



Solvency and Financial Condition Report 2022



The English version of this report was approved by the Board of Directors on 24/03/2023 and submitted to the supervisor in due time.

This report is originally written in English. A translation of the summary in French and Dutch is made available on the website.



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Summary



Business and performance

Company background

AG is active on the Belgian Life and Non-Life insurance market and offers a broad range of products and services that cover the needs of individuals and companies. In 2022, AG records an inflow of 6,6 billion EUR, with a 65% / 35% split between life and non-life insurance. Technical liabilities amounted to around 63,9 billion EUR.¹

AG is market leader in the Belgian insurance market. It serves close to 2,7 million Retail customers and 250.000 SME and Corporate clients. AG distributes its insurance products (both Life and Non-Life) and services via more than 3.740 independent brokers and through a distribution partnership with BNP Paribas Fortis, bpost bank / bpost banque and Fintro. The distribution of Employee Benefits products (Group Life and Health Care insurance) and related services is mainly a business-to-business activity. Sustainable and profitable business and robust risk management remain essential to fulfil obligations to customers, to offer a fair reward to shareholders and to fund future growth.

Since May 2009, AG is for 75% owned by Ageas Group and for 25% by BNP Paribas Fortis. AG is either directly or indirectly shareholder of several operating and services companies. AG and its subsidiaries employ 7.369 full-time equivalent.

Business environment

The geopolitical tensions, the cost-of-energy crisis and the aftermath of Covid-19 ended the low and negative interest rate environment. To avoid an inflation spiral and get inflation back to the target level, Central Banks are rapidly adjusting interest rates creating a new financial environment. AG will have to navigate the life and non-life business through times of high inflation and volatile financial environment.

AG's focus in non-life is to keep its combined ratio levels under control by offsetting claims and cost inflation through well-timed premium adjustments within commercially acceptable limits. It is supported by the fact that a large part of the non-life portfolio benefits from product embedded premium indexation mechanisms such as the ABEX indexation in property insurance, the medical index in health insurance and wage inflation in workmen's compensation.

For life business, rising interest rates lead to a more competitive environment but at the same time create opportunities for launching new guaranteed products combined with an attractive Unit-Linked offer supported by commercial campaigns. AG will continue to promote the successful stand-alone death insurance cover Premium Protect.

There are many political initiatives already passed or in the pipeline that have or could have an important impact on the insurance sector profitability and growth. Some of the numerous initiatives include the fiscal and pension reforms, the reviewed 80% deductibility rule, the tax on securities accounts, "the right to be forgotten", the legal framework Natural Catastrophes, new rules with respect to covering of terrorism, the ground subsidence, etc. On top of this, following the recent budgetary exercise for 2023/2024, the Belgian Government reflects on a set of measures as part of the tax reform.

Business performance

In Life business, gross inflow decreased compared to last year (-3,6%), mainly explained by a lower inflow for Retail Life investment products (mainly in Guaranteed products), partially compensated by a 14,7% higher inflow in Group Life. The Life Technical Liabilities show a decrease of 5,5% compared to 2021 mainly as a result of lower liabilities in Unit-Linked (Retail Life and to a much lesser extent, Group Life) and a decrease in Retail Life Guaranteed. The operating result amounts to 469 million EUR, compared to 497 million EUR in 2021. This decrease is mainly due to the impact of financial market evolution.

In Non-Life Business, gross inflow amounts to 2,4 billion EUR, about 4% higher compared to 2021. The operating result amounts to 227 million EUR, compared to 125 million EUR in 2021 thanks to good underlying result (knowing that 2021 was impacted by July floods).

System of governance

In accordance with the regulations related to the supervision of insurance companies in Belgium, AG makes a clear distinction of responsibility between the two statutory governing bodies: the Board of Directors and the Management Committee. The Board of Directors is responsible for defining the general strategy and the risk management framework, as well as for supervising the activities of the Management Committee. The Management Committee is responsible for managing effectively the Company's activities, for implementing the general strategy and the risk management framework defined by the Board and for setting up an organisational and operational structure. In order to support the Board to fulfil its role and responsibilities, the Board has set up three ad-hoc advisory committees: an Audit Committee, a Risk Committee and a

¹ Technical liabilities including Shadow Accounting



Nomination and Remuneration Committee. The Management Committee has decided to have in place a Business Risk Committee (BRC) and an Asset and Liability Management Committee (ALCO).

Regarding its management of risks, AG operates within a robust 'Three Lines of Defence' model. The mission of the Risk Management Function is to promptly identify, assess, manage, monitor and report risks potentially affecting the achievement of the strategic, operational and/or financial objectives of the company. The Enterprise Risk Management (ERM) approach provides an integrated framework for managing risks, thereby supporting long-term stability and growth. It ensures that the strategic planning conforms to the risk appetite as defined by the Board. The risk management process consists in identifying risks AG is exposed to, assessing their impact and likelihood, managing them by taking the appropriate steps to control or mitigate the risk position, monitoring the risk profile and corresponding capital needs on an on-going basis, reporting to the Management and to the Board. The ERM approach is articulated around its risk appetite, a set of risk policies, risk models and risk reports, and is supported by a number of processes, systems, data, IT and people. To be effective this risk management framework needs to be well integrated into the organisational structure and the decision-making processes of the company, which is achieved through a sound risk governance.

The Chief Risk Officer (CRO), who has overall responsibility for the Risk Management Function at the Company level, is a member of the Management Committee and of the Board with a standing invitation to the Risk Committee and the Audit Committee. The risk organisation is characterized by a two-layered model with a central risk department keeping risk oversight while delegating risk responsibilities to Decentralised Risk Managers and Officers at the level of the Business Lines and Support Functions. Besides the Risk Management Function, the CRO Office regroups the Actuarial Function, the Compliance Function, the Internal Control Function and the (Personal) Data Protection Office.

Risk profile

Risk identification

AG offers a wide range of insurance products and, like other insurance companies, faces a variety of risks, such as insurance risk, financial risk, operational risk, strategic and business risks. With the aim of adequately managing its risks, AG has opted for an enterprise-wide approach to risk management (called Enterprise Risk Management or ERM approach) which is the process of systematically and comprehensively identifying current and emerging risks, assessing their possible impact and likelihood as well as implementing integrated strategies to provide reasonable assurance regarding the achievement of the company's objectives, hence supporting long-term stability and growth. It ensures that the strategy, business planning and limit setting are in line with the risk appetite as set by the Board.

The risk management system in place comprises a number of core components that form a consistent and effective risk management framework necessary to identify, assess, manage, monitor and report on a continuous basis the risks, at an individual and at an aggregated level, to which AG is exposed to, as well as their interdependencies. This system is articulated around AG's risk appetite, a set of risk policies, risk models and risk reports and is supported by a number of processes, systems, data, IT and people. To be effective, this risk management system needs to be well integrated into the organisational structure and the decision-making processes of the company, which is achieved through a sound risk governance.

A risk taxonomy is in place which provides a consistent and comprehensive approach to risk identification, highlighting and defining the risks AG is exposed to.

Each business manages insurance risk in line with a set of policies, in this case more specifically an Insurance Risk Policy, a Product Approval Policy, an Underwriting Policy, a Claims Management Policy, a Reserving Policy and a Reinsurance Policy.

Insurance risk is partly managed by transferring risk exposure to certain underwriting risks to reinsurers through appropriate reinsurance arrangements (treaties). Under these arrangements, reinsurers assume a portion of the losses and expenses associated with reported and unreported claims in exchange for a share of the premiums. The Company primarily uses external reinsurance to mitigate the impact of natural catastrophes (e.g. windstorms, earthquakes and floods), large single claims from policies with high limits, and multiple claims triggered by a single man-made event. Reinsurers are selected primarily on pricing and counterparty risk considerations.

Financial risk encompasses all risks relating to the value and performance of financial assets and, accordingly, represents the most significant risk AG is exposed to. The risk framework in place combines specific policies, limits, stress tests and regular monitoring to control the nature and the level of financial risks and to ensure that risks being taken remain within the Company's risk appetite and are appropriately rewarded. Asset mix research is used to identify the appropriate strategic asset allocation while the market situation and prospects are monitored on a regular basis to decide on the tactical asset allocation. The decision process balances risk appetite, capital requirements, long-term risk and return, policyholder expectations, profit-sharing requirements, tax and liquidity aspects to achieve an appropriate target asset mix. Within financial risk a distinction is made between market risk, default risk and liquidity risk.



Operational risk is the risk of losses arising from inadequate or failed internal processes, people and systems, or from external events. AG has a sound operational risk management in place for administering its portfolio of products, services, processes and systems, covering all domains of operational risk: clients, products, business and legal practices; execution, delivery and process management; business continuity, crisis management and operational resilience; data management; information security (incl. cyber); model; employment practices and workplace safety; internal and external fraud risk; conduct; technology; third party and damage to physical assets. Operational risk procedures include business continuity management, information security management, fraud risk management, internal control, adequate insurance protection of the Company's assets and risk management with respect to outsourcing. Incidents and operational losses are tracked in an incident register.

Strategic risk generally emerges as a result of adverse business decisions, improper implementation of decisions, or a lack of responsiveness to industry changes. Strategic risk is addressed by examining multi-year scenarios, considering the related risks, as well as by monitoring the implementation of the chosen strategy through the multi-year business plan. The latter takes into account all the current and future risks as identified through the Key Risk Identification Process. The ORSA (Own Risk and Solvency Assessment) furthermore provides insights in how these risks could potentially jeopardise the achievement of the strategic and business plan and to what extent these plans have the adequate capacity to withstand and mitigate these risks.

Business risk is a potential consequence of changes in external factors - political, economic, social, technological, environmental, or legal - affecting the environment and conditions in which AG operates. This includes both elements directly related to the business environment, such as a change in customer behaviour, in the distribution landscape, a regulatory change or a strategic move from competitors, and more general external factors such as climate change. Business risk management requires pre-emptive risk management, anticipating possible developments in the environment. In this regard, AG uses a structured horizon-scanning process to detect threats (and opportunities) surrounding its activities. This information is exploited in the strategic and multi-year planning process and the ORSA.

Sustainability risk is explicitly included in AG's risk taxonomy as a major strategic and business risk and remains a primary consideration given the fundamental challenges that are currently appearing and persisting, such as climate change, Diversity, Equity and Inclusion (DEI) topics, rising social inequalities and greater imbalances between countries, while at the same time all stakeholders are expecting companies to actively seek eco-friendly and inclusive solutions to these challenges. On the one hand, these challenges lead to new business risks, such as the financial risks linked to the transition to a carbon-neutral economy, the political and legal risks of inadequate legislation messing up this transition, or in the absence of such a transition the increasing risk of natural catastrophes as a consequence of accelerated climate change. On the other hand, there is the growing strategic risk of inadequately or not timely responding to these challenges and the opportunities they offer, with not only direct consequences on operations and investments, but also an increasing reputational cost. Although these risks have always been part of the external factors scanned in AG's Key Risk Identification Process, and as such have always been on the radar of AG's risk management, the explicit inclusion of sustainability risk in the risk taxonomy attracts greater attention to these risks and has been followed by the explicit inclusion of sustainability-related factors in several specific policies from AG's risk policy framework, and by the development of several non-financial KPIs, including sustainability KPIs as part of the AG 2024 strategy.

AG acknowledges the possible risk of loss of reputation arising from the adverse perception of its image on the part of its different stakeholders: investors, customers, employees, partners and society, etc., with a possible impact on solvency, earnings, liquidity or its franchise quality. In order to mitigate a potential impact of any event on its reputation, AG maintains a long-standing commitment to sustainable business practices and good governance, as well as clear corporate values, a business code of conduct, robust internal controls and a clear dialogue with its stakeholders. Key Risk Indicators (KRIs) are defined in order to properly monitor and react timely and appropriately in the event these risks materialise. Communication plans are prepared to handle risks having an impact on AG's reputation.

Risk exposure

AG measures the exposure to quantifiable risks by means of a Partial Internal Model (PIM) used for determining the Solvency II capital requirements (SCR). Apart from the use of the standard formula for most of the risks, the Partial Internal Model includes an internal model for non-life underwriting risk.

Expressed in terms of SCR capital consumption, a major part of the risk exposure stems from financial risk with spread risk, property risk and equity risk being its main contributors. Note that thanks to the Company's asset and liability management strategy, one can observe a limited risk sensitivity to interest rate movements on the existing book of business, hence resulting in a relatively low SCR for interest rate risk. While insurance risk is the second largest contributor, operational risk and counterparty risk are contributing to a lesser extent to the risk capital consumption. On top of diversification, another important capital relief stems from adjusting required capital for the loss-absorbing capacity of deferred taxes.

An own assessment of the solvency and capital needs (ORSA) as required by the supervisor is well integrated in the strategy and business planning process of the company and provides a forward-looking assessment on all the risks inherent to the business and the corresponding solvency and capital needs.



Valuation for solvency purposes

Assets and liabilities are valued on a fair value basis in line with Solvency II requirements with the use of approximations, if needed. Due to differences in valuation methodology, differences with IFRS exist and can be explained.

Capital management

Capital requires a clearly defined management approach in order to ensure an efficient and effective deployment. The main goal of the Company's capital management process is to fund profitable growth and support the dividend payment capacity.

As at end of 2022 the amount of Own Funds stands at 4.787 million EUR (compared to 5.604 million EUR in 2021), while the total required capital SCR amounts to 2.135 million EUR (compared to 2.977 million EUR in 2021). This results in a solvency ratio of 224% (compared to 188% in 2021), reflecting the strong capital position of the Company. About 78% of the Own Funds are categorized as Tier 1 capital.

A

Business and performance

A.1 BUSINESS

A.1.1 General information

Name and legal form: AG Insurance SA/NV

Supervisor: National Bank of Belgium, Boulevard de Berlaimont 14, 1000 Brussels, phone 02/ 221 21 11

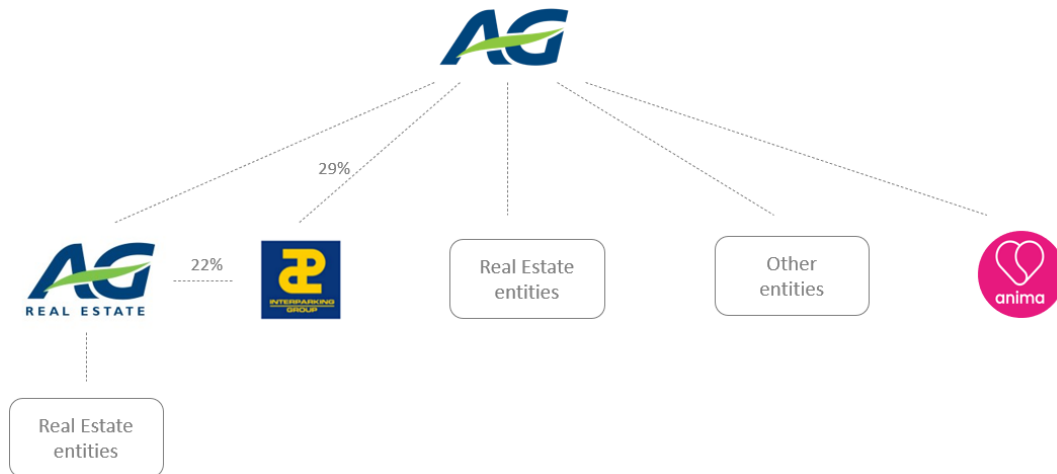
External auditor: PwC Bedrijfsrevisoren BV/SRL ('PwC'), Culliganlaan 5, at 1831 Diegem, with Kurt Cappoen as permanent representative

As from May 2009, AG is owned for 75% by Ageas (currently via Ageas Insurance International NV, a holding company, with registered office at Markiesstraat 1, Brussel, Belgium), and 25% by BNP Paribas Fortis (BNPP Fortis), with registered office at Warandeberg, 1000 Brussels.

The relationship between both shareholders and AG is described in a Shareholders' Agreement dated 12 May 2009.



AG structure (simplified presentation):



AG is either directly or indirectly shareholder of several operating and services companies. The main participations of AG can be grouped into 2 categories based on the strategic role they fulfil, i.e. operational participations (a distinct operation in a legal entity) in different companies together with structuring participations related to investments in real estate or in specific asset pools. AG and its subsidiaries employ 7.369 full-time equivalents.

AG's full subsidiary, AG Real Estate SA/NV, is the most important real estate group in Belgium and employs about 300 professionals specialized in real estate asset and property management, investment, financing and development. The total value of the portfolio managed by AG Real Estate amounts to around 6.6 billion EUR. Another important element in AG's investment portfolio is Interparking, a public car park operator and investor operating across 9 European countries.

The acquisition of the nursing home group Anima was closed on 6 July 2022. The Anima group is the 6th commercial operator in Belgium with 2.700 housing units spread over 24 sites which are operated by 1.750 employees.



A.1.2 Material lines of business and material geographical areas

AG is active on the Belgian life and non-life insurance market and offers a broad range of products and services that cover the needs of individuals and companies. In 2022, AG recorded an inflow of 6,6 billion EUR, split 65% / 35% between life and non-life insurance. Technical liabilities amount to 63,9 billion EUR².

AG is market leader in the Belgian insurance market. It serves close to 2,7 million Retail customers and 250.000 SME and Corporate customers. AG distributes its insurance products (both life and non-life) and services via more than 3.740 independent brokers and through a distribution partnership with BNP Paribas Fortis, bpost bank / bpost banque and Fintro. The distribution of Employee Benefits products (Group Life and Health Care insurance) and related services is mainly a business-to-business activity.

AG operates via three Business Lines: Non-Life, Retail Life and Employee Benefits/Health Care – having the following specific key objectives:

- ✓ in the non-life market, AG's strategic ambition is to be the reference broker and bancassurance player with top products and top servicing
- ✓ in retail life, AG continues to enhance the operational excellence business model which adds value to the distribution partners as well as to the end customers
- ✓ AG holds a market leadership position in group life and health care insurance, based on a customer-centric strategy that emphasises tailor-made solutions based on expert advice, high-quality services relying on experts, efficient processes and IT tools.

AG is active in 'beyond insurance' activities and ecosystems through participations or by new partnerships in initiatives such as Homeras, Drysolutions, Optimile, AG Health Partner, Conac, Alphacredit, Arval (Go4Lease) and Touring.

A.1.3 Significant business or other events over the reporting period

During 2022, AG acquired Anima, a company which operates nursing homes in Belgium. This acquisition leads to further diversification of the investment portfolio while at the same time strengthening AG's societal role by investing in a project which answers to current and future needs of the population.

