. However, it is clear that the number of new build homes will be at a lower level than the top years 2021 and 2022. The main question remains whether the market will stabilize at the 2023 level, or will demonstrate a slight recovery. For Woningborg, this means that it is uncertain how many certificates it will issue in 2024.

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

The introduction of the Quality Assurance Act per 1 January 2024, offers many opportunities for Woningborg Toetsing & Toezicht (WTT) to expand its product range with an increase in turnover in providing quality assurance services in the Dutch market.

Concluding; despite the lagging market developments Woningborg looks to the future with confidence.

Gouda, 30 April 2024

WytzeJan de Jong
CEO

Martine Ammerlaan
CFRO

Supervisory Board report 2023

1. General

The Supervisory Board has the duty to supervise and advise the Executive Board on its management of the company and the business connected with it. In the exercise of their duties, the Supervisory Board members are guided by the interests of the company. The Supervisory Boards of Woningborg N.V. meets at least four times a year at regular intervals, simultaneously with the Supervisory Board of Woningborg Holding B.V.

The Supervisory Board was involved in the preparation of the appointment and dismissal of members of the Executive Board and discussed the company's quarterly results, accounting policies, internal control procedures and strategy. Also, the Supervisory Board is involved in setting the remuneration of members of the Executive Board. Amongst others, the Supervisory Board approves and periodically assesses the general principles of the Woningborg remuneration policies and is responsible for the remuneration policy for the Executive Board.

2. Developments

Market conditions remained challenging during the year. Although the Netherlands is short of 900,000 houses till 2030, less building permits were issued due to a shortage of building locations, as a result of the continued discussion about the legislation around nitrogen emissions and the Flora and Fauna Act. Also fewer new-build houses were sold due to higher construction cost, higher interest rates, political and geopolitical uncertainties, which made consumers more cautious.

Against this background, the premium income of Woningborg decreased and the company had to reorganize its operations and had to reduce costs in order to adjust the structural cost level to a lower income.

There is a clear consensus within the Supervisory Board that the current market conditions in the construction industry and their effect on Woningborg's result require great attention from the Executive Board and the organisation to keep the negative effects to a minimum.

On a positive note, the capital of the company was strengthened. SMABPT (a strong French insurance group specialising in the construction and real estate sector) acquired a 50% non-controlling share in Woningborg Holding B.V. through the issuance of new shares.

Following the recapitalisation process that was started in 2021, when subordinated loans were issued, the Supervisory Board is pleased that this process led to an agreement with SMABPT on 25 April 2023. The transaction was subject to formal regulatory approval by the DNB. This approval was given by the regulator on 12 December 2023. The subordinated loans of EUR 23.7 million were repaid on 22 December 2023. This transaction has further strengthened Woningborg's solvency.

The Supervisory board is of the opinion that the cooperation with SMABPT offers Woningborg many opportunities, due to SMABPT's extensive knowledge of the construction market and the insurance market. Chances to further optimise its business operations, the product range, but also the service to its participating construction companies.

The Supervisory Board regularly exchanged views with the Executive Board about market developments in the construction industry, the effects of these on Woningborg, the recapitalisation process, cooperation with SMABPT and the Quality Assurance Act. It is clear that Woningborg operates in a changing environment, with major challenges for Woningborg. The Supervisory Board is confident that Woningborg is able to deal with these challenges adequately.

3. Supervisory Board

In 2023, the Supervisory Board consisted of Kees Brouwer (chairman), Peter de Groot (member), Paul Smeets (member) and Pim Koelemij (member as of 6 January 2023).

On 20 December 2023, Paul Smeets stepped down as a member of the Supervisory Board in connection with the new shareholder of Woningborg Holding B.V. We thank Paul Smeets for his great commitment to the interests of Woningborg. On 20 December 2023, the shareholders' meeting approved the appointment of Pierre Esparbes as a member of the Supervisory Board.

3.1 Committees

The Woningborg Supervisory Board has two committees, the Audit & Risk Committee (ARC) and the Remuneration Committee.

3.1.1 Audit & Risk Committee (ARC)

During 2023 the ARC consisted of Peter de Groot (chairman) and Paul Smeets (member), as of 1 March 2024 Pim Koelemij succeeds Paul Smeets who has resigned per 20 December 2023.

The set-up of the ARC is in line with the Dutch Corporate Governance Code. Although this code focuses on the governance of listed companies, in practice it is also followed by many non-listed companies and public interest entities (PIEs).

This is because the code contains principles and best practice provisions regulating relationships between the Executive Board, the Supervisory Board and the (general meeting of) shareholders. The principles are a good guideline for good corporate governance that are also endorsed by Woningborg.

Main Subjects discussed during the meetings of the ARC:

- The 2022 annual report and solvency report.
- KPMG audit report
- The development of the credit portfolio and the risk appetite
- Risk Management, Compliance and Actuarial Function reports
- The design of the ORSA (Own Risk and Solvency Assessment) 2023.
- Recapitalisation process of SMABT
- Asset Liability Management
- The key risk reports
- The budget for 2023.
- Market developments.
- Periodic management reports.
- Internal Audit's reports on operations.
- The premium model for the 2024 premium setting.

Extra ARC meetings in connection with recapitalisation developments and their impact on Woningborg, were combined with the SB meetings.

3.1.2 Remuneration Committee

This committee consists of Pim Koelemij (chairman) and Kees Brouwer (member).

The Remuneration Committee's activities during 2023 included:

- The assessment of the performance of the statutory management.
- The remuneration of the statutory Executive Board.
- The remuneration of the members of the Supervisory Board.
- The recruitment and appointment of a new statutory Board Member.

The remuneration of the members of the Supervisory Board was determined in accordance with the decision-making within the Supervisory Board and the General Meeting of Shareholders.

3.2 Supervisory Board meetings

The number of Supervisory Board meetings this year, in connection with developments within Woningborg, has been greater than originally planned. A total of nine (2022: eight) formal meetings took place in 2023. The frequency was higher due to the one-off additional activities conducted due to the recapitalization of the company.

In addition to the topics discussed by the ARC and the remuneration committee, and subsequently in the Supervisory Board, the following key topics were discussed in the meetings during the year:

- Woningborg's future and strategy in the light of market developments.
- The social function of Woningborg.
- The Quality Assurance Act.
- The recruitment of a new supervisory director to replace Paul Smeets.
- Recapitalisation process of SMABT
- The cooperation with SMABPT.

3.3 Members of the Supervisory Board

The terms of office of the supervisory board members in 2023 are as follows:

Name	Year of first appointment	(Re-) appointment	Resignation/ reappointment
Kees Brouwer	1 January 2021	2025	2029
Peter de Groot	9 May 2017	2021	2025
Paul Smeets	1 April 2016	2020	20 December 2023
Pim Koelemij	6 January 2023	2027	2031
Pierre Esparbes	20 December 2023	2027	2031

4. Financial statements

The financial statements 2023 have been audited by KPMG Accountants N.V. and the audit opinion is included in the annual report. The Supervisory Board recommends that the general meeting of shareholders adopt the financial statements and discharge the statutory Executive Board from liability. Finally, we would like to thank all members of management and staff for their great commitment during 2023. Compliments for all those who worked hard on a daily basis.

On behalf of the Supervisory Board,
30 April 2024

Kees Brouwer
(Chair)

Pierre Esparbes

Peter de Groot

Pim Koelemij

Multi-year overview

Balance sheet

ASSETS	31-12-2023	31-12-2022	31-12-2021	31-12-2020	31-12-2019
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Intangible fixed assets	344	2.021	2.883	3.021	3.054
Investments	92.424	85.835	91.901	93.377	106.347
Receivables	22.768	36.421	30.765	14.288	14.907
Other assets	21.109	27.624	29.724	19.985	30.854
Accrued assets	602	695	988	795	806
Total Assets	137.247	152.596	156.261	131.466	155.965

LIABILITIES	31-12-2023	31-12-2022	31-12-2021	31-12-2020	31-12-2019
Equity	91.620	66.034	67.712	67.444	67.637
Subordinated debts	-	23.661	13.211	-	-
Technical provisions	38.069	53.631	65.482	64.853	78.722
Other provisions	1.554	1.504	1.414	1.446	1.569
Other liabilities	4.346	6.275	6.970	6.383	6.361
Accrued liabilities	1.658	1.491	1.472	1.340	1.678
Total liabilities	137.247	152.596	156.261	141.466	155.967

Profit and loss account

	2023	2022	2021	2020	2019
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Gross premiums	24.917	29.944	26.565	22.867	20.136
Reinsurance premiums	-10.328	-12.129	-3.450	-2.472	-1.690
Changes in technical provisions	2.798	9.618	-1.733	135	-19.196
Investment income	1.879	913	1.370	9.536	8.315
Loss own account	1.837	-13.790	-8.493	-8.384	-16.483
Operating expenses	-15.942	-15.082	-13.380	-11.330	-12.379
Interest and investment expenses	-1.509	-1.718	-704	-510	-322
Result before tax	3.652	-2.244	175	9.842	-21.619
Taxation	-2.595	564	100	-1.776	4.700
Net result	1.057	-1.680	275	8.066	-16.919

Solvency based on Solvency II principles

	2023	2022	2021	2020	2019
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Eligible own funds to meet SCR	95.677	78.839	89.361	73.865	75.117
Eligible own funds to meet MCR	95.677	61.880	76.615	71.372	73.895
Solvency Capital Requirement (SCR)	35.649	37.688	46.526	38.985	67.901
Minimum Solvency Capital Requirement (MCR)	8.912	9.422	11.632	9.988	16.975
Solvency ratio in % of SCR	268%	209%	192%	190%	111%
Solvency ratio in % of MCR	1074%	657%	659%	714%	435%

Number of staff

	2023	2022	2021	2020	2019
Average number of FTEs	71,2	78,0	73,1	68,9	68,3

Financial statements

Balance sheet as at 31 December 2023

(Before profit appropriation)

