



rechtsbijstand | protection juridique

Euromex NV

# **Solvency and Financial Condition Report**

## **2023**

Version 1.0

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# Glossary

## **Ancillary Own Funds**

Ancillary Own Funds shall consist of items other than Basic Own Funds which can be called up to absorb losses. They require supervisory approval and cannot be used to cover the MCR. (Solvency II Directive 2009/138/EC, Article 89)

## **Basic Own Funds**

Basic Own Funds are composed of the excess of assets over liabilities, valued according to market-consistent principles, and subordinated liabilities.

## **Best Estimate**

The Best Estimate is part of the Technical Provisions. It corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money (expected present value of future cash-flows), using the relevant Risk-free Interest Rate Term Structure. The calculation of the Best Estimate is based upon up-to-date and credible information and realistic assumptions and is performed using adequate, applicable and relevant actuarial and statistical methods. The cash-flow projection used in the calculation of the Best Estimate takes account of all the cash in- and out-flows required to settle the insurance and reinsurance obligations over the lifetime thereof. It is calculated gross of reinsurance.

## **Minimum Capital Requirement**

The Minimum Capital Requirement corresponds to an amount of eligible Basic Own Funds. Below this amount policy holders and beneficiaries are exposed to an unacceptable level of risk so that insurance and reinsurance undertakings are not allowed to continue their operations. (Solvency II Directive 2009/138/EC, Article 129)

## **Own Risk and Solvency Assessment (ORSA)**

Own Risk and Solvency Assessment is a risk management process which connects business strategy and capital planning and which is an integral part of the business strategy. ORSA needs to be performed annually or whenever the risk profile changes significantly. The process is owned by the Board, and has to be documented and reported internally and to the supervisor.

## **Own Funds**

Own Funds are defined as the sum of Basic Own Funds and Ancillary Own Funds. (Solvency II Directive 2009/138/EC, Article 77)

## **Reconciliation Reserve**

The Reconciliation Reserve (revaluation reserve) is part of the own funds of the Solvency II balance sheet. It results from the surplus of assets over liabilities less items such as share capital, capital reserve or foundation

fund, preference shares and surplus fund. In addition, adjustments must be made, such as for foreseeable dividend payments.

### **Risk Margin**

The Risk Margin is part of the Technical Provisions and shall be such as to ensure that the value of the Technical Provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations. The Risk Margin is determined by the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support the insurance and reinsurance obligations over the lifetime thereof. (Solvency II Directive 2009/138/EC, Article 77)

### **Risk-free Interest Rate**

The Risk-free Interest Rate term structure is relevant for the calculation of liabilities by insurance and reinsurance undertakings. EIOPA is required to publish the Risk-free Interest Rate for Solvency II.

As a default approach, the Risk-free Interest Rate is primarily derived from the rates at which two parties are prepared to swap fixed and floating interest rate obligations. (EIOPA-BoS-15/035)

### **Solvency Capital Requirement (SCR)**

The Solvency Capital Requirement should reflect a level of eligible own funds that enables insurance and reinsurance undertakings to absorb significant losses and that gives reasonable assurance to policy holders and beneficiaries that payments will be made as they fall due. This amount is determined with reference to the risks assumed by the company. (Solvency II Directive 2009/138/EC, Paragraph 62)

### **Solvency II Ratio**

The Solvency II Ratio represents the company's own funds against its SCR. Insurance and reinsurance undertakings are required to maintain their Solvency II Ratio above 100%. If the ratios are lower, measures are initiated by the national supervisory authority, such as the need for an action plan to restore the ratios to required levels.

### **Surplus Funds**

Surplus Funds shall be deemed to be accumulated profits which have not been made available for distribution to policy holders and beneficiaries.

In so far as authorised under national law, Surplus Funds shall not be considered as insurance and reinsurance liabilities to the extent that they fulfil the criteria set out in Article 94(1). (Solvency II Directive 2009/138/EC, Article 91)

### **Technical Provisions**

The value of the Technical Provisions under Solvency II correspond to the amount which another insurance or reinsurance undertaking would be expected to require to take over and fulfill the underlying insurance and reinsurance obligations. They are calculated as the sum of the best estimates liabilities and the Risk Margin.

### **Volatility Adjustment**

The Volatility Adjustment is a measure to ensure the appropriate treatment of insurance products with long-term guarantees under Solvency II. (Re) insurers are allowed to adjust the risk-free-rate to mitigate the effect of short-term volatility of bond spreads on their solvency position. In that way, the Volatility Adjustment prevents pro-cyclical investment behavior of (re)insurers.

### **Legal Disclaimer**

This report has been prepared solely to fulfill the obligations arising from the supervisory reporting (Solvency and Financial Condition Report under Articles 51 et seq. of the SII Directive 2009/138 / EC in conjunction with Articles 290 et seq. of Delegated Regulation (EU) 2015 / 35 of the Commission of 10 October 2014). Unless otherwise indicated in this report, all statements and information contained herein are based on facts and knowledge as at the reference date of the report. The same applies to all forward-looking statements and information contained in this report, such as f.e. forecasts, expectations, developments, plans, intentions, assumptions, beliefs or outlooks. Forward-looking statements are subject to many factors, and no assurance, warranty or guarantee is given that the forward-looking statements will take place or be fulfilled as expected. Furthermore, new factors with a significant impact on forward-looking statements may arise at any time. It cannot be predicted what these factors are and what influence they have individually or in combination with other circumstances. It is not intended to update any of these forward-looking statements and information due to changed circumstances or new knowledge unless expressly required by applicable laws or regulations.

# Executive Summary

## Introduction

Euromex is a monoline Belgian insurance company specialized in legal protection since 1948. It operates under the legal form of a "Public Limited Company ('Naamloze Vennootschap')". Euromex is part of, and strongly embedded in the Baloise Group (owned by Baloise Holding Ltd, Switzerland). Located at the heart of Europe, with its head office in Basel, the Baloise Group is a provider of prevention, pensions, assistance and insurance solutions.

The purpose of this report is to satisfy the public disclosure requirements under the law of 13/03/2016 including the Solvency II Directive 2009/138/EC, the Commission Delegated Regulation (EU) 2015/35 and the EIOPA Guidelines on Reporting and Disclosure. The elements of the disclosure relate to business & performance, system of governance, risk profile, solvency valuation and capital management.

## Highlights

### **Acquisitions within the Baloise Group impact the insurance landscape**

In June 2020 Baloise Belgium has completed the acquisition of the non-life portfolio of Athora Belgium. The transfer of the former legal protection portfolio of Athora Belgium from Baloise to Euromex was completed in 2023. After the transfer of the stand-alone portfolio legal protection in 2021 and the inclusion-business legal protection motor in 2022, the inclusion-business non-motor and the outstanding claims were transferred on the 26th of June 2023.

### **Macroeconomic situation**

The macroeconomic situation in 2023 was characterized by a number of global challenges. The ongoing war in Ukraine, as well as the renewed conflict in the Gaza Strip, led to a tense geopolitical situation. Euromex's insurance business is not directly affected by the wars, but the indirect effects on the market environment are being closely monitored. It is clear that our customers, employees and investors can rely on us in this challenging market situation. Euromex's solid economic substance also endures in this environment.

In 2023, inflation rates declined globally but remained above target in major economies, while key interest rates rose for the most part. Due to the increased expectations of central banks in autumn 2023 to cut key interest rates again in 2024, the equity markets developed positively again towards the end of the year. However, investors remain confronted with uncertainties and risks. Despite these challenges, Euromex remains well positioned thanks to a solid capital base and a long-term investment strategy.

## Business and Performance

### Stable profit despite a challenging environment

Euromex generated a net profit in 2023 of 9.4 Mio EUR (in accordance to the Belgian Accounting Standards BGAAP). This result was conducted by a business volume of 97.2 Mio EUR earned premium, an increase with 9.3% compared to year-end 2022.

In 2023 Euromex made substantial steps in further developing its market and in accelerating and expanding digitalization.

Euromex developed in 2022 a new, comprehensive, transparent and simple product offering for self-employed and SME's (small & medium enterprises) based upon the same 360°-logic and structure as the new retail product offering we presented to the brokers in 2021. In 2023, major steps were taken in converting the existing portfolio into this new 360°-offering. In parallel, the new business in the SME-segment was boosting as well.

In the beginning of 2022 Euromex launched Eureka, our new front-office application. In 2023, Eureka was transformed from a tool for quotes and policy-issuing into a platform that enables full and E2E digital interaction with brokers, covering policy management (full lifecycle of the policy), claims notification and consultation, follow up of financial statements and payments, portfolio listings etc.

Also in 2023, Euromex invested also a lot in connecting with and informing and training the brokers via roadshows, webinars, workshops and several two-day technical trainings claims all over the country. These initiatives were a big success and had many more participants than expected.

The focus at Euromex was also on maintaining the strong technical result that she performed the previous years and on controlling the expenses. This resulted in an annual gross technical result of 8.4 Mio EUR (7.2 Mio EUR YE 2022).

## System of Governance

### We practice sound, responsible corporate governance.

As a company that adds value, Euromex attaches great importance to practicing sound, responsible corporate governance.

The system of governance in place at Euromex is considered as adequate to the nature, scale and complexity of the risks inherent in the company's business. This is confirmed by the Board of Directors of Euromex. Adequacy is deducted from the governance principles and framework in line with regulatory requirements. Furthermore, the Fit and Proper process applied, together with the company's Code of Conduct, ensure the adequacy of key personnel such as the adequacy of key functions implemented according to the Solvency II regulation.

## Risk Profile

**All material risks are identified, assessed and managed.**

All risks as defined in the Baloise risk map - consisting of insurance, investment, financial structure, business environment, operational and leadership & information risks - are assessed on a regular basis taking into account risk mitigating measures in place. On a yearly basis risks are assessed in a bottom-up and top-down process by the functional department responsables (risk owner and risk controller), the executive committee and validated by the risk management function. The process also considers emerging and strategic risks. The results of the different assessments highlight the typical risks of a monoline insurance company.

## Valuation for Solvency Purposes

**The different valuation principles mount up the own funds from 81.0 Mio EUR under local GAAP to Solvency II available capital of 101.2 Mio EUR.**

Valuation principles and results are presented under both the Solvency II and local accounting framework. Significant differences between these frameworks are documented. This not only comprises differences in valuation principles, but also differences in recognition and/or in classification of certain assets and liabilities. Due to these differences the local GAAP own funds mount up to 81.0 Mio EUR, where in Solvency II an extra gain of 20.2 Mio EUR exists resulting in a SII available capital of 101.2 Mio EUR. The main differences find their origin in the different valuation of the technical provisions and the capital gains/losses on the bonds and equity portfolio. The balance sheet can be summarized as below.

### Balance Sheet - Summary Local GAAP and Solvency II Valuation

	Solvency II	Local GAAP	Difference
In '000 EUR			
Total assets	262'539.5	275'421.9	-12'882.3
Total liabilities	161'360.8	194'440.0	-33'079.2
<b>Excess of assets over liabilities</b>	<b>101'178.7</b>	<b>80'981.9</b>	<b>20'196.8</b>

Compared to YE 2022 the difference between the Solvency II and the Local Gaap value increased from 9.7 Mio EUR at year end 2022 to 22.1 Mio EUR.

This increase is driven by a higher surplus in absolute terms on the technical provisions and the recovery in financial markets. While the equity markets rose, bond prices also partially recovered due to lower interest rates. The expected tax impact resulting from these changes in valuation is accounted for by adding a Deferred Tax Liability (DTL).



# Capital Management

**The Solvency II quote for Euromex is 254.1%**

The Solvency II quote for Euromex was 254.1% at the end of 2023, applying volatility adjustment. The legal requirement to hold sufficient own funds to cover the solvency capital requirement has therefore been fulfilled.