For the insurance sector 2022 has been the last year of preparation before the introduction of the IFRS 17 accounting standard. This standard intends to better reflect the way in which insurance contracts combine both elements of a financial instrument and of a service contract.

In the world at large Russia invaded Ukraine on the 24th of February, 2022. This event, followed by important economic sanctions taken by a.o. the European Union and the United States, has caused an important increase in the volatility of financial markets, but also in the number of cyber-attacks. The important role played by both involved parties in global food production and in the energy market largely contributed to the observed increase of inflation over 2022.

² Technical liabilities including Shadow Accounting

A.2 UNDERWRITING PERFORMANCE

The tables below show an overview of the AG (consolidated, IFRS) performance for the years 2022 and 2021 (by IFRS line of business).

in EUR million	IFRS Product lines								
	2022	Life	Guaranteed	Unit Linked	Non-Life	Accident & Health	Motor	Fire	Other
Gross Inflow	4.206,8	3.254,7	952,1	2.402,8	654,6	711,3	787,5	249,4	6.609,5
Net underwriting result	4,0	-46,4	50,4	122,1	-11,0	51,5	56,2	25,4	126,1
Investment result ⁽¹⁾	320,4	320,4	0,0	81,1	37,6	19,6	12,6	11,3	401,5
Total technical result	324,4	274,0	50,4	203,2	26,6	71,1	68,8	36,7	527,6
Capital gains (losses) allocated to operating result	144,4	144,4	0,0	23,5	12,8	4,8	3,0	2,8	167,9
Operating result	468,8	418,4	50,4	226,7	39,4	75,9	71,8	39,6	695,5
Other result									112,1
Profit before taxation									807,5
Technical liabilities (including Shadow Accounting)	59.441,6	48.378,6	11.063,0	4.426,0	2.229,5	1.058,2	513,7	624,7	63.867,7

(1) excluding capital gains (losses) allocated to operating result

in EUR million	IFRS Product lines								
	2021	Life	Guaranteed	Unit Linked	Non-Life	Accident & Health	Motor	Fire	Other
Gross Inflow	4.365,8	3.289,3	1.076,5	2.309,2	652,9	685,3	731,8	239,2	6.674,9
Net underwriting result	6,9	-37,7	44,6	26,4	6,7	125,0	-	51,3	33,3
Investment result (1)	324,1	324,1	0,0	68,1	17,6	24,7	11,5	14,3	392,3
Total technical result	331,1	286,4	44,6	94,5	24,4	149,7	-	65,6	425,6
Capital gains (losses) allocated to operating result	166,0	166,0	0,0	30,7	16,5	6,9	3,2	4,1	196,7
Operating result	497,1	452,5	44,6	125,2	40,9	156,6	141,9	69,6	622,3
Other result									52,0
Profit before taxation									674,3
Technical liabilities (including Shadow Accounting)	63.002,9	50.616,9	12.386,0	4.344,6	2.144,3	1.034,7	579,3	586,3	67.347,5

(1) excluding capital gains (losses) allocated to operating result

Note that 'Life' mainly comprises the Solvency II lines of business 'Insurance with profit participation', 'Other Life Insurance' and 'Index-linked and Unit-Linked insurance'. 'Non-Life' mainly comprises the Solvency II lines of business 'Non-Life insurance and reinsurance obligations', 'Health insurance', 'Income protection' and 'Annuities stemming from Non-Life insurance contracts'.

Some comments:

- ✓ Life business: gross inflow decreased compared to last year (-3,6%), mainly explained by a decrease in Retail Life Unit-Linked, Invest and Fiscal. The Life Technical Liabilities show a decrease of 5,5% compared to 2021 mainly as a result of lower liabilities in Unit-Linked (Retail Life and to a much lesser extent, Group Life) and a decrease in Retail Life Guaranteed. The operating result amounts to 469 million EUR, compared to 497 million EUR in 2021. This decrease is mainly due to the impact of financial market evolution.

- ✓ Non-Life Business: gross inflow amounts to 2,4 billion EUR, about 4% higher compared to 2021. The operating result amounts to 227 million EUR, compared to 125 million EUR in 2021 thanks to good underlying result (knowing that 2021 was impacted by July floods).

A.3 INVESTMENT PERFORMANCE

A.3.1 Income and expenses by asset class & Gains and losses recognized directly in equity

Financial income and allocated capital gains (net of impairments), before investment costs, included in the IFRS consolidated profit before taxation stands at 2.446,9 million EUR for 2022 and can be split as below:

in EUR million	Year	Year
	2022	2021
Interest, dividend income and other investment income	2.385,5	2.187,0
Realised and unrealised gains and losses on investments (recognised in profit and loss)	313,4	240,3
Finance costs (relate mainly to subordinated debt, borrowings & other liabilities)	-133,5	-87,7
Additions to (or reversals from) impairment allowances	-118,5	-38,1
Total	2.446,9	2.301,5

The “Interest, dividend income and other investment income” is further detailed as follows for the year ended 31 December 2022.

Interest and other investment income

in EUR million	Year	Year
	2022	2021
Interest income:		
Investments	1.120,8	1.160,1
Loans	334,4	305,1
Cash and cash equivalents	2,7	2,4
Other interest income	45,6	7,5
Total interest income	1.503,50	1.475,00
Car park revenues	455,5	346,5
Rental income	196,4	205,6
Dividend income	139,8	134,0
Other investment income	90,4	25,8
Total Interest and other investment income	2.385,50	2.187,00

In addition to the amounts recognised in the income statement, changes in revaluation of investments available-for-sale are recognised directly in equity (and these might subsequently be reclassified to profit and losses). The (pre-tax) decrease in revaluation of investments available-for-sale amounted to -8.701 million EUR in 2022 and -1.958 million EUR in 2021. This variance is linked to the increase of the interest rate.

A.3.2 Investments in securitization

The structured products portfolio comprises mortgage-backed securities, student loans and asset-backed securities. As at year end 2022 its value was 28,30 million EUR.



A.4 PERFORMANCE OF OTHER ACTIVITIES

AG has no other material activities.

A.5 ANY OTHER INFORMATION

No other information.

B

System of governance

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

B.1.1 Company structure

B.1.1.1 Scope

In accordance with the regulations related to the supervision of insurance companies in Belgium, AG makes a clear distinction in responsibility between the **Board of Directors** and the **Management Committee**, of which the role, responsibilities and authority are described hereafter:



B.1.1.2 Board of Directors

The Board determines the general strategy of AG and provides it with strategic directions. In this respect, the Board is the ultimate decision-making body of AG, with the exception of matters reserved for the General Meeting of Shareholders or the Management Committee by the company law or by the Articles of Association. The Board also decides on the governance structure, monitors the risk management framework, defines and supervises the Integrity Policy and the Data Protection framework and supervises the Management Committee. The basic aim underlying decision-making by the Board is to perpetuate a sustainable and successful insurance business. The Board believes that this involves primarily focusing on profitable growth, while remaining sensitive to the interests of the stakeholders who are essential to a successful business: the Company's distribution partners, its customers, its employees, its shareholders and the communities in which AG operates.

In order to support the Board to fulfil its role and responsibilities, the Board has set up in accordance to Circular NBB_2016_31 three ad-hoc advisory committees: the Audit Committee, the Risk Committee and the Nomination and Remuneration Committee. These committees assist the Board in specific areas which they cover in appropriate detail and upon which they make recommendations to the Board. However, only the Board has the power to take decisions within the scope of its competences and responsibilities. The role of the Audit Committee is to assist the Board in fulfilling its supervision and monitoring responsibilities with respect to internal control (including internal control over financial reporting) and audit within AG and its main subsidiaries. The Risk Committee provides advice to the Board on all aspects related to the current and future risk strategy and risk tolerance and supports the Board in exercising supervision of the implementation of that strategy by the Management Committee. The role of the Nomination and Remuneration Committee is to assist the Board in all matters relating to the appointment, removal, target setting, performance evaluation and remuneration of "Identified Staff". It takes care that the Remuneration policy does not incentivize excessive risks taking or behaviours not being in line with the long-term interests of AG or its stakeholders.



B.1.1.3 Management Committee

The role of the Management Committee is to manage AG in line with the values, strategies, policies, plans and budgets endorsed by the Board of Directors. In exercising this role, the Management Committee is responsible for complying with all relevant legislations and regulations, and specifically with the legal and regulatory framework applicable to the Company and its subsidiaries. The Management Committee has the collective responsibility for conducting its activities and for reporting on these to the Board and its advisory bodies. Within this context, the Management Committee has decided to have in place two committees: the Business Risk Committee (BRC) and the Asset and Liability Management Committee (ALCO). The Business Risk Committee is the committee through which the Management Committee monitors the overall risk profile of AG and its subsidiaries, and ensures that the risk management system is suitable, effective and proportionate to the risks that AG is taking. Therefore, the Business Risk Committee endorses all key elements of this system (governance, policies, processes, models and reporting). Based on the risk reporting and recommendations, the BRC decides on appropriate risk response and risk mitigation. The Asset and Liability Management Committee is the committee through which the Management Committee defines and monitors the ALM strategy and strategic asset allocation (with respect to equities, bonds, real estate and other admissible asset classes) in line with the policies as defined by the Board. Within this context, the Asset and Liability Management Committee focuses on the ALM position and the market risk positions and decides on hedging strategies as well as on financial aspects of the pricing of life products.

With regard to the participations held by AG, each member of the Management Committee is responsible for the subsidiaries and associates allocated to him, being included in the reporting scope of the Management Committee member. This reporting relates mainly to the long-term and strategic vision, the development of the business and the internal control in its broadest sense. The list of the allocation of the participations is yearly reviewed by the Management Committee.

B.1.1.4 Key (control)functions

The main roles and responsibilities of the four independent control functions, i.e. the Risk Function, the Actuarial Function, the Compliance Function and Internal Audit are described further in this chapter.

B.1.2 Remuneration policy and practices

B.1.2.1 Scope - Categories

The remuneration principles set out in the AG Remuneration Policy apply to AG and in particular to the Non-Executive Board members, the Management Committee members (Executive Board members), the holders of the independent Control Functions (and the Data Protection Officer) and the Risk Takers.

B.1.2.2 Remuneration of the Non-Executive Directors

The remuneration of Non-Executive Board members is determined by the shareholders of AG at the General Meeting of Shareholders. Detailed proposals for the remuneration of Non-Executive Board members are formulated based upon recommendations provided by the Nomination and Remuneration Committee and outside experts.

For Non-Executive Board members, the levels and structure of the remuneration reflect their general and specific responsibilities as well as general market practice. The remuneration of Non-Executive Board members, includes both a regular fixed fee as compensation for Board membership and an attendance fee for Board meetings. Membership in Board Committees is also remunerated with an additional base remuneration and a Board Committee meeting attendance fee.

Non-Executive Board members do not receive any performance-related remuneration such as an annual incentive awards or stock options. The Company does not provide any contribution to their pension arrangements. Non-Executive Board members may also receive remuneration from AG subsidiaries where they hold a Director position. Non-Executive Board members may transfer their remuneration to other beneficiaries upon request. Non-Executive Board members will not be entitled to any severance pay.

B.1.2.3 Remuneration of the Management Committee members

The remuneration of the Management Committee members is determined by the Board of Directors upon recommendation by the Nomination and Remuneration Committee, in compliance with the prerogatives of the General Meeting of Shareholders. Both the levels and the structure of the remuneration of the Management Committee members are analysed on an annual basis.

The remuneration of the Management Committee members is designed to ensure the organization's continued ability to attract, motivate and retain executive talent, to promote achievement of demanding performance targets and long-term sustainable growth in order to align the interests of executives and shareholders in the short, medium and long term while avoiding excessive risk-taking behaviour and to stimulate, recognise and reward both strong individual contribution and solid team performance.

The reward package for the Management Committee members reflects a concept of integrated total compensation combining the following four major components of pay: base salary, annual incentive (short-term performance related



bonus), long-term incentive and pension. In calibrating the various remuneration components, the objective is to position the overall remuneration levels in line with compensation practices of other insurance companies.

The variable components are subject to a maximum. A large portion of the total compensation package of Management Committee members consists of variable remuneration and is therefore 'pay at risk'. The total reward package is part of the contract with the Management Committee member providing also the main characteristics such as and amongst others the expiration date, the termination clauses and various other clauses such as confidentiality and exclusivity.

B.1.2.4 Remuneration of the Independent Control Functions and the data protection officer

For the members of the Independent Control Functions and the Data Protection Officer the variable component of the remuneration is independent of the results of the Company.

B.1.2.5 Remuneration of the Risk Takers

There are no other 'Risk takers' at AG than the members of the Management Committee.

B.1.2.6 Remuneration of the employees

AG has put in place a clear, transparent and effective remuneration policy which applies to its Identified Staff and which is subject to recurring control and revision.

The same basic principles apply to all the employees of AG. The following principles apply to the variable remuneration:

If the remuneration package includes both a fixed and a variable component, both components are well balanced to ensure that the fixed part of the total remuneration is sufficiently high so as to avoid that employees are too dependent on the variable component. The terms of the Remuneration Policy allow AG to conduct a flexible approach, including the possibility not to pay any variable remuneration.

If the variable remuneration is performance linked, the total amount of the variable remuneration is based on a combination of both personal and company related performance indicators.

The appraisal of the personal performance includes both financial and non-financial criteria. A possible downward correction is included for the exposure to risk, the risk profile of AG and the cost of capital.

Severance pay takes into account the performance of the concerned person throughout its entire career and is structured in such a way that failure is not rewarded.

B.1.2.7 Review Process of the Remuneration policy

The Remuneration Policy is reviewed and updated on an annual basis, as needed. The Board of AG defines the Remuneration Policy based on information and recommendations provided by the Nomination and Remuneration Committee. This information is discussed at AG Board meetings, and the Board takes decisions that are appropriate to the specific context of AG.

B.1.3 Material transactions with shareholders and persons having a significant influence

No material transactions during the reporting period have taken place with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body.

B.1.4 Information on material transactions

When exceeding on a cumulative basis the threshold of 100.000 EUR, the loans, credits or warranties granted by AG towards Board members, members of the Management Committee and their direct relatives must be immediately disclosed to the Board leaving the time to oppose.

Material transactions (insurance contracts) by the Board members, members of the Management Committee and their direct relatives are concluded on commercial terms in conformity with prevailing market conditions (in accordance to the NBB Circular 2017_21 dated 7 July 2017).

The Company will take all appropriate actions with regard to services that are required to be disclosed under the current legislation and/or regulations.



B.2 FIT AND PROPER REQUIREMENTS

B.2.1 Fit and Proper requirements

AG applies the rules set forth in the amended NBB Circular 2016_31 and the “Fit & Proper Handbook” (NBB Circular 2018_25) to the members of the Board of Directors, the members of its Advisory Committees, the members of the Management Committee and the Key Functions.

B.2.2 Fit and Proper process

Principles and guidelines as to the selection, development and appraisal of Members of the Board of Directors and of the Management Committee as well as the different process steps for the selection, training and evaluation of Board members, Members of the Management Committee, the key functions and the independent control functions within AG are in place.

AG makes every effort to check a person’s suitability, e.g. by carrying out an assessment, not only before taking a position but also during the performance of a position, on a periodic basis. If the result of the assessment of suitability is positive, AG will in turn send the NBB full and reliable information about the person’s suitability. Based upon this information, supplemented by details collected by the NBB on its own initiative, the NBB will carry out its own assessment of the suitability of the person in question.

Each Board member is requested to sign a statement (written declaration) of *fitness & properness* in which he confirms that he will unreservedly conform to the AG ‘fit and proper’ standards and that he will give immediate notice of any events which might turn out to be important in this respect. This statement has to be delivered each year.

As the financial sector is constantly evolving, AG takes all necessary steps to implement judicious continuous training for all persons concerned, including the Board members.

B.3 RISK MANAGEMENT SYSTEM (INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT)

B.3.1 General description, strategy and objectives

As an active provider of both life and non-life insurance in the Belgian market, AG is exposed to a number of risks, whether internal or external, current or emerging, that may affect the achievement of its objectives.

The *Enterprise Risk Management* (ERM) approach provides an integrated framework for managing risks, thereby supporting long-term stability, growth and sustainability as cornerstones of the strategy. It ensures that the strategic planning conforms to the risk appetite as defined by the Board.

The Risk management process consists in:

- ✓ identifying the risks AG is exposed to
- ✓ assessing the impact and the likelihood of these risks
- ✓ managing these risks by taking appropriate actions to control or mitigate the risk position
- ✓ monitoring the risk profile and corresponding capital needs on an ongoing basis
- ✓ reporting to the Management and to the Board.

The ERM approach is articulated around its risk appetite, a set of risk policies, risk models and risk reports and is supported by a number of processes, systems, data, IT and people. To be effective, this risk management framework needs to be well integrated into the organisational structure and the decision-making processes of the company, which is achieved through a sound risk governance.

AG’s risk management strategy consists in adopting a holistic approach coordinated at the highest level of the organisation through:

- ✓ an open environment conducive to effective and transparent communication about risks and risk management throughout the company
- ✓ an integrated, proactive and forward-looking approach to manage all key risks
- ✓ the integration of risk management into the business strategy and the decision-making
- ✓ the understanding and the effective management of the relationship between risk, capital and reward consistently with the business strategy and the risk appetite.



Risk management focuses on achieving the following *objectives*:

- ✓ understand the key risks taken and maintain a solvency position and liquidity position such that no plausible scenario would cause the company to default on its obligations to policyholders and debt holders
- ✓ contribute to the company's strategy by defining a risk appetite and ensure that the company's risk profile remains within the set limits
- ✓ provide relevant, reliable, understandable and timely delivered information and risk opinions when appropriate in view of supporting an informed decision-making process within the company, i.e. allowing the Management to effectively assess overall capital needs, improve capital allocation, and make the right choices as to risk-return optimisation
- ✓ encourage a strong risk awareness culture where managers are aware of the risks within their business, effectively manage them and transparently report them
- ✓ enhance risk response decisions by providing the rigour to identify and select among alternative risk responses (avoidance, reduction/mitigation, transfer and acceptance)
- ✓ reduce operational losses by enhancing the capability to identify potential incidents
- ✓ comply with the legal and regulatory requirements.

B.3.2 The Risk Management framework

The risk management framework has been designed to support the mission and objectives of the Risk Management Function. It incorporates a number of core components that form a consistent and effective risk management framework, in accordance with the principles of Enterprise Risk Management, underlying the process of systematically and comprehensively identifying, assessing, monitoring, managing and reporting on a continuous basis at an individual and at an aggregated level the risks to which AG is exposed to, as well as their interdependencies thereby supporting the Company in the achievement of its objectives.