		31 December 2023		31 December 2022	
		EUR'000	EUR'000	EUR'000	EUR'000
Intangible fixed assets					
Software	6.1		344		2.021
Investments					
<i>Real estate</i>					
For own use	7.1	5.300		5.300	
<i>Financial assets</i>					
Equity securities	7.2	80		307	
Bonds	7.3	87.044		80.228	
			92.424		85.835
Receivables					
<i>Due from policy holders</i>					
Debtors	8.1	5.356		5.159	
Reinsurance receivables	8.2	12.147		17.990	
Deferred taxes	8.3	3.068		5.357	
Other receivables	8.4	2.197		7.915	
			22.768		36.421
Other assets					
Tangible fixed assets	9.1	1.605		1.844	
Cash and cash equivalents	9.2	19.504		25.780	
			21.109		27.624
Accrued assets					
Accrued interest	10.1	483		505	
Other accrued assets	10.2	119		190	
			602		695
Total assets			137.247		152.596

		31 December 2023		31 December 2022	
		EUR'000	EUR'000	EUR'000	EUR'000
Equity					
Share capital	11.1	50.000		50.000	
Share premium	11.2	32.550		2.550	
Revaluation reserves	11.3	-		21	
Other reserves	11.4	8.013		15.143	
Undistributed results	11.5	1.057		-1.680	
			91.620		66.034
Subordinated debts	12		-		23.661
Technical provisions					
Provision for unearned premiums	13.1				
- Gross amount		49.792		45.962	
- Reinsurers share		-13.312		-6.714	
		36.450		39.248	
Provision for claims	13.2				
- Gross amount		2.935		14.721	
- Reinsurers share		-1.316		-338	
		1.619		14.383	
			38.069		53.631
Other provisions					
Other provisions	14		1.554		1.504
Other liabilities					
Other liabilities	15.1	4.346		6.275	
Accrued liabilities	15.2	1.658		1.491	
			6.004		7.766
Total liabilities			137.247		152.596

Profit- and loss account 2023

		2023		2022	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
Insurance premiums					
Gross insurance premiums	17	24.917		29.944	
Reinsurance premiums		-10.328		-12.1229	
			14.589		17.815
Changes in provision for unearned premiums					
Gross premiums	18	-3.800		-2.904	
Reinsurers share		6.598		6.714	
			2.798		9.618
Investment income					
Investment income					
- Land and buildings	19.1	20		-330	
- Other investments	19.2	778		1.200	
Revaluations	19.3	-		38	
Realised gains and losses	19.4	1,081		5	
			1.879		913
Loss own account					
Insurance claims paid					
- gross		-10.927		-17.768	
- reinsurers' share		-		1.745	
Changes in provision for claims					
- gross		11.786		3.978	
- reinsurers' share		978		-1.745	
			1.837		-13.790
Operating expenses					
- Employee and other expenses, amortization / depreciation and revaluations	20		-15.942		-15.082
Interest and investment expenses					
- Interest expenses	21.1	-1.455		-1.519	
- Investment expenses	21.2	54		-199	
			-1.509		-1.718
Result before tax					
Taxation	22		-3.652		-2.244
Net result			1.057		-1.680

Statement of comprehensive income 2023

		2023		2022	
		EUR'000	EUR'000	EUR'000	EUR'000
Net result			1.057		-1.680
Revaluations		-21		2	
Total items not included in profit or loss			-21		2
Total comprehensive income			1.036		-1.678

Cash flow statement 2023

		2023		2022	
		EUR'000	EUR'000	EUR'000	EUR'000
Cash flow from operating activities					
		1.057		-1.680	
Net result					
Change in Technical provisions	13	-15.562		-11.852	
Change in deferred taxes (excl. unrealised gains in equity securities)	8.3	2.265		-564	
Change in other provisions	14	50		90	
Amortizations / depreciations, impairments and revaluations	20	1.973		1.232	
Change in other liabilities	15	-1.762		-787	
Change in receivables and accrued assets	8/10	11.457		-4.689	
			-522		-18.250
Cash flow from investments					
Investments and purchases					
- Other financial assets	7.3	-24.871		-6.950	
- Intangible fixed assets	6.1	-36		-339	
- Tangible fixed assets	9.1	-18		-98	
		-24.925		-7.387	
Disinvestments, amortisation and sales					
- Other financial assets	7.3	18.282		12.671	
- Intangible fixed assets	6.1	-		576	
		18.282		13.247	
			-6.643		5.860
Cash flow from financing activities					
Repayment/Proceeds from subordinated loans	12	-23.661		10.450	
Capital injection	11.2	30.000		-	
Dividend	11.4	-5.450			
			889		10.450
Total cash flow			-6.276		-1.940

	2023	2022
	EUR'000	EUR'000
Change in cash and cash equivalents		
Cash and cash equivalents as per 1 January	25.780	27.720
Change in cash and cash equivalents	-6.276	-1.940
	<hr/>	<hr/>
Cash and cash equivalents as per 31 December	19.504	25.780
	<hr/>	<hr/>

Notes to the 2023 financial statements

1. General

1.1 General

The company has its registered (statutory) office at Tielweg 24 in Gouda. Woningborg N.V. is registered with the Chamber of Commerce under number 24350159. The legal form is a public limited company.

The Financial Statements have been prepared in accordance with the statutory provisions of Title 9 Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting (RJ 605), issued by the Dutch Accounting Standards Board. The Financial Statements of the Company have been prepared on the basis of the going concern assumption.

Woningborg has chosen to report all results in the technical account. Given the nature of Woningborg N.V.'s activities as a surety company, a split in a Technical and Non-Technical account provides no additional insight. As a result, there is no Non-Technical account included in the profit and loss account.

The balance sheet, income statement and cash flow statement include references which refer to the notes.

These financial statements cover the financial year 2023, which ended at the balance sheet date 31 December 2023.

1.2 Activities

The objective of Woningborg N.V. is:

To facilitate, for the benefit of the registered constructing companies, the issuance of surety certificates to the buyers of newly build houses. To enable the building of good quality houses in the Netherlands in general.

1.3 Group relationships

Woningborg N.V. is part of the Woningborg group, of which Woningborg Holding B.V. in Gouda forms the parent company. Woningborg N.V. is a 100% subsidiary of Woningborg Holding B.V.

1.4 Related parties

Stichting Woningborg, SMABTP, Woningborg Holding B.V., Woningborg Toetsing en Toezicht B.V. and Woningborg Advies B.V. can be considered related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Transactions between related parties have taken place on an arm's length basis, and include rendering and receiving of services, leases and transfers under finance arrangements. There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances with related parties.

1.5 Principles of the cash flow statement

The cash flow statement is prepared using the indirect method. Cash in the cash flow statement consists of cash and, if applicable, bank credit included under current liabilities. Interest received and paid, dividends received and income taxes are included under cash flow from operating activities. Cash flow from financial activities includes all (dis)investments in (in)tangible fixed assets as well as purchases and sales of investments.

1.6 *Principles for the solvency capital requirement*

The (minimum) solvency capital requirement and available solvency included in the notes to the balance sheet under equity are prepared on the basis of the Solvency II principles (Solvency II Directive). These bases differ from the accounting policies used in this report.

2. Principles for the valuation of assets and liabilities.

2.1 *General*

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. However, in circumstances where the transaction does not significantly change the economic reality of an asset or liability, this asset or liability remains recognised on the balance sheet. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

If assets are recognised of which the Company does not have the legal ownership, this fact will be disclosed.

The financial statements are presented in euros which is also the functional currency. The financial information in the financial statements is rounded to the nearest thousand. Assets and liabilities are valued at historical cost unless otherwise stated. If no specific basis of valuation is stated, valuation is at historical cost.

2.2 *Foreign currency*

Balance sheet items relating to monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Exchange differences arising from translation are credited or debited to the income statement. Transactions in foreign currencies during the reporting period are recorded in the financial statements at the rate of settlement.

2.3 *Changes in presentation*

No presentation changes from 2022 have been applied in the 2023 financial statements.

2.4 *Reinsurance contracts*

The share of reinsurers in the technical provisions and the benefits to which Woningborg is entitled under its reinsurance contracts are deducted from the gross technical provisions. Current receivables from reinsurers consist of claims submitted which have not yet been settled. The valuation of amounts owed by and to reinsurers is made in accordance with the terms of the reinsurance contracts. Liabilities from reinsurance relate primarily to premiums payable for reinsurance contracts. These premiums are expensed over the period in which they are due.

2.5 *Intangible fixed assets*

Intangible fixed assets are valued at acquisition price less straight-line amortization, which is based on estimated useful life and residual value. Intangible fixed assets not yet in use are not yet amortized. Impairments expected at the balance sheet date are taken into account. For the determination of whether an intangible fixed asset is impaired, see section 2.16.

2.6 *Investments in land and buildings*

Land and buildings for own use are valued at fair value at the balance sheet date. No depreciation is applied on Land and buildings for own use. Valuation is based in part on available market data and is based on information from external appraisers. At least once every three years, the value is determined by independent external experts using methods commonly used in the market. The last independent external valuation took place in December 2022 and was performed by Cushman & Wakefield of Amsterdam. Current market information is used in the intervening years. Changes in the value of land and buildings valued at fair value are recognized in the income statement. If the market value exceeds the acquisition price, a revaluation reserve is formed. For the determination of whether an item of property, plant and equipment is impaired, see section 2.16.

The costs of major maintenance of the company buildings are accounted for directly in the result.

2.7 *Investments in financial assets*

This includes the financial investments, which consist of equity securities and bonds.

Equity securities are initially valued at cost. Subsequently, equity securities are valued at market value. If the market value of a share is higher than the acquisition price, the difference is credited directly to the revaluation reserve, after deduction of deferred corporation tax. If the market value is lower than the acquisition price, the difference between the acquisition price and the lower market value is charged to the profit and loss account. Transaction costs are charged directly to the result.

Bonds are initially valued at cost. Subsequently, the bonds are valued at amortized cost. Differences between the amortized cost and the purchase price are recognized in the balance sheet and amortized over the remaining term on the basis of the effective interest method. The value movements are determined on an individual level. Transaction costs are charged directly to the result.

For the determination of whether the financial investments are subject to impairment, please refer to paragraph 2.16.

2.8 *Receivables*

Receivables are carried at amortized cost after initial recognition. Provisions for bad debts are assessed item by item and deducted from the carrying amount of the receivable.