Compared to year-end 2022 an increase in solvency ratio can be observed from 240.0% to 254.1%. The available capital increased faster than the required capital. The non-life underwriting risk increased driven by higher premiums and technical provisions, but also the surplus on the technical provisions has increased as the surplus in relative terms remained constant. Financial market recovered, especially bond prices went up due to lower interest rates. The lower interest rates and in addition a lower duration gap resulted in a decrease of the interest rate risk.

The loss absorbing capacity of deferred taxes (LAC DT) is limited to the amount of the Deferred Tax Liability (DTL), but as a result of the new circular of the NBB “NBB\_2022\_27” the amount has been limited to 10% of the SCR, which means that only 4.4 Mio EUR of the 7.4 Mio EUR DTL has been taken into account as LAC DT.

**Solvency II Ratio**

	<b>2022</b>	<b>2023</b>
In '000 EUR		
Total available own funds to meet the SCR	88'361.2	101'178.7
Solvency Capital Requirement	36'818.1	39'817.4
<b>Solvency II Ratio</b>	<b>240.0%</b>	<b>254.1%</b>



## A. Business and performance

### A.1. Business

#### A.1.1. General information

Euromex is a monoline Belgian insurance company specialised in legal protection since 1948.

It operates under the legal form of a Limited Liability Company ('Naamloze vennootschap'). The 'Nationale Bank van België' ('NBB') represents the responsible supervisory authority. The external auditor is Ernst & Young Bedrijfsrevisoren CV, De Kleetlaan 2, 1831 Diegem, represented by mr J. Klaykens.

Baloise Belgium nv, (with registered office at Posthofbrug 16 2600 Berchem, BELGIUM) is the main (99.82%) shareholder of Euromex. 0.18% is owned by Mercator-Immo nv (with registered office at Posthofbrug 16 2600 Berchem, BELGIUM). Euromex is part of, and strongly embedded in the Baloise Group (owned by Baloise Holding Ltd1, at 21, Aeschengraben, 4002 Basel, SWITZERLAND). Located at the heart of Europe, with its head office in Basel, the Baloise Group is a provider of prevention, pension, assistance and insurance solutions.

At the end of 2023, in addition to its Swiss and Belgian activities, the group has relevant foreign operations in Germany, Luxemburg and Liechtenstein.

An active interaction is established between Baloise Belgium NV and Euromex, based on, i.a. the presence of Baloise Belgium representatives on Euromex' Board of Directors, and the extensive management reporting procedures. Important synergies exist, i.a., in financial reporting, asset management, actuarial services, IT and in risk management.

Euromex realized a total business volume of 97.2 Mio EUR in premium earned compared to 89.0 Mio EUR in 2022.

The basis of the business strategy of Euromex is the ambition of Baloise Group to become the trusted choice for our clients. To realise this the business strategy focusses on the three following pillars:

- Employees: Baloise aims to be a leading employer;
- Customers: Baloise Belgium wants to be the trusted choice for its clients and aims to attract additional customers as aligned with the group ambitions;
- Investors: Baloise aims to be an attractive, reliable and responsible investment.

#### A.1.2. Significant business and geographical coverage

##### A.1.2.1. Main business lines and geographical areas

In 2023, Euromex realized a BGAAP gross earned premium volume of 97.2 Mio EUR, that is the sum of inclusion

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<sup>1</sup> Baloise Group's supervisor is the Swiss 'Financial Market Supervisory Authority ('FINMA') and can be contacted at Laupenstrasse 27 – CH-3003 Bern.

and standalone business. The earned premium increased by 8.2 Mio EUR compared to 2022.

Per 31/12/2023, the corresponding BGAAP technical provisions (premium and claim provisions) amounted to 183.4 Mio EUR compared to 166.2 Mio EUR at YE 2022.

As a monoline insurer Euromex provides service in the legal expenses insurance business. The company continues to invest in a profitable growth via brokers. The premium volume is almost fully realised in Belgium with highest concentration in the Flemish part of the country but growing more rapidly in the South of the country.

## **A.1.2.2. Significant business or other events**

### **Portfolio acquisitions**

The transfer of the former legal protection portfolio of Athora Belgium from Baloise to Euromex was completed in 2023. After the transfer of the stand-alone portfolio legal protection in 2021 and the inclusion-business legal protection motor in 2022, the inclusion-business non-motor and the outstanding claims were transferred on the 26th of June 2023.

### **Macroeconomic situation**

The macroeconomic situation in 2023 was characterized by a number of global challenges. The ongoing war in Ukraine, as well as the renewed conflict in the Gaza Strip, led to a tense geopolitical situation. Euromex's insurance business is not directly affected by the wars, but the indirect effects on the market environment are being closely monitored. It is clear that our customers, employees and investors can rely on us in this challenging market situation. Euromex's solid economic substance also endures in this environment.

In 2023, inflation rates declined globally but remained above target in major economies, while key interest rates rose for the most part. Due to the increased expectations of central banks in autumn 2023 to cut key interest rates again in 2024, the equity markets developed positively again towards the end of the year. However, investors remain confronted with uncertainties and risks. Despite these challenges, Euromex remains well positioned thanks to a solid capital base and a long-term investment strategy.

### **Digital transformation**

In general, external developments like technological changes, access to big data, use of portable devices by customers, increased interest for protection against cyber criminality, service providers offering legal protection other than insurance companies... are more and more impacting the insurance market. Euromex is closely monitoring these evolutions and is actively exploring the opportunities these developments offer.

### **Regulatory framework**

Finally, regulatory changes (IDD, Assurmifid, GDPR, Solvency II, DORA...) are also heavily impacting the way insurers conduct their businesses and interact with their customers, resulting in strong market competition. The company's customer centricity approach perfectly fits within these developments.

## A.2. Performance of underwriting activities

### A.2.1. The overall performance under BGAAP

The following table summarizes the P&L account of Euromex under BGAAP, as disclosed in the annual reporting, over the actual and the previous reporting period. The next subsection will further analyze the underwriting component of the technical results.

#### Premiums, claims and expenses - Non-Life aggregated

	2022	2022	2023	2023
	Gross	Net	Gross	Net
In '000 EUR				
Premiums earned	89'000.7	83'520.5	97'243.8	91'406.6
Claims incurred	39'730.9	34'703.3	42'078.3	37'478.8
Changes in other technical provisions				
Expenses excl. investment management expenses	42'062.5	39'675.3	46'790.7	44'159.3
<b>Annual underwriting result</b>	<b>7'207.3</b>	<b>9'141.8</b>	<b>8'374.8</b>	<b>9'768.5</b>

### A.2.2. The underwriting performance of the non-life activity under BGAAP

The underwriting performance is considered at the portfolio level. With a gross underwriting result of 8.4 Mio EUR the non-life underwriting activity clearly provides a large contribution to the company's total result.

The underwriting result is 1.2 Mio higher than in 2022 (7.2 Mio EUR), this highlights the stability of Euromex as an insurance company, triggered by a strict follow-up of the underwriting result to identify unfavourable risks and take where necessary the appropriate action.

The impact of reinsurance on the underwriting result amounts to 1.4 Mio EUR.

In 2023 Euromex made substantial steps in further developing its market and in accelerating and expanding digitalization.

Euromex developed in 2022 a new, comprehensive, transparent and simple product offering for self-employed and SME's (small & medium enterprises) based upon the same 360°-logic and structure as the new retail product offering we presented to the brokers in 2021. In 2023, major steps were taken in converting the existing portfolio into this new 360°-offering. In parallel, the new business in the SME-segment was boosting as well.

In the beginning of 2022 Euromex launched Eureka, our new front-office application. In 2023, Eureka was transformed from a tool for quotes and policy-issuing into a platform that enables full and E2E digital interaction with brokers, covering policy management (full lifecycle of the policy), claims notification and consultation, follow up of financial statements and payments, portfolio listings etc.

Also in 2023, Euromex invested also a lot in connecting with and informing and training the brokers via roadshows, webinars, workshops and several two-day technical trainings claims all over the country. These initiatives were a big success and had many more participants than expected.

### A.2.3. The underwriting result of the life activity under BGAAP

As Euromex is a non life insurance company this chapter is without subject.

## A.3. Performance of investment activities

### A.3.1. Overview of the investment performance as per financial statements and current income

Euromex kept the large majority of its assets invested in bonds. Under the given asset allocation, the major part of Euromex investment income is recurring. For the bond’s portfolio, this recurring income corresponds to earned interest as well as changes in the book value of the bonds w.r.t. amortization of agio/disagio's and provides a stable income. The investment income has also been positively impacted by recurring rental income on the property portfolio and dividends on the equity portfolio. The result of the financial income is presented below.

Income and expenses from investments by asset class

	Bonds	Equities	Property	Other	Charges & Expenses	Total
EUR '000						
Investment income	2.732,4	352,7	173,2	195,6	-522,6	<b>2.931,3</b>

The financial income increased by 0.8 Mio EUR compared to last year. This increase is attributed to higher market interest rates since the middle of 2022, resulting in higher interest earnings from both the bonds portfolio (+0.7 Mio EUR) and the bank accounts (+0.2 Mio EUR, categorized under "Other"). However, this gain was partially offset by increased investment costs (-0.2 Mio EUR).

### A.3.2. Gains and losses recognized directly in equity

Under BGAAP, there are no gains or losses that are recognized directly in equity.

### A.3.3. Investments in financial instruments based on repackage loans

At YE2023, Euromex had no investments in securitisation.



## **A.4. Performance of other activities**

In addition to the elements discussed in the sections about underwriting and investment performance, a few other elements with significant impact on the company's profit and loss have to be mentioned.

The company's P&L account was impacted by 'other costs' for an amount of 2.3 Mio EUR.

Euromex has no material lease contracts.

## **A.5. Other relevant information**

No further information.

## B. System of Governance

### B.1. General information

#### B.1.1. Governance structure: overview

##### B.1.1.1. Board of Directors

The Board of Directors is composed of executive and non-executive directors appointed by the General Shareholders Meeting for a renewable term of each at most six years. The majority of the directors of the Board of Directors are non-executive directors. At least two directors are independent directors.

The Board of Directors meets every time it is appropriate and at least three times a year. The Board of Directors has i.a. the following responsibilities :

- Determining the general company strategy, Risk Policy and Integrity Policy:
  - the strategy, values and objectives of the company with, among other things, the Commercial Policy, the Governance Policy (the Fit & Proper Policy, the Remuneration Policy, the Outsourcing Policy, the internal rules regarding external functions, the policy concerning security and continuity with regard to information technology, and the charters of the independent control functions), the organization structure, the internal control structure, and the reports intended for the public (the 'Solvency and Financial Condition Report');
  - the Risk Policy, more specifically the risk appetite, the general risk tolerance limits for all activities, the Risk Management Policy, strategic risk-related decisions and the approval of the reports for the supervisory authority (the Regular Supervisory Report (RSR) and the Own Risk and Solvency Assessment (ORSA));
  - the Integrity Policy of the company with, among other things, the Code of Conduct and the rules to be observed in relation to the main areas of compliance.
- Supervising the activities and governance of the company, in particular:
  - the activities of the Management Committee;
  - the effectiveness of the system of governance and internal control;
  - compliance with the Risk Policy;
  - the activities of the four independent control functions (Internal Audit, Compliance, Risk Management and the Actuarial Function) and the implementation of their recommendations;
  - the integrity of the accounting and financial reporting.
- Approving transactions or projects that represent an investment or desinvestment above certain thresholds, defined in the policy.

The Board of Directors also has the duties and responsibilities reserved for it by Belgian company law and the Articles of Association.