B.3.2.1 Risk Appetite framework

In a set of risk appetite statements, AG expresses the type and amount of risk it is willing to take in pursuit of its objectives taking into account the expectations of all its stakeholders. Through the Risk Appetite Policy approved by the Board, a clear Risk Appetite framework is defined setting formal boundaries for risk-taking. This framework is organised around a number of quantitative criteria which are primarily based on AG's ability and willingness to accept volatility in the key areas of solvency, earnings and liquidity. These quantitative statements are complemented with qualitative risk appetite statements aiming at protecting the franchise quality³ of the company, paying attention to its internal functioning and efficiency, as well as to the relationship with all of its stakeholders (investors, customers, employees, partners and society).

Regarding solvency, a key component in the quantitative criteria, AG strives to maintain a capital position such that no plausible scenario would cause the company to default on its obligations to policyholders. To accomplish this, the solvency and capital positions are monitored within a framework based on the Solvency II framework as entered into force on the 1st of January 2016. For management purposes the Pillar I own funds and capital requirements are complemented with an own view on the available funds and the risk-based assessment of the capital needs.

Appropriate management actions are triggered depending on the current position in the different monitoring frameworks as defined in the Risk Appetite Policy. The risk appetite is further cascaded down into workable risk limits at the level of the different risk takers. These risk limits are monitored on the same regular basis as the risk appetite.

B.3.2.2 Risk Policy framework

The Risk Policy framework is a core element in the formalisation of the ERM approach as it provides a comprehensive and unifying approach and process to the development and implementation of a number of risk policies. It supports an integrated risk management system by evidencing a coherent and organised set of risk principles and guidelines, processes, reporting and governance requirements.

B.3.2.3 Risk Model framework

The Risk Model framework contains a set of models which have the objective to quantify insights in a number of risks the company is exposed to. This information is used to support an informed decision-making process at the strategic level of the company as well as in the daily operations (use test).

Risk models are subject to a robust model governance encompassing model control and validation. Model developments and updates follow the procedures as described in the Model Management Policy. It allows the Model Control Board to control the full life cycle of the models. The overview of all the risk models is given by the Model Register containing standard information for each model, together with an overall model landscape that describes how the models are linked to each

³ Franchise quality is a qualitative metric associated with the intrinsic value as determined by the intangible assets such as its brand, its human capital, the quality of its management, its corporate culture, knowledge, etc. embedded in the company.

other, complemented with key inputs and outputs. This Model Register also includes for each model a Model Issue Log. Regarding the validation of the models, an independent model validation function is operating at the level of Ageas Group.

B.3.2.4 Risk Reporting framework

A Risk Reporting framework is in place, which defines a set of reports with the objective to communicate the necessary information to the different stakeholders hence contributing to the integration of the risk dimension in the business decision-making process.

B.3.3 Risk process and risk systems

The basic ERM process is the industry-wide accepted risk management cycle encompassing risk identification, assessment, management, monitoring and reporting.

The annual Own Risk and Solvency Assessment (ORSA) process and report provide a forward-looking assessment on all the risks inherent to AG's business and the corresponding solvency needs. This report is well integrated in the strategy and business planning processes of AG. Management actions are defined (if needed) to stay within the defined risk appetite. This forward-looking view is provided in a base case as well as in stressed situations (based on relevant stress tests and scenarios).

Risk processes are complex and hence require adequate systems and supporting technologies. Robust and appropriate systems are in place to quantify risk exposure, carry out complex risk capital calculations, assess the impact of stress tests, aggregate risks and finally timely provide the Management with high quality information in view of supporting strategic and day-to-day decision-making, monitor any changes in the risk profile of the company and ensure that risk exposures remain within the risk appetite as defined by the Board.

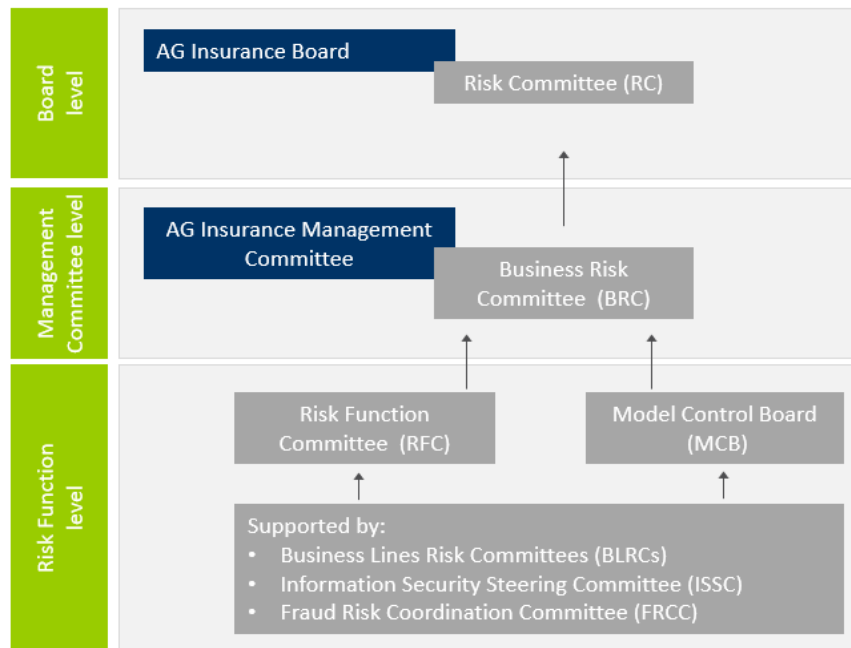
B.3.4 Integration of the Risk Management System in the organizational structure and in the decision-making process of the Company

Sound risk governance is the foundation of an effective risk management framework. A Risk Governance framework is set up with the objective of managing risks efficiently through a three lines of defence model. This model formalises the way the company is dealing with risks by assigning risk management responsibilities and authorities to the relevant stakeholders in the organisation.

To support this Risk Governance framework a structure is in place with following features:

- ✓ a Chief Risk Officer who has the overall responsibility for the risk management function at the company level, is a member of the Management Committee and of the Board, with a standing invitation to the Risk Committee and the Audit Committee, and chairs the Business Risk Committee
- ✓ two other control functions, being the Actuarial Function and the Compliance Function, which are also integral parts of the CRO department, as are Internal Control and Data Protection:
 - the Actuarial Function provides independent assessments of technical provisions, profitability, profit sharing and reinsurance
 - the Compliance Function is primarily responsible for overseeing compliance with applicable laws, regulations and internal policies, as well as for managing compliance risk
 - the Internal Control department ensures, to the extent possible, that internal controls are in place and effective so that company activities are efficient and effective, information is reliable, timely and complete, and that the company complies with applicable laws and regulations
 - the Data Protection Office is responsible for the implementation and the execution of the General Data Protection Regulation (GDPR).
- ✓ a two-layered organisation of the risk management function with a Central Risk department keeping risk oversight while delegating risk responsibilities to decentral teams which are operating at the level of the Business Lines and Support Functions, a model which ensures greater proximity to the business and operations in view of better reflecting their needs and enhances greater embedding of risk management, awareness and culture throughout the company, and in particular foresees dedicated roles for:
 - Decentralized Risk Managers (DRMs) who are responsible for coordinating and embedding the risk management function within the first line of defence
 - Decentralized Operational Risk Officers (DOROs) who are responsible for the roll-out of the operational risk management within the first line of defence under the responsibility of the DRM
 - the Chief Information Security Officer (CISO) who is responsible for information security matters across the company and who reports hierarchically to the CITO and functionally to the CRO

- ✓ finally, a number of risk committees which operate at different levels of the organisation:
- the Risk Committee at the level of the Board
 - the Business Risk Committee at the level of the Management Committee
 - the Risk Function Committee at the level of the risk management function, which is supported by dedicated Business Line Risk Committees (BLRC), the Information Security Steering Committee (ISSC) and the Fraud Risk Coordination Committee (FRCC)
 - the Model Control Board (MCB) also at the level of the risk management function.



B.3.5 Own risk and solvency assessment

B.3.5.1 ORSA Process

AG performs an annual ORSA which is closely linked to the yearly Strategic Review and Multi-Year Business (MYB) planning processes. In order to achieve alignment between strategy, risks and solvency/capital, AG sets up an integrated process that provides the ORSA with essential information with regard to the current and forward-looking view on the risks related to the strategy and business plan, the corresponding solvency needs in a base case as well as in stressed situations. The ORSA process therefore requires the definition of a number of relevant stress tests that could hinder the realisation of the business objectives. To this end, the Strategic Review is accompanied by a full bottom-up key risk identification exercise where Business Lines and Support Functions are invited to reflect upon the major risks that could possibly impact the realisation of the business objectives, including potential emerging risks. This exercise provides a sound basis for the determination of a number of relevant stress tests and scenarios which are expected to give Management more insight in the potential evolution of the business plan under extreme but plausible stress scenarios.

B.3.5.2 Frequency of the ORSA

Remark that besides the annual ORSA process, the risk management system allows to perform an ad hoc or non-regular (full or partial) ORSA when required by circumstances. Such an ad hoc ORSA can be triggered by a significant change in the risk profile, be it by external circumstances (such as changing insurance market environment, changing financial market environment, changing regulation) or by company-specific circumstances (such as an acquisition, a divestment, a change in strategy). The final 2022 ORSA report was presented to the Board on 14 December 2022.

B.3.5.3 Method of calculation of own solvency and capital needs

For the calculation of the own solvency needs, AG uses a 'Pillar II methodology' which consists in using a Pillar I partial internal model for the capital assessment of the risks (i.e. standard formula for all risks except the use of an internal model for non-life underwriting risk) complemented with an own view on the modelling of a number of risk factors such as spread risk with respect to government bonds and corporate bonds, property risk, inflation risk (in particular for workmen's compensation) and the treatment of employee benefits for own employees (IAS 19), as well as on the determination of the Own Funds (valuation of the Interparking and Anima concessions, the use of an Expected Loss Model and the treatment of employee



benefits for own employees). Standard formula aggregation techniques are used to integrate the non-life internal model into the total SCR calculation.

B.4 INTERNAL CONTROL SYSTEM

B.4.1 Description of the Internal control framework

AG has a (COSO⁴ inspired) internal control system in place whose objectives, roles and responsibilities are described in the Internal Control Policy. The internal control assessment is organised around three objectives, i.e. 'Operations' (appropriate operational functioning of the company), 'Financial Reporting' (reliable financial reporting and management information), and 'Compliance' (compliance with laws and regulations).

B.4.2 Mission statement of the Compliance function

The Compliance Function is established as an independent second line control function and ensures that the company and its employees comply with laws, regulations, internal rules and ethical standards that fall within its areas of responsibility. It also aims to create a dynamic of continuous quality improvement in compliance domains and aims to establish a relationship of trust and mutual understanding with regulatory and supervisory authorities.

When performing its monitoring activities on the design and the operational effectiveness of compliance controls, the Compliance Function uses the surveillance results provided by compliance contact persons in the Business Lines and Support Functions, on the basis of empiric tests, follow-up of appropriate risk indicators (such as complaints, incidents or exceptions) and interviews. The Compliance Function informs the relevant business lines and support functions of the results of its monitoring activities and follows up upon the respect of its recommendations.

B.5 INTERNAL AUDIT FUNCTION

B.5.1 Mission Statement of the Internal Audit Function and implementation

Internal Audit's mission is to enhance and protect the organisation's value by providing independent, objective and relevant assurance, advice and insight. Internal Audit's purpose is to help AG accomplish its objectives and improve its operations by bringing a risk-based systematic approach to evaluate the effectiveness and efficiency of governance, risk management and control processes, and to recommend solutions for optimising them. Internal Audit's scope includes all AG activities and entities, including therefore the activities of subsidiaries, as well as important and critical outsourced activities. The internal audit methodology in place and applied is in conformance with the International Professional Practices framework (IPPF). Internal Audit also operates in accordance with the principles and rules set by the Belgian regulatory authorities for the internal audit function in the financial sector.

To achieve its mission, Internal Audit provides assurance, and to a lesser extent, advice. Assurance services involve Internal Audit's objective assessment of evidences in order to provide an independent and relevant opinion regarding an entity, operation, function, process or system. The nature and scope of an assurance assignment are determined by Internal Audit. Internal Audit may also provide advice on the efficiency and effectiveness of governance, risk management and control processes, complementing its assurance services, or at the request of the Management Committee. This advisory role is an ancillary role, and under no circumstances does it reduce the effectiveness of Internal Audit's primary mission of delivering an independent and relevant assurance.

B.5.2 Safeguards for independence and objectivity

Independence and objectivity of Internal Audit are defined as follows:

- ✓ independence for internal auditors is the freedom from conditions that threaten their ability to carry out internal audit responsibilities in an unbiased manner
- ✓ internal auditors have to exhibit the highest level of objectivity in gathering, evaluating, and communicating information about the activity or process being examined. This entails that internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interest or by others in forming judgements.

⁴ The Committee of Sponsoring Organisations of the Treadway Commission (COSO) is an initiative dedicated to help organisations improve performance by developing thought leadership that enhances internal control, risk management, governance, and fraud deterrence.



Following safeguards preserve independence and objectivity

- ✓ the AG Internal Audit function is governed by a charter that defines its role, mission, positioning, deliverables, rights & duties, and operational structure
- ✓ the AG Board secures Internal Audit a status and resources that preserve its autonomy, functional independence, objectivity and authority necessary to fulfil its mission
- ✓ Internal Audit operates within the International Professional Practices Framework established by the Institute of Internal Auditors (IIA) and within the guidelines set by national regulatory authorities
- ✓ audit staff cannot be involved in operational activities or in implementing any organisational or internal control measure, including executing control/monitoring.

B.6 ACTUARIAL FUNCTION

The Actuarial Function, organised as an independent second line control function, provides reasonable assurance through independent reports on:

- ✓ the adequacy and the compliance of the technical provisions in statutory and in IFRS accounts
- ✓ the adequacy and the compliance of the profit sharing policy
- ✓ the appropriateness of the underwriting and pricing practices of the company through assessment of profitability of the portfolio and product pricing (including risk/return) and benchmarking these to company targets and limits
- ✓ the appropriateness of the ALM and its impact on the profitability of the portfolio or products
- ✓ the appropriateness of the reinsurance program of the company
- ✓ the appropriateness and adequacy of the methodologies, models, assumptions and data used for the Solvency II technical provisions calculations and the back-testing of these provisions.

Furthermore, the Actuarial Function contributes to the effective implementation of the Risk Management System, in particular to the risk modelling underlying the calculation of the solvency and minimum capital requirements and to the ORSA. The Actuarial Function in particular exercises the role of coordinating the calculation of the Solvency II technical provisions. The reports of the Actuarial Function are yearly, quarterly or ad-hoc and presented to the Management Committee and the Risk Committee.

B.7 OUTSOURCING

The Operational Risk Management of AG, under the supervision of the Head of Compliance and in agreement with the Board of Directors, has established an Outsourcing Policy and guidelines ensuring the compliancy of the existing and future outsourcings of AG with the requirements of the applicable outsourcing regulations. By means of a mandatory completion of a Business Risk Assessment and other assessment templates, relevant risk bodies are informed and discuss projects relying on outsourcing. AG has integrated in its internal outsourcing process the principles as set by the NBB Governance circular 2016_31 (as amended in 2020 by the NBB) which must be applied by insurance companies engaged in an outsourcing process. A reporting towards the Management Committee and the Board of Directors is in place.

Cloud applications are considered as a special category of outsourcing. A dedicated Cloud Policy and guidelines are established aligned with circular 2020_18 of the NBB.

The table below gives an overview of the critical or major operational activities, functions or tasks outsourced.

Activity	Country
Solvency II services (computation platform, model implementation and model validation)	Belgium
Postal mail management: mail triage, scanning and electronic sending of (pieces of) mail to customers	Belgium
Document printing	Belgium
Data Center: space and related facilities in a secured area	Belgium
Non-Life Claims - Case management tool based on a cloud solution	USA



B.8 ANY OTHER INFORMATION

The effectiveness of the governance system is assessed on an annual basis as part of the System of Governance Adequacy assessment (SOGA). The SOGA is a self-assessment performed at the level of the Management Committee which is facilitated by the second line. It capitalizes on the Internal Control assessment, audit assignments and separate discussions on the governance with the respective responsible. Based on the different input sources, the SOGA report is drafted including conclusions on the adequacy of the system of governance and the identified shortcomings (if any).

Overall, AG Insurance considers its system of governance to be appropriate taking into account the nature, scale and complexity of the risks inherent in its business.

C

Risk profile



AG offers a wide range of insurance products and, like other insurance companies, faces a variety of risks, such as insurance risk, financial risk, operational risk, strategic and business risks. A risk taxonomy is in place which provides a consistent and comprehensive approach to risk identification, highlighting and defining the risks the Company is exposed to.

C.1 INSURANCE RISK

The results of life, health and non-life insurance business significantly depend upon the extent to which actual claims experience remains consistent with the assumptions used in the pricing of products as well as the extent to which technical provisions prove adequate. Besides the exposure to the risk of inadequate pricing and provisioning assumptions, the Company is also exposed to mass lapse risk, preventing expected profit to emerge due to a massive loss of business, as well as to catastrophe risk arising from pandemics, natural catastrophes (such as windstorms, hailstorms, floods, or earthquakes) or man-made disasters (such as accidental explosions or acts of terrorism).

Each business manages insurance risk in line with a set of policies, in this case more specifically an Insurance Risk Policy, a Product Approval Policy, an Underwriting Policy, a Claims Management Policy, a Reserving Policy and a Reinsurance Policy. Particular attention is given to the underwriting process, which encompasses risk selection and pricing and involves review procedures based on the actual loss experience. From a risk management point of view, this process needs to ensure that the underlying pricing assumptions and the customer segment actually purchasing the product are consistent. To this end, a range of indicators and statistical analysis tools is employed.

Business Lines set premiums at levels that will ensure that the premiums received, and the investment income earned exceed the total value of claims, plus handling and management costs. Pricing appropriateness is tested with the use of a range of techniques and key performance indicators suitable for a particular portfolio and is also checked by the Actuarial Function in the context of the product approval process. Next to an a priori profit testing, an a posteriori monitoring is in place based on the evolution of metrics such as the fair value and the combined ratio.