2.9 *Tangible fixed assets*

Tangible fixed assets are valued at the acquisition price less straight-line depreciation, which is based on the estimated useful life and residual value. Non-operating assets are valued at fair value.

Impairments expected at the balance sheet date are taken into account. Reference is made to Section 2.16 for the determination of whether a tangible fixed asset is impaired.

2.10 *Cash and cash equivalents*

Cash and cash equivalents consist of cash and bank balances with a maturity of less than twelve months. Bank overdrafts are included as debts to credit institutions under current liabilities. Cash and cash equivalents are stated at face value.

2.11 *Accrued assets*

Accrued assets consist mainly of accrued interest on bonds and deposits. Accrued interest on bonds and deposits represents interest receivable up to the balance sheet date. Accrued assets are initially measured at fair value and subsequently carried at amortized cost less provisions for collectability.

2.12 *Subordinated debts*

Debts are initially measured at fair value. Transaction costs directly attributable to the acquisition of the debts are included in the valuation at initial recognition. Debts are recognized after initial recognition at amortized cost.

2.13 *Technical provisions*

2.13.1 *Provision for unearned premiums*

The provision for unearned premiums includes:

- Premiums received in current and prior financial years in respect of risks relating to subsequent financial years.
- Additional coverage for claims and expenses from current insurance policies that cannot be covered from the provision for unearned premiums.

The provision includes unearned premiums to cover the completion risk (Section I risk) existing during the construction period of houses due to bankruptcies of construction companies.

In addition, the provision includes unearned premiums to cover the risk of technical defects (Section II risk) to completed houses over a 10-year period.

Coverage for claims and expenses from current insurance policies that cannot be covered from the premium allocation to the provision for unearned premiums is determined based on the adequacy test performed annually. This test is explained in more detail in the risk section (paragraph 5).

2.13.2 *Provision for claims*

The provision for claims is made for claims that have not yet been settled and are known at the balance sheet date. The provision is determined item by item. Reinsurance claims to be claimed are deducted from the provision.

2.14 *Provisions*

2.14.1 *Other provisions*

Other provisions are formed for legally enforceable or constructive obligations existing at the balance sheet date for which it is probable that an outflow of resources will be required and the amount of which can be reliably estimated. Provisions are measured at the best estimate of the amounts necessary to settle the obligations at the balance sheet date. Provisions are valued at nominal value.

2.14.2 *Deferred tax assets and liabilities.*

Deferred tax assets and liabilities are recognized for taxable temporary differences between the valuation principles for financial reporting and for tax purposes. Deferred tax assets and liabilities are calculated at the tax rates prevailing at the end of the reporting year or at the rates prevailing in future years, to the extent already enacted by law. Deferred tax assets, including those arising from loss carry forwards, are valued if it can be reasonably assumed that they will be realized. Deferred tax assets are valued at nominal value. Deferred tax assets and liabilities are netted.

2.15 *Liabilities and accrued liabilities*

Accounts payable and accrued liabilities are initially valued at fair value. Transaction costs directly attributable to the acquisition of the debts are included in the valuation at first processing. Liabilities are recorded after initial recognition at amortized cost.

2.16 *Impairment of investments and other non-current assets*

An assessment is made at each balance sheet date as to whether there is any indication that a fixed asset may be impaired. If such indications are present, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An impairment loss occurs if the carrying amount of an asset exceeds its recoverable amount; the recoverable amount is the higher of its net realizable value and its value in use. An impairment loss is recognized immediately as an expense in the income statement.

If it is determined that an impairment loss recognized in the past no longer exists or has decreased, the increased carrying amount of the asset in question is not set higher than the carrying amount that would have been determined if no impairment loss had been recognized for the asset.

Also for financial instruments, the company assesses at each balance sheet date whether there is objective evidence of impairment of a financial asset or a group of financial assets. If objective evidence of impairment exists, the company determines the amount of the impairment loss and recognizes it directly in the income statement.

For financial assets measured at amortized cost, the amount of impairment is determined as the difference between the carrying amount of the asset and the best possible estimate of future cash flows discounted at the effective interest rate of the financial asset as determined at initial recognition of the instrument.

3. Principles for determination of results

3.1 General

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can be measured with sufficient reliability.

Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

Revenue, claims and expenses attributable to the reporting period are recognized in the income statement. The causal relationship between the operating activities on the one hand and the related income and expenses on the other is taken into account.

3.2 Gross insurance premiums, changes in technical provision unearned premiums and claims and reinsurance premiums

Premiums earned and claims paid are considered insurance income and expenses. Accordingly, all income and expenses are allocated to the technical account in the income statement. Premiums are allocated to the income statement based on the status of completion of the houses and apartments within an accepted construction plan.

The outgoing reinsurance premium includes the premiums on the reinsurance contracts entered into. These are expensed in the income statement in proportion to the term of the contract.

3.3 Investment income

Investment income includes:

- interest on investments in bonds;
- dividends from equity securities;
- amortization of premium/discount on bonds;
- realized results on sale of investments.

Interest income and interest expense are recognized on a time proportion basis, taking into account the effective interest rate of the assets and liabilities involved. When accounting for interest expenses, account is taken of the recognized transaction costs on loans received which are included as part of the calculation of the effective interest rate. Exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss in the period in which they arise. Dividends receivable are recognized when the right to receive them is acquired.

3.4 *Employee benefits*

Wages, salaries and social charges are recognized in the income statement under the terms of employment to the extent they are payable to employees.

All current pension plans are defined contribution plans. The principle is that the pension expenses recognized in the reporting period are equal to the amounts owed to the pension provider. The premium owed for the year under review is recognized as an expense. Apart from the regular premiums payable, there are no further pension obligations.

3.5 *Depreciation on intangible and tangible fixed assets*

Intangible and tangible fixed assets are depreciated from the time they are taken into use over the expected future useful life of the asset. Land is not depreciated. If there is a change in the estimate of the economic life, future depreciation is adjusted. Depreciation is applied using the straight-line method based on the estimated useful life.

3.6 *Operating lease obligations*

Lease contracts where a company is not entitled on the advantages and disadvantages associated with ownership are classified as operational lease.

3.7 *Income taxes*

Income tax is calculated on the result before tax in the income statement, taking into account available, tax-deductible losses from previous financial years (to the extent not included in deferred tax assets) and exempt profit components and after addition of non-deductible costs. Changes in deferred tax assets and deferred tax liabilities arising from changes in the tax rate to be applied are also taken into account.

4. Estimations

In order to be able to apply the principles and rules for the preparation of the financial statements, it is necessary for the management of Woningborg to form opinions on various matters, and for the management to make estimates which may be essential for the amounts included in the financial statements. If it is necessary in order to provide the insight required by Article 2:362(1) of the Dutch Civil Code, the nature of these judgments and estimates, including the associated assumptions, is included in the notes to the relevant items of the financial statements. These estimates have been made to the best of management's knowledge, but the actual outcomes may ultimately differ from those estimates.

The most significant estimates relate to:

- determining the amount of the technical provision for claims and benefits;
- determining the amount of other provisions;
- determining the fair value of land and buildings for own use;
- assessing the realisation of the reinsurance receivable;
- assessing the realization of the deferred tax asset.

When determining the amount of technical provisions for claims and benefits, the first step is to rely as much as possible on concluded contracts and construction budgets.

In 2023, Woningborg adjusted the release pattern of the Section I premium reserve. In previous years, the reserved premium was released in the next 2 consecutive years based on the expected claims history. Starting in 2023, the estimate is that the reserved premium per underwriting year will be released in development years 2 and 3 based on expected claims pattern. The updated approach is an estimate and has an impact of EUR 4,593,000 gross.

Also, in 2023, Woningborg considered whether inflation has been sufficiently taken into account in its premium reserves. Given the sharp increase in the price index figures for new built homes, Woningborg has decided to make an additional addition to the premium reserves in 2023. An additional addition of gross EUR 1,605,000 has been made for Section I and gross EUR 633,000 for Section II.

On balance, the above adjustments result in a higher premium reserve of EUR 6,831,000 gross. The effect after reinsurers' share is EUR 4,011,000.

5. Risk Management Paragraph

5.1 General

Woningborg's risk management is organized according to the 'Three lines of defense' model:

The first line is formed by the management of Woningborg. Management owns the processes, risks and is responsible for maintaining and optimizing the control measures. In doing so, it guarantees that risks (within the set frameworks) are managed and objectives are achieved.

The first line is supported in implementing and maintaining effective risk management by second line specialists (key functions) for Risk Management, Actuarial and Compliance. The second line can provide solicited and unsolicited advice and support to the first line. The second line reports directly to the management. In addition, the second line has the option to escalate to the Supervisory Board.

Internal Audit is the fourth key function and fulfils the third line of defense. Internal Audit independently assesses the way in which Woningborg has achieved its objectives, including the functioning of the risk management and internal control framework. The internal audit function has been assigned to BDO accountants under the responsibility of the CEO of Woningborg.

Various policy frameworks have been drawn up and adopted in the context of setting up the risk management framework. The starting point is the strategy of Woningborg, the risk management framework and the associated risk appetite ('risk appetite').

5.2 Risk Appetite

Woningborg's risk appetite is an essential element in the risk management framework. The risk appetite is based on Woningborg's objective to enable companies to offer guaranteed products to their customers at an acceptable price. Since the guarantee product of Woningborg has a volatile claim pattern, in terms of both the number of claims and the amount of the claims, it is important to manage the risks properly.

Woningborg has defined its risk appetite as the amount of risk it is willing to take in financial and non-financial terms. In other words, the willingness to sacrifice capital in extreme circumstances to achieve business objectives. Woningborg has captured its risk appetite in the risk appetite statement.

Woningborg's overall risk appetite is conservative, as Woningborg attaches great importance of being a solid insurer. The risk appetite determined by Woningborg has been translated into a risk profile (section 5.3).

In the risk appetite, a distinction is made between, capital, profitability, liquidity risk, underwriting risk, market risk, credit risk and operational risk. Woningborg manages and mitigates the risks it has identified through the following measures, measures:

- capped claims in the products
- underwriting guidelines for customers (technical, financial and legal)
- acceptance guidelines for the guaranteed construction plans (technical, financial and legal)
- limitation of risks by asking for collateral and the reinsurance program
- investment guidelines, and
- internal control measures.