### **B.1.1.2. Executive Committee**

The managing directors make up the Executive Committee responsible for the effective management of the enterprise.

The Executive Committee usually meets weekly (except during holiday periods) and also whenever necessary. Periodic reports are submitted to this committee on the main issues and business risks. The Executive Committee acts collegially, with the allocation of specific responsibilities to individual Managing Directors.

The Executive Committee forms a college that jointly - preferably by consensus, if not a majority - comes to decisions. The members are loyal to the decisions taken.

The Executive Committee has i.a. the following missions:

- Executing the strategy defined by the Board of Directors and managing the company:
  - managing the company in accordance with the established strategic objectives and subject to the risk tolerance limits laid down by the Board of Directors;
  - supervising the line management and compliance with the powers and responsibilities conferred;
  - submitting proposals and giving advice to the Board of Directors for the purpose of defining the general policy and strategy of the company.
- Implementing the risk management system:
  - working out the details of risk appetite as well as risk management and control;
  - determining, measuring, managing, controlling and reporting all relevant risks (financial risks, insurance risks, operational risks and other risks);
  - supervising the development of the company's risk profile and control of the risk management system.
- Introducing, monitoring and evaluating the organizational and operational structure:
  - executing the Governance Policy;
  - implementing an organizational and operational structure, determining powers, responsibilities and reporting procedures;
  - setting up and monitoring suitable internal control mechanisms;
  - enabling the independent control functions to work well and assessing the efficiency and effectiveness of the regulations defined by the company with regard to risk management, internal control and governance;
  - supervising correct implementation of the Remuneration Policy;



- setting up a system of internal reporting that creates a reasonable degree of assurance regarding the reliability of the financial information and prudential reporting.
- Implementing the Integrity Policy (with, among other things, rules relating to conflicts of interest, whistle-blowing, the prevention of terrorist financing, and codes of conduct);
- Reporting to the Board of Directors (and/or to a subcommittee of the Board) and to the supervisory authorities (the NBB and FSMA) as prescribed by company and supervisory legislation.

Notwithstanding the collective responsibility of the Executive Committee specific tasks are assigned to the different members.

### **B.1.1.3. Specialized committees of the Board of Directors (composition, functions, working)**

The Board appointed an Audit and Risk Committee and a Remuneration Committee.

The **Audit and Risk Committee** is composed of non-executive directors, including two independent directors. This does not prevent the Chairman or members of the Executive Committee, the persons responsible for the independent control functions or the external auditor from taking part in the meetings if this improves their effectiveness. The committee is collectively competent in the financial enterprise's activities, financial management, financial reporting, accounting, auditing and risk management.

The Audit and Risk Committee meets at least three times a year and reports to the Board of Directors.

The **Audit Committee** has the following tasks:

- Overseeing the financial reporting process and the integrity of the financial statements;
- Monitoring the effectiveness of the systems and functions for internal control and risk management;
- Monitoring the internal audit and relevant activities, including the audit plan, take note of the audit reports, to ensure that the Executive Committee shall take appropriate steps to remedy the shortcomings identified by the internal auditors;
- Monitoring the statutory audit of annual accounts and consolidated accounts, including the compliance with the questions and recommendations formulated by a certified public accountant;
- Reviewing and monitoring the independence of the statutory auditor, with particular attention to the supply of additional services to the company or to a person with whom he has close links;
- Reporting regularly to the Board of Directors on the exercise of its tasks, at least on the annual and consolidated financial statements and periodic information at the end of the financial year and at the end of the first half;
- Providing the Board of Directors recommendations on the appointment and reappointment of the external auditor's independence and remuneration.

The **Risk Committee** has the following tasks:

- Providing advice to the Board of Directors on the current and future risk tolerance and risk strategy;

- Assist the Board of Directors in the exercise of monitoring the implementation of the risk strategy by the Executive Committee;
- Making sure that the strategic decisions of the Board of Directors take into account the risks incurred by the company, having regard to its business model and risk strategy;
- Defining the nature, scope, form and frequency of the information that must be presented to the committee concerning the risks;
- Making sure that variable remuneration and the performance objectives set out in the Remuneration Policy are consistent with the company's risk profile;
- Monitoring the effectiveness of the risk management system and risk management function;
- Examining how the company covers the risks associated with its assets, operations and liability by means of adapted insurance policies;
- Requesting all necessary information (at least the annual report) from the risk management function, and familiarising itself with the action plan and the monitoring of this plan by the risk management function;
- Asking the Board of Directors to impose specific duties on the risk management function where appropriate.

The Audit and Risk Committee can receive specific tasks from the Board of Directors, is completely independent in the execution of these tasks, and reports regularly to the Board of Directors until the completion of the assignment.

The **Remuneration Committee** has been appointed to determine the fixed and variable remuneration of the members of the Executive Committee in accordance with its approved remuneration policy. The Remuneration Committee is composed of three non-executive directors, including one independent director.

The Remuneration Committee has the following tasks:

- Advising on the Fit & Proper Policy and Remuneration Policy to be adopted by the Board of Directors and on any amendment to them;
- The preparation of decisions regarding remuneration, particularly those which have implications for the risk management of the company and which the Board of Directors have to decide; in the preparation of such decisions, the Remuneration Committee taken into account the long term interests of shareholders, investors and other stakeholders of the company, as well as the general interest;
- The preparation of decisions regarding the remuneration of the persons responsible for the independent control functions;
- Monitoring the remuneration of those responsible for the independent control functions.

#### **B.1.1.4. Other Key Functions**

Alongside the aforementioned functions observed by the (executive and non-executive) Directors, the company has also created a number of appropriate independent control functions which are also key functions.

Management monitors the implementation and organization of these functions and uses their findings and recommendations to strengthen the administrative structure, organization and internal control.

Independence of these control functions mainly involves the following elements:

- They have an appropriate statute guaranteeing all necessary powers, resources, expertise and access within the organization;
- They are independent of the hierarchical and organizational levels of the operational activity they have to control;
- They report both to the executive and non-executive directors according to the established procedures;
- Remuneration of persons responsible for those functions is from a material point of view not related to the profitability of the activity.

The different independent control functions are

- Compliance function;
- Risk Management function;
- Internal Audit function;
- Actuarial Function.

They are discussed further below in this report.

#### **B.1.1.5. The Policy Framework**

A key element in the company's governance framework is its policy framework. This framework contains all documents (policies) within the context of Solvency II and contains the high level principles according to which the company organizes its activities. Policies typically contain general, more abstract rules and guidelines which are further translated into processes and procedures. The policy framework is itself also subject to detailed governance rules, which guarantee i.a. the periodic review of these documents.

### **B.1.2. Remuneration Policy**

#### **B.1.2.1. Remuneration principles and objectives**

The general remuneration policy is compliant with and contributes to a healthy and efficient risk management. The remuneration policy and practices are determined and implemented according to the business and risk

management strategy, the risk profile, the goals, the risk management practices and the long-term interest and performances of the company as a whole. They comprise measures geared towards avoiding conflicts of interest. The remuneration of the Executive Directors is based on value creation and is determined according to the remuneration concept as decided by the Remuneration Committee of Baloise Holding Ltd.

The company's success is largely dependent on the skills, capabilities and performance of its personnel. It is therefore essential to recruit, develop and retain suitably qualified, highly capable and highly motivated professionals and executives. The level of remuneration offered by Euromex is in line with the going market rate and performance-related. Euromex has put in place a remuneration policy that is also compliant with the Baloise Group Remuneration Policy.

The objectives of the remuneration system are to further increase the emphasis on performance at Euromex and to strengthen employees' and executives' loyalty and commitment to the organization.

In addition to paying its staff in line with market rates and according to individual achievement, the company encourages its executives to focus on the longer term and on its shareholder's interests.

### **B.1.2.2. Remuneration components**

The company's compensation packages consist of the basic salary plus short-term and long-term variable remuneration and of other material and non-material benefits such as pension contributions, additional benefits, and staff development.

#### **Basic salary**

The basic salary constitutes the level of remuneration that is commensurate with the functions and responsibilities of the position concerned as well as the employee skills and expertise required in order to achieve the relevant business targets and objectives. When determining the level of its basic salaries, Euromex aims to position itself around the market median. In compliance with its Code of Conduct, Euromex applies the internal fair-pay principle that people who do the same job and have the same qualifications should be paid the same amount.

#### **Variable remuneration**

The key factors determining the amount of variable remuneration paid are the global result or the economic value added, and the employee's individual performance. Euromex attaches considerable importance to managing its business sustainably.

Besides the profit-sharing which applies to all staff members and depends on the company's profit, a Performance Pool is also available. The volume of the Performance Pool, which is determined by the Remuneration Committee, depends on business performance, the evolution of the share price, risk mitigation and implementation of the strategy. It is distributed individually to all staff members who qualify for access to the Performance Pool (the executives) by taking into account the performance assessment as the primary guideline, based on performance, commitment, collaboration, leadership and behavior.

### **B.1.2.3. Pension schemes**

The company provides its employees with an attractive occupational pension solution (Pillar 2) that meets the following objectives:

- It covers the needs of its insured employees' in the event of old age, death or disability and mitigates its financial consequences by offering an occupational pension scheme based on the principle of social partnership;
- It enables its retirees to maintain the standard of living to which they are accustomed by providing them with a sufficiently high level of income replacement (combination of Pillar 1 and Pillar 2 benefits) to compensate for their loss of earnings;
- The employer makes an important contribution to the funding of its occupational pension scheme;
- Its pension solutions are future-proof, robust, predictable and cost efficient.

The members of the Executive Committee are insured under a pension scheme run by Baloise Belgium NV. The other (non-executive) members of the Board of Directors have never been entitled to have contributions paid to the pension fund, nor have such contributions been paid to them.

### **B.1.2.4. Practical implementation**

The determination of individual and corporate targets, the performance assessment and the determination of the variable remuneration is controlled centrally through a performance management process.

Euromex provides systems of performance-related remuneration for all of its staff members, although this variable part depends on the group to which each staff member belongs. These distinct groups are the members of the Executive Committee, the management, the employees and the sales team.

## **B.1.3. Shareholders**

### **B.1.3.1. Group structure – shareholders with a qualified participation**

The shareholders of Euromex are:

- Baloise Belgium nv,
- Mercator-Immo nv

Euromex is part of, and strongly embedded in the Baloise Group (owned by Baloise Holding Ltd, Switzerland). Located at the heart of Europe, with its head office in Basel, the Baloise Group is a provider of prevention, pension, assistance and insurance solutions.

As a Swiss financial group, the Baloise Group is under control of the Swiss supervisor FINMA.

### **B.1.3.2. Transactions with shareholders**

Euromex' reinsurance is retained within the Baloise Group. Euromex purchases services from group divisions, i.a. IT, HR, accounting, actuarial, audit and asset management services.

## **B.2. Fit and proper requirements, transactions with leaders**

Euromex complies with all regulatory 'Fit & Proper' requirements. According to its 'Fit and Proper Policy', the Executive Committee has put in place all necessary processes to guarantee the required 'Fit and Proper' status of its key function holders. These requirements are checked whenever such a function is taken up, and further on an annual basis by means of a declaration by the function holder, but also with a periodic evaluation process conducted by the company.

### **B.2.1. Fit & Proper Policy**

Euromex ensures that the members of the Board of Directors and the Executive Committee and those responsible for independent control functions have sufficient relevant expertise and, taking into account their respective tasks, provide appropriate diversity of skills, knowledge , so that the company is managed and monitored professionally.

The Board of Directors collectively has the appropriate qualifications, experience and knowledge relating to at least the insurance and financial markets, business strategy and business model, the system of governance, financial and actuarial analysis, the regulatory framework and regulatory requirements.

On the basis of antecedents, it can be verified and reasonably assumed that a person will perform duties entrusted to him in an honest, dedicated, independent, ethical and integral manner.