AG closely monitors reserving risk, i.e. the risk that the technical provisions prove inadequate, through tests which are performed on each reporting date, and which potentially lead to recognition of additional liabilities that are charged to the income statement. Next to that, the Actuarial Function expresses its independent opinion on the overall adequacy of the liabilities arising from the insurance contracts.

As is also the case for other elements of the SCR calculation, AG monitors and assesses insurance risk concentration, including geographical concentration with respect to property insurance (i.e. both man-made and natural catastrophe risk) and concentration with respect to insured events for health insurance (accident concentration risk). The geographical analyses with respect to property insurance, for both natural catastrophe risk (analysis per CRESTA zone⁵) and man-made catastrophe risk (analysis per 200m-circle⁶), are showing a geographically well-diversified portfolio. Concentration risk in health insurance is monitored on the basis of the SCR calculation for accident concentration risk, showing the low materiality of this risk.

In the normal course of business, insurance risk is partly managed by transferring risk exposure to certain underwriting risks to reinsurers through appropriate reinsurance arrangements (treaties). Under these arrangements, reinsurers assume a portion of the losses and expenses associated with reported and unreported claims in exchange for a share of the premiums. The Company primarily uses external reinsurance to mitigate the impact of natural catastrophes (e.g. windstorms, earthquakes, and floods), large single claims from policies with high limits, and multiple claims triggered by a single man-made event. Reinsurers are selected primarily on pricing and counterparty risk considerations.

Following the major natural catastrophe of July 2021 floods, whose total cost at the level of the Belgian market is estimated to exceed 2 billion EUR, insurers and public authorities both agreed to participate beyond the limit for flood coverage foreseen in the Belgian law since 2006, which currently stands at 350 million EUR, in the effort to fully compensate policyholders. Current estimates of the return period of this event vary, but external scientific studies mention a return period of 400 years. Note however that this return period can be significantly influenced by climate change. Sector discussions with (regional) government(s) took place on the respective roles of the insurance sector and the Disaster Fund(s) and have led to an agreement on the July floods. The leading principle was to ensure a full compensation of insured victims without jeopardising the financial viability of insurers and the functioning of the reinsurance market. In 2022, the Walloon government and the sector have reopened these discussions for the parts of the final flood cost that exceed what was foreseen in the initial agreement. Pending the outcome of the related discussions, uncertainty remains with respect to the future development of the law on natural catastrophes.

Risk exposure to insurance risk is also put at risk by an interpretive law on ground subsidence that aims to include retroactive coverage extensions regarding home damages caused by drought. The retroactive effect did not, by definition, allow such a cover extension to be taken into account in the premium calculation, thereby jeopardising legal certainty and complicating negotiations on a challenging reinsurance market. Proceedings are brought by Assuralia before the Constitutional Court for

⁵ CRESTA is an acronym for 'Catastrophe Risk Evaluation and Standardising Target Accumulations'.

⁶ For each risk location an analysis is made of the totality of risks within a 200-meter radius.



the annulment of the interpretive law on ground subsidence. The suspension appeal was dismissed, and the Court is expected to rule on the annulment request in early 2023.

Climate change phenomena at large and the 2021 floods in particular, as well as the uncertainty created by the retroactive character of certain laws, have already tightened reinsurance conditions. During the 2023 renewal season a hardening of the reinsurance market could already be observed. Specifically, for natural catastrophe covers the capacity on offer was much lower than in previous years. However, this has not prevented AG to subscribe a reinsurance program still in line with its risk appetite even if downsized and within a proportionally increased but still reasonable budget.

C.2 FINANCIAL RISK

Financial risk encompasses all risks relating to the value and performance of financial assets and, accordingly, represents the most significant risk AG is exposed to. The risk framework in place combines specific policies, limits, stress tests and regular monitoring to control the nature and the level of financial risks and to ensure that risks being taken remain within the Company's risk appetite and are appropriately rewarded.

Asset mix research is used to identify the appropriate strategic asset allocation while the market situation and prospects are monitored on a regular basis to decide on the tactical asset allocation. The decision process balances risk appetite, capital requirements, long-term risk and return, policyholder expectations, profit-sharing requirements, tax, and liquidity aspects to achieve an appropriate target asset mix.

Within financial risk a distinction is made between market risk, default risk and liquidity risk.

C.3 MARKET RISK

Market risk refers to the risk of adverse changes in the financial situation resulting from fluctuations in the interest rate environment and/or in market prices of financial instruments. Market risk includes sub-risks such as interest rate risk, spread risk, property risk, equity risk, currency risk as well as market risk concentration. Market risk is managed in line with a specific Market Risk Policy and an Investment Policy.

While there was much speculation in 2021 about the possible structural nature of inflation and economic uncertainty, inflation became a global phenomenon in 2022. During this year the largest increase in inflation in several decades was observed, leading to double-digit inflation figures and a new record level in the Eurozone in October 2022 (12,23% in Belgium). By December 2022 levels slightly decreased again (10,35% in Belgium) The conflict in Ukraine and the sanctions taken against Russia in this context lead to a further upward pressure on inflation. Reasons for this are the importance of Russia in the energy market, but also Russia's and Ukraine's importance for agricultural production. The negative consequences of inflation continue to inflict a heavy toll on European economies with soaring energy prices throughout 2022. This suggests that energy price shocks can have a short-to-midterm negative impact both on purchasing power and global growth.

C.3.1 Interest rate risk

The level of and volatility in interest rates may adversely affect AG's business. To be able to meet future liabilities, insurers invest in a variety of assets that typically include a large portfolio of fixed income securities. The evolution in interest rates impacts the return as well as the market value of the fixed income portfolio. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, economic and political considerations, inflation, governmental debt, the regulatory environment, and other factors that are beyond the Company's control.

Whereas an increase in interest rates generally leads to higher earnings because new investments (and reinvestments) can be made at higher rates, they also lead to a lower market value of the fixed income securities already in the portfolio. At the same time, the discounted value of the technical provisions decrease as well, which has a positive impact on the Company's net asset value. Decreasing interest rates have the opposite effects. As a consequence, the final impact of an interest rate movement on AG's net asset value depends on the respective durations of fixed income securities and technical provisions.

To reduce the impact of the interest rates on its net asset value, AG attempts to match its liabilities with fixed income assets that have the same, or a similar, sensitivity to interest rates, thereby offsetting the interest rate risk between assets and liabilities. Interest rate risk is closely monitored using a number of indicators including mismatch analysis and stress testing. AG's Market Risk Policy requires close matching where possible, unless specifically approved otherwise. If deemed appropriate, derivative instruments such as interest rate swaps and swaptions are used to mitigate the exposure to interest rate risk.



There is a correlation between interest rate risk and lapse risk (which is a part of insurance risk) in the sense that if interest rates rise sharply, lapses (or surrenders) could temporarily increase, as higher returns on investment might be available elsewhere and policyholders would have an incentive to switch. This risk is mitigated by the existence of tax incentives and by surrender penalties on certain products, including market value adjustments.

C.3.2 Spread risk

AG owns a significant fixed income portfolio, mainly composed of sovereign and corporate bonds. The exposure to (credit) spread risk primarily relates to market price and cash flow variability associated with changes in credit spreads. Spread widening, for example, reduces the value of fixed income securities held, while increasing the investment income associated with acquisitions of fixed income securities. Conversely, spread tightening increases the value of fixed income securities in the portfolio and reduces the investment income associated with acquisitions of fixed income securities. A number of factors may cause a change in spread of an individual asset or of a whole class of assets, including a perception or fear in the market of an increased likelihood of default.

AG generally aims to hold fixed income investments until maturity, which is made possible by the illiquidity of a large part of its liabilities. This strategy reduces the impact of spread risk significantly, because the Company will in general not be in a position where it has to sell at distressed prices (though it may decide to do so if it considers this to be a better course of action).

C.3.3 Property risk

The value of the property portfolio which includes investments in offices, retail, logistic centres, and nursing homes as well as car parks across Europe (through a participation in Interparking) is subject to risks related to, among others, property prices, rent levels, occupancy levels, consumer spending and interest rates. Changes in these factors can cause volatility in the value of the portfolio.

AG has the necessary tools in place to closely monitor the property risk it is exposed to. This risk is mitigated through a significant number of long-term renting contracts with stable (institutional) counterparties and through investing in diversified real estate and car parks, which for the latter are geographically spread over Europe. For risk management purposes, the real estate exposure is based on the market value of the properties, including property held for own use, the cost value of development projects and a modelled fair value of the car parks. This differs from the exposure reported under IFRS that excludes unrealised gains and separately reports property held for own use.

C.3.4 Equity risk

Stock market volatility may significantly affect equity market prices and reduce unrealised capital gains (or increase unrealised capital losses) in the investment portfolio. Volatility may also negatively affect the demand for certain insurance products such as Unit-Linked products. Stock market downturns and high volatility occur not only because of the economic cycle, but also because of international tensions, acts of terrorism, natural disasters, pandemics, or other events that are beyond the Company's control.

AG manages equity risk through limit setting in line with the strategic asset allocation and risk appetite, as well as through an Investment Policy that requires a range of controls to be in place including actions required in the event of significant decreases in value.

C.3.5 Currency risk

Currency risk arises from changes in the level or volatility of relevant currency exchange rates when there is a mismatch between assets and liabilities in the considered currency. AG carries a limited amount of foreign currency exposures, in particular to U.S. dollar.

The Company's Investment Policy limits this risk by putting limits on unhedged currency risk, i.e. currency exposure resulting from a currency mismatch between assets and liabilities and not hedged by specific instruments or strategies.

C.3.6 Market risk concentration

Market risk concentration refers to the risks stemming either from a possible lack of diversification in the investment asset portfolio or from a large exposure to default risk from a single issuer of securities or a group of related issuers.

In order to mitigate this risk, diversification is an essential objective of the Investment Policy which defines concentration limits and encourages the use of different asset classes with sufficient geographical diversification together with diversification on industries and issuers.

As to market risk concentration, AG has a significant exposure to Belgian sovereign bonds. Though in line with its Investment Policy, AG acknowledges that the occurrence of a Belgian state default scenario could significantly harm its solvency position under all relevant hypotheses. The current exposure is nevertheless considered to be acceptable based on the belief that a default of the Belgian state can be considered as highly improbable. Nevertheless, if such a scenario should materialise, it is

expected that given its consequences for the Belgian insurance sector as a whole, it would call for appropriate sector-wide measures.

Through cash deposited at the bank and investments in shares and corporate bonds, AG has an important exposure to BNP Paribas Fortis as well, which remains firmly within the boundaries set for all corporate exposures and as a consequence within AG's risk appetite.

C.3.7 Risk sensitivity

As part of its risk appetite monitoring, AG performs stress and scenario testing on a regular basis, a.o. in its quarterly risk reporting. Stress and scenario testing (including reverse stress tests) is an integral part of the Own Risk and Solvency Assessment (ORSA) as well and finally stress tests are performed on an ad hoc basis, e.g. on request of the NBB and/or EIOPA. Whereas these tests – given the importance of the Company's asset and liability management – show a low sensitivity to interest rate movements, some vulnerability to spread widening could be observed. The latter is however not to be considered as an economic issue but rather as a consequence of the treatment of spread movements under the prevailing Solvency II framework. There is also a clear impact from a downturn in property values, linked to the relatively important exposure, but this remains clearly within the Company's risk appetite.

in EUR million	Own funds	SCR	Solvency ratio	Δ Base (pp)
Official Q4 2022	4,787	2,135	224%	
Government +50bps	4,261	2,266	188%	-36
Corporate bonds +50bps	4,814	2,101	229%	5
Equity -25%	4,336	2,101	206%	-18
Property -10%	4,598	2,190	210%	-14
Yield curve +50bps	4,571	2,217	206%	-18
Yield curve -50bps	4,834	2,222	218%	-7

C.4 DEFAULT RISK

Default risk arises directly from AG's investment activities, due to exposure to issuers of sovereign or corporate bonds as well as from default exposure to other counterparties and debtors.

Investment default risk includes the risk of effective default of the issuer of sovereign or corporate bonds. There is a risk that the debt issuer may be unable or unwilling to repay the principal or pay due interests, and AG may have limited recourse to compel payment.

Investment default risk is actively managed through limits which take into account the type of credit exposure, the credit quality (translated into credit ratings) and the maturity. Regular monitoring and early warning systems are in place. AG recognises in its accounting impairment losses for specific credit risk if there is objective evidence that it will not be possible to collect all amounts due in accordance with the contractual terms. The amount of the impairment loss is the difference between the carrying amount and the recoverable amount. For market-traded securities, the recoverable amount is the remaining market value.

Counterparty default risk reflects possible losses due to the unexpected default of third parties involved in risk-mitigating contracts, such as reinsurance arrangements, securitizations and derivatives. Assets exposed to counterparty risk further include receivables from intermediaries and clients, private loans to intermediaries, mortgage loans to clients and policy loans to policyholders.

The necessary tools are in place to closely monitor the creditworthiness of the reinsurers AG deals with based on periodic reviews of their financial statements, reputation and rating. Counterparty default risk with respect to private loans to brokers, mortgage loans provided to brokers or clients and policy loans on Retail Life insurance contracts and Group Life insurance contracts is managed in line with a specific Client & Broker Loans Policy. A dedicated team manages relations with intermediaries and has a procedure in place for selecting the appropriate intermediaries. Acceptance criteria (including account limits) apply when granting private loans or mortgage loans.

C.5 LIQUIDITY RISK

Liquidity risk is the inability to meet cash obligations when payment is due. Two categories of liquidity risk are considered: *funding liquidity risk* being the inability to meet all cash demands of policyholders or other contract holders, in both normal and stressed circumstances, without suffering unacceptable losses, and *market liquidity risk* which is the inability to realise assets due to inadequate market depth or market disruption.

Liquidity risk in the business stems from the liquidity characteristics of assets and liabilities. Some life insurance liabilities are subject to surrender while others (such as pension insurance liabilities, term insurance liabilities and annuities) are highly illiquid. Tax legislation and built-in penalties in case of surrender, including market value adjustments, strengthen the illiquidity of some specific life insurance products. Property and casualty insurance liabilities are also considered illiquid by nature. Assets are characterised by a different degree of liquidity, ranging from highly liquid (e.g. cash) to a low degree of liquidity (e.g. real estate). Additionally, a protracted slowdown may reduce the liquidity of markets that are under normal circumstances liquid (see the definition of market liquidity risk above).

Liquidity risk is not considered to be a significant risk for an insurer, as could be observed in the stressed and illiquid market conditions of 2008. The nature of liquidity risk in insurance entities is not comparable to that in banking entities, mainly because of the different structure of the asset/liability profile: banking activities are generally confronted with liabilities that have shorter durations than the corresponding assets, while for insurance activities the contrary holds. As part of earlier ORSA reports, stress tests with respect to liquidity have been performed and confirmed this conclusion. Liquidity risk is managed in line with a specific Liquidity Risk Policy and involves determining the liquidity ratio in a normal and in a stressed situation (1-in-200 scenario) which is monitored on a regular basis, with corrective actions taken should certain thresholds be reached.

The expected profit included in future premiums (i.e. EPIFP which amounts to 445,2 million EUR) is taken into account to cover solvency requirements and, implicitly, liquidity risk. The EPIFP is calculated as the difference between the total Own Funds on the one hand and Own Funds which have been recalculated as if no future premiums would be received on the other hand. The latter calculation assumes that not receiving the premiums does not lead to surrender of the contract but that it remains in force.

C.6 OPERATIONAL RISK

Operational risk is the risk of losses arising from inadequate or failed internal processes, people and systems, or from external events. Although assuming operational risk is part of business activities, it is normally an undesired type of risk because higher risk-taking does not lead to higher rewards. The ultimate goal of operational risk management is therefore protecting the value and assets of the company (including its franchise quality) against negative impacts from risks that could materially harm the company and its different stakeholders (investors, customers, employees, partners and society).

As operational risk is diverse in nature and permeates in all business activities, operational risk management is embedded in the whole organisation, as an integral part of sound business decision-making. This enables an appropriate understanding of the nature and significance of the operational risks the Company is exposed to and its ability to mitigate them.

AG has a sound operational risk management in place for administering its portfolio of products, activities, processes and systems, generally covering all domains of operational risk:

- ✓ clients, products, business and legal practices
- ✓ execution, delivery and process management
- ✓ business continuity, crisis management and operational resilience
- ✓ data management
- ✓ information security (incl. Cyber)
- ✓ model
- ✓ employment practices and workplace safety
- ✓ internal and external fraud risk
- ✓ conduct
- ✓ technology
- ✓ third party
- ✓ damage to physical assets.



Management of operational risk is an important element in the safeguarding of AG's franchise quality. In this context, a risk appetite is defined which has been translated in a number of key risk indicators (KRIs), i.e. metrics used to provide an early warning of increasing risk exposures and allowing to monitor compliance with the operational risk appetite and tolerances.

Operational risk procedures include the following activities:

- ✓ *Business continuity management*, being the process for identifying and managing the organisation's exposure to internal and external threats and the impacts to business operations these threats might cause, is in place. It encompasses two stages: contingency planning (proactive - with a focus on business continuity and disaster recovery planning) and crisis management (responsive - during the disruptive event)
- ✓ AG's services are knowledge- and information- intensive. *Information security management*, being the process of protecting information assets in a continuous and appropriate way from accidental or intentional breaches, is therefore an important part of the operational risk management. Given the increase over time in cyber criminality, cyber risk including data leakage and data protection aspects (with special attention to personal data) is a major point of attention. Note that AG is ISO 27001 certified for its IT processes
- ✓ AG wants to be recognised as an insurance company committed to the highest standards of corporate governance, with high ambitions towards prevention, detection, investigation and remediation of dishonest or fraudulent acts committed both internally and externally. To increase awareness, AG invests in *fraud* prevention such that staff in all fraud-sensitive departments receive training for fraud prevention. Regarding detection, investigation and remediation, AG has zero tolerance for fraud, meaning that in case of occurrence of the risk, mitigating and/or corrective actions are imposed, in accordance with the operational risk tolerance which provides that the cost of controlling the risk does not exceed the benefits derived from the lower risk level
- ✓ *Internal control*, including the implementation of robust controls to prevent operational losses throughout the Company, is in place. Note that this is a continuous point of attention for all employees
- ✓ Adequate *insurance protection* is purchased to prevent financial consequences of major incidents damaging the assets of the Company (professional liability, fraud, natural disasters, etc.)
- ✓ AG relies on a number of external parties providing services in the context of *outsourcing*. As relying on external providers in no way reduces the responsibilities of AG, mitigating actions are in place for both the selection of a new provider and the follow-up of existing agreements
- ✓ AG, like any insurance company, is subject to changes in the legal and/or regulatory environment. AG closely monitors and anticipates ongoing legal/regulatory changes, allowing to manage *compliance risk*, avoid surprises and be ready in time for each change
- ✓ When launching new *projects*, AG performs an assessment of operational risks related to that project using a standard questionnaire. This assessment allows to define the required mitigating actions
- ✓ Incidents and operational losses are tracked and logged in an *incident register*. This register serves as a basis for the definition of mitigating actions to enable continuous improvement.