The aforementioned control measures determine the ultimate net risk appetite of Woningborg..

5.3 Risk profile

Woningborg's risk profile is determined by the following risks:

1. market risk
2. credit risk
3. underwriting risk
4. operational risk.

5.3.1 Market risk

Investments are an important part of Woningborg's business operations. Woningborg pursues a conservative policy with regard to investments. The investments are predominantly high-quality credit rating bonds.

It is import for Woningborg to optimize the risks, the return and the required capital of the investments. Woningborg distinguishes the following sub-risks when monitoring the market risk:

- Interest rate and spread risk: the interest and spread risk on the bond portfolio.
- Equity risk: the risk of a decrease in the value of the equity securities and investment fund portfolio.
- Property risk: the risk of a decrease in the value of the land and buildings.
- Concentration risk: there is a concentration of risk within the investments and liquid assets if an individual fund has a balance sheet value greater than 3% of the balance sheet total.

5.3.2 Credit risk

The credit risk is determined by the counterparty risk. The counterparty risk is equal to the sum of the losses in case of default by a counterparty. Woningborg calculates the counterparty risk on the cash position, receivables from group companies, the receivables from reinsurers and debtors and other receivables.

To limit the risk, Woningborg works with parties with good credit ratings and Woningborg's bank balances are spread over various banks. Thorough collection procedures have been drawn up for claims against registered companies.

5.3.3 Underwriting risk

Woningborg accepts insurance-related risks by accepting risks related to the completion of houses and the repair of defects in houses after delivery.

Woningborg has defined an insurance policy to ensure the right selection of risks (segments, products and reinsurance), the right pricing for the accepted risks and to avoid concentration of risks.

The main components of the underwriting risk policy are:

- acceptance policy
- reinsurance policy
- claims management policy, and
- reservation policy.

Within the underwriting risk classifications, the premium reserve and catastrophe risk are the most important risk components for Woningborg and a material component of the SCR.

Woningborg has mitigated its underwriting risk by means of a reinsurance program that combines a proportional reinsurance coverage and an aggregate excess of loss cover.

5.3.4 Operational risk

Operational risk is the risk of direct or indirect losses resulting from inadequate or failed internal processes, human errors, systems or external events.

The operational Risk Framework ensures how Woningborg controls its operational risks.

Woningborg recognises the following operational risks:

1. Legal risk
2. Liquidity risk
3. Outsourcing risk
4. IT risk
5. Integrity risk.

5.3.4.1 Legal risk

The possibility that transactions cannot be completed due to law or regulation and the possibility that changes in law or regulation have an adverse impact. Woningborg manages legal risks through a number of checks, which ensure, among other things, that transactions are correctly analysed and approved. In addition, external legal advisers are used if necessary. The compliance officer monitors compliance with relevant laws and regulations.

5.3.4.2 Liquidity risk

Woningborg needs to maintain sufficient liquidity to meet short term cash demands under normal conditions, but also in crisis situations. To mitigate the risk Woningborg has put a conservative liquidity management strategy in place, by setting conservative claims reserves, stringent investment guidelines and a strict reinsurance program. In addition, Woningborg has liquidity stress planning in place.

5.3.4.3 Outsourcing risk

Outsourcing risk includes discontinuity of outsourced services e.g. bankruptcy, disruption of services, or standards of service level agreements not being met. Woningborg has outsourced the network and workplace management to leTee Solutions. The company manages outsourcing risks via a dedicated service level manager, contract management, service level reports, site visits, assurance report reviews and periodic reviews.

5.3.4.4 Information security risk

Information security risk relates to confidentiality, integrity and availability of information. Access to data by unauthorized parties could lead to loss of competitive advantages or could lead to privacy related risks. Information risk includes unauthorized or erroneous changes to business data or applications (business process controls) leading to fraud, error or failing internal controls. It also includes the loss of data and systems, or unavailability, causing inability to meet business process needs.

Woningborg has implemented an information security policy and has taken various technical and management measures within its automated system Wogris to limit these risks. It includes the topics:

- Access to IT systems.
- Change management, where we use a detailed change & release process.
- (damage or loss of) Hardware; diversion also plays a role here.
- SLA management; managing and controlling the (contractual) agreements with suppliers.
- Configuration management, control over all components and versions of our IT infrastructure.
- Conducting pen tests and raising awareness of the cybercrime risk among its employees.

DNB has drawn up a Good Practice Information Security to discuss how information security should be organised. This Good Practice includes topics (58 controls) on information security (cyber), continuity and outsourcing. For the topics listed by DNB, an organisation should set up a control framework based on an IT risk analysis. This control framework should be tested by means of a self-assessment on its operation and report this to DNB. Woningborg has set-up and implemented this control framework. Internal audit has tested this control framework with the standards set by DNB and confirmed Woningborg complied with the standards.

Complying with the regulatory environment is characterised by adapting business processes to new laws and regulations, especially in the area of sustainable financing, privacy and digital resilience (DORA). Woningborg has carried out its first gap assessment and foresees a challenge in terms of workload and cost pressure for Woningborg.

5.3.4.5 Integrity & fraud risk

The integrity risk concerns the risk that the integrity of Woningborg is affected as a result of dishonest or unethical conduct. While Woningborg maintains a zero tolerance approach to fraud, Woningborg has special procedures to manage integrity and fraud risks. Each year the company performs a SIRA (Systemic Integrity Risk Assessment) to assess the risk, the risk appetite and decide on possible risk mitigating actions. Screening of all new employees, the system enforces certain procedures before clients or plans can be accepted, segregation of duties, the four-eyes principle and codes of conduct and control measures in place. The Compliance Officer monitors compliance with the measures.

5.4 Key functions

Woningborg has implemented the following key functions:

1. Risk management function
2. Compliance function
3. Internal audit function, and
4. Actuarial function.

5.4.1 Risk management function

Woningborg manages risk for the benefit of its participants (construction companies), certificate holders (buyers of newly built houses) and other stakeholders. As a result, the Company is exposed to a range of underwriting, operational and financial risks. Woningborg's risk management and control systems are designed to ensure that these risks are managed effectively and efficiently in a way that is aligned with the Company's strategy. The Risk Management function is involved in understanding the risks that Woningborg faces, maintaining a framework through which risk return trade-offs can be assessed, maintaining risk tolerances, and supporting policies to limit exposure to a particular risk or combination of risks, and monitoring risk exposures and actively maintaining oversight of the Company's overall risk and solvency positions. Within the Executive Board of Woningborg, the CFRO is ultimately responsible for the risk management function. The management of Woningborg guarantees the independence of the risk management function at all times.

The following applies to the Risk Management function:

the function is independent and has direct access to the management;

- the function can independently and directly escalate issues to the Audit & Risk Committee in case this is necessary for the Risk Management function';
- the function has full and unrestricted access to all data, information and properties of Woningborg;
- the position has the authority to share relevant information with supervisors if and insofar as this is justified for the legal requirements and the interests involved;
- the function formally reports to the CFRO and the Audit & Risk Committee.

5.4.2 Compliance function

The objective of the Compliance function is to support the Executive Board in ensuring that Woningborg acts in line with relevant legal, regulatory requirements and risk tolerance. The compliance officer advises and assists the business in complying with applicable rules, regulations and internal standards, including reporting, as a first line activity. The second line responsibility of the function will promote and foster compliance with laws and regulations and internal policies. Delivered well, strong (regulatory) compliance will enable the organisation to act with integrity and enable optimal service delivery to our clients.

The Compliance Officer has the following powers:

- the Compliance Officer is independent and has direct access to management;
- the Compliance Officer can independently and directly escalate issues to the Supervisory Board if deemed necessary by the Compliance Officer;
- the Compliance Officer has full and unrestricted access to all data, information and property of Woningborg;
- the Compliance Officer may require the cooperation of the management, Supervisory Board and employees of Woningborg in an investigation into compliance with relevant laws and regulations and internal rules of conduct;

- the Compliance Officer can independently initiate an investigation if it is suspected that internal or external regulations have been or are being violated;
- the Compliance Officer is authorized to share relevant information with competent supervisory authorities, if and insofar as this is justified in view of the legal requirements and the interests involved.

Partly for this reason, the Compliance Officer reports to the CEO and the (chairman of the) Supervisory Board of Woningborg.

5.4.3 *Internal audit function*

The objective of the Internal Audit Function is to independently and objectively evaluate the effectiveness of internal controls, risk management and governance processes. Given the relatively limited size of Woningborg, the Internal Audit Function has been outsourced to BDO Accountants N.V. Within the Executive Board of Woningborg, the CEO has final responsibility for the Internal Audit function. The management of Woningborg guarantees the independence of the Internal Audit Function at all times.

For the Internal Audit Function, the following applies:

- the function is independent and has direct access to the management;
- the function can independently and directly escalate issues to the Audit & Risk Committee in case this is deemed necessary by the Internal Audit Function;
- the function has full and unrestricted access to all data, information and properties of Woningborg;
- the position has the authority to share relevant information with supervisors if and insofar as this is justified for legal requirements and the interests involved;
- the function reports to the CEO and the Audit & Risk Committee.

In the first instance, a report is always made to the management of Woningborg. If this is not considered sufficient by the Compliance Officer, the findings of the Compliance Officer will be reported directly to the chairman of the Supervisory Board of Woningborg.

5.4.4 Actuarial function

The Actuarial Function is responsible for the appropriate and on-going assessment of insurance liabilities and related items, including oversight of pricing and valuation of insurance liabilities and mechanisms to manage these insurance liabilities. Given the relatively limited size of Woningborg NV, Woningborg has outsourced the actuarial function to Triple A - Risk Finance Certifications B.V. Within the Executive Board of Woningborg, the CFRO has final responsibility for the actuarial function. The management of Woningborg guarantees the independence of the Actuarial Function at all times.

The following applies to the actuarial function:

- the function is independent and has direct access to the management;
- the function can independently and directly escalate issues to the Audit & Risk Committee in case this is deemed necessary by the Actuarial Function;
- the function has full and unrestricted access to all data, information and properties of Woningborg;
- the position has the authority to share relevant information with competent supervisors if and insofar as this is justified in view of the legal requirements and the interests involved;
- the function formally reports to the CFRO and the Audit & Risk Committee.