#### **B.2.1.1. Assessment**

With a view to ensuring a permanent suitability the following measures are taken

- Self-assessment;
- Requirement of a written statement when taking up the function in which the person concerned confirms to respect the applicable Fit & Proper standards for that function and to promptly communicate any circumstance that may be relevant in this context;
- Annual declaration of the persons assumed to be fit and proper that they are not aware of any relevant and material change regarding their compliance with the fit and proper standard;
- Euromex challenges the self-assessments and documents its results.

### **B.2.1.2. Transactions with leaders**

Euromex may, directly or indirectly, grant loans, credits or guarantees to and conclude insurance contracts for the members of the Board of Directors and the members of the Executive Committee (or their spouses, partners and blood relatives in the first degree) under customary market conditions. There are only insurance contracts subscribed.

## **B.3. Risk management system including the ORSA**

### **B.3.1. The risk management system**

A key methodological element in Euromex' risk management system is the Risk Map, in which risks are categorized at different levels of aggregation. It provides the basic taxonomy along which the company organizes the identification, assessment, monitoring and mitigation of the risks to which it is exposed. The high level of granularity supports a deep and broad integration of the risk management activity throughout the different levels and domains of Euromex' activities. The risks are categorized under the following building blocks:

- Business risks;
- Investment risks;
- Financial structure risks;
- Business environment risks;
- Operational risks;
- Information/Leadership risks.

In order to monitor and manage the risks listed in the Risk Map, Euromex has implemented a comprehensive risk management system throughout its whole organization. Therefore, Euromex follows a holistic approach to an integrated risk management for risk identification, management and evaluation in the areas of ICS, compliance and risk management. In addition to purely financial risks, operational and business environment risks as well as information/leadership risks are also recorded and assessed.

The yearly risk assessment process along the risk map involves representatives of the operational departments, as the "first line of defense", for the identification, assessment, monitoring, mitigation and reporting of the risks the company is exposed to. The assessment also considers emerging risks and strategic risks. More detailed information on how the different risks are specifically managed, can be found in the chapter 'Risk Profile'. The risk management function, as the "second line of defense" controls and integrates the reported risk position and guarantees further reporting to the Executive Committee and the Board of Directors. Annually, the risk management function thoroughly reviews the assessments by the 'first line' operators.

The internal control system is enriched with an operational loss database, listing important operational events, and an outsourcing assessment on critical outsourcing activities.

Adequate reporting processes, covering the aforementioned procedures as well as the extensive internal control system, are in place, guaranteeing that the Board of Directors, the Executive Committee, the risk management function and the Asset Liability and Risk Committee (ALCO-RICO) always receive all relevant information allowing to monitor the company's risk position.

Furthermore, the Solvency II standard formula, which is used by the company together with USP's for regulatory purposes, provides an additional framework, which is in particular useful for the measurement of risks, from the point of view of the quantitative risk management at the level of the higher aggregations of risks and the capital management in relation to the company's overall risk position.

The strategic choices concerning risk and capital management are integrated into the business strategy and in its translation into business practice, e.g. in the business plan, the principles of risk management and risk tolerance limits are taken into account. The Executive Committee, in which the Risk Management function is represented by the CEO, oversees the correct application of the risk and capital management strategy.

The strategy for managing the individual risks based on the risk map is fully integrated into the organizational structure.

The decision-making procedure ensures compliance with the various elements of the risk management system. The ALCO-RICO plays a crucial role as a central advisory: representatives of all relevant departments discuss and advise on matters with potentially significant impact on the risk position of the company.

Risk management is thus embedded in the decision-making processes. Risk management and related systems and processes are continually being further developed and revised in order to guarantee their long term efficiency and to enhance them on an ongoing basis.

The appropriate governance for risk management is supported by the company's governance framework and in particular by its Policy Framework. This framework contains all written documents (policies) within the Solvency II framework providing the high level principles according to which the company organizes its working, both in addressing the risks it is exposed to, and in organizing its activities in general. These policies furthermore fully comply with Standards and Policies issued at the level of the Balaise Group.

Euromex' policies typically contain general rules and guidelines which are further translated into processes and procedures.

The policy framework is itself also subject to detailed governance rules, which guarantee i.a. the periodic review of these documents.

### **B.3.2. ORSA process**

In the ORSA process, the company documents its current and derives its future capital needs taking account of its future risk exposure, as projected in line with the company's business planning assumptions. In turn, these projected capital needs provide crucial input in the development of the company's business strategy and planning, which also includes capital planning.

The principles underlying the ORSA process are described in the company's ORSA Policy. The regular ORSA process is performed on an annual basis by the risk management function. The results are presented in a written ORSA report which is discussed with, and reviewed and approved by the Executive Committee and the Board of Directors. The process includes, i.a.:



- The verification of continuous compliance with the regulatory requirements regarding technical provisions and required capital, as well as with the company's own risk appetite, and this under normal and stressed conditions;
- The assessment of the own solvency needs given the company's risk profile;
- The assessment of the sensitivity of the solvency position to specific factors and circumstances, including (reverse) stress testing;
- The assessment of the appropriateness of the determination of the current solvency requirements.

In 2023, Euromex introduced a materiality analysis of the sensitivity of the company's balance sheet to climate change risk.

During the ORSA process, systematic interaction takes place between the risk management function and the management, e.g. in view of the ongoing business planning activities and regarding (reverse) stress testing. The validated results are disclosed to, and discussed with all stakeholders within the company.

### **B.3.3. The risk management function**

Euromex' risk management function, which operates directly under the responsibility of the CEO, has the following responsibilities:

- To detect, measure, manage and report all significant risks to which the company is exposed;
- To participate actively in the definition of the risk strategy in alignment with the group strategy;
- To participate in all management decisions which have a significant impact on the company's risk position;
- To provide a complete overview of the risks to which the company is exposed.

This further includes:

- The assistance of the Board of Directors, the Executive Committee and the other functions in view of the efficiency of the risk management system;
- The definition and implementation of risk measurement methodologies and control processes, in compliance with the regulatory requirements and in line with the group approach;
- The monitoring of the company's risk management system and general risk profile;
- The regular reporting on the company's risk exposure and the ad hoc escalation in case of critical risks;
- Advising the Board of Directors and the Executive Committee in risk-related matters;
- The identification and assessment of new and emerging risks;
- The fulfilment of regulatory requirements and the contacts with the supervisor.

## **B.4. Internal control system**

### **B.4.1. Internal control system overview**

Within the company's integrated and company-wide risk management approach, the Internal Control System (ICS) is one of the most important components. Effectiveness, traceability and efficiency of the implemented control processes are important principles underlying the design and implementation of the internal control.

The Board and Executive Committee are responsible for the implementation of an adequately functioning internal control system with the required level of development. Strategy and objectives are defined in the company's internal control policy. The Board of Directors is responsible for ensuring an adequate control over the effectiveness of the ICS by the management, and annually assesses the results of the scoping of the ICS.

The policy concerning the internal control system includes a set of measures to ensure that:

- Business is organized with well-defined objectives;
- The resources are used economically and efficiently;
- The laws, regulations, and general policies, plans and internal regulations are complied with;
- The risks are known and are adequately controlled to protect the assets;
- Financial and management information is honest and trustworthy.

Hence the company's internal control system covers not only the financial reporting but also the compliance and operational risks at entity, process and IT level.

- Euromex has assigned an ICS officer. He reports annually on the current ICS situation (points of improvement, risk situation). He is responsible for the communication within the company. He supervises the entire ICS system, is responsible for its quality, including staff training, and its continuous improvement.

### **B.4.2. Compliance function**

As a key function within Euromex integrated risk management, the compliance function, which acts under the responsibility of the CEO, monitors and promotes compliance with the company standards and regulations necessary for the preservation of the public trust, integrity and good reputation of the company. By monitoring the company's remaining exposure to compliance risks, it contributes to the company's entity-wide risk management.

The principles on which the organization and implementation of this function are based, are inscribed in the company's compliance policy (Integrity policy and Compliance Charter). Essential in executing his/her function are its independence, its preventive and proactive approach, its strong integration in the company's general governance framework and its interaction with the other control functions like risk management, actuarial function and internal audit.

As a key function, the compliance function has direct access to the Board of Directors, the Executive Committee and the Audit and Risk Committee, without having to justify it. The compliance function reports to the Board and the Executive committee.

Assessment of the residual exposure to compliance related risks is made on a regular basis, and is methodologically integrated in the company wide risk assessment process.

## **B.5. Internal audit function**

### **B.5.1. Internal audit: organization and governance**

Euromex' Internal Audit area covers the systematic assessment of the adequacy and effectiveness of the company's processes and of the corresponding elements of risk management, control and governance. On the one hand, the Internal Audit Function ensures that the processes take place as intended and supports the achievement of the company's objectives. On the other hand, findings are made to improve the efficiency and profitability of these processes.

Internal audit works in accordance with the International Standards for the Professional Exercise of Internal Auditing, the code of conduct of the IIA (Institute of Internal Auditors) and the Baloise Group Internal Audit Standards. The principles governing the company's internal audit approach are inscribed in the company's Internal Audit Policy and Internal Audit Charter.

Internal Audit is authorized to perform audits throughout the complete Euromex' organization. Internal Audit possesses extensive, unlimited rights to information, inspection and control, which are necessary for it to fulfil its assignments. A system of close monitoring its recommendations guarantees the effective remediation of identified issues.

The establishment of the annual audit planning is essentially risk-driven, and takes into account input obtained from sources like yearly risk assessments, strategic dialogues with (key) stakeholders (interviews with (Executive) Directors; Chairman of the Audit & Risk Committee and Chairman of the Board of Directors), Internal Audit Watchlist and external benchmarking with global trends and challenges in the financial industry / insurance. The local audit planning is arranged in consultation with Baloise Group Internal Audit (GIA) for identification of group-wide audits and potential for group-wide cooperation.

The CAE shares information and coordinates activities with other internal and external providers of assurance and consulting, including the other independent control functions within Euromex nv's organisation.

Although Euromex has outsourced its internal audit function, the final responsibility, including the necessary control procedures remains at Euromex.

### **B.5.2. Independence of the internal audit function**

Internal Audit is organisationally independent of the operational business activities. The Head of Internal Audit/CAE reports to the Chairman of the Management Committee for assistance in establishing direction, support, and administrative interface; and to the Audit and Risk Committee for strategic direction,

reinforcement, and accountability. The CAE always has the opportunity to contact the Chairman of the Audit and Risk Committee, the approved statutory auditor or the supervisory authority directly, i.e. without prior consultation with the Management Committee, on its own initiative, whenever it deems this necessary. The CAE annually confirms the operational independence of the internal audit function to the Audit and Risk Committee.

## **B.6. Actuarial function**

Within Euromex' governance framework, the actuarial function has several responsibilities which include the coordination of the calculation of the technical provisions and the assessment of the overall underwriting policy and the reinsurance program. More generally, it contributes to the effective implementation of the Risk Management System.

The principles on which the organization and implementation of this function are based, are inscribed in the company's actuarial function policy.

The Actuarial Function is independent of hierarchical and organizational levels of the activity lines, business unit and the revenue-generating departments of Euromex (that she has to control).

It undertakes its duties in an objective and fair manner and is also subject to the company's Fit & Proper requirements.

The actuarial function works in close collaboration with the other control functions. It has direct access to the Audit- & Risk Committee / Board of Directors and the Executive Committee, to which it also provides its opinions.