C.7 STRATEGIC AND BUSINESS RISK

Strategic risk generally emerges as a result of adverse business decisions, improper implementation of decisions, or a lack of responsiveness to industry changes. Strategic risk is addressed by examining multi-year scenarios, considering the related risks, as well as monitoring the implementation of the chosen strategy through the multi-year business plan. The latter takes into account all the current and future risks as identified through the Key Risk Identification Process. ORSA furthermore provides insights on how these risks could potentially jeopardise the achievement of the strategic and business plan and to what extent these plans have the adequate capacity to withstand and mitigate these risks.

Business risk is a potential consequence of changes in external factors - political, economic, social, technological, environmental, or legal - affecting the environment and conditions in which AG operates. This includes both elements directly related to the business environment, such as a change in customer behaviour, in the distribution landscape, a regulatory change or a strategic move from competitors, and more general external factors such as climate change. Business risk management requires pre-emptive risk management, anticipating possible developments in the environment. In this regard, AG uses a structured horizon-scanning process to detect threats (and opportunities) surrounding its activities. This information is exploited in the strategic and multi-year planning process and the ORSA (Own Risk and Solvency Assessment). More specifically with respect to sustainability risks, defined as risks due to environmental, social and governance issues (ESG issues), AG considers corporate social responsibility as part of its strategy.

Sustainability risk is explicitly included in AG's risk taxonomy as a major strategic and business risk and remains a primary consideration given the fundamental challenges that are currently appearing and persisting, such as climate change, Diversity, Equity and Inclusion (DEI) topics, rising social inequalities and greater imbalances between countries, while at the



same time all stakeholders are expecting companies to actively seek eco-friendly and inclusive solutions to these challenges. On the one hand, these challenges lead to new business risks, such as the financial risks linked to the transition to a carbon-neutral economy, the political and legal risks of inadequate legislation messing up this transition, or in the absence of such a transition the increasing risk of natural catastrophes as a consequence of accelerating climate change. On the other hand, there is the growing strategic risk of inadequately or not timely responding to these challenges and the opportunities they offer, with not only direct consequences on operations and investments, but also an increasing reputational cost. Although these risks have always been part of the external factors scanned in AG's Key Risk Identification Process, and as such have always been on the radar of AG's risk management, the explicit inclusion of sustainability risk in the risk taxonomy attracts greater attention to these risks and has been followed by the explicit inclusion of sustainability-related factors in several specific policies from AG's risk policy framework, and by the development of several non-financial KPIs, including sustainability KPIs as part of the AG 2024 strategy.

Initiatives from the government towards insurance sector and regulatory measures, which happen to occur increasingly, may potentially have a negative impact on the growth and profitability of insurance companies. This specific risk is monitored through discussions both at sector and company level.

C.8 IMPACT ON REPUTATION

AG acknowledges the possible risk of loss of reputation arising from the adverse perception of its image by one or more of its different stakeholders: investors, customers, employees, partners, and society, etc., with a possible impact on solvency, earnings, liquidity or on its franchise quality. In order to mitigate a potential impact of any event on its reputation, AG maintains a long-standing commitment to sustainable business practices and good governance, as well as clear corporate values, a business code of conduct, robust internal controls, and a clear dialogue with its stakeholders. Key Risk Indicators (KRIs) are defined in order to properly monitor and react timely and appropriately in the event these risks materialise. Communication plans are prepared to handle risks having an impact on AG's reputation.

AG is identified by the NBB as a systemically important financial institution (SIFI). As such, AG falls under the specific supervision of the NBB for all the strategic decisions. The NBB has the right to oppose strategic decisions intended by AG if they are deemed unfit to the sound and prudent management of a SIFI or if they create a material risk for the stability of the financial sector. The NBB may also impose additional specific measures on AG, including those in relation to liquidity, solvency, risk concentration and risk positions, should the NBB consider that as a SIFI, AG has an inadequate risk profile or that AG's policy has a negative impact on the stability of the financial system.

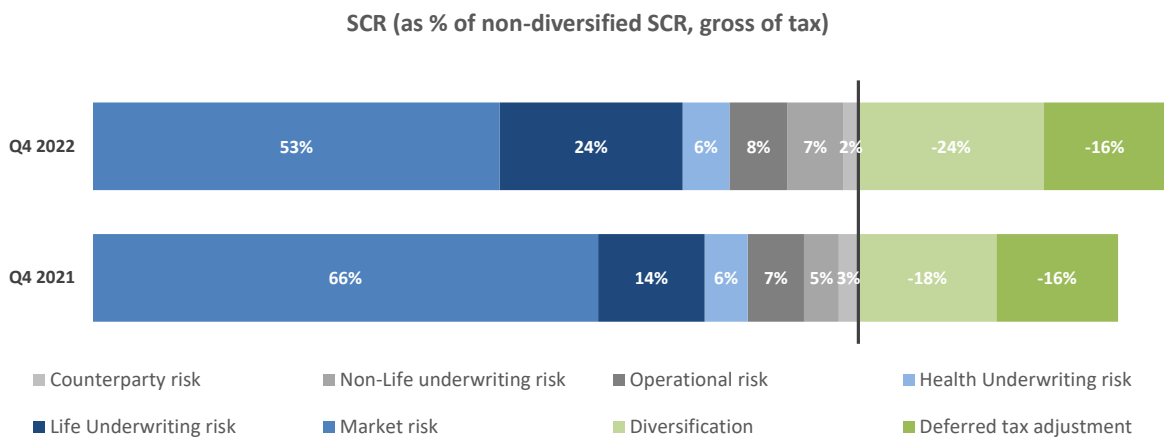


C.9 RISK EXPOSURE

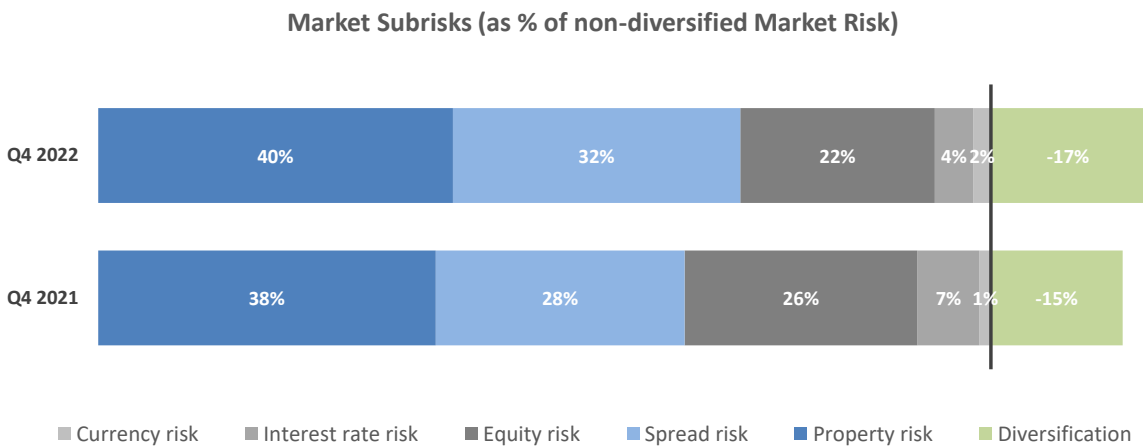
AG measures the exposure to quantifiable risks by means of a partial internal model (PIM) used for determining the Solvency II capital requirements (SCR). Apart from the use of the standard formula for most of the risks, the partial internal model includes an internal model for non-life underwriting risk.

Expressed in terms of SCR capital consumption, a major part of the risk exposure stems from financial risk with property risk, spread risk and equity risk being its main contributors. Note that thanks to the Company’s asset and liability management strategy, one can observe a limited risk sensitivity to interest rate movements on the existing book of business, hence resulting in a relatively low SCR for interest rate risk. While insurance risk is the second largest contributor, operational risk and counterparty risk are contributing to a lesser extent to the risk capital consumption. On top of diversification, an important capital relief stems from adjusting required capital for the loss-absorbing capacity of deferred taxes.

The graph below shows the contribution of the different risk factors to the total amount of SCR:



A detailed view on the market risk SCR is provided by the graph below:



Through a multi-channel and a multi-product approach, diversification is fostered, which allows AG to include important diversification benefits in the determination of its required capital.

C.10 ANY OTHER INFORMATION

No other information.

D

Valuation for solvency purposes

D.1 ASSETS

D.1.1 Description of the bases, methods and main assumptions

Solvency II starts from the Market-consistent Balance Sheet (MCBS) which requires assets and liabilities to be valued at fair value. In line with IFRS, Solvency II defines fair value (FV) as the amount for which an asset could be exchanged, a liability settled or a granted equity instrument exchanged between knowledgeable, willing parties in an arm's length transaction. The valuation of assets at fair value is based either on quoted prices in active markets (mark to market; level 1), observable market data in active markets (mark to model; level 2) or unobservable market data (mark to model; level 3).

The table below summarises per material class of assets the bases, methods and main assumptions used for the valuation of assets. For the quantitative data we refer to the Quantitative Reporting Template S.02.01.02 in annex 1.

Asset class	Mark to model?	Basis, methods and main assumptions used
Goodwill - Deferred acquisition costs - Intangible assets	NA	Valued at nil.
Deferred tax assets (DTA)	No	The valuation of the DTA is based on the difference between the value of the underlying assets and liabilities in the Market-Consistent Balance Sheet and the value on the tax base balance sheet. The measurement principles of IAS 12 are applied in valuing deferred tax assets. DTA is only recognised insofar it can be recovered in future.
Property, plant and equipment (PPE) held for own use	Yes	The PPE is independently valued and verified by an external source minimally once a year.
Property (other than for own use)	Yes	The investment property is independently valued and verified by an external source minimally once a year. Exceptions are the development projects, which are internally valued on the basis of spent costs, and the car parks, which are internally valued based on a Fair Value valuation model.
Participations	Yes	Related parties on which no look-through is applied and joint ventures are presented as participations in the solo Solvency II MCBS. The adjusted equity method applies meaning that underlying assets/liabilities of that participation are valued at fair value according to article 75 of the Solvency II Directive.
Equities	No	Equities are valued mark to market based on quoted prices in active markets that are sourced independently (level 1).
Government Bonds	If mark to market is not possible	Bonds are valued mark to market based on quoted prices in active markets that are sourced independently (level 1). They are valued mark to model where there is no market price available and observable data in active markets (level 2) or unobservable market data (level 3) are used.
Corporate Bonds - Collateralised securities - Investment funds	If mark to market is not possible	Bonds are valued mark to market based on quoted prices in active markets that are sourced independently (level 1). They are valued mark to model where there is no market price available and observable data in active markets (level 2) or unobservable market data (level 3) are used.
Derivatives	If mark to market is not possible	Derivatives are valued mark to model if mark to market is not possible, using external or internal valuation and cross-checked with counterparties. The derivatives are held for trading or hedging purposes and relate to interest rate and equity options, interest rate swaps and foreign exchange contracts. Derivatives held for trading are based on a level 2 valuation (observable market data in active markets).

Asset class	Mark to model?	Basis, methods and main assumptions used
Deposits other than cash equivalents	Yes	Deposits are valued using discounted cash flow methodology, discounting with a spread based on the average commercial margin on the new production over the last 3 months.
Other investments - Assets held for Index-Linked and Unit-Linked funds	If mark to market is not possible	Assets are valued mark to market based on quoted prices in active markets that are sourced independently (level 1). They are valued mark to model where there is no market price available and observable data in active markets (level 2) or unobservable market data (level 3) are used.
Loans and mortgages to individuals	If mark to market is not possible	To the extent loans are originated or purchased from third parties, they are valued based on the transfer price of such loans/debt securities to third party. The valuation may involve using mark to model if there are no readily available market prices for such loans.
Deposits to cedants - Insurance and intermediaries receivables - Reinsurance receivables - Receivables (trade, not insurance)	No	IFRS value (amortised cost) is used because of immaterial differences between amortised cost and fair value (short term receivables).
Reinsurance recoverables	Yes	Difference between fair value of technical provisions (as described below) net and gross of reinsurance is used.
Cash and cash equivalents	No	Fair value equals the nominal value, as these items have a term less than three months from the date on which they were acquired.
Any other assets, not elsewhere shown	No	IFRS value (amortised cost) is used because of immaterial differences between amortised cost and fair value (short term receivables).

D.1.2 Material differences between Solvency II and IFRS

The table below summarises per asset class the material differences between the valuation for Solvency II purposes and the IFRS valuation.

Asset class	Material differences
Goodwill, Deferred acquisition costs, Intangible assets	Under Solvency II all intangibles are valued at nil. Under IFRS AG values its intangibles at amortised cost or historical cost less any impairment.
Deferred tax assets	Under Solvency II the valuation is based on temporary differences between the MCBS and the tax base balance sheet. Under IFRS it is based on temporary differences between the IFRS balance sheet and the tax base balance sheet.
Property, plant and equipment (PPE) held for own use	Under Solvency II these are fair valued. For IFRS purposes AG uses the cost approach, exception made for development projects for which their IFRS cost value is considered as an acceptable fair value approximation.
Property (other than for own use)	
Different types of Financial investments - mainly Bonds held to maturity (HTM)	Under Solvency II these instruments are fair valued while under IFRS they are valued at amortised cost.
Loans and mortgages to individuals	

D.2 TECHNICAL PROVISIONS

D.2.1 Introduction

The calculation of the best estimate liabilities is based on the best estimate assumptions setting (economic and non-economic assumptions). For the figures, we refer to the Quantitative Reporting Templates (S.12.01.02, S.17.01.02 and S.02.01.02 in annex).

The main objective of a cash flow model underlying the best estimate liabilities is to determine the mark to model value of liabilities. While most of the asset prices are quoted or can be replicated with analytical or numerical formulas, regarding liabilities, the only available information is the accounting value of reserves, which does not properly reflect the market value of liabilities. In order to calculate the market value of liabilities, the mark to model method consists in projecting the future liability cash flows and discounting them.

For the *life business*, policies are grouped into homogenous risk groups (model points) and are run off following best estimate assumptions. Afterwards, the model points are aggregated in Solvency II Lines of Business. Furthermore, for life insurance contracts, stochastic economic scenarios are simulated in order to capture the impact on the liability cash flows of a change on the asset side as a consequence of the optionalities in the insurance contracts which depend on the economic situation (profit sharing distribution, etc.). Therefore, the liability cash flows can be split into two different parts:

- ✓ the *Fixed liabilities* part corresponding to the guaranteed liability cash flows which are valued through the discounting of deterministic future cash flows at the zero-coupon yield curve. It mainly consists of future premiums on in-force business, projected guaranteed benefits (without any profit sharing component) and costs and other revenues (commissions, maintenance expenses). The value of these cash flows is totally independent of the value of the assets and can be calculated with one simulation.
- ✓ the *Variable liabilities* part mainly corresponding to options and guarantees in the contracts, taxes and investment costs. Variable liabilities are determined mark-to-model through the application of risk-neutral valuation principles. The risk factors that are identified to be the underlying source of uncertainty in asset and liability valuation are stochastically projected in the future according to the risk-neutral principle (arbitrage-free model). Risk factors are usually financial market variables, such as yield curves, equity prices, real estate prices and foreign exchange rates. The value of these cash flows is dependent on yield curve evolution and/or asset returns.

For the *non-life business*, the calculation of the undiscounted best estimate (claims, premiums and reinsurance recoverables) is performed by homogeneous risk group (HRG) as well as by type of loss, i.e. attritional loss, large loss and catastrophe loss. Here as well model points are aggregated in Solvency II Lines of Business. Contrary to what's happening for life business, one deterministic cash flow projection is sufficient to determine the best estimate value of the liabilities because cash flows do not vary with the economic environment.

D.2.2 Non-economic assumptions

Non-economic assumptions are generally based on analyses of past experience combined with a view on what can be expected in the future taking into account the evolution of the environment (i.e. to which extent are past observations still representative of the future). The approach followed in setting best estimate non-economic assumptions for each risk factor consists in analysing past observations and in most cases fitting a statistical model on these, where relevant, combining the management's view of the expected future experience and allowing for any underlying trend in the data (such as expected realistic future demographic, medical or economic developments).

Non-economic assumptions relate to mortality and longevity; morbidity and disability; lapse, persistency, surrender, withdrawals, paid-up rate; expenses; commissions; claims inflation and management actions parameters (as, for instance, those inherent to the profit sharing rules).

The appropriateness of these assumptions is assessed thanks to different tests, which are part of a yearly assumptions calibration cycle. For instance, the non-economic assumptions underlying the calculation of the best estimate are regularly compared with experience and this based on a standardized back-testing procedure. Sensitivities are also performed on a regular basis highlighting the impact of these assumptions on the results. On top of this, the adequacy of the valuation of assets and liabilities is tested through the variance analysis which explains the evolution of the value between two successive periods. This analysis provides a view on the different drivers of the value change which can then be combined with back-tests in order to draw conclusions about the appropriateness of the assumptions.

For *non-life business*, a specific testing procedure has been developed that covers the full calculation process, including tests on data pre-processing, calculation of best estimate (including methods, assumptions and parameters) and outputs. This testing procedure involves a number of tests such as data testing (e.g. testing whether the data required by a specific method is available and is of sufficient quality), testing underlying assumptions of methods, back-testing, sensitivity testing, analysis of change, benchmarking, scenario testing.

D.2.2.1 Mortality and longevity

Mortality and longevity best estimate assumptions are set based on statistical analysis of the experience data of the Company as well as of external observable data. Best estimate assumptions include trend changes if these are significant for the long-term nature of the underwritten risks (e.g. trends on mortality improvements incorporated within the longevity or mortality projections).

D.2.2.2 Morbidity and disability

Morbidity and disability assumptions are set following a statistical analysis/study on the experience data of the Company and/or external observable data. For disability, credible market experience may be used when the Company is of the opinion that this represents a comparable experience to the Company's experience and when the Company's own data are too limited in order to calibrate solely based on these data.