5.5 Solvency II

The Solvency II legislation came into effect on 1 January 2016. Woningborg NV reports periodically to De Nederlandsche Bank on the basis of this legislation.

As part of the ORSA study, various risk scenarios were formulated in the 4th quarter of 2023. Projections into the future have been made based on these scenarios. Based on the ORSA scenarios, it can be concluded that Woningborg's capital level is sufficient to cover the risks arising from its business operations. This guarantees the continuity of Woningborg's business operations.

5.6 Adequacy test

Each year the Company performs a liability adequacy test, which reflects management's current estimates of future cash flows. This test is based on the same methodology as in the market value balance sheet for the Solvency II principles. In this calculation, the best-estimate, the numbers of houses to be finalized and calls on the Guarantee Scheme (recovery claims) are projected into the future using the Burnhuetter-Ferguson method, after which these numbers are multiplied by the accrued average claim amount (Average Claim Method).

The adequacy test does not consider future premiums and does not discount outgoing cash flows. The adequacy test is performed for both the phase-out guarantee (Section I) and the recovery guarantee (Section II). In determining the amount of the technical provisions for claims and benefits on finalizing houses, the first step is to rely as much as possible on signed agreements and construction budgets. If these are not available, an amount equal to 20% of the contract sum is reserved.

Notes to the Balance sheet as at 31 December 2023

6. Intangible fixed assets

6.1 Software

	2023	2022
	EUR'000	EUR'000
At 1 January		
Accumulated purchase price	5.577	6.215
Accumulated amortization and impairments	-3.556	-3.332
Book value	2.021	2.883
Changes in book value		
Investments	36	340
Disinvestments	-	-978
Amortization	-553	-625
Amortization disinvestments	-	401
Impairments	-1.160	-
Book value	-1.677	-862
At 31 December		
Accumulated purchase price	5.613	5.577
Accumulated amortization and impairments	-5.269	-3.556
Book value	344	2.021

The depreciation rate for software is 10% - 20%.

In 2023, the Executive Board decided to decommission the current underwriting system and portal in 2025 and started a project to replace the system. An impairment on the current application is taken into account to reflect decommissioning at year end 2024.

7. Investments

7.1 Land and buildings for own use

	2023	2022
	EUR'000	EUR'000
At 1 January		
Accumulated purchase price	7.420	7.420
Accumulated depreciation and impairments	-2.120	-1.770
Book value	<u>5.300</u>	<u>5.650</u>
Changes in book value		
Impairment	-	-350
At 31 December		
Accumulated purchase price	7.420	7.420
Accumulated amortization and impairments	-2.120	-2.120
Book value	<u>5.300</u>	<u>5.300</u>

This concerns the commercial property at Tielweg 24 in Gouda. This property was purchased by Woningborg N.V. in 2011 for a price of EUR 7,420,000 and is for the company's own use. The building was completed in 2010. At the end of 2022, the value of the property was determined by an external expert (Cushman & Wakefield in Amsterdam). The two most important elements for the valuation of the property are the rental value and the gross initial yield (2023 7.32% and 2022 7.32%), after assessment of the current available market data, management decided that the market value was still appropriate. Land and buildings for own use are not depreciated.

7.2 Equity securities

		2023	2022
		EUR'000	EUR'000
Market value at 1 January		307	265
Disposal		-227	-
Changes in unrealized revaluation			39
Exchange rate differences			3
Market value at 31 December		80	307
Accumulated unrealized revaluation		-	29
Purchase price		82	383

7.3 Bonds

The bonds portfolio can be broken down by type of investment as follows:

		31-12-2023	31-12-2022
		EUR'000	EUR'000
Government bonds		47.275	34.745
Corporate bonds		39.769	45.483
		87.044	80.228

The government bonds item consists of various European government bonds (the Netherlands, Belgium, Germany, France, European Central Bank). The movement of bonds is as follows

	2023	2022
	EUR'000	EUR'000
Amortized cost at 1 January	80.228	85.986
Purchases at amortized cost	24.871	6.951
Disposals at amortized cost	-19.039	-12.510
Result on sale	1.039	-
Amortization	-55	-199
Amortized cost at 31 December	87.044	80.228
Market value at 31 December	82.166	73.684

The market value of the total bond portfolio is lower than the book value due to the increased market interest rate. Since Woningborg N.V. holds the bonds till maturity date and there are no indications on a credit default event, no impairments are taken into account.

All fixed-income investments are listed. The table below shows the distribution of repayment terms:

	31-12-2023	31-12-2022
	EUR'000	EUR'000
0 < 1 year	23.861	13.008
1 < 3 year	23.034	17.070
3 < 5 year	14.107	16.621
5 < 10 year	20.134	25.503
> 10 year	5,908	8,026
	87.044	80.228

The rating of fixed-income investments is as follows:

	31-12-2023	31-12-2022
	EUR'000	EUR'000
AAA	32.907	28.335
AA	38.502	31.512
A	7,036	9,762
BBB	8,599	10.619
	<u>87.044</u>	<u>80.228</u>

The above is based on Standard & Poor's rating. If there is no Standard & Poor's rating available for a fund, and another rating standard is available for this a fund, the corresponding Standard & Poor's rating has been used.

The securities included under shares and bonds are freely available.

8. Assets

8.1 Debtors

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Receivables from (ex) participating building constructors	5.689	5.509
Provision for doubtful debtors	-333	-350
	<u>5.356</u>	<u>5.159</u>

All receivable have a maturity of less than one year.

8.2 Reinsurance receivables

	2023	2022
	EUR'000	EUR'000
Balance at 1 January	17.990	16.245
Claimed	-	1.745
Received payments	-5,843	-
Balance at 31 December	<u>12.147</u>	<u>17.990</u>

The receivables relate to the amounts claimed from reinsurers but are not yet received. The total amount of EUR 12,147,000 relates to one reinsurer QBE, who has disputed the claim. In 2023 CCR paid its part of the claim, meaning that all other reinsurers have paid there part of this claim, Woningborg and QBE have started an arbitration process. The Company expects a ruling in the second half of 2024. The reinsurance program of Woningborg only allows high graded reinsurers to minimize its reinsurers default risk.

8.3 Deferred tax assets

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Deferred tax assets due to:		
- loss carry-forward	2.906	5.197
- revaluation of land and buildings for own use	277	-304
Deferred tax liabilities due to:		
- Valuation difference of equipment	-115	-136
- Unrealized gains in equity values	-	-8
	<u>3.068</u>	<u>5.357</u>

Deferred tax assets have been recognized at the current tax rate of 25.8% (2022: 25.8%). The deferred tax asset on loss carry forwards relates to tax losses incurred in previous reporting years (2018, 2019, 2021 and 2022) as not all losses are expected to be fully offset against future taxable profits (carry-forward arrangement), an amount of EUR 1.7 million is impaired.

Movements in the deferred tax assets item are as follows::

	2023	2022
	EUR'000	EUR'000
At 1 January	5.357	4.794
Used fiscal losses	-631	-
Additional fiscal losses		481
Revaluation of receivables from tax losses	-1.660	-
Change in temporary differences through profit and loss	-6	83
Change in differences through equity	8	-1
At 31 December	<u>3.068</u>	<u>5.357</u>

The deferred tax asset on loss compensation can be specified as follows:

	31-12-2023	31-12-2022
	EUR'000	EUR'000
2018	1.019	1.650
2019	3.040	3.040
2021	26	26
2022	481	481
Revaluation	-1.660	-
	<u>2.906</u>	<u>5.197</u>

8.4 Other receivables

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Woningborg Holding B.V.	117	5.489
Woningborg Toetsing en Toezicht B.V.	700	500
Woningborg Advies B.V.	940	683
Claims suspense account	-	554
Value added tax	-	111
Company tax	-	181
Advances to Arbitration Board	439	396
Deposits	1	1
	<u>2.197</u>	<u>7.915</u>

The receivable on Woningborg Advies B.V. and Woningborg Toetsing en Toezicht B.V. concerns a current account relationship. 6% interest has been charged on the current account of Woningborg Toetsing en Toezicht B.V.

With the exception of the guarantee deposits, the receivables have an duration of less than one year.

9. Other assets

9.1 Tangible fixed assets

	Furnishings and installations	Office inventory	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000
At 1 January				
Accumulated purchase price	3.580	586	28	4.194
Accumulated depreciation and impairments	-1.992	-336	-22	-2.350
Book value	1.588	250	6	1.844
Changes due to				
Investment	-	18	-	18
Depreciation	-179	-75	-3	-257
Book value	-179	57	-3	-239
At 31 December				
Accumulated purchase price	3.580	604	28	4.212
Accumulated depreciation and impairments	-2.171	-411	-25	-2.607
Book value	1.409	193	3	1.605
Depreciation rates	5-20%	20%	20%	

Movements on Property, plant and equipment from prior year are as follows:

	Furnishings and installations	Office inventory	Other	Total
	EUR'000	EUR'000	EUR'000	EUR'000
At 1 January				
Accumulated purchase price	3.580	493	24	4.097
Accumulated depreciation and impairments	-1.813	-261	-19	-2.093
Book value	1.767	232	5	2.004
Changes due to				
Investment	-	93	4	97
Depreciation	-179	-75	-3	-257
Book value	-179	18	1	-160
At 31 December				
Accumulated purchase price	3.580	586	28	4.194
Accumulated depreciation and impairments	-1.992	-336	-22	-2.350
Book value	1.588	250	6	1.844

9.2 Cash and cash equivalents

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Current account	8.650	13.051
Savings account	10.854	12.729
	<u>19.504</u>	<u>25.780</u>

The average interest rate on current account balances is 0% (2022: -0.5%) and on savings balances 0.5% (2022: -/ 0.5%). The current account balances and savings balances are freely available.

Cash and cash equivalents have been placed with several parties. The breakdown is as follows:

	31-12-2023	31-12-2022
	EUR'000	EUR'000
ING Bank N.V.	13.489	16.064
Coöperatieve Rabobank U.A.	3.690	4.734
ABN Amro Bank N.V.	2.325	4.982
	<u>19.504</u>	<u>25.780</u>

10. Accrued assets

10.1 Accrued interest

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Coupon interest to be received	483	505

10.2 Other accruals

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Prepayments for licences, contributions and insurance premiums	119	190

Accruals have an expected maturity of less than one year.