## **B.7. Outsourcing**

The outsourcing policy defines principles and procedures which have to be adhered to before and after the contract with an external service provider has been signed. It ensures that the interests of all relevant stakeholders are considered by prohibiting outsourcing in the following cases:

- Endangerment of the continuous and satisfactory provision of services to customers;
- Significant impairment of the quality of the company's processes;
- Unduly increase in risk;
- Endangerment of the governance system;
- Impairment of the ability to monitor compliance with the company's obligations.

The principles cover topics such as responsibility, requirements on the skills and resources of the provider and its continuous monitoring, compliance with laws and regulations and minimum contractual content.

The policy further demands that several pre-defined stages have to be completed for any function to be outsourced. First, the current state has to be analysed on whether the function or process is legally and economically viable to be provided by a third party. After the decision has been made in favor of outsourcing, a

formal tender begins. After the most suitable bidder is chosen and the contract signed, the outsourcing has to be integrated in the governance framework of the company. The business relationship has to be actively managed in line with its nature and scope. This includes the monitoring and control of the services provided, the data safety and the risk situation as well as the evaluation whether the external service provider has implemented adequate emergency plans.

An overview of critical and important outsourced services or activities on 31/12/2023 is given below:

<b>Outsourced function</b>	<b>Area</b>	<b>Internal/ External</b>	<b>Jurisdiction of service provider</b>
Underwriting mandated insurer	Business	Internal	Belgium
Internal Audit	Contr. Function	Internal	Belgium
Actuarial services	Finance	Internal	Belgium
Accounting and Reporting	Finance	Internal	Belgium
Taxation	Finance	Internal	Belgium
Asset and cash Management	Finance	Internal	Belgium
Asset and cash Management	Finance	Internal	Switzerland
HR reporting & Admin	Gen. Services	External	Belgium
IT Services & Support	IT	Internal	Belgium
Information Security	IT	Internal	Belgium
IT Support and Architecture	IT	External	Belgium
IT Support and Architecture	IT	External	Belgium
Outbound	IT	External	Belgium

## **B.8. Any other Information**

Since 2019, Baloise has a sustainability network in place. It consists of representatives from all Baloise business areas with the necessary knowledge to develop and update the content of the sustainability strategy regularly. Euromex is equipped with a local sustainability network for the operative implementation of the sustainability strategy.

The Company has assessed its corporate governance system and has concluded that all relevant information with respect to its system of Governance in view of its regular disclosure reporting has been communicated in the other sections of the chapter 'System of Governance' of the current report.

## C. Risk Profile

### Overview

Euromex is a monoline insurer legal protection that provides access to the legal system to her insured policyholders. Largest risks for the company are an incorrect pricing of the future insurance risk and an excess of legal expenses when settling a case.

Given the company's strategy to highly match the cash flow structure of its assets with that of its liabilities, the net exposure to the interest rate is limited (i.e. in terms of changes in the own funds due to changes in interest rates). The most substantial market risk is then the credit spread risk, which is followed up very closely, and for which ample measures like limits w.r.t. the quality or rating of the counterparties hold.

The company does not mitigate its exposure to equity risk by using derivatives.

### C.1. Underwriting risk

#### C.1.1. Non-Life

Euromex mainly underwrites insurance risks of individuals and small and medium-sized enterprises. Due to its origin, Euromex has a higher market share in Flanders than in Wallonia and Brussels but it invests and takes initiatives to further expand its activities in Wallonia and Brussels.

Euromex' underwriting activities are strongly embedded in its general risk governance. Starting from the company's general risk strategy and risk appetite, clear underwriting instructions and underwriting guarantees have been developed in terms of which types of risks qualify for acceptance, and in terms of underwriting limits with respect to amounts insured. This, together with an adequate reinsurance plan, will guarantee that exposure to the underwriting risk stays well in line with the company's size and risk capacity.

Since 2022, sustainability criteria, with a focus on the Environmental, Social and Governance ('ESG') themes, are included in the underwriting policy.

Written documents like policies and procedures formalize these instructions and provide further guidance for the processes that have to be followed, and for the responsibilities that are assigned to the respective staff members.

At YE 2023 the underwriting risk for Euromex has increased from 29.5 Mio EUR at YE 2022 to 32.9 Mio EUR at YE 2023 driven by an increase in the premium and reserve volumes. We refer to chapter E for more details.

##### C.1.1.1. Risk Exposure

As a legal protection insurance company Euromex provides access to justice for the insured policyholders. In case of a conflict the company provides the policyholder with advice, the necessary legal assistance, provided possibly by a lawyer, and the technical expertise of an expert. Due to the nature of the business the company is not directly exposed to catastrophe risk.

### **C.1.1.2. Risk Concentration**

Under the concentration risk, a cumulative accumulation of individual occurrences of incentives is considered, which can lead to a significant burden on the insurance business. As provider of legal services in case of a conflict Euromex is only affected by a risk concentration in a second order in case of natural catastrophe or disaster. Therefore, Euromex is in this case not impacted by catastrophes. Concentration risks can nevertheless occur both on the asset and on the liability side. As an example, the insurance of a customer from the industry and the investment in shares of the same company is mentioned. Euromex counteracts risks of this kind by diversifying its business in both areas.

It has to be noticed that Euromex is a monoline insurance company. Any event, internal or external, most probably hits the entire company and cannot be compensated by other business lines. This is clearly quantified in the standard formula that allows no diversification within a business line.

### **C.1.1.3. Risk mitigation**

Reinsurance is the main risk mitigating technique for the company's exposure to the non-life underwriting risk exposure and the related concentration risk. The active reinsurance program of Euromex is incorporated in the Baloise Belgium reinsurance program and consists of a quota share and an excess of loss reinsurance treaty.

### **C.1.1.4. Risk sensitivity**

As a monoline insurer it is clear that the company is sensitive with respect to concentration risk on its business. Within the ORSA process Euromex performs stress test relating to disappointing business volumes or unforeseen technical results. Within this topic also the reverse stress test has been defined.

## **C.1.2. Underwriting risk Life**

Due to the nature of the business written by Euromex, she is not susceptible to the life underwriting risk.

## **C.2. Market Risk**

According Euromex' risk strategy and risk appetite statement, the company only accepts a low level of market risk with respect to its investment assets. It complies with the prudent person principle in its investment decisions.

The investment decisions of Euromex have also to comply with its sustainability criteria, with a focus on the Environmental, Social and Governance ('ESG') themes.

Below we discuss the different components of market risk and the way they are specifically managed by Euromex. We mention also that all material aspects of the market risk are the object of Euromex' general risk management process, and are hence monitored, and assessed within the yearly risk assessment process.

The market risk of Euromex increased at year end 2023 from 13.8 Mio EUR to 14.9 Mio EUR. The decrease in interest rate risk offsets the increase in equity and property risk, but the diversification benefit has also

decreased. We refer to chapter E for more details.

The following sections specifically address the interest rate risk, equity risk, spread risk, and property risk that are relevant for the undertaking.

## **C.2.1. Risk exposure**

### **C.2.1.1. Interest rate risk**

Interest rate risk is the risk resulting from changes in interest rate structure.

Within Euromex assets, the bonds portfolio is the largest interest sensitive class with a market value of 209.5 Mio EUR at YE2023, compared to 183.3 Mio EUR at YE2022.

Other interest sensitive assets are essentially the collective investment undertakings (investment funds) invested in fixed income assets by application of the 'look through' principle and the reinsurance recoverables, while at the liabilities side, the value of the technical provisions also depends on the used discount curve, and hence of the interest rate level.

The interest risk has decreased significantly from 6.3 Mio EUR at YE2022 to 3.5 Mio EUR at YE2023. We refer to chapter E for more details.

### **C.2.1.2. Currency risk**

Currency risk is the risk that changes in exchange rates lead to decreases of the company's own funds position. The exposure to the effective currency risk depends on:

The net volume of the exposure, i.e. the balance of foreign currency assets and liabilities;

The volatility of the exchange rate of the foreign currency in question;

The correlation of the currencies with other risk factors.

Euromex holds a limited volume of investment positions (investment funds) quoted in foreign currencies, but the currency risk is hedged.

### **C.2.1.3. Spread risk**

Spread risk arises from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

Within Euromex assets, the bonds portfolio is the largest spread sensitive class with a market value of 209.5 Mio EUR at YE2023, from which 63.1 Mio EUR are government bonds. Euromex considers this risk to be applicable also on certain parts of its investment funds based on the look through principle.

The spread risk has remained stable and amounts to 7.6 Mio EUR. We refer to chapter E for more details.



#### **C.2.1.4. Property risk**

Property risk is the risk that negative developments of the value of the company's property portfolio lead to decreases of the company's own fund position.

The amount of property risk has increased from 2.3 Mio EUR at YE 2022 to 4.0 Mio at YE 2023. We refer to chapter E for more details.

#### **C.2.1.5. Equity risk**

Equity risk is the risk that negative developments of the value of the company's equity portfolio lead to decreases of the company's own fund position.

The amount of equity risk amounts to 4.8 Mio EUR, an increase with 1.1 Mio EUR compared to previous year. We refer to chapter E for more details.

### **C.2.2. Risk concentration**

Market risk concentration risks can stem either from lack of diversification in the asset portfolio or from large exposures to default risk by a single issuer of securities or a group of related issuers. When assessing the undertaking's market risk concentration as of year-end 2023 according to the Solvency II standard formula, no relevant risk concentration is reported. All own assets from the equity, spread risk and property risk sub-modules are considered.

### **C.2.3. Risk mitigation**

In order to limit and monitor the undertaking's exposure to market risk, several mitigating measures are in place.

A conservative policy on asset allocation is applied. Regular reporting on the evolution of the undertaking's assets allows for a close monitoring of the risk exposure.

As part of the Baloise Group-wide Risk Management Standards, investment planning and appropriate asset and liability management ensure that any divergence in maturities and the interest-rate risk incurred are managed within the risk capacity available. Stress tests are also designed and run for this purpose on a regular basis acting as an early warning system.

Duration matching is the main risk mitigating technique with respect to the management of the interest risk, without neglecting the financial return.

The undertaking manages its equity risk as part of the overall investment risk management process, and applies limits as expressed in policies and guidelines. Specifically, the risk is mitigated by a meaningful diversification of risks across countries, industries and companies.

In order to limit the spread risk and concentration risk, the investment in a single issuer or debtor is restricted sufficiently.

## C.2.4. Risk sensitivity

The company's general approach to measuring its risk sensitivity is to integrate this in its general stress testing and scenario analysis. Based on specific calibration in relation with the asset mix of the company the impact on her solvency position is measured.

Due to the duration gap an increase in interest rates would negatively impact the solvency II ratio. In case of an increase of 50 basis points the Solvency II ratio would decrease with 1.0% to 253.1%, while it increases to 255.3 % if the opposite (downward) shift is applied. An increase in spread only negatively impacts the asset side with less compensation on the liability side and therefore impacts the solvency II ratio more importantly (-2.0%). The effect of an equity market crash of 25% impacts the solvency ratio with 2.1% to 252.0%.

The sensitivities have decreased compared to last year because the loss-absorbing capacity of deferred taxes has been limited to 10% of the SCR, thus being almost unaffected by a decrease in the market value of the assets. Additionally, the impact on the spread risk and interest rate risk is lower due to the decreased duration and duration gap, respectively.

## C.3. Counterparty default risk

### C.3.1. Risk exposure

Counterparty default risk relating to assets held by insurance companies refers to the total potential downside risk arising from deterioration in the credit quality of a borrower or issuer. Credit risk is managed by monitoring the credit quality of each individual counterparty and relying heavily on credit ratings.

The risk increases when counterparties become concentrated in a single sector or geographic region or in case of poor diversification in the counterparty portfolio. Economic trends that affect whole sectors or regions can jeopardize an entire group of otherwise unrelated counterparties.