D.2.2.3 Lapse, persistency, surrender, withdrawals, paid-up

Lapse, persistency, surrender, withdrawals, paid-up refer to an event where the policyholder chooses to alter the contract by ceasing to pay premiums or by withdrawing some or all of the value accumulated in the policy to date. This action may end the insurer's liability to the insured or simply reduce it.

For the *life business*, a policy is assumed to lapse or surrender when the policyholder decides to terminate the contract before the end of the policy term. A partial withdrawal happens when part of the fund is withdrawn in advance of the maturity date. A policy is assumed to become paid-up when the policyholder decides to terminate the contractual payments before the end of the policy term. Paid-up policies, surrenders, lapses and partial withdrawals are collectively labelled lapses. Lapse studies are performed on experience data. In case these data are not available or found to be inadequate to perform an experience study, then a lapse rate of a similar product is considered. Lapse rates are dependent on relevant drivers linked to the policyholder's propensity to surrender his policy, where the data to be analysed is suitably credible and where the assumption is sufficiently material. Examples include product and seniority of the policy.

For the *non-life business*, the valuation of premium provisions and more specifically the part linked to *tacit renewals where a legal obligation exists* does not take into account future policyholder behaviour with respect to policy lapse during the remaining period, as experience shows that its impact is not material.

D.2.2.4 Expenses

For the *life business*, all expenses that will be incurred in servicing insurance and reinsurance obligations are taken into account. The total expense basis allocated to life insurance activities within scope represents the forecasted level of incurred expenses over the ongoing calendar year. These include investment expenses, future expenses directly related to ongoing administration of insurance obligations together with a share of relevant overhead expenses. Since acquisition expenses relate to the sale of new business, and since future new life insurance contracts are not to be considered in the valuation of the technical provisions, acquisition expenses are not included in the valuation of technical provisions. Guidance is in place regarding the classification of expenses between acquisition and administration. Moreover, the modelling in the liability cash flow models is also linking specific costs with the assumed occurrence of an activity (as, for instance, maturity payment).

For the *non-life business*, expenses consist of commissions to be paid between the valuation date and the term of the contract, acquisition expenses (other than commissions), administrative expenses (and operating cost) necessary to administrate the contracts during the valuation period including reinsurance cost, claims expenses necessary to handle the claims until settlement. Expenses associated with reinsurance contracts and special purpose vehicles are included in the gross calculation of the best estimate. Furthermore *allocated loss adjustment expenses* (ALAE) are not considered separately from future claims payments and are included in claims payments projections whereas *unallocated loss adjustment expenses* (ULAE) are valued separately from the claims payments. The assumptions are based on experience over the last year(s). By doing this, any trends observed or unusual events such as catastrophes are analysed as to the need to include these in future projection valuations. In this aspect, the past one-off expenses may be adjusted if deemed relevant. Moreover expenses are supposed to be calculated on a going concern basis with special consideration for the portfolio being growing, declining or in run off. Forward looking information (e.g. coming from budget exercise) is included in the determination of the expense cash flows where appropriate. Finally, future acquisition costs are valued regarding cash flows related to premium provisions and considered differently following the fact that the premium has already been written or not. For the part of provisions constituted by premium already written, no acquisition cost is projected since all expenses can be considered as having been paid at the drawing up of the contract. Acquisition expenses are considered to be paid in the first year, except for multi-year contracts with yearly premiums.

Regarding expense inflation, assumptions are made for the different types of expenses (claims expenses, acquisition expenses, administration). Inflation is elaborated upon in the next section, "Claims Inflation".

D.2.2.5 Claims inflation

For the *life business* expense assumptions include an allowance for the expected future cost inflation.

For the *non-life business*, inflation is considered as well when projecting the future cash flows. The cash flows that potentially will be impacted by inflation are premiums when the premium is dependent on salary mass or when the premiums are indexed according to pre-defined indices, expenses with the biggest part being the salaries that will evolve with time and claims costs. The inflation is considered implicitly or explicitly in the cash flow projections depending on the type of provision (premium or claims) and the method used to calculate the best estimate.

D.2.2.6 Commissions

Regarding the *life business*, the total of allocated commissions represent the actual commissions for the past calendar year. The commission assumptions cover acquisition commissions, renewal commissions, bonus commissions and claw-back of unearned commission in case of lapse. Since future new contracts are out of scope for solvency purposes, acquisition commissions are not included in the valuation of technical provisions.

For the *non-life business*, the commissions to be paid between the valuation date and the term of the contract are considered. Usually commissions are considered to be paid in the first year for “traditional” non-life contracts. Commissions arising from insurance contracts are considered based on the terms of the contracts between AG and the sales persons (brokers or agents). Commissions are accounted for renewals linked to contract boundaries or future premium for in-force contracts (instalments or multi-year contracts). Future commission assumptions are only considered for the part of the premium provisions related to premiums not already written. These commission assumptions are generally expressed as a percentage of written premiums.

D.2.2.7 Management rules

For *life business*, two types of management rules are used within the valuation of technical provisions: *asset management rules* and *profit sharing rules*.

- ✓ The *Asset management rules* govern the way investment assets are managed throughout the projection in view of maintaining over the projection horizon an asset allocation in line with the risk appetite and thus with the Strategic Asset Allocation (SAA). Like in reality, asset management is performed in the model at asset fund level following a parametrization in line with the most recent Strategic Asset Allocation. Along the projection, asset management consists in a rebalancing of assets in order to reach a long term target asset mix, the so-called Strategic Asset Allocation. The asset management rules are designed and parametrized to converge smoothly to the SAA thanks to defined leeways and to a buy-and-hold strategy.
- ✓ The *Profit sharing rules*: for life business, profit sharing can be discretionary or non-discretionary. Modelling of the non-discretionary profit sharing follows the contractual obligation of the policy and is hence not a management rule. Profit sharing that is left at the discretion of the company is modelled through a management rule, according to the profit sharing practice in reality.

For *non-life business*, only *Asset management rules* apply, as no profit sharing is given.

D.2.3 Economic assumptions

Economic assumptions are set consistently with information about or provided by financial markets. As a general principle, the financial information used should be such that it allows the estimation of reliable assumptions when it is observed in deep, liquid and transparent markets. However, information observed in other types of markets may be used, to the extent possible, provided that appropriate tests or adjustments can be applied to demonstrate its reliability.

D.2.3.1 Reference and discount rate

The construction of the reference and discount rate is based on the risk-free interest rate technical documentation released for each Solvency II exercise. It corresponds to a curve composed of:

- ✓ the market swap rate curve (Euro) at the valuation date
- ✓ a credit risk adjustment (CRA) taking into account the credit risk inherent to the swap curve
- ✓ a volatility adjustment (VA) determined by EIOPA with the aim to partially compensate the volatility of assets considering that insurance companies are investing in long-term fixed income bonds to cover their engagement towards policyholders
- ✓ an extrapolation resulting in the convergence to the ultimate forward rate (UFR) of 3.45% (since 2022) starting as from maturities after the last liquid point (LLP), 20 years for the Eurozone.

D.2.3.2 Volatilities

The asset models are calibrated on the basis of appropriate volatility measures, which are based either on implied volatilities or on historical volatilities. Implied volatilities are the volatilities implied by option prices observed in the market. The volatilities are set for each risk factor that can be largely categorized under the following asset classes: shares, real estate and fixed income. Implied volatilities are preferred when they are available and applicable. When these are not available or

are not applicable, historical volatilities can be used as an alternative. In the determination of the historical volatilities, an appropriate time period should be taken into account.

D.2.3.3 Stochastic valuation

Where the value of options and guarantees is taken into account, best estimate liabilities are calculated using stochastic valuation techniques (Monte Carlo simulation) based on risk-neutral scenarios. Scenarios are generated for the following asset classes:

- ✓ fixed income bonds: spread calibration is based on both the term structures at the moment of calibration and on historical time series, and this at country level for sovereign spreads and at the level of credit ratings for corporate spreads, while for the risk-free rates the calibration is based on the term structure of the EIOPA risk-free rates
- ✓ shares: calibration is based on market implied volatilities (e.g. Eurostoxx for European equities, S&P 500 for American equities, etc.)
- ✓ real estate: calibration is based on AG Real Estate in-house calibrated volatilities.

Each simulation will have impacts on the variable cash flows, whereas fixed cash flows will remain constant.

D.2.4 Risk Margin

The methodology for the calculation of the risk margin is consistent between the life business and the non-life business. This methodology is based on a proportional projected approach whereby the non-hedgeable SCRs at start-up are run off following the selected risk drivers⁷ at Solvency II lines of business level. These SCRs are then aggregated using the standard formula correlation matrix. A cost of capital rate of 6% as defined by EIOPA is then applied on the net present value of the future non-hedgeable SCR. A bottom-up calculation is performed at model point level.

D.2.5 Level of uncertainty

The level of uncertainty of the Solvency II technical provisions is described and assessed in the Actuarial Function report which is released at least on a quarterly basis.

Sources of uncertainty can mainly stem from the modelling and assumptions aspects of the calculation of the Solvency II technical provisions. The Company aims at assessing and/or limiting these thanks to different elements.

As to the model point of view, methodological choices in terms of modelling can create variations in the calculation of the Solvency II technical provisions. In order to manage this, the Company relies on modelling best practices discussed in technical committees and regularly reviewed in compliance with the Model Management Policy. In addition, risk of implementation error can bring uncertainty, for example when a modelling principle is not correctly translated into the programming code. This uncertainty is mitigated through extensive user acceptance testing of the model implementations.

As to the assumption point of view, the adequacy of hypotheses choices is extensively backtested and moreover challenged and reviewed by the Actuarial Function, and its variance is assessed by the Solvency II analysis of change process that aims at capturing notably the impacts of non-economic assumptions. Furthermore, operational risks concerning assumptions are limited by the constant improvement of data quality through automation and testing of the data flow along the process (in application of the Data Management Policy).

D.2.6 Material differences between Solvency II and IFRS

The technical provisions mentioned in the Solvency II MCBS are not the same as those booked under IFRS. Difference in methodology exists between Solvency II reserving and IFRS reserving. The table below summarises the material differences per material class of liabilities, the bases, methods and main assumptions used for the valuation of the liabilities.

MCBS item	Solvency II valuation	IFRS valuation	Conclusion
Technical provisions not arising from Unit-Linked contracts	Fair value – AG uses the valuation principles and rules set under Solvency II for valuing the insurance liabilities based on a best estimate basis including the market value of the embedded options and guarantees and the relevant risk margin based on the cost of capital method.	Valued based on BGAAP using the estimation process explained in the BGAAP (assume existing IFRS)	Given the differences in methodology between both frameworks, valuation for Solvency II purposes is done independently from accounting valuation.
Technical provisions arising from Unit-Linked contracts		The liabilities for such contracts are measured at unit value (i.e. fair value of the fund in which the Unit-Linked contracts are	

⁷ Risk drivers are the benefit payments or exposure to which there is an obligation from the insurer towards the policyholder. If more granularity is allowed, the risk drivers are then determined at that lower level.

		invested divided by the number of units of the fund).	
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D.2.7 Volatility adjustment

AG makes use of the volatility adjustment referred to in Article 77d of Directive 2009/138/EC. For the related figures reference is made to QRT S.22.01.02 in annex.

D.2.8 Transitional risk-free interest rate-term structure

AG does not apply the transitional risk-free interest rate-term structure referred to in Article 308c of Directive 2009/138/EC.

D.3 OTHER LIABILITIES

D.3.1 Description of the bases, methods and main assumptions

The table below summarises - per material class of other liabilities - the bases, methods and main assumptions used for the valuation of the other liabilities. For the data, we refer to the Quantitative Reporting Template (S.02.01.02).

Other liability class	Mark to model	Basis, methods and main assumptions used
Provisions other than technical provisions	Yes	Value is based on a best estimate basis as currently performed under IAS 37, based on management judgement and in most cases the opinion of legal and tax advisors.
Pension benefit obligations	Yes	IFRS Value is used. Since Q4 2018 this line includes the IFRS value of the IAS19 pension benefits (previously included in technical provisions at fair value).
Deposits from reinsurers	No	IFRS value (amortised cost) is used because of immaterial differences between amortised cost and fair value (short term payables).
Deferred tax liabilities (DTL)	No	The valuation of the DTL is based on the difference between the value of the underlying assets and liabilities in the Market-Consistent Balance Sheet and the value on the tax base balance sheet.
Derivatives	If mark to market is not possible	Derivatives are valued mark to model if mark to market is not possible, using external or internal valuation and cross-checked with counterparties. The derivatives are held for trading or hedging purposes and relate to interest rate and equity options, interest rate swaps and foreign exchange contracts.
Debts owed to credit institutions	No	IFRS value (amortised cost) is used because of immaterial differences between amortised cost and fair value (short-term payables).
	Yes	Long-term debts are valued applying a discounted cash flow methodology. Changes in own credit standing of AG are excluded in the valuation

Other liability class	Mark to model	Basis, methods and main assumptions used
Insurance and intermediaries payables - Reinsurance payables - Payables (trade, not insurance)	No	IFRS value (amortised cost) is used because of immaterial differences between amortised cost and fair value (short term payables).
Subordinated liabilities in Basic Own Funds	Yes	Under Solvency II long-term subordinated loans are valued applying a discounted cash flow methodology. Changes in own credit standing of AG are excluded in the valuation.
Any other liabilities, not elsewhere shown	No	IFRS value (amortised cost) is used because of immaterial differences between amortised cost and fair value (short term payables).

D.3.2 Material differences between Solvency II and IFRS

The table below summarises per class of other liabilities the material differences between the valuation for Solvency II purposes and the IFRS valuation.

Other liabilities	Material differences
Deferred tax liabilities	Under Solvency II the valuation is based on temporary differences between the MCBS and the tax base balance sheet. Under IFRS it is based on temporary differences between the IFRS balance sheet and the tax base balance sheet.
Subordinated liabilities in Basic Own Funds	Under Solvency II long term subordinated loans are valued applying a discounted cash flow methodology. Changes in own credit standing of AG are excluded in the valuation. Under IFRS these deposits are valued at cost.



D.4 ALTERNATIVE METHODS FOR VALUATION

D.4.1 Identification of assets and liabilities for which mark to model approach applies

As explained before under D.2, all technical provisions are valued according to a mark to model approach. The assets and other liabilities to which the mark to model approach further applies are identified in the tables above in the sections D.1 Valuation of assets and D.3 Valuation of other liabilities.

D.4.2 Justification of application mark to model approach as identified in the tables above for assets and liabilities

In line with the Solvency II guidance and philosophy, the mark to model approach is used for sufficiently material items for which no reliable market price is available. For some asset and liability items, IFRS valuation is sufficiently close to any value that would be obtained using an elaborate mark to model approach, in which case IFRS valuation is considered an acceptable proxy.

D.4.3 Documentation of the assumptions underlying the mark to model approach per class of asset and liabilities

The assumptions for the mark to model approach are described in the tables above in the sections D.1 Valuation of assets, D.2 Valuation of technical provisions and D.3 Valuation of other liabilities.

D.4.4 Assessment of valuation uncertainty of the assets, liabilities valued according the mark to model approach

The adequacy of the valuation of assets and liabilities is tested through the variation analysis, which explains the evolution of the value between two periods. This analysis provides a view on the different drivers of the value change, which can be compared against experience.

D.5 ANY OTHER INFORMATION

No other information.

E

Capital management

E.1 OWN FUNDS

E.1.1 Information on the objectives, policies and processes, business planning and material changes

Capital requires a clearly defined management approach in order to ensure efficient and effective deployment. This approach must balance the needs and requirements of stakeholders including shareholders, regulators, employees and customers. The main goal of the capital management process is to fund existing business and profitable or value-creating growth and to ensure this, if needed, with a capital increase. The purpose is to protect the viability of the Company in the long run and to assess the capacity for dividend payment. The capital management process is governed by the capital management policy.

E.1.2 Information about the structure, amount and quality of basic own funds and ancillary own funds

Own Funds is the available capital defined by EIOPA based on a company's valuation defined as the market-consistent value of its assets minus the market-consistent value of its liabilities and deduction made of the expected dividend.

Own Funds can consist of Basic Own Funds and Ancillary Own Funds.

✓ **Basic Own Funds** are defined as the sum of the excess of assets over liabilities of the Market Consistent Balance Sheet (MCBS) and the subordinated liabilities, reduced by the sum of the foreseeable dividends distributions, the deductions for participations in other financial undertakings and the non-available items.

- Note that *subordinated liabilities* can be included to the extent that the local regulator grants equity credit to this debt. AG has 3 hybrid instruments recognised as Tier 2 instruments by the regulator. The table below summarizes the structure of the hybrid debt:

Hybrid debt	Dated Fixed-to-floating Callable Subordinated Notes (Amblève)	Dated Fixed Rate Subordinated Notes (Henry)	Dated Fixed-to-floating Callable Subordinated Loan (Phoenix)
Issue Date	18/12/2013	31/03/2015	27/06/2019
Maturity	18/06/2044	30/06/2047	27/06/2049
First Call Date	18/06/2024	30/06/2027	27/06/2029
Nominal value (mio)	€ 450	€ 400	€ 300
Coupon	5,25%	3,50%	3,25%
Coupon payment	Annually	Annually	Annually
Coupon after First Call Date	EURIBOR 3M + 4,136%	Mid-swap 5-year spot rate + 3,875 %	EURIBOR 3M + 3,8%

- Deductions for participations in other financial undertakings: AG has no correction to make in relation to these items
- *Non-available items*: AG does not have to correct for any non-available items

✓ **Ancillary Own Funds**: AG does not take into account ancillary own funds to determine its solvency ratio.

E.1.3 Eligible amount of own funds to cover the Solvency Capital Requirement

Next to the Tier 1 Own Funds, the Company has also Tier 2 Own Funds equal to 51% of the SCR which is 1% above the limit as foreseen under Solvency II and are therefore not fully eligible to cover the SCR. The Own Funds eligible to cover the SCR are 12 million lower than the available Own Funds due to the Tiering limit.

For the eligible amounts of own funds we refer to the Quantitative Reporting Template S.23.01.01 in annex.

E.1.4 Eligible amount of basic own funds to cover the Minimum Capital Requirement

Regarding the MCR, parts of the available Own Funds are not eligible, because of stricter conditions on the use of Tier 2 Own Funds in this context. Note however that the remaining eligible Own Funds cover 407% of the MCR.