11. Equity

11.1 Share capital

The authorized capital consists of 100,000 ordinary shares of par value EUR 1,000 per share, of which 50,000 shares have been issued and fully paid up.

11.2 Share premium

	2023	2022
	EUR'000	EUR'000
At 1 January	2.550	2.550
Capital injection from Woningborg Holding B.V.	30.000	-
At 31 December	32.550	2.550

11.3 Revaluation reserve

	2023	202
	EUR'000	EUR'000
At 1 January	21	19
Revaluation of investments	-21	2
At 31 December	-	21

The revaluation reserve relates to the unrealized profit on shares net of the deferred corporate income tax liability.

11.4 Other reserves

	2023	2022
	EUR'000	EUR'000
At 1 January	15.143	14.868
Result appropriation previous year	-1.680	275
Dividend	-5.450	-
At 31 December	8.013	15.143

11.5 Undistributed result

	2023	2022
	EUR'000	EUR'000
At 1 January	-1.680	275
Result appropriation previous year	1.680	-275
Net income	1.057	-1.680
At 31 December	1.057	-1.680

11.6 Proposed appropriation of results

It will be proposed to the General Meeting of Shareholders to add the positive result of 2023 of EUR 1,057,000 after tax to the other reserves. This proposal has not yet been incorporated into the financial statements.

11.7 Solvency capital requirement

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Solvency Capital Requirement (SCR)	35.649	37.688
Minimum Solvency Capital Requirement (MCR)	8.912	9.422
Eligible own funds to meet SCR	95.677	78.839
Eligible own funds to meet MCR	95.677	61.880
SCR in %	268%	209%
MCR in %	1074%	657%
Internal target Solvency ratio in %	180%	180%

The internal target solvency ratio is based on Woningborg's business profile, strategy and risks. Woningborg aim is to meet its obligations at all times, taking into account the risks and scenarios it is aware of.

The solvency capital requirement (SCR) can be specified as follows:

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Market risk	4.106	4.754
Counterparty risk (credit risk)	3.046	3.727
Underwriting risk risico	31.796	32.891
Total	38.948	41.372
Diversification	-4.227	-4.932
Basic Solvency Capital Requirement (BSCR)	34.721	36.440
Operational risk	928	1.248
Adjustments	-	-
Solvency Capital Requirement (SCR)	35.649	37.688

The SCR calculation does not take into account the LAC DT.

The reconciliation between Eligible own funds of Solvency II and the equity from these financial statements is as follows:

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Equity from the financial statements	91.620	66.034
Revaluation intangible assets	-344	-2.021
Revaluation government bonds	-2.860	-3.210
Revaluation corporate bonds	-2.018	-3.333
Revaluation receivables	-287	-713
Revaluation insurance provisions	12.538	14.040
Revaluation other provisions	91	3
Revaluation deferred taxes	-3.063	-1.227
Solvency II equity: assets minus liabilities	95.677	69.573
Proposed dividend	-	-5.450
Subordinated liabilities	-	23.661
Tier 1 capital unrestricted	95.677	87.784
Adjustment for Tier 2 and Tier 3 capital restrictions	-	-8.945
Eligible own funds to meet SCR	95.677	78.839

The adjustment Tier 2 and Tier 3 capital is related to the restrictions on the capital calculations. Tier 2 and Tier 3 capital may not exceed 50% of the Solvency Requirement (SCR). In the tables below, equity is specified by Available Equity and Eligible Equity by Tier.

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Eligible own funds		
Tier 1	95.677	59.995
Tier 2	-	23.661
Tier 3	-	4.128
Total	95.677	87.784
Eligible own funds to meet SCR		
Tier 1	95.677	59.995
Tier 2	-	18.844
Tier 3	-	-
Total	95.677	78.839

Tier 2 capital refers to the subordinated loan which is fully repaid in 2023. Tier 3 capital refers to the net position of the deferred tax assets (DTA). In 2023, Woningborg did not include its net DTA in the solvency calculation.

12 Subordinated debts

	2023	2022
	EUR'000	EUR'000
At 1 January	23.661	13.211
New issued debt	-	10.450
Repayments	-23.661	-
At 31 December	-	23.661

In 2021 and 2022, Woningborg entered into subordinated debts, to strengthen its equity, with a group of participating construction companies. After the capital injection of Woningborg Holding B.V., these loans have been repaid on 22 December 2023.

13. Technical provisions

13.1 Provision for unearned premiums

	Section I	Section II	Future premiums	Total 2023	Total 2022
	EUR'000	EUR'000	EUR'000	EUR'000	
At 1 January					
Gross	14.180	21.728	10.054	45.962	49.866
Reinsurance share	-4.674	-2.040	-	-6.714	-
Net	9.506	19.688	10.054	39.248	48.866
Additions					
Gross	10.111	4.075	4.466	18.652	17.373
Reinsurance share	-4.877	-1.721	-	-6.598	-6.714
Net	5.234	2.354	4.466	12.054	10.659
Releases					
Gross	-3.649	-1.792	-6.957	-12.398	-9.344
Reinsurance share	-	-	-	-	-
Net	-3.649	-1.792	-6.957	-12.398	-9.344
Change in provision					
Gross	-580	-1.874	-	-2.454	-10.933
Reinsurance share	-	-	-	-	-
Net	-580	-1.847	-	-2.454	-10.933
At 31 December					
Gross	20.062	22.137	7.563	49.762	45.962
Reinsurance share	-9.551	-3.761	-	-13.312	-6.714
Net	10.511	18.376	7.563	36.450	39.248

The reinsurance contracts are long-term assets and relate to the following distinguishable periods:

1. 2013 and 2014
2. 2015 up to 2018
3. 2019
4. 2020 and 2021
5. 2022.

1. *2013 and 2014*

For the years 2013 to 2014, Woningborg N.V. has entered into an Aggregate Excess of Loss contract. The reinsurance panel covered risks, as of January 1, 2009 above a claim amount of EUR 9,000,000 with a maximum of EUR 11,000,000 per year.

2. *2015 up to 2018*

As of 2015, Woningborg N.V. has entered into an Aggregate Excess of Loss reinsurance contract. As of January 1, 2015, the reinsurance panel covered the risks above a claim amount of EUR 10,500,000 with a maximum of EUR 13,000,000 per year. For the years 2016 and 2017, the maximum amount of EUR 13,000,000 has been claimed. For the year 2018, EUR 12,662,000 has been claimed as of the balance sheet date and EUR 338,000 is still unused for this year. Woningborg is in dispute with one of the reinsurers, QBE, over the years 2016, 2017 and 2018, in total an amount of EUR 12.3 million.

3. *2019*

For the year 2019, Woningborg has entered into an Aggregate Excess of Loss contract whereby the damage is covered starting at EUR 20,000,000 with a maximum amount of EUR 20,000,000.

4. *2020 and 2021*

As of 2020, Woningborg has entered into a per Risk Excess of Loss contract, bankruptcy claims are covered between EUR 10,000,000 and EUR 25,000,000. In addition, an Aggregate Excess of Loss contract has been entered into that covers claims not covered under the per Risk Excess of Loss contract starting at aggregated claims of EUR 20,000,000 with a maximum of EUR 20,000,000.

5. *2022 and 2023*

As of 2022, Woningborg has added a Quota share reinsurance contract to its reinsurers program, with an share of 50% and a loss capacity of 250%. The quota share contract includes a profit sharing commission which is calculated after 3 and after 5 years. The commission depends on the claims development at the relevant underwriting year. In addition, an aggregate Excess of Loss contract has been signed covering a claim above the retention of the quota share of EUR 12,500,000 with a maximum of EUR 15,000,000.

Premium Reserve Additions and releases

The method of additions and releases of the premium reserves are as follow:

- For Section I, gross premiums received are added to the provision. In 2023, Woningborg considered whether inflation has been sufficiently taken into account in its premium reserve. In view of the sharp increase in the price index for new-build homes, Woningborg has made an additional allocation to the premium reserves for Section I of EUR 1,605,000 gross in 2023. The premiums received in any year, after transferring the booked claims, are released in 3 years, with no release in the first year, 90% in the second year and the remaining 10% in the third year. In previous years, premiums were released after claims in two consecutive years, with 80% in the first year and 20% in the second year. The updated approach is an estimate and has an impact of EUR 4,593,000 gross.
- For Section II, gross premiums received for this risk are added to the provision. Woningborg considered whether inflation has been sufficiently taken into account in its premium reserve. In view of the increase in the price index for new-build homes, Woningborg has made an additional allocation to the premium reserves for Section II in 2023 of EUR 633,000 gross. After year 6 of the guaranteed period, 70% of this reserve is released, taking into account claims already paid. In the last 3 years, the remainder will be released in 3 equal parts of 10%.

	Section I	Section II	Total 2023	Total 2022
	EUR'000	EUR'000	EUR'000	EUR'000
At 1 January				
Gross	10.619	4.102	14.721	18.699
Reinsurers share	-300	-38	-338	-2.083
Net	10.319	4.064	14.383	16.616
Claims paid				
Gross	-7.070	-3.857	-10.927	-17.768
Reinsurers share	-	-	-	1.745
Net	-7.070	-3.857	-10.927	-16.023
Additions from Technical provisions				
Gross	580	1.874	2.454	10.933
Reinsurers share	-	-	-	-
Net	580	1.874	2.454	10.933
Claims own account				
Gross	-3.041	-272	-3.313	2.857
Reinsurers share	-785	-193	-978	-
Net	-3.826	-465	-4.291	2.857
At 31 December				
Gross	1.088	1.847	2.935	14.721
Reinsurers share	-1.085	-231	-1.316	-338
Net	3	1.616	1.619	14.383

The provision includes claims incurred before the balance sheet date that are known and have not yet been settled. To the extent that the claims booked per signing year exceed the own retention in the reinsurance program, and are covered by the reinsurance program, the share of reinsurance has been included. The provision for claims not known forms part of the provision for unearned premiums and current risks. The provision for claims and benefits is of a predominantly short-term nature and is assumed to be adequate.