The counterparty default risk takes into account the following components:

Type 1: Counterparty default risk exposures where diversification is low, and the counterparty is likely to be rated. For the undertaking the exposure is driven by its reinsurance balance as well as the cash account balance. In addition to this Euromex considers this risk to be applicable also on certain parts of its investment funds based on the look through principle.

Type 2: All remaining counterparty default risk exposures, such as insurance receivables arising from intermediaries or advanced payments to clients.

As of year-end 2023, the gross solvency capital requirements for counterparty default risk has remained stable at the level of 1.6 Mio EUR.

### C.3.2. Risk concentration

No significant risk concentration with regards to Counterparty default risk is observed.

### **C.3.3. Risk mitigation**

In order to account for the significance of credit risk stemming from spread and counterparty default risk, the undertaking tracks counterparty exposure at all times and monitors credit risk from a global point of view.

To restrict the credit or accumulation risk in the undertaking, the proportion that may be invested in a single issuer or borrower is strictly limited.

Permitted reinsurers normally possess a minimum rating of "A" from Standard & Poor's. This rule excludes captives and pools of reinsurers which are usually not rated.

To limit the counterparty default risk exposure stemming from intermediaries and policyholders, an adequate procedure for the recovery of receivables is in place.

### **C.3.4. Risk sensitivity**

Overall, in terms of the capital position of Euromex, measured according to the standard formula applicable according to Solvency II, the exposure by type of counterparty risk amounts is rather limited and comparable to the previous reporting period.

## **C.4. Liquidity risk**

Liquidity risk is the risk that, especially in circumstances where sudden large cash outflows occur, the company is unable to realize the necessary investments and other assets, or to find alternative refinancing in order to settle its financial obligations.

### **C.4.1. Risk exposure**

Hence, Euromex considers its exposure to the liquidity risk as very low. Moreover, almost the largest part of the portfolio of its investments qualify as 'liquid assets' according to the NBB's criteria, while the risk is further mitigated by large net annual cash inflows, thanks to its sustainable growth strategy.

### **C.4.2. Risk concentration**

The undertaking is not exposed to significant liquidity risk concentration. Note that she has an EPIFP (Expected Profits In Future Premiums) of 5.2 Mio EUR.

### **C.4.3. Risk mitigation**

In addition to local regulation requirements, a central liquidity planning is required by the Group-wide Risk Management Standards. Adequate investment planning and appropriate asset and liability management ensure that the exposure is monitored and managed on a regular basis. According to the liquidity policy, the liquidity limits are monitored and liquidity stress tests are performed on a quarterly basis.

#### **C.4.4. Risk sensitivity**

Due to the limited exposure, the liquidity stress tests shows no material impact on the liquidity indicators.

### **C.5. Operational risk**

#### **C.5.1. Risk Exposure**

Operational risk stems directly or indirectly from the business operation of a company and includes losses arising from inadequate or failed internal processes, personnel or systems, or from external events. Operational risk also includes legal and compliance risks. Management and information risks (including strategy risks) as well as business and environment risks are considered as separate categories of risks.

The risks are regularly identified, assessed, controlled and steered by the "Own Risk and Solvency Assessment" process. Internal processes deal with a variety of tasks, including the writing of new insurance contracts, administering existing contracts and their underlying investments, preparing documents required by regulatory and tax authorities and preparing financial reporting for Euromex. Typically, IT systems support these processes, and such systems may not work or not work properly, causing stalled processes or e.g. wrong data or documents. Human error may as well affect the correct execution of business processes.

Euromex also created an operational risk database in order to better monitor the operational risk.

#### **C.5.2. Risk concentration**

Euromex has not identified any risk concentration with respect to operational risk during the reporting period.

#### **C.5.3. Risk mitigation**

Euromex mitigates its operational risks by various techniques to make processes and systems as robust as possible. These include information security procedures, business continuity planning, ongoing training for employees, clear process descriptions and responsibilities, back-up solutions (where possible) and double signatures for all key decisions.

In addition, process risks resulting from lack of application of procedures or application of inadequate procedures are mitigated by the undertaking's effective internal control system.

#### **C.5.4. Risk sensitivity**

The undertaking bases its quantification of the operational risk on the standard formula according to Solvency II. This approach assumes some flat-rate losses on premium volume and size of business portfolio.

The capital requirements for operational risk increased from 3.7 Mio EUR at YE 2022 to 4.0 Mio EUR at YE 2023, driven by an increase of the non-life technical provisions.

## C.6. Other material risks

Major other material risks include business environment risks, leadership and information risks as well as emerging risks.

Business environment risks and management and information risks arise directly or indirectly through the business environment or the strategic activities of a company.

In the period under review, all business environment risks and leadership and information risks have been assessed by the corresponding risk owners and risk controllers during the yearly risk assessments.

In general, sustainability is considered along the dimensions environmental, social and governance (ESG). Risks related to sustainability are integrated into existing risk management processes and frameworks. Whereas the strategic aspect of sustainability forms a separate risk type within the risk category “Leadership and Information Risks”, operative sustainability risks are integrated within the traditional risk categories of the risk map such as market, underwriting or reputational risks. Integrating risks with a sustainability aspect into existing risk processes assures that they are assessed regularly from different perspectives and that measures are in place to manage and mitigate them successfully.

In 2023 Euromex started with a first materiality assessment and some sensitivities related to climate change.

Emerging risks are new or foreseeable risks, which cannot or cannot easily be quantified (for example due to the lack of historical data), but which might have a major financial impact. Within the Baloise Group emerging risks are identified and analyzed according to an early warning system and assessed by grouping them along a risk radar. Emerging risks include for example risks related to new technologies (a.o. artificial intelligence) and risks related to climate change.

## D. Valuation for solvency purposes

When valuating its assets and liabilities for solvency purposes under Solvency II, Euromex aligns its valuation principles with the regulatory requirements as formulated in law of the 13th of March 2016 (the "Solvency II law") and related regulation. In practice, this means that in general, the company uses either observable market values or values based on accepted methods and models.

For corporate reporting purposes, Euromex also values its assets and liabilities according to (local) Belgian general accounting principles (BGAAP).

In the following sections, Euromex further documents the valuation principles it applies for solvency purposes, and it highlights relevant differences with the valuation under BGAAP. First this will be done for the assets, then for the technical provisions, and finally for the other liabilities.

### D.1. Assets

#### D.1.1. Basis, methods and assumptions for the valuation

##### D.1.1.1. Valuation of assets for solvency purposes: general principles

Asset valuations are set at or based on market price ('marking to market'), insofar as the corresponding active market requirements (e.g. enough transactions in terms of frequency and volume have to take place between willing, knowledgeable parties) are met. For the company's complete bonds portfolio and the largest part of its equity portfolio, quoted market prices from such active markets are readily available.

If no relevant market prices are available, generally accepted models of mathematical finance will be used if available, e.g. for property.

In subordinated order, other valuation principles which comply with the regulatory requirements will be considered.

For some items at the asset side of the balance sheet, e.g. for cash and short term receivables (from insurance and intermediaries), the valuation will be based on the nominal value.

##### D.1.1.2. Significant differences between asset valuation for solvency purposes and for financial statements

The most significant differences between both valuation approaches are identified with bonds and reinsurance recoverables.

- **Bonds**

Under SII, bonds are valued at market value ('marking to market'). Under BGAAP, valuation is based on the 'actuarial return' method, which corresponds to the discounting of future cash flows at the actuarial return rate (as determined at acquisition date of the bond), with the application of impairments under adverse circumstances. After the collapse of the bond prices in 2022, bond prices partly recovered 2023 due to the decrease of the interest rates. The unrealized losses at YE 2023 amount to -13.3 Mio compared to unrealized losses of -21.9 Mio EUR at YE 2022. The substantial difference between Solvency II and BGAAP valuation is explained by the sensitivity of market values (as used in Solvency II) to interest rate and spread movement, as opposed to the BGAAP values which typically

remain unaffected by such movements. Furthermore, under SII, accrued interests on bonds are reported as a part of the 'bonds' item, while under BGAAP, these are reported under a separate item ('receivables – not insurance').

- For **quoted equities, participations and collective investment undertakings** (investment funds), BGAAP is based on historic cost unless the observed market value drops significantly below historic cost (while under SII, valuation corresponds to the market value). Due to market evolution an increase in unrealized gains (1.8 Mio EUR) can be observed (2.7 Mio EUR at YE 2022 -> 4.6 Mio EUR at YE 2023).
- Also, for **property**, BGAAP is based on historic cost unless the observed market value drops significantly below historic cost (while under SII, valuation corresponds to the market value). Regularly the market value of property is determined, where it is not available on the market resulting in unrealized gains or losses.
- **Reinsurance recoverables**  
Under BGAAP, the valuation of the reinsurance recoverables (or 'the reinsured share of the claim provisions') is based on the same principles as the BGAAP valuation ('case by case' assessment). Under SII the BGAAP amount is taken over for the non-proportional treaties. For the proportional treaties (quota share) the BGAAP amount is corrected for the expected surplus on the outstanding gross claim provisions (impact of -2.5 Mio EUR). In addition to this the estimate is spread in time, discounted at the risk free discount curve (impact of -1.2 Mio EUR) and a correction for expected losses due to default of the reinsurer is applied.  
For the premium liabilities no reinsurance recoverable is foreseen under BGAAP. Under SII the expected net cost of the reinsurance program is modelled (impact of -0.4 Mio EUR).

## D.1.2. Reconciliation to financial reporting

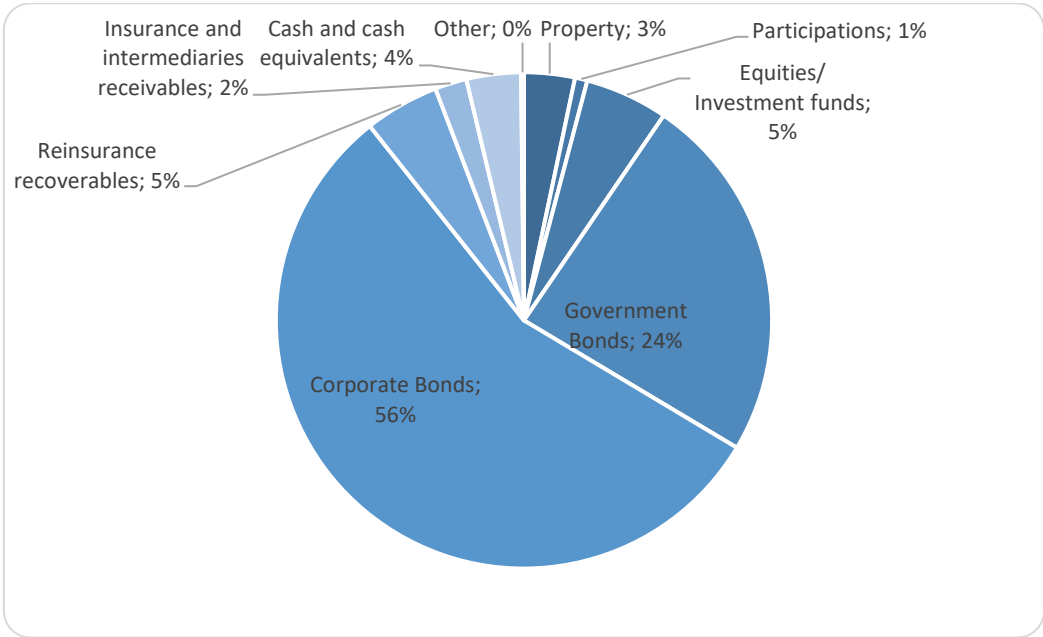
### D.1.2.1. Overview

Valuation of the company's assets according to the Solvency II and Local Gaap principles at the current (31/12/2023) annual valuation date has given the results shown in the table below.

