

## SUMMARY

Alandia Försäkring Abp (Alandia) is an insurance company based on the island of Åland offering non-life insurance, primarily focused on marine insurance.

This solvency and financial condition report will cover only Alandia Försäkring Abp, as this is the only company in the Group that is subject to Solvency II supervision.

Solvency II is a regulatory framework that is harmonised at EU level. The Directive entered into force on 1 January 2016 and regulates the reporting and public disclosures of insurance companies in the EU.

This Solvency and Financial Condition Report for 2022 (1 Jan to 31 Dec) is the seventh prepared by the company and deals with Alandia's operations, corporate governance, risk profile, valuation and own funds in accordance with Solvency II.

### A Operations

Alandia Försäkring Abp is one of the leading marine insurance companies in the Nordics. Alandia seeks to operate a balanced insurance business with an absolute return investment portfolio. Alandia is a specialist in creating marine insurance solutions with profitable products, prices and processes that provide long-term benefit for customers, staff, shareholders and society. Alandia provides Marine, P&I and transport insurance from Mariehamn, Stockholm and Helsinki. The customer base is located primarily in the Nordic region, although there is also a large proportion of marine insurance customers from other regions.

Despite challenging macroeconomic conditions and global geopolitical instability, Alandia's solvency position has been maintained at a continuously strong level during the year.

Alandia has a rating of A- with a "Stable outlook" from Standard & Poor's, confirmed on 30/11/2022.

### B Corporate governance

Corporate governance ensures that sound and prudent business principles are applied to Alandia's operations and that the company's strategic objectives are achieved. In the company's efforts to generate returns, the principle of securing policyholder benefits is observed in accordance with applicable legislation.

The Board of Directors bears the ultimate responsibility for corporate governance. The Board of Directors has appointed an Audit Committee, a Solvency and Investment Committee and a Compensation and Succession Committee.

No material changes were made to corporate governance during the year.

## C Risk profile

Alandia Försäkring Abp's risk profile is largely based on market risk and insurance risk.

Among other measures, the risks associated with the company's insurance business are limited by both proportional and non-proportional reinsurance, as well as procedures for and analysis of premium setting and risk selection.

Alandia's assets are mainly invested in financial market instruments, equities, property, hedge funds and money market instruments. Investments are always made in a cautious way, thus ensuring a good level of liquidity that is necessary to meet obligations on maturity. Investment activities also include a certain amount of lending.

## D Valuation

Alandia's financial statements are prepared pursuant to national accounting standards, meaning that differences in valuation may arise compared with valuation based on Solvency II.

Alandia applies the principle of proportionality so that the valuation in its financial statements is applied to items where the valuation is deemed to be sufficient in proportion to the nature, scope and complexity of the inherent risks. The principle of proportionality is applied in accordance with Article 9(4) of Commission Delegated Regulation (EU) 2015/35.

At the end of the reporting period, Alandia's total assets amounted to EUR 357,123,000. Alandia's technical provisions totalled EUR 72,900,000 and other liabilities EUR 111,342,000, resulting in a surplus of EUR 172,880,000 for own funds. The capital loan of EUR 60,000,000 raised by Alandia in 2020 can be included in own funds at 50% of the solvency capital requirement. The eligible portion of the capital loan amounts to EUR 40,935,000. The estimated dividends after the end of the period amount to EUR 8,555,000. Total own funds therefore amount to EUR 205,260,000.

There were no material differences in valuation for solvency purposes during the reporting period.

## E Funding

Alandia applies the standard formula contained in Chapter V of Commission Delegated Regulation (EU) 2015/35 when calculating its solvency capital requirement.

Alandia's financial statements are prepared pursuant to national accounting standards, meaning that differences arise compared with own funds under Solvency II.

At the end of the reporting period, Alandia's capital adequacy ratio was 250.71%, with own funds of EUR 205,260,000 and a solvency capital requirement of EUR 81,870,000.

The goal is to continuously maintain a strong and stress-resistant level of solvency in order to secure policyholder benefits, as well as continued operations. The term 'strong level of solvency' refers to own funds that always meet both internal and external solvency capital requirements.