E.1.5 Material differences between Solvency II and IFRS

Differences between the equity in the IFRS financial statements and the excess of assets over liabilities as calculated for Solvency II purposes mainly stem from the following sources:

- ✓ Reclassification of subordinated liabilities
- ✓ Valuation differences due to assets and liabilities not recorded at fair value under IFRS:
 - Property and investments held to maturity (HTM) are recorded at amortised cost under IFRS
 - Liabilities arising from insurance and investment contracts also need to be recognised at market-consistent values under Solvency II. Consecutively the value of technical provisions is equal to the sum of the best estimate of the liabilities and the risk margin under Solvency II
- ✓ De-recognition of goodwill and other intangibles under Solvency II. The economic value of other intangible assets on the Solvency II balance sheet is nil in case assets cannot be sold separately and evidence of exchange transactions for the same or similar assets on quoted and active markets is missing.
- ✓ De-recognition of non-controlled participations and exclusion of non-controlling interest of ancillary services
- ✓ Deduction of proposed or foreseeable dividend.

IFRS Shareholders' equity reconciles to Solvency II Own funds as follows (situation as at end of 2022 compared to 2021):

Own Funds	31 December 2022	31 December 2021	Variation
Shareholders' equity	2.329	6.700	-4.371
Plus			
Subordinated liabilities (after Tiering limit)	1.132	1.143	-11
Revaluation of debt securities gross of tax	319	2.391	-2.072
Revaluation of loans and other investments gross of tax	-1.500	894	-2.394
Revaluation of Real Estate gross of tax	1.727	1.826	-98
Less			
Revaluation of liabilities arising from insurance and investment contracts net of reinsurance gross of tax	2.877	-6.708	9.586
DAC	-160	-162	1
Intangible assets & goodwill	-580	-457	-123
Tax on revaluation Assets & Liabilities	-740	511	-1.251
Dividends, distributions and charges	-618	-534	-84
Own funds	4.787	5.604	-817

The Solvency II Own Funds in the table above starts from Shareholders' equity already containing part of the revaluations on bonds and shares, further increased with fair value adjustments on liabilities and on remaining assets. The evolution of Own Funds during 2022 is negative for a total amount of -817M, including the expected dividend of -618M. The remaining -199M is mainly due to the negative evolution of the equity markets, the negative impact of inflation and an additional decrease in Own Funds resulting from the ANIMA acquisition (senior houses) which includes a substantial amount of intangibles of which the value is not recognised for solvency in Pillar 1.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

E.2.1 Amounts of the undertaking's Solvency Capital Requirement and the Minimum Capital Requirement

See QRT S.23.01.01 in annex

E.2.2 Amount of the undertaking's Solvency Capital Requirement split by risk and by risk categories

See QRT S.25.02.21 in annex

E.2.3 Comparison with previous reporting period

SCR Pillar 1	31 December 2022	31 December 2021	Variation
Total SCR	2.135	2.977	-842
Market risk	1.896	2.974	-1.078
Interest rate risk	99	242	-143
Equity risk	499	910	-411
Property risk	911	1.319	-408
Currency risk	45	45	0
Spread risk	738	973	-235
Diversification	-397	-516	119
Counterparty risk	71	115	-44
Life Underwriting risk	853	628	225
Health Underwriting risk	219	253	-34
Non-Life underwriting risk	260	206	54
Diversification	-865	-814	-51
Operational Risk	270	332	-62
Deferred tax adjustment	-568	-715	147

The total required capital decreased from 2.977 million EUR to 2.135 million EUR mainly as a result of the decrease of the capital requirement for Market risk due to the evolution of the financial markets. The increase of SCR Non-Life underwriting is the result of the difficult conditions related to the renewal of the reinsurance program after the July 2021 flood and more in general the legal uncertainties surrounding natural catastrophe coverage, such as the retroactive coverage of subsidence. The SCR Life underwriting on the other hand increases as a consequence of the sensitivity of the mass lapse risk SCR to increasing interest rates. This is a weakness in the current standard formula calculation which does not reflect a real deterioration of the risk profile, as was explained to the Belgian regulator.

Given the amount of Own Funds of 4.787 million EUR and the total required capital SCR equal to 2.135 million EUR, the solvency ratio stands at 224%, which is the reflection of the Company's strong capital position. About 78% of the Own Funds are categorized as Tier 1 capital (similar to 2021).

E.2.4 Simplifications used within the calculation of the Solvency Capital Requirement

Simplified calculations as meant under Articles 88-112 of the Delegated Acts are only used for the calculation of the Counterparty default risk module within SCR calculations. This module represents in its totality only 3% of the total Solvency Capital Requirement before diversification. Therefore the impact of these simplified calculations can be considered as immaterial.

In this context, only the simplifications meant under articles 107, 111 and 112 are used.

E.2.5 Statement that the undertaking's Member State has made use of the option provided for in the third subparagraph of Article 51(2) of Directive 2009/138/EC

The Belgian regulator has used the option provided for in the third subparagraph of Article 51(2) of the Solvency II directive, and as a consequence does not require companies to separately disclose a capital add-on. However there is no capital add-on for AG.

E.2.6 Information on the inputs used to calculate the Minimum Capital Requirement

The MCR is currently fixed at 45% of the level of the SCR (as a consequence of the cap which is included in the calculation methodology).

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

AG does not use the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

E.4.1 Description of the various purposes for which that undertaking is using its internal model

The non-life internal model is an Ageas Group-wide model approved by the regulator. It is composed of an entity model used by AG and a group aggregation model used by the Ageas Group. The entity model stochastically simulates the full market consistent profit and loss statement (P&L) and hence generates a full distribution of the insurance results for each line of business separately and for the entity as a whole, for each sub-risk and for all risks together. As a first application, the non-life internal model calculates the SCR for non-life underwriting risk as the difference between the 99,5% percentile and the mean of the distribution of the P&L results. Within the context of the use test, this internal model has a number of other applications as summarized in the table below:

Use	Description of use
Internal Risk Reporting	Process currently providing information to the local Risk Committees, RC and Board.
Capital allocation per business line	Assessment of the current capital position and allocation/reallocation of capital.
Comparison with standard formula	Risk assessment of the internal model by comparison with standard formula result, which is a requirement from ORSA and is included in the testing strategy.
Risk Appetite	Process of setting and monitoring performance against risk appetite/risk tolerance statements. The full distribution of the insurance profit allows to consider other percentiles than the 99,5%.
Underwriting / pricing / product development	Decisions on introduction of new products or re-pricing of existing products.
P&L attribution analysis	Exercise (part of testing strategy) which aims to ensure that all sources of risk are covered and are adequately covered by the internal model.
Reinsurance impact analysis	Process of setting and monitoring the effects of the reinsurance strategy.
Business strategy	Any activity associated with setting the strategic direction of the business as a whole and setting of performance targets.
Risk strategy	Any activity involving the setting and monitoring of risk strategies.

E.4.2 Description of the scope of the internal model in terms of business units and risk categories

The non-life internal model covers all lines of business with respect to non-life insurance obligations, with the exception of the health-related lines of business (medical expense, income protection and workmen's compensation), for which only a limited part is in scope of the model.

As to the *risk categories* covered, the non-life underwriting risk distinguishes the following sub-risks: premium attritional risk, premium large risk, reserve risk, man-made cat risk and natural cat risk. Premium risk is the risk that the earned premium over the forthcoming year is insufficient to cover the expenses and claims to which these premiums are related (a distinction is made between attritional claims and large claims with a cost above a predefined threshold). Reserve risk is the risk that the claims provisions are insufficient to cover outstanding claims and claims expenses. Man-made cat risk is the risk that catastrophes with a human cause such as terrorist attacks occur and natural cat risk is the risk that natural catastrophes occur.

E.4.3 Description of the methods used in the internal model for the calculation of the probability distribution forecast and the Solvency Capital Requirement

The purpose of the non-life internal model is to produce the Market Consistent Balance Sheet at $t=0$ (part related to the non-life liabilities and the theoretical assets backing these liabilities) and to project this balance sheet over a one-year period in every of the 100.000 simulations hence generating 100.000 values of the change of own funds which is equivalent to the market consistent P&L result.

Thanks to an appropriate level of granularity and a generation of the dependencies at the source, the P&L results can be obtained at entity level as well as for each sub-risk type and line of business. This allows a detailed analysis of the outcome of the model and a proper discussion with the relevant stakeholders.

Note that as far as the modelling of the natural cat risk is concerned, outputs from different external catastrophe models are considered in view of selecting the most appropriate model for each peril. Each entity and the group have a close collaboration with service providers and external model vendors to maintain and deepen their knowledge of the catastrophe modelling process, the assumptions and uncertainties inherent to the process.

E.4.4 Explanation, by risk module, of the main differences in the methodologies and underlying assumptions used in the standard formula and in the internal model

The methodology as used in the non-life internal model shows a number of differences with the methodology underlying the standard formula for non-life underwriting risk.

As to the sub-risks, these are similar between the standard formula and the internal model though the premium risk is split into attritional and large losses in the internal model. The lapse risk is not calculated in the internal model but is aggregated with the other sub-risks. Lines of business are more granular in the internal model.

While the standard formula only produces one value namely the 99,5% percentile, the internal model produces the full distribution. Regarding dependency and aggregation, the standard formula uses a Variance-Covariance matrix to aggregate the different SCRs, while in the internal model the dependency is generated at the source on the gross losses, i.e. before reinsurance, before scaling down to the one-year volatility and before discounting. Dependency is considered between lines of business and between sub-risks as is also the case in the standard formula. In the standard formula premium and reserve risk and cat risk are aggregated using a correlation of 25%. In the non-life internal model these are assumed to be independent.

For premium and reserve risk a factor-based model is used in the standard formula. The factors are common for the whole European market and the impact of reinsurance is obtained by applying a reduction factor to the gross Solvency Capital Requirement. In the internal model, the risks are entity-specific and the model replicates almost the full functioning of the entity's reinsurance treaties.

Where for man-made cat risk and natural cat risk, the standard formula only considers a limited number of scenarios with respect to reinsurance impact, the non-life internal model simulates the reinsurance impact as an integrated part of the scenarios. For natural cat risk, external models are used to produce inputs to the internal model.

E.4.5 The risk measure and time period used in the internal model

The risk measure is the difference between the 99,5% Value at Risk and the mean of the Market Consistent P&L result over a one-year horizon.

E.4.6 Description of the nature and appropriateness of the data used in the internal model

E.4.6.1 Structure of the internal model

While some data used in the internal model are provided by Ageas group (e.g. the risk-free yield curve), other data are specific to each entity such as:

- ✓ parameters of the distribution for attritional losses, large losses, outstanding losses which are based on historical data taking into consideration assumptions of the business plan for the next year
- ✓ correlation parameters, obtained by expert judgment where experts are the entity business managers
- ✓ man-made cat risk for motor and property, for which a European database is used in combination with an external tool where the input is the portfolio of each entity
- ✓ natural cat risk, for which an external tool is used where the input is the portfolio of each entity
- ✓ man-made cat risk for liability, for which entity specific scenarios are used
- ✓ parameters of the entity re-insurance treaties.

As to the appropriateness of the data, testing on data and on selected parameters is performed in order to validate the selection made. In addition, sensitivity and back-testing are done. The process documentation is an end-to-end description of the tasks, data and systems involved in the non-life assumption setting and underwriting risk SCR calculation. It details which activities need to be executed (description, tools/applications used, quality controls), validation points, and clearly defines responsibilities (departments and roles). Specific data quality checklists are executed on every internal model run and when exchanging data between entities and group.

E.4.6.2 Risks not covered by the standard formula but covered by the internal model

There are no such risks.

E.5 NON-COMPLIANCE WITH MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH SOLVENCY CAPITAL REQUIREMENT

Not applicable for AG.

E.6 ANY OTHER INFORMATION

No other information

Annexes

ANNEX 1: PUBLIC QRTS

QRT BALANCE SHEET (S.02.01.02)

	Solvency II value
Assets	
Intangible assets	-
Deferred tax assets	-
Pension benefit surplus	-
Property, plant & equipment held for own use	1.010.089.607
Investments (other than assets held for index-linked and unit-linked contracts)	46.176.891.432
Property (other than for own use)	4.799.356.106
Holdings in related undertakings, including participations	535.980.479
Equities	2.298.770.799
Equities - listed	2.241.802.298
Equities - unlisted	56.968.501
Bonds	36.881.087.035
Government Bonds	25.498.473.851
Corporate Bonds	11.333.891.888
Structured notes	48.721.297
Collateralised securities	-
Collective Investments Undertakings	1.543.148.114
Derivatives	89.786.662
Deposits other than cash equivalents	28.762.238
Other investments	-
Assets held for index-linked and unit-linked contracts	11.055.146.509
Loans and mortgages	11.211.441.404
Loans on policies	554.714.930
Loans and mortgages to individuals	969.231.565
Other loans and mortgages	9.687.494.909
Reinsurance recoverables from:	619.012.342
Non-life and health similar to non-life	483.417.955
Non-life excluding health	450.121.144
Health similar to non-life	33.296.811
Life and health similar to life, excluding health and index-linked and unit-linked	135.594.387
Health similar to life	135.669.043
Life excluding health and index-linked and unit-linked	-74.656
Life index-linked and unit-linked	-
Deposits to cedants	23.882
Insurance and intermediaries receivables	249.244.412
Reinsurance receivables	31.496.622
Receivables (trade, not insurance)	254.768.240
Own shares (held directly)	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
Cash and cash equivalents	546.235.503
Any other assets, not elsewhere shown	281.776.932
Total assets	71.436.126.885



Liabilities

	Solvency II value
Technical provisions – non-life	1.677.582.242
Technical provisions – non-life (excluding health)	1.476.470.350
TP calculated as a whole	-
Best Estimate	1.449.051.387
Risk margin	27.418.963
Technical provisions - health (similar to non-life)	201.111.892
TP calculated as a whole	-
Best Estimate	196.396.438
Risk margin	4.715.454
Technical provisions - life (excluding index-linked and unit-linked)	48.407.819.911
Technical provisions - health (similar to life)	2.008.020.982
TP calculated as a whole	-
Best Estimate	1.900.019.667
Risk margin	108.001.314
Technical provisions – life (excluding health and index-linked and unit-linked)	46.399.798.929
TP calculated as a whole	-
Best Estimate	45.934.808.047
Risk margin	464.990.882
Technical provisions – index-linked and unit-linked	10.645.435.641
TP calculated as a whole	-
Best Estimate	10.515.977.179
Risk margin	129.458.461
Contingent liabilities	-
Provisions other than technical provisions	36.034.070
Pension benefit obligations	706.212.564
Deposits from reinsurers	51.325.845
Deferred tax liabilities	189.149.097
Derivatives	23.763.614
Debts owed to credit institutions	2.707.865.413
Financial liabilities other than debts owed to credit institutions	396.778.755
Insurance & intermediaries payables	338.659.591
Reinsurance payables	3.813.611
Payables (trade, not insurance)	315.125.360
Subordinated liabilities	1.079.517.621
Subordinated liabilities not in BOF	-
Subordinated liabilities in BOF	1.079.517.621
Any other liabilities, not elsewhere shown	519.174.471
Total liabilities	67.098.257.806
Excess of assets over liabilities	4.337.869.079

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional			Line of business for: accepted non-proportional reinsurance				Total
	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
Premiums written								
Gross - Direct Business	97.228.623	32.651.206	8.886.803					2.149.762.201
Gross - Proportional reinsurance accepted	-	-	-					-
Gross - Non-proportional reinsurance accepted				-	3.025.528	-	-	3.025.528
Reinsurers' share	39.270.679	16.008.691	3.554.721	-	949	-	-	847.432.242
Net	57.957.944	16.642.515	5.332.082	-	3.024.578	-	-	1.305.355.487
Premiums earned								
Gross - Direct Business	96.461.238	32.220.602	8.844.862					2.127.496.876
Gross - Proportional reinsurance accepted	-	-	-					-
Gross - Non-proportional reinsurance accepted				-	3.023.553	-	-	3.023.553
Reinsurers' share	38.963.715	15.836.449	3.537.942	-	949	-	-	841.011.675
Net	57.497.523	16.384.153	5.306.921	-	3.022.604	-	-	1.289.508.754
Claims incurred								
Gross - Direct Business	43.512.780	22.288.844	-323.764					1.221.101.737
Gross - Proportional reinsurance accepted	-	-	-					-
Gross - Non-proportional reinsurance accepted				-	-3.563.822	-	-	-3.563.822
Reinsurers' share	18.811.861	10.568.181	-176.836	-	521.132	-	-	520.800.862
Net	24.700.919	11.720.664	-146.928	-	-4.084.954	-	-	696.737.053
Changes in other technical provisions								
Gross - Direct Business	-	-	-					-23.012.136
Gross - Proportional reinsurance accepted	-	-	-					-
Gross - Non- proportional reinsurance accepted				-	-	-	-	-
Reinsurers'share	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-23.012.136
Expenses incurred	30.903.624	3.183.235	1.812.737	-	433.347	-	-	598.114.010
Other expenses								-
Total expenses								598.114.010

	Line of Business for: life insurance obligations					Life reinsurance obligations		Total
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	
Premiums written								
Gross	145.314.849	3.062.229.125	952.093.720	146.686.934	150.467.808	-	-	4.456.792.436
Reinsurers' share	2.227.834	4.472.754	-	1.025.905	4.094.932	-	-	11.821.425
Net	143.087.015	3.057.756.371	952.093.720	145.661.029	146.372.877	-	-	4.444.971.010
Premiums earned								
Gross	144.191.156	3.062.229.125	952.093.720	146.686.934	150.484.055	-	-	4.455.684.989
Reinsurers' share	2.227.834	4.472.754	-	1.025.905	4.094.932	-	-	11.821.425
Net	141.963.322	3.057.756.371	952.093.720	145.661.029	146.389.123	-	-	4.443.863.564
Claims incurred								
Gross	57.146.465	3.587.961.630	649.509.325	96.309.933	115.237.551	-	-	4.506.164.903
Reinsurers' share	797.995	8.749.170	-	806.408	1.543.393	-	-	11.896.966
Net	56.348.470	3.579.212.460	649.509.325	95.503.525	113.694.159	-	-	4.494.267.938
Changes in other technical provisions								
Gross	29.094.545	21.707.717	-1.632.912.306	-48.237.444	-12.205.197	-	-	-1.642.552.686
Reinsurers' share	2.171.461	56.830	-	-385.346	1.931.221	-	-	3.774.165
Net	26.923.084	21.650.887	-1.632.912.306	-47.852.098	-14.136.418	-	-	-1.646.326.852
Expenses incurred	54.595.405	876.821.189	115.703.014	79.472.255	29.858.493	-	-	1.156.450.357
Other expenses								-
Total expenses								1.156.450.357