#### Balance Sheet: Assets under Local GAAP and Solvency II Valuation

	<b>2023</b>		
	<b>Solvency II</b>	<b>Local GAAP</b>	<b>Difference</b>
In '000 EUR			
Property	8'688.4	8'723.4	-35.0
Holdings in related undertakings, including participations	2'116.3		2'116.3
Equities/ Investment funds	14'216.1	11'777.5	2'438.6
Government Bonds	63'129.6	67'582.0	-4'452.4
Corporate Bonds	146'360.0	155'161.7	-8'801.7
Assets held for index-linked and unit-linked contracts			-
Loans and mortgages			-
Reinsurance recoverables	12'778.7	16'887.8	-4'109.1
Insurance and intermediaries receivables	5'448.0	5'448.0	-
Cash and cash equivalents	9'313.5	9'313.5	-
Other	488.9	527.9	-39.0
<b>Total assets</b>	<b>262'539.5</b>	<b>275'421.9</b>	<b>-12'882.3</b>

The participation of 2.1 Mio EUR under SII is included under Local GAAP in the category Equities.



A more detailed overview of the company's total asset valuations, including a further breakdown of some of the aforementioned material asset classes and the 'other assets' item, can be found in the table 'S.02.01.01 in the annexes.





## Balance Sheet: Assets Year-to-Year Solvency II Valuation

	2022	2023	Difference
In '000 EUR			
Intangible assets	-	-	-
Deferred tax assets	-	-	-
Pension benefit surplus	-	-	-
Property, plant & equipment held for own use	9'466.1	8'688.4	-777.7
Investments (other than assets held for index-linked and unit-linked contracts)	196'070.6	225'822.0	29'751.4
Property (other than for own use)	-	-	-
Holdings in related undertakings, including participations	-	2'116.3	2'116.3
Equities	298.1	254.3	-43.8
<i>Equities - listed</i>	298.1	254.3	-43.8
<i>Equities - unlisted</i>	-	-	-
Bonds	183'331.4	209'489.6	26'158.2
<i>Government Bonds</i>	54'721.6	63'129.6	8'408.0
<i>Corporate Bonds</i>	128'609.9	146'360.0	17'750.2
<i>Structured notes</i>	-	-	-
<i>Collateralised securities</i>	-	-	-
Collective Investments Undertakings	12'441.0	13'961.8	1'520.8
Derivatives	-	-	-
Deposits other than cash equivalents	-	-	-
Other investments	-	-	-
Assets held for index-linked and unit-linked contracts	-	-	-
Loans & mortgages	-	-	-
<i>Loans on policies</i>	-	-	-
<i>Loans and mortgages to individuals</i>	-	-	-
<i>Other loans and mortgages</i>	-	-	-
Reinsurance recoverables from:	12'064.5	12'778.7	714.2
Non-life and health similar to non-life	12'064.5	12'778.7	714.2
<i>Non-life excluding health</i>	12'064.5	12'778.7	714.2
<i>Health similar to non-life</i>	-	-	-
Life and health similar to life, excluding health and index-linked and unit-linked	-	-	-
<i>Health similar to life</i>	-	-	-
<i>Life excluding health and index-linked and unit-linked</i>	-	-	-
Life index-linked and unit-linked	-	-	-
Deposits to cedants	-	-	-
Insurance and intermediaries receivables	5'527.5	5'448.0	-79.5
Reinsurance receivables	24.8	279.4	254.6
Receivables (trade, not insurance)	1'667.4	73.9	-1'593.5
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	6'396.8	9'313.5	2'916.7
Any other assets, not elsewhere shown	116.8	135.6	18.8
<b>Total assets</b>	<b>231'334.6</b>	<b>262'539.5</b>	<b>31'205.0</b>

## D.2. Technical provisions

### D.2.1. Basis, methods and assumptions for the valuation

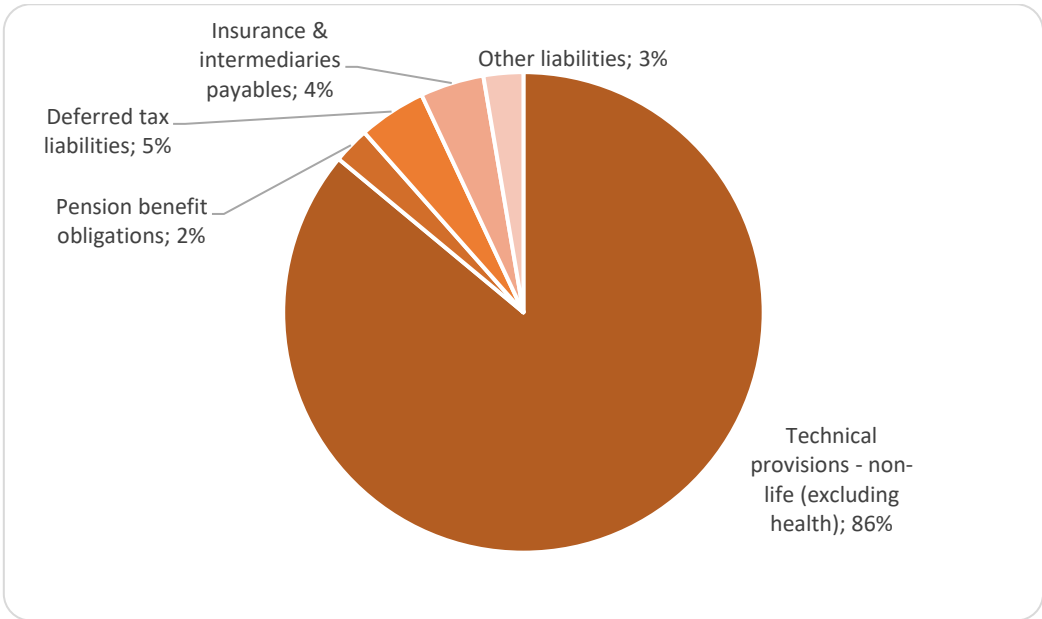
In contrast to the assets side of the balance sheet, there are generally no market prices available for the balance sheet items on the liabilities side. The main part of the liabilities is the technical provisions. The valuation of these items for solvency purposes ("Best estimates of Liabilities") takes into account appropriate market parameters and is made by using methods of mathematical finance and actuarial models. For certain balance sheet items on the liabilities side, such as non-technical provisions and payables, the nominal value or the IFRS carrying value is recognized for valuation.

### D.2.2. Reconciliation to financial reporting

We first provide an overview of the valuation of the technical provisions under both valuation frameworks.

Balance Sheet: Liabilities under Local GAAP and Solvency II Valuation

	Solvency II	Local GAAP	Difference
In '000 EUR			
Technical provisions - non-life (excluding health)	138'812.2	183'380.8	-44'568.6
Technical provisions - health (similar to non-life)			-
Technical provisions - health (similar to life)			-
Technical provisions - life (excluding health and index-linked and unit-linked)			-
Technical provisions - index-linked and unit-linked			-
Pension benefit obligations	3'948.4		3'948.4
Deferred tax liabilities	7'354.1		7'354.1
Insurance & intermediaries payables	6'929.8	6'929.8	-
Other liabilities	4'316.3	4'129.4	186.9
<b>Total liabilities</b>	<b>161'360.8</b>	<b>194'440.0</b>	<b>-33'079.2</b>



Differences in the value of the total liabilities between Solvency II and BGAAP (33.1 Mio EUR) can be explained by structural differences in valuation methodology.

The BGAAP technical provisions consist of the premium and claim provisions. The premium provision consist of the non-earned premiums as the written premiums are earned on an accrual basis. The claim provisions are based on a 'case by case' assessment of the expected claims, without application of any discounting increased with a reserve for IBNR.

Under Solvency II all relevant expected cash flows for the premium and claim liabilities are projected and then discounted based on an extensive set of model assumptions, parameters and , above all, interest rates scenario's reflecting market expectations, in order to obtain the best estimates. Next, an additional margin (the 'risk margin') is added to the best estimates.

Compared to the previous period, unrealized gains on technical provisions increased by 4.9 Mio, driven by growth in BGAAP provisions, leading to an increase in surplus in absolute terms. We refer to chapter E for more details.

In its valuation of the technical provisions (for solvency purposes) at YE2023, the company applies the volatility adjustment according to the specifications provided by EIOPA. If this volatility adjustment had not been used, the value of the technical provisions would have increased from 138.8 Mio EUR to 139.7 Mio EUR. The SCR ratio shows a decrease from 254.1% to 252.1 % and the MCR from 564.7% to 560.3%. The VA amounts to 20bp.

## Balance Sheet: Liabilities Year to Year

	2022	2023	Difference
In '000 EUR			
Technical provisions - non-life	126'486.7	138'812.2	12'325.5
Technical provisions - non-life (excluding health)	126'486.7	138'812.2	12'325.5
<i>Technical provisions calculated as a whole</i>	-		-
<i>Best Estimate</i>	122'663.3	134'292.1	11'628.8
<i>Risk margin</i>	3'823.4	4'520.1	696.7
Technical provisions - health (similar to non-life)			-
<i>Technical provisions calculated as a whole</i>			-
<i>Best Estimate</i>			-
<i>Risk margin</i>			-
Technical provisions - life (excluding index-linked and unit-linked)			-
Technical provisions - health (similar to life)			-
<i>Technical provisions calculated as a whole</i>			-
<i>Best Estimate</i>			-
<i>Risk margin</i>			-
Technical provisions - life (excluding health and index-linked and unit-linked)			-
<i>Technical provisions calculated as a whole</i>			-
<i>Best Estimate</i>			-
<i>Risk margin</i>			-
Technical provisions - index-linked and unit-linked	-		-
Technical provisions calculated as a whole			-
Best Estimate			-
Risk margin			-
Other technical provisions			-
Contingent liabilities	-		-
Provisions other than technical provisions	2'247.2	2'437.7	190.5
Pension benefit obligations	3'961.3	3'948.4	-12.9
Deposits from reinsurers	5.6		-5.6
Deferred tax liabilities	3'265.7	7'354.1	4'088.4
Derivatives	-		-
Debts owed to credit institutions			-
Financial liabilities other than debts owed to credit institutions	193.5	186.9	-6.6
Insurance & intermediaries payables	5'494.9	6'929.8	1'434.9
Reinsurance payables	2.0		-2.0
Payables (trade, not insurance)	878.9	1'099.0	220.0
Subordinated liabilities			-
Subordinated liabilities not in Basic Own Funds			-
Subordinated liabilities in Basic Own Funds			-
Any other liabilities, not elsewhere shown	437.4	592.7	155.3
<b>Total liabilities</b>	<b>142'973.3</b>	<b>161'360.8</b>	<b>18'387.5</b>
<b>Excess of assets over liabilities</b>	<b>88'361.2</b>	<b>101'178.7</b>	<b>12'817.5</b>

## D.3. Other liabilities

The table below shows the differences in valuation between the Solvency II environment and BGAAP for the remaining liabilities.

### Classes of other liabilities

	Solvency II Valuation	Statutory Valuation	Differences
In '000 EUR			
Contingent liabilities			-
Provisions other than technical provisions	2'437.7	2'437.7	-
Pension benefit obligations	3'948.4		3'948.4
Deposits from reinsurers			-
Current tax liabilities			
Deferred tax liabilities	7'354.1		7'354.1
Derivatives			-
Debts owed to credit institutions			-
Financial liabilities other than debts owed to credit institutions	186.9		186.9
Insurance & intermediaries payables	6'929.8	6'929.8	-
Reinsurance payables			-
Payables (trade, not insurance)	1'099.0	1'099.0	-
Subordinated liabilities not in Basic Own Funds			-
Subordinated liabilities in Basic Own Funds			-
Any other liabilities, not elsewhere shown	592.7	592.7	-
<b>Total liabilities</b>	<b>22'548.5</b>	<b>11'059.2</b>	<b>11'489.4</b>

We distinguish 2 items with material differences in valuation:

- Deferred tax liabilities are not recognized under BGAAP.
- The most significant difference is found for the 'Pension benefit obligations'. Under Solvency II, by far the largest part of this item is related to the company's obligations with regard to pension benefits of the defined benefit type for its own staff. For these obligations, the company has to take into account all future benefits earned up to that date. Valuation of this liability is based on the principles underlying best estimate calculations. For the estimation of the present value of future obligations at YE2023, best estimate assumptions with regard to annual increase of effective and reference salaries as well as a discount rate have been used by the company.