13.3 Settlement result for unearned premiums and current risks and claims payable and benefits

The 2023 settlement result amounts to EUR 6,513,000 positive (2022 : EUR 1,272,000 negative). The table below shows the movements per financial years, split into gross provision and share of reinsurance.

	Provision at previous year-end	Claims paid current year	Premium allocation current year	Provision at current year-end	Settlement result
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Gross					
voor 2013	2.107	1,824	-	11	272
2013	234	6	5	5	223
2014	412	4	-	223	185
2015	727	38	-	443	246
2016	2.238	176	-	977	1.085
2017	2.869	797	-	2.140	-65
2018	7.329	219	-	3.325	3.783
2019	2.521	280	-	2.406	-102
2020	6.068	4.083	-	2.996	-828
2021	12.695	3.488	-	5.801	3.406
2022	13.428	14	-	14.324	-1.156
2023	-	-	11.947	12.483	-536
Future premiums	10.055	-	-2.492	7.563	-
	60.683	10.929	9.455	52.697	6.513

	Provision at previous year-end	Damages paid current year	Premium allocation current year	Provision at current year-end	Settlement result
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Reinsurance share					
voor 2013				-	-
2013				-	-
2014				-	-
2015				-	-
2016				-	-
2017				-	-
2018	-338			-338	-
2019				-	-
2020			-978	-978	-
2021				-	-
2022	-6.714			-6.714	-
2023			-6.598	-6.598	-
Future premiums				-	-
	-7.052	-	-7.576	-14.628	-

13.4 Adequacy of provisions for unearned and unexpired risks

The technical provision for unearned premiums and current risks is tested for adequacy as of December 31, 2023. For the “best estimate,” the Solvency II market value approach was used (not discounted). The adequacy test included both Section I, Section II and future Section II premiums.

At 31 December 2023, the technical provision for earned premiums and current risks is adequate. In the market value approach (gross, undiscounted), the technical provision for claims payable is equal to the valuation in the financial statements and is therefore adequate.

14. Provisions

14.1 Other provisions

	Cost of Arbitration	Mediation costs	Total 2023	Total 2022
	EUR'000	EUR'000	EUR'000	EUR'000
At 1 January	1.357	147	1.504	1.414
Payments	-262	-	-262	-509
Addition / release	297	15	312	599
At 31 December	1.392	162	1.554	1.504

The provision for mediation cost is a long-term reserve and is based on the expected mediation costs for the next 10 years of houses already completed. The expected mediation costs are determined on the basis of the mediation costs over the past years.

The provision for arbitration has a long-term character and is based on the expected number of arbitration for the next 11 years.

15. Liabilities

15.1 Other liabilities

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Creditors	1.450	3.554
Reinsurance premiums	1.810	2.190
Tax	406	335
Discounts payable	661	190
Current account Stichting Woningborg	-34	6
Others	4.346	6.275

Other liabilities have maturities of less than one year. The discounts payable over 2023 are calculated and invoiced in 2024, in 2022 most of the discounts were already invoiced before year end. No interest is charged on the current account debt.

15.2 Accrued liabilities

	31-12-2023	31-12-2022
	EUR'000	EUR'000
Reservation for holiday allowance and holidays	562	563
Severance costs payable	349	250
Technical staff regulation	181	42
Costs to be paid	566	636
	1.658	1.491

Accrued liabilities have an expected maturity of less than one year.

16. Off-balance sheet commitments

16.1 Lease obligations

At year-end, lease obligations for the coming years amount to:

	31-12-2023	31-12-2022
	EUR'000	EUR'000
2023	-	324
2024	233	246
2025	185	198
2026	104	125
2027	44	57
2028	11	-
	<hr/>	<hr/>
	577	950

The above lease obligations relate to operating lease contracts for transportation- and office equipment.

16.2 Fiscal entity VAT

Woningborg N.V., forms together with Woningborg Holding B.V., Woningborg Toetsing en Toezicht B.V. and Woningborg Advies B.V., a Fiscal entity for Value Added Tax and is therefore jointly liable for the Value Added Tax liabilities of these entities.

16.3 Claims

Woningborg N.V. has on a regular basis legal disputes regarding its guarantee activities. The Company has also pending lawsuits in which Woningborg N.V. has a claim on constructors for the recovery of completion and repair costs paid by Woningborg N.V. The outcomes of these lawsuits are difficult to predict. The expected outcomes of these disputes are included in the Technical provision for Claims payable.

Notes to the profit and loss account 2023

17. Insurance premiums

17.1 Gross premiums

	2023	2022
	EUR'000	EUR'000
Premiums for accepted and sold houses	22.617	28.005
Premiums for completion insurances	570	334
Premiums for other construction guarantee insurances	1.833	2.299
Contributions of registered participants	478	491
Discounts	-581	-1.185
	<u>24.917</u>	<u>29.944</u>

17.2 Segmentation of the gross premiums

	2022	2021
	EUR'000	EUR'000
Netherlands	<u>24.917</u>	<u>29.944</u>

18. Movement in unearned premium and claim reserves

This table shows the movements of the technical provision which covers the risks arising from the insurance policies and surety bonds. The reinsurance share refers to the part of the risk that is underwritten by the reinsurance program. The movement of the technical provision is the balance of the release of provisions from previous years less the recognized claims from this year.

	2023	2022
	EUR'000	EUR'000
Additions		
Gross	-18.652	-17.373
Reinsurance share	6.598	6.714
	<u>-12.054</u>	<u>-10.659</u>
Releases		
Gross	12.398	9.344
Reinsurance share	-	-
Gross release for the technical provision for claims and benefits to be paid	2.454	10.933
Reinsurance share	-	-
	<u>14.852</u>	<u>20.277</u>
Total	<u>2.798</u>	<u>9.618</u>

19. Investment income

19.1 Income from investments in land and buildings

Income from investments in land and buildings for own use can be further specified as follows:

	2023	2022
	EUR'000	EUR'000
Rental income from group companies	20	20
Revaluation of property for own use	-	-350
	<u>20</u>	<u>-330</u>

The rental income from group companies concerns the rent charged to Woningborg Advies B.V. The internal rental income is determined at the valuation of the commercial property. The rent is increased on an annual basis by the index figure for household consumption. The rental income for Woningborg Advies B.V. is determined by the number of square meters used by Woningborg Advies B.V.

19.2 Income from other investments

	2023	2022
	EUR'000	EUR'000
Coupon rate	766	940
Dividends	6	10
Other interest received	6	250
	<u>778</u>	<u>1.200</u>

19.3 Unrealised gains on Investments

	2023	2022
	EUR'000	EUR'000
Unrealised gains on Equity securities	-	38

19.4 Realised gains on Investments

	2023	2022
	EUR'000	EUR'000
Realised gains on Equity securities	42	5
Realised gains on Bonds	1.039	-
	<u>1.081</u>	<u>5</u>

20 Operating expenses

20.1 Employee and other expenses, amortization / depreciation and revaluations

	2023	2022
	EUR'000	EUR'000
Wages and salaries	5.925	6.704
Social security contributions	816	830
Pension costs	1.034	1.212
Amortization and depreciation	1.973	882
Other operating expenses	6.194	5.454
	<u>15.942</u>	<u>15.082</u>

20.2 Wages and salaries

The average number of FTEs in the fiscal year was 71.2 (2022: 78.0). All employees are employed in the Netherlands.

20.3 Pension expenses

Until 1 January 2013, the defined benefit plan of the employees was insured by Nationale Nederlanden Levensverzekering Maatschappij N.V. Between 2013 and 1 January 2022, the defined benefit plan was insured by Aegon Levensverzekeringen N.V. As of January 1, 2022, all contributions, both for new and existing employees, are made to the new individual defined contribution pension scheme, which is administered and executed by Aegon Capital. The contributions to this pension scheme are paid by both the employees and the employer, with the employer contribution being variable. The pension age is 68 and the pension base is the gross salary including vacation pay minus the statutory franchise capped by the maximum pensionable salary. The pension expense recognized in the income statement consists of the pension contributions attributable to the financial year.

20.4 Remuneration of Executive Board and Supervisory Board

The remuneration (including pension costs and settlement agreements) for current and former Executive Board members charged to the company in the financial year pursuant to Section 383(1) of Book 2 of the Dutch Civil Code amounted to EUR 859,000 (2022: EUR 592,000), the increase was due to a settlement agreement. The remuneration for members of the Supervisory Board and former members of the Supervisory Board amounted to EUR 125,000 (2022: EUR 122,000).

20.5 Depreciation

	2023	2022
	EUR'000	EUR'000
Depreciation of intangible fixed assets	555	625
Depreciation of property, plant and equipment	526	257
Impairment of intangible fixed assets	1.162	-
	<u>1.973</u>	<u>882</u>

20.6 Other operating expenses

	2023	2022
	EUR'000	EUR'000
Addition to provision for binding advice Arbitration Board	297	562
Auditor's fees	279	182
Hiring staff	1,347	2,501
Other consultancy fees	2,250	2,744
Other personnel costs	384	406
Housing costs	258	20
Means of transport costs	551	522
ICT costs	828	836
Public relation costs	125	104
Related Party Transactions	-612	-2,894
Other	487	471
	<u>6,194</u>	<u>5,454</u>

20.7 Related parties transactions

	2023	2022
	EUR'000	EUR'000
Expenses charged to Woningborg Advies B.V.	-124	-236
Expenses charged from Woningborg Advies B.V.	109	96
Expenses charged to Woningborg Toetsing en Toezicht B.V.	-597	-2,754
	<u>-612</u>	<u>-2,894</u>

20.8 Auditor's fee

	KPMG		Total	Total
	Accountants	Other	2023	2022
	N.V.	(not KPMG)	EUR'000	EUR'000
Audit of financial statements	256	-	256	182
Other audit services	-	-	-	-
Other non-audit services	-	-	-	-
	<u>256</u>	<u>-</u>	<u>256</u>	<u>182</u>

Audit costs are allocated to the financial year to which these expenses relate, the extra charges of the 2022 audit EUR 65,000 are accounted in 2023 P & L.