QRT PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY (S.05.02.01)

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
Premiums written							
Gross - Direct Business	2.149.762.201						2.149.762.201
Gross - Proportional reinsurance accepted	-						-
Gross - Non-proportional reinsurance accepted	3.025.528						3.025.528
Reinsurers' share	847.432.242						847.432.242
Net	1.305.355.487						1.305.355.487
Premiums earned							
Gross - Direct Business	2.127.496.876						2.127.496.876
Gross - Proportional reinsurance accepted	-						-
Gross - Non-proportional reinsurance accepted	3.023.553						3.023.553
Reinsurers' share	841.011.675						841.011.675
Net	1.289.508.754						1.289.508.754
Claims incurred							
Gross - Direct Business	1.221.101.737						1.221.101.737
Gross - Proportional reinsurance accepted	-						-
Gross - Non-proportional reinsurance accepted	-3.563.822						-3.563.822
Reinsurers' share	520.800.862						520.800.862
Net	696.737.053						696.737.053
Changes in other technical provisions							
Gross - Direct Business	-23.012.136						-23.012.136
Gross - Proportional reinsurance accepted	-						-
Gross - Non- proportional reinsurance accepted	-						-
Reinsurers'share	-						-
Net	-23.012.136						-23.012.136
Expenses incurred							598.114.010
Other expenses							-
Total expenses							598.114.010

	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
Premiums written							
Gross	4.456.792.436						4.456.792.436
Reinsurers' share	11.821.425						11.821.425
Net	4.444.971.010						4.444.971.010
Premiums earned							
Gross	4.455.684.989						4.455.684.989
Reinsurers' share	11.821.425						11.821.425
Net	4.443.863.564						4.443.863.564
Claims incurred							
Gross	4.506.164.903						4.506.164.903
Reinsurers' share	11.896.966						11.896.966
Net	4.494.267.938						4.494.267.938
Changes in other technical provisions							
Gross	-1.642.552.686						-1.642.552.686
Reinsurers' share	3.774.165						3.774.165
Net	-1.646.326.852						-1.646.326.852
Expenses incurred	1.156.450.357						1.156.450.357
Other expenses							-
Total expenses							1.156.450.357

QRT LIFE AND HEALTH SLT TECHNICAL PROVISIONS (\$.12.01.02)

Technical provisions calculated as a whole

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best Estimate

Gross Best Estimate

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Best estimate minus recoverables from reinsurance/SPV and Finite Re - total

Risk Margin

Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

Technical provisions - total

	Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
		C0020	C0030	C0040	C0050	C0060	C0070			
R0010	-	-	-	-	-	-	-	-	-	-
R0020	-	-	-	-	-	-	-	-	-	-
R0030	45,434,030.789	-	-	10,515,977.061	-	500,777.745	-	-	-	56,450,785.595
R0080	-75,447	-	-	-	-	-	-	-	-	-75,447
R0090	45,434,106.235	-	-	10,515,977.061	-	500,777.745	-	-	-	56,450,861.042
R0100	432,071.747	129,458.461	-	-	32,919.135	-	-	-	-	594,449.344
R0110	-	-	-	-	-	-	-	-	-	-
R0120	-	-	-	-	-	-	-	-	-	-
R0130	-	-	-	-	-	-	-	-	-	-
R0200	45,866,102.536	10,645,435.523	-	-	533,696.881	-	-	-	-	57,045,234.939

Technical provisions calculated as a whole

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best Estimate

Gross Best Estimate

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Best estimate minus recoverables from reinsurance/SPV and Finite Re - total

Risk Margin

Amount of the transitional on Technical Provisions

Technical Provisions calculated as a whole

Best estimate

Risk margin

Technical provisions - total

	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
	C0160	C0170	C0180			
R0010	-	-	-	-	-	-
R0020	-	-	-	-	-	-
R0030	-	246,016.668	-	1,654,002.986	-	1,900,019.654
R0080	-	1,119.797	-	134,549.246	-	135,669.043
R0090	-	244,896.870	-	1,519,453.741	-	1,764,350.611
R0100	44,957.282	-	-	63,044.033	-	108,001.314
R0110	-	-	-	-	-	-
R0120	-	-	-	-	-	-
R0130	-	-	-	-	-	-
R0200	290,973.949	-	-	1,717,047.019	-	2,008,020.968

QRT NON-LIFE TECHNICAL PROVISIONS (S.17.01.02)

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions calculated as a whole										
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0010	-	-	-	-	-	-	-	-	-
	R0050	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	13.190.062	-5.948.710	-15.107.894	489.888	8.591.663	-40.909	70.735.582	-11.003.185	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-2.547.848	-6.849.482	-441.156	4.617.947	-15.840	29.431.883	-5.258.006	-
Net Best Estimate of Premium Provisions	R0150	13.190.062	-3.400.863	-8.258.412	931.043	3.973.715	-25.069	41.303.700	-5.745.179	-
Claims provisions										
Gross	R0160	54.895.845	36.703.514	112.663.621	667.484.982	23.567.201	4.942.533	216.357.471	321.222.681	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	13.353.314	29.340.826	172.151.655	17.019.745	2.733.040	121.946.554	62.528.565	-
Net Best Estimate of Claims Provisions	R0250	54.895.845	23.350.200	83.322.795	495.333.327	6.547.456	2.209.493	94.410.917	258.694.117	-
Total Best estimate - gross	R0260	68.085.907	30.754.803	97.555.727	667.974.870	32.158.864	4.901.624	287.093.053	310.219.497	-
Total Best estimate - net	R0270	68.085.907	19.949.337	75.064.383	496.264.370	10.521.172	2.184.425	135.714.616	252.948.937	-
Risk margin	R0280	1.379.879	397.324	2.938.251	9.706.929	2.332.974	25.251	8.742.416	5.150.674	-
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-	-	-	-
Technical provisions - total										
Technical provisions - total	R0320	69.465.786	31.152.128	100.493.978	677.681.798	34.491.838	4.926.875	295.835.469	315.370.171	-
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	10.805.467	22.491.344	171.710.500	21.637.692	2.717.200	151.378.437	57.270.559	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	69.465.786	20.346.661	78.002.634	505.971.299	12.854.146	2.209.676	144.457.032	258.099.611	-

	Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
Technical provisions calculated as a whole								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0010	-	-	-	-	-	-	-
	R0050	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM								
Best estimate								
Premium provisions								
Gross	R0060	4.379.990	2.487.288	24.771	-	-618.200	-	67.180.345
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	1.715.667	320.956	-14.445	-	-	-	20.959.676
Net Best Estimate of Premium Provisions	R0150	2.664.323	2.166.332	39.216	-	-618.200	-	46.220.669
Claims provisions								
Gross	R0160	120.597.889	543.392	3.196.547	-	16.091.802	-	1.578.267.479
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	34.640.384	543.392	1.568.971	-	6.631.834	-	462.458.279
Net Best Estimate of Claims Provisions	R0250	85.957.505	-	1.627.576	-	9.459.968	-	1.115.809.199
Total Best estimate - gross	R0260	124.977.878	3.030.680	3.221.318	-	15.473.602	-	1.645.447.823
Total Best estimate - net	R0270	88.621.828	2.166.332	1.666.792	-	8.841.768	-	1.162.029.868
Risk margin	R0280	917.886	104.644	202.216	-	235.973	-	32.134.417
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-	-
Technical provisions - total								
Technical provisions - total	R0320	125.895.764	3.135.324	3.423.534	-	15.709.575	-	1.677.582.240
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	36.356.050	864.348	1.554.526	-	6.631.834	-	483.417.955
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	89.539.714	2.270.976	1.869.009	-	9.077.741	-	1.194.164.285

QRT NON-LIFE INSURANCE CLAIMS INFORMATION (S.19.01.21)

Total Non-Life Business

Underwriting

I-Accident year

	Development year										In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9			10 & +
Prior											19,330,514	19,330,514	19,330,514
N-9	502,519,005	205,987,877	41,947,682	22,391,342	14,424,960	10,862,899	10,033,539	8,003,217	5,022,811	6,518,744		6,518,744	827,712,077
N-8	587,276,679	238,569,228	40,730,216	22,240,183	14,172,349	15,367,010	10,664,003	8,382,678	4,226,807			4,226,807	941,629,152
N-7	466,015,210	215,787,082	38,902,071	21,898,949	15,156,743	14,314,130	6,812,181	6,704,497				6,704,497	785,590,863
N-6	497,864,969	228,758,195	36,424,482	23,325,739	17,752,575	11,607,756	8,768,159					8,768,159	824,501,877
N-5	439,531,242	224,325,382	42,350,826	19,307,384	15,663,298	11,364,933						11,364,933	752,543,065
N-4	521,729,479	255,027,891	44,695,250	21,241,811	16,653,294							16,653,294	859,347,725
N-3	541,725,006	239,071,436	41,574,931	22,537,183								22,537,183	844,908,556
N-2	543,539,570	197,291,798	41,214,942									41,214,942	782,046,309
N-1	724,352,350	347,325,014										347,325,014	1,071,677,364
N	631,190,708											631,190,708	631,190,708
Total											1,115,834,794	8,340,478,211	

	Development year										Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9		10 & +
Prior											375,202,049	291,593,747
N-9	-	-	133,670,191	107,103,969	106,560,669	83,532,352	71,234,165	68,599,396	54,596,648	43,039,063		33,720,651
N-8	-	133,220,266	151,520,554	146,482,224	110,700,121	91,955,331	93,434,384	63,544,994	58,975,388			46,114,881
N-7	422,831,578	143,881,742	147,311,326	116,614,234	97,016,225	102,469,974	82,564,549	72,920,371				57,387,474
N-6	428,638,118	178,229,459	137,645,301	110,332,649	111,956,629	85,608,026	80,397,097					63,781,588
N-5	414,345,161	176,547,053	139,067,671	136,061,661	111,635,461	98,993,003						79,315,249
N-4	436,927,655	152,091,105	157,065,668	121,022,702	98,171,443							79,197,850
N-3	442,667,593	202,315,876	140,651,447	127,573,604								103,405,321
N-2	377,819,445	149,016,864	119,323,416									99,027,162
N-1	487,946,305	226,691,147										190,114,040
N	453,760,082											419,290,070
Total											1,462,948,033	

QRT IMPACT OF LONG TERM GUARANTEES AND TRANSITIONAL MEASURES (S.22.01.21)

	Amount with LTG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
Technical provisions	60.730.838.147	-	-	450.044.732	-
Basic own funds	4.799.080.612	-	-	-332.075.088	-
Eligible own funds to meet SCR	4.786.907.040	-	-	-319.901.448	-
SCR	2.134.688.099	-	-	129.341.508	-
Eligible own funds to meet MCR	3.911.684.920	-	-	-320.434.352	-
Minimum Capital Requirement	960.609.645	-	-	58.203.678	-

QRT OWN FUNDS (S.23.01.01)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	526.604.028	526.604.028		-	
Share premium account related to ordinary share capital	231.497.747	231.497.747		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	-	-		-	
Subordinated mutual member accounts	-		-	-	-
Surplus funds	897.781.429	897.781.429			
Preference shares	-		-	-	-
Share premium account related to preference shares	-		-	-	-
Reconciliation reserve	2.063.679.786	2.063.679.786			
Subordinated liabilities	1.079.517.621		-	1.079.517.621	-
An amount equal to the value of net deferred tax assets	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-				
Deductions					
Deductions for participations in financial and credit institutions	-	-	-	-	
Total basic own funds after deductions	4.799.080.612	3.719.562.991	-	1.079.517.621	-

Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	-			-	
Unpaid and uncalled preference shares callable on demand	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
Other ancillary own funds	-			-	-
Total ancillary own funds	-			-	-
Available and eligible own funds					
Total available own funds to meet the SCR	4.799.080.612	3.719.562.991	-	1.079.517.621	-
Total available own funds to meet the MCR	4.799.080.612	3.719.562.991	-	1.079.517.621	
Total eligible own funds to meet the SCR	4.786.907.040	3.719.562.991	-	1.067.344.050	-
Total eligible own funds to meet the MCR	3.911.684.920	3.719.562.991	-	192.121.929	
SCR	2.134.688.099				
MCR	960.609.645				
Ratio of Eligible own funds to SCR	224%				
Ratio of Eligible own funds to MCR	407%				

Reconciliation reserve		
Excess of assets over liabilities	4.337.869.079	
Own shares (held directly and indirectly)	-	
Foreseeable dividends, distributions and charges	618.306.088	
Other basic own fund items	1.655.883.205	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-	
Reconciliation reserve	2.063.679.786	
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	356.498.988	
Expected profits included in future premiums (EPIFP) - Non- life business	88.741.001	
Total Expected profits included in future premiums (EPIFP)	445.239.989	

QRT SOLVENCY CAPITAL REQUIREMENT – STANDARD FORMULA (S.25.01.21)

	Gross solvency capital requirement	USP	Simplifications
Market risk	3.394.188.185		-
Counterparty default risk	79.989.045		
Life underwriting risk	1.373.304.527	-	-
Health underwriting risk	249.272.412	-	-
Non-life underwriting risk	427.343.551	-	-
Diversification	-1.335.716.935		
Intangible asset risk	-		
Basic Solvency Capital Requirement	4.188.380.785		

Calculation of Solvency Capital Requirement

Operational risk	269.727.214
Loss-absorbing capacity of technical provisions	-1.693.209.063
Loss-absorbing capacity of deferred taxes	-584.411.668
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-
Solvency capital requirement excluding capital add-on	2.180.487.268
Capital add-on already set	-
Solvency capital requirement	2.180.487.268
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	-
Total amount of Notional Solvency Capital Requirement for remaining part	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	-
Diversification effects due to RFF nSCR aggregation for article 304	-

Approach based on average tax rate

Approach based on average tax rate

	LAC DT
LAC DT	-584.411.668
LAC DT justified by reversion of deferred tax liabilities	-189.687.278
LAC DT justified by reference to probable future taxable economic profit	-395.262.571
LAC DT justified by carry back, current year	538.181
LAC DT justified by carry back, future years	-
Maximum LAC DT	-1.417.704.459

QRT SOLVENCY CAPITAL REQUIREMENT – PARTIAL INTERNAL MODEL (§.25.02.21)

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
1	Market risk	1.895.702.229	-	-	-
2	Counterparty default risk	71.461.658	-	-	-
3	Life underwriting risk	852.924.865	-	-	-
7	Operational risk	269.727.214	-	-	-
9	LAC Deferred Taxes (negative amount)	-568.386.676	-	-	-
10	Non Life and Health Internal Model	478.330.848	259.664.206	-	-

Calculation of Solvency Capital Requirement

Total undiversified components	2.999.760.138
Diversification	-865.072.038
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-
Solvency capital requirement excluding capital add-on	2.134.688.099
Capital add-ons already set	-
Solvency capital requirement	2.134.688.099
Other information on SCR	
Amount/estimate of the overall loss-absorbing capacity of technical provisions	-1.702.030.364
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	-568.386.676
Capital requirement for duration-based equity risk sub-module	-
Total amount of Notional Solvency Capital Requirements for remaining part	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	-
Diversification effects due to RFF nSCR aggregation for article 304	-

Approach based on average tax rate

Approach based on average tax rate

LAC DT

	LAC DT
LAC DT justified by reversion of deferred tax liabilities	-568.386.676
LAC DT justified by reference to probable future taxable economic profit	-189.687.278
LAC DT justified by carry back, current year	-379.237.579
LAC DT justified by carry back, future years	538.181
Maximum LAC DT	-
	-1.417.704.459

QRT MINIMUM CAPITAL REQUIREMENT - LIFE AND NON-LIFE INSURANCE ACTIVITY (\$.28.02.01)

	Non-life activities MCR(NL,NL) Result	Life activities MCR(NL,L)Result
Linear formula component for non-life insurance and reinsurance obligations	211.766.417	-

	Non-life activities		Life activities	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	68.085.907	144.362.454	-	-
Income protection insurance and proportional reinsurance	19.949.337	26.353.411	-	-
Workers' compensation insurance and proportional reinsurance	75.064.383	133.911.872	-	-
Motor vehicle liability insurance and proportional reinsurance	496.264.372	225.743.115	-	-
Other motor insurance and proportional reinsurance	10.521.170	168.850.541	-	-
Marine, aviation and transport insurance and proportional reinsurance	2.184.425	465.081	-	-
Fire and other damage to property insurance and proportional reinsurance	135.714.616	434.322.334	-	-
General liability insurance and proportional reinsurance	252.948.938	88.390.887	-	-
Credit and suretyship insurance and proportional reinsurance	-	-	-	-
Legal expenses insurance and proportional reinsurance	88.621.829	57.957.929	-	-
Assistance and proportional reinsurance	2.166.332	16.642.515	-	-
Miscellaneous financial loss insurance and proportional reinsurance	1.666.792	5.332.082	-	-
Non-proportional health reinsurance	-	-	-	-
Non-proportional casualty reinsurance	8.841.768	3.024.578	-	-
Non-proportional marine, aviation and transport reinsurance	-	-	-	-
Non-proportional property reinsurance	-	-	-	-

	Non-life activities MCR(L,NL) Result	Life activities MCR(L,L) Result
Linear formula component for life insurance and reinsurance obligations	34.851.981	1.594.529.280

Obligations with profit participation - guaranteed benefits
Obligations with profit participation - future discretionary benefits
Index-linked and unit-linked insurance obligations
Other life (re)insurance and health (re)insurance obligations
Total capital at risk for all life (re)insurance obligations

Non-life activities		Life activities	
Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
-		42.847.561.038	
-		2.586.544.220	
-		10.515.977.179	
1.659.618.125		605.510.238	
	-		81.917.522.553

Overall MCR calculation

Linear MCR	1.841.147.678
SCR	2.134.688.099
MCR cap	960.609.645
MCR floor	533.672.025
Combined MCR	960.609.645
Absolute floor of the MCR	8.000.000
Minimum Capital Requirement	960.609.645

Notional non-life and life MCR calculation

	Non-life activities	Life activities
Notional linear MCR	246.618.398	1.594.529.280
Notional SCR excluding add-on (annu	285.937.605	1.848.750.494
Notional MCR cap	128.671.922	831.937.722
Notional MCR floor	71.484.401	462.187.623
Notional Combined MCR	128.671.922	831.937.722
Absolute floor of the notional MCR	4.000.000	4.000.000
Notional MCR	128.671.922	831.937.722