20.9 Operational lease obligations

At the end of the financial year, operating lease obligations can be specified as follows:

	Totaal 2022	Totaal 2021
	EUR'000	EUR'000
Means of transportation	367	335
Office equipment	17	23
	<u>384</u>	<u>358</u>

21. Interest and investment expenses

21.1 Investment expenses

	2023	2022
	EUR'000	EUR'000
Interest subordinated loan	1.388	1.306
Fees	67	118
Interest	-	95
	<u>1.455</u>	<u>1.519</u>

The interest rate on the subordinated loan was 6% and is calculated on a pro rata basis.

21.2 Change in value of investments

	2023	2022
	EUR'000	EUR'000
Amortization of bonds	54	199
Unrealised losses on equity securities	-	-
	<u>54</u>	<u>199</u>

22 Taxation

	2023	2022
	EUR'000	EUR'000
Tax expense for current financial year	-298	-
Change in deferred corporate income tax:		
- on loss compensation for the current financial year	-631	481
- on impairment of loss compensation of previous financial years	-1.660	-
- on deferred tax liabilities	-6	83
	<u>-2.595</u>	<u>561</u>

The weighted average applicable statutory tax rate for Woningborg in 2023 was 71% (2022: 25.8%). This is due to the impairment of EUR 1.7 million of the deferred tax asset, the loss compensation from previous years. Refer to note 8.3 Deferred tax assets.

23 Subsequent events

There are no post reporting date events and expectations that have not already been taken into account in the directors' report or financial statement.

23 Approval of the financial statements

The financial statements of Woningborg N.V. for the year ended December 31, 2023 were approved by the Executive Board and by the Supervisory Board on 30 April, 2024. The financial statements will be put for adoption to the General Meeting of Shareholders. The shareholders meeting may decide not to adopt the Consolidated financial statements, but may not amend these during the meeting.

Ondertekening,

Gouda, 30 April 2024

The Executive Board

Wytzejan de Jong
CEO

Martine Ammerlaan
CFRO
(Appointed at 1 January 2024)

The Supervisory Board,

Kees Brouwer
Chairman

Peter de Groot
Member

Pierre Esparbes
Member (Appointed at 20 December 2023)

Pim Koelemij
Member

Other information

Statutory provisions regarding profit appropriation

Article 23 of the Articles of Association contains provisions regarding the appropriation of profit. However, Article 24 of the Articles of Association states that the General Meeting of Shareholders determines the appropriation of profit.



Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Woningborg N.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Woningborg N.V. as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2023 of Woningborg N.V. (the Company) based in Gouda.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2023;
- 2 the profit and loss account 2023;
- 3 the cash flow statement 2023; and
- 4 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Woningborg N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Accountants N.V., a Dutch limited liability company registered with the trade register in the Netherlands under number 33263683, is a member firm of the global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



Information in support of our opinion

Summary

Materiality

- Materiality of EUR 670,000
- Approximately 0.7% of equity

Risk of material misstatements related to Fraud, NOCLAR and Going concern

- Fraud risks: risk of management override of controls and risk of revenue recognition identified and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'.
- Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risks identified.
- Going concern risks: no going concern risks identified.

Key audit matters

- Valuation technical provisions
- Valuation reinsurance receivable

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 670,000 (2022: EUR 670,000). The materiality is determined with reference to equity (0.7%). We consider equity as the most appropriate benchmark as equity is an important metric for the determination of the Solvency II capital position which is an important metric for the users of the financial statements.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that uncorrected misstatements identified during our audit in excess of EUR 33,500 would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit response to the risk of fraud and non-compliance with laws and regulations

In the chapter 'Risk management' of the Management Board report, the Management Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing Company's code of conduct, whistleblowing procedures and its procedures to investigate indications of possible fraud and non-compliance.



Furthermore, we performed relevant inquiries with the Management Board, the Supervisory Board and other relevant functions, such as the Solvency II key function holder Compliance, and included correspondence with relevant supervisory authorities and regulators in our evaluation. We have also incorporated elements of unpredictability in our audit, such as testing bank transaction details of payments to related parties.

As part of our audit procedures, we:

- assessed other positions held by the Management Board;
- evaluated available compliance reports for (signals of) possible fraud and non-compliance;
- evaluated correspondence with the Dutch Central Bank and other supervisory authorities and regulators.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Wet op het financieel toezicht (Wft) (including the European Solvency II directives).

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

- **Management override of controls**

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be effectively operating such as: estimates related to the valuation of the technical provisions.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud, such as processes related to journal entries.
- We performed a data analysis of high-risk journal entries and evaluated key estimates and judgments for bias by the Company's management, including retrospective reviews of prior years' estimates. Where we identified instances of unexpected journal entries or other (signals of) risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit, including the search for fraud-related phrases in our journal entry assessment.

- **Revenue recognition**

We assessed the presumed fraud risk on revenue recognition as irrelevant, because the revenue stream is a single type of simple revenue transactions based on the considerations below:

- The revenue transactions are mainly homogenous (same policies, practices and procedures, processed using the same IT system with a similar risk assessment and control monitoring);
- The revenue transactions are routine transactions.

Our evaluation of procedures performed related to fraud and non-compliance with laws and regulations did not result in an additional key audit matter. We communicated our risk assessment, audit responses and results to the Management Board and the Audit & Risk Committee of the Supervisory Board. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit. We refer to the Key Audit Matter “Valuation technical provisions” that provide information of our approach related to this area of higher risk due to accounting estimates where management makes significant judgements.

Audit response to going concern

The Management Board has performed its going concern assessment and has not identified any going concern risks. To assess the of Management Board’s assessment, we have performed, inter alia, the following procedures:

- We considered whether the of Management Board’s assessment of the going concern risks, including the scenarios in the Own Risk Solvency Assessment (ORSA), includes all relevant information of which we are aware as a result of our audit, including the impact of the developments in inflation and correspondence with the regulator.
- We analysed the company’s financial position and Solvency II ratio and compared it to the internal minimum capital requirement as set by the Management Board of and the previous financial year in terms of indicators that could identify going concern risks.
- We took notice of the capital contribution of EUR 30.0 million provided by Société Mutuelle d’Assurance du Bâtiment et des Travaux Publics (‘SMABTP’) to acquire a 50% non-controlling share in Woningborg Holding B.V., being the 100% shareholder of Woningborg N.V., and the subsequent capital contribution of EUR 30.0 million provided by Woningborg Holding B.V. to Woningborg N.V.
- We evaluated the impact of the repayment of subordinated debts of EUR 23.7 million by Woningborg N.V.
- We evaluated whether the Management Board’s assessment of going concern, including the Solvency II ratio, is adequately disclosed in notes 1.1 and 11.7 of the financial statements.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management’s going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter with respect to the valuation of land and buildings for own use is not included, as this was not considered a significant risk.

Valuation technical provisions

Description

The valuation of the technical provisions (that consist of the provision for unearned premiums and the provision for claims) contain significant estimates with regard to assumptions about the settlement of reported and unreported claims and empirical figures derived from historical data, as derived from damage triangles. Complex actuarial models are used for the calculations and the estimates require a high degree of judgment by the management.

We consider the valuation of the technical provisions to be a significant risk in our audit.

Our response

We performed procedures to assess the valuation of the technical provisions in conjunction with our actuarial specialists, which mainly consists of:

- Testing the design and existence of the internal control measures regarding the valuation of the technical provisions and the changes in estimates. This includes control measures regarding data, assumptions and calculations that form the basis of the technical provisions and the review thereof and reporting on this by the Solvency II Actuarial Function Holder.
- With the support of our actuarial specialists, checking the technical provisions on the basis of internally prepared qualitative and quantitative analyses and calculations.
- Assessment of the back-testing procedures performed regarding last year's estimate.
- Evaluation of the entity's approach to setting assumptions, such as inflation, future costs and interest, and assess whether they are consistent with industry practice and the Management Board's approval process.
- Determining the assumptions and methods are consistently applied.
- Performing test of details in the paid claims on a sample basis.
- Performing analytical procedures on the significant movements identified.
- Evaluation of the adequacy of related disclosures in the financial statements, as included in note 13 of the financial statements.

Our observation

Overall we conclude that the method and assumptions applied resulted in a prudent manner of the valuation of the technical provisions. The disclosures of the technical provisions are in accordance with the requirements of Part 9 of Book 2 of the Dutch Civil Code.

Valuation reinsurance receivable

Description

Woningborg has a significant reinsurance receivable on a reinsurance company relating to the years 2016-2018 amounting to EUR 12.1 million. Up till now management has not been able to agree with the reinsurance company on payment of these receivables. In 2022 an arbitration process started between Woningborg N.V. and the reinsurance company, the actual arbitrary procedures commenced in February 2024.

Given the nature of the dispute with the reinsurance company and the amount of the reinsurance receivable compared to equity and our materiality we consider the valuation of the reinsurance receivable to be a significant risk in our audit.

Our response

We performed procedures to assess the valuation of the reinsurance receivable, which mainly consists of:

- Assessment of management's substantiation to account for the full reinsurance receivable.
- Reading all available correspondence between Woningborg and the reinsurance company.
- Ascertaining that Woningborg has more claims, which could be claimed under the reinsurance programs, which have not yet been included in the reinsurance receivable.
- Ascertaining that other reinsurance companies, part of the 2016-2018 reinsurance programs, did pay the reinsurance claims to Woningborg.
- Assessing whether partial refusal by the reinsurance company of questioned claims made, could impact the reinsurance receivable at year-end.
- Evaluation of the adequacy of related disclosures in the financial statements, as included in note 8.2 of the financial statements.

Our observation

We consider the valuation principles and principles applied by Woningborg N.V. for the valuation of the reinsurance receivables to be acceptable. We consider the explanation of the uncertainty in the financial statements to be adequate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.



Report on other legal and regulatory requirements

Engagement

We were initially appointed by Supervisory Board as auditor of Woningborg N.V. on 30 March 2021, as of the audit for the year 2021 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Management Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.



A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at [eng_oob_01.pdf \(nba.nl\)](#). This description forms part of our auditor's report.

Utrecht, 30 April 2024

KPMG Accountants N.V.

W. Teeuwissen RA



OM OP TE BOUWEN