## E. Capital management

### E.1. Own funds

The following section provides an overview of the main objectives of Euromex capital planning. It provides information on the amount and structure of the own funds reported in the regular disclosure reporting. In addition, the differences in the amount and composition between the own funds assessed for solvency purposes (i.e. at fair value) and the equity as observed under BGAAP are presented.

#### E.1.1. Capital management: objectives, policy and processes

The overarching conditions regarding the company's capital needs are set on the one hand by regulatory requirements and on the other hand by internal risk management guidelines. While the regulatory requirements primarily concern the protection of the policyholder, the internal guidelines are derived in particular from the risk-oriented management of the business activity.

The objective of Euromex is the long term and sustained securing of sufficient capitalization and the fulfillment of all supervisory requirements. Capital management supports the risk-based business strategy and ensures an efficient use of capital at all times, while fulfilling the aforementioned boundary conditions.

In the context of the Solvency II based legislation, (legal requirement since January 1, 2016), Euromex determines its own funds and the capital requirement, the latter by use of the 'Solvency II standard formula but with undertaking specific parameters. Compliance with the local Solvency II based requirements and with internal risk appetite based criteria will have a close relationship with the company's dividend capacity.

The responsible risk owners and risk controllers within the organization are involved in a regular reporting process. The reporting, which contains key figures for Solvency II, is made available on a quarterly basis and is discussed in the risk committee. If the key criteria are not met, appropriate measures are immediately initiated. The solvency situation is monitored promptly and the basis for risk-based management decisions is integrated in the entire organization. In addition, Euromex is able to meet external reporting requirements at any time.

#### E.1.2. Own funds analysis

Based on the information commented in chapter 'Valuation for Solvency purpose' the own funds of Euromex are shown in the following table:

Balance Sheet - Summary Local GAAP and Solvency II Valuation

	Solvency II	Local GAAP	Difference
In '000 EUR			
Total assets	262'539.5	275'421.9	-12'882.3
Total liabilities	161'360.8	194'440.0	-33'079.2
<b>Excess of assets over liabilities</b>	<b>101'178.7</b>	<b>80'981.9</b>	<b>20'196.8</b>

Under the Solvency II regime the excess of assets over liabilities increases due to the surplus on the technical provisions, which is partially offset by unrealized losses on the assets, the recognition of the pension benefit obligations and a deferred tax liability.

Compared to YE 2022 the difference between the Solvency II and the Local Gaap value increased from 9.7 Mio EUR to 20.2 Mio EUR at year end 2023.

This increase is mainly attributed to the evolution in the market value of the assets (+9.7 Mio EUR). Unrealized losses on the bonds have decreased by 8.6 Mio EUR due to the decrease in interest rates. This impact has been further reinforced by a positive evolution in the equity markets, resulting in an impact on URG's equity/investment funds of +1.8 Mio EUR.

On the liability side, the surplus under SII compared to BGAAP slightly increased by 0.8 Mio EUR compared to year end 2022. Nevertheless, two factors are offsetting each other. Firstly, compared to the previous period, unrealized gains on technical provisions increased by 4.9 Mio, driven by growth in BGAAP provisions, resulting in an increase in surplus in absolute terms. The level of undiscounted surplus in terms of BGAAP provisions has slightly increased from 15% at year-end 2022 to 17% at year-end 2023. However, this increase has been offset by a decrease in the discounting impact from 9% at year-end 2022 to 7% at year-end 2023.

Secondly, the increase in surplus on the provisions, coupled with the decrease in unrealized gains on the assets, has led to an increase in the deferred tax liability by 4.1 Mio EUR compared to last year.

At yearend 2023, Euromex statutory own funds consist of share capital, share premiums account, revaluation surplus and retained earnings.

### E.1.3. Transitional arrangements

As demonstrated in the following table, the effect of the volatility adjustment is rather limited, mainly as a result of the short term, non-life business written.

#### Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of volatility adjustment set to zero
In '000 EUR		
Technical provisions	138'812.2	921.5
Basic own funds	101'178.7	-631.8
Eligible own funds to meet Solvency Capital Requirement	101'178.7	-631.8
Solvency Capital Requirement	39'817.4	62.6
Eligible own funds to meet Minimum Capital Requirement	101'178.7	-631.8
Minimum Capital Requirement	17'917.8	28.2

### E.1.4. Eligible amount of own funds to cover the SCR and MCR

Under valuation of assets and liabilities for (SII) solvency purposes, Euromex obtained a total amount of basic own funds of 101.2 Mio EUR, which belongs completely to 'tier 1 –unrestricted'. This amount is composed of the following components:

## Own funds: eligible own funds and capital requirements

	2022	2023				
	Total	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
In '000 EUR						
<b>Available and eligible own funds</b>						
Total available own funds to meet the SCR	88'361.2	101'178.7	101'178.7			
Total available own funds to meet the MCR	88'361.2	101'178.7	101'178.7			
Total eligible own funds to meet the SCR	88'361.2	101'178.7	101'178.7			
Total eligible own funds to meet the MCR	88'361.2	101'178.7	101'178.7			
<b>SCR</b>	<b>36'818.1</b>	<b>39'817.4</b>				
<b>MCR</b>	<b>16'568.1</b>	<b>17'917.8</b>				
<b>Ratio of Eligible own funds to SCR</b>	<b>240.0%</b>	<b>254.1%</b>				
<b>Ratio of Eligible own funds to MCR</b>	<b>533.3%</b>	<b>564.7%</b>				

In 2023 the own funds BGAAP increased by 2.3 Mio EUR consisting of the result of the financial year (9.4 Mio EUR) minus the dividend payout of 7.0 Mio EUR.

The main differences between BGAAP statutory own funds and the own funds valued for SII solvency purposes (for an amount of 20.2 Mio EUR) are, as described in the Chapter "Valuation", explained by different valuation approaches for both assets and liabilities and differences in the recognition of balance sheet items.

Euromex has no deductions to make for ineligible elements from these own funds amount. Moreover, all of Euromex' own funds qualify for the highest level of quality (i.e. they are of tier 1), so they can be used without restriction to cover the company's capital requirement.

The reconciliation reserve is determined as follows:

### Own funds : reconciliation reserve

	2023
In '000 EUR	
Excess of assets over liabilities	101'178.7
Foreseeable dividends, distributions and charges	
Other basic own fund items	9'007.9
<b>Reconciliation reserve</b>	<b>92'170.8</b>

It consists of the "Retained earnings including profits from the year net of foreseeable dividends" for an amount of 72.0 Mio EUR, the delta of 20.2 Mio EUR is related to differences in valuation between BGAAP and Solvency II.



## **E.2. SCR and MCR**

The quantitative results and information on the own funds and the solvency capital requirement presented in this report correspond to those submitted to the NBB in virtue of the regular supervisory reporting requirements. All the terminology used corresponds to the definitions in accordance with the Belgian legislation and regulation with respect to the statute and the supervision of insurance and reinsurance companies.

### **E.2.1. Solvency model**

#### **E.2.1.1. Introduction**

The objective of the Solvency framework is, a.o., to protect the insured against the consequences of the insurer's insolvency.

The regulatory capital requirement (called 'SCR' or 'Solvency Capital Requirement') is set at such a level that an insurer only becomes unable to absorb the loss with his own funds due to negative events that occur no more than once every two hundred years. Moreover, an absolute minimum capital level is defined (MCR or minimum capital requirement) which triggers additional supervisory procedures in case of non-compliance.

#### **E.2.1.2. Description of the model**

For the calculation of its solvency capital requirement, Euromex uses the 'Solvency II Standard Model except for the underwriting risk where Euromex received approval to use, undertaking specific parameters (USP) for the reserve risk. The standard model essentially provides a predefined set of reference calibrations for the derivation of the SCR.

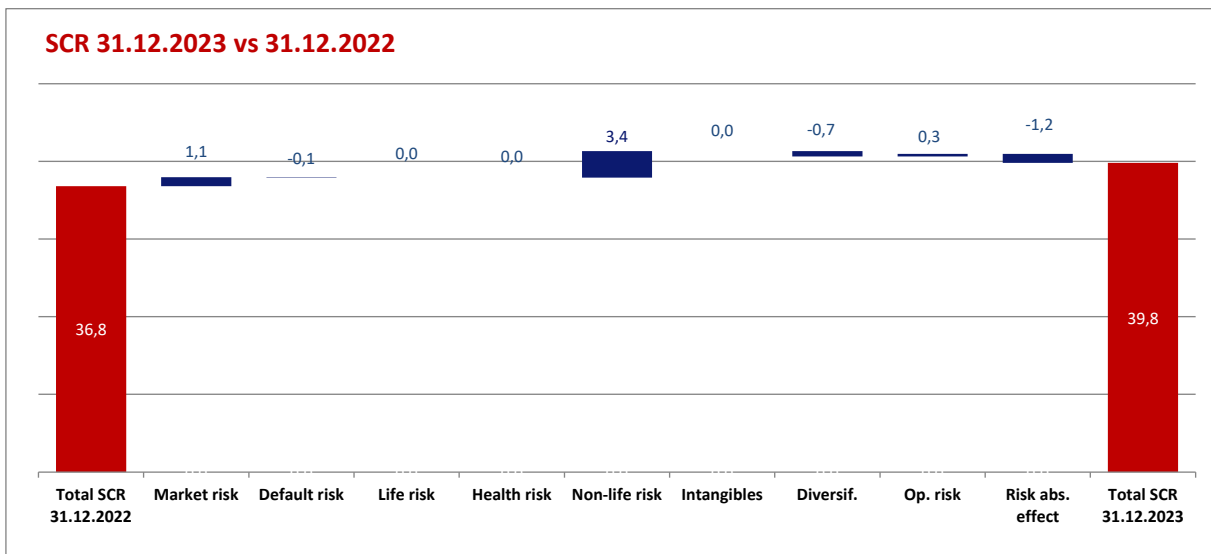
### **E.2.2. SCR and MCR Overview**

The table below shows how the total capital requirement is composed in function of its main components. The SCR increased by 3.0 Mio EUR compared to YE 2022, mainly driven by the increase in non-life underwriting risk (+3.4 Mio EUR).

Notice that although the DTL has increased by 4.1 Mio EUR from 3.3 Mio EUR at YE 2022 to 7.4 Mio EUR at YE 2023, the increase of the adjustment for deferred taxes is limited to 1.2 Mio EUR from 3.3 Mio EUR at YE 2022 to 4.4 Mio at YE 2023. The reason for this is that the adjustment for deferred taxes has been capped at 10% of the SCR, because Euromex opted not to perform a recoverability test.

## Solvency Capital Requirement — for undertakings on Standard Formula

	2022	2023
In '000 EUR		
Market risk	13'775.4	14'910.9
Counterparty default risk	1'623.0	1'566.2
Life underwriting risk		
Health underwriting risk		
Non-life underwriting risk	29'505.2	32'918.4
Diversification	-8'499.7	-9'182.8
Intangible asset risk		
<b>Basic Solvency Capital Requirement</b>	<b>36'403.8</b>	<b>40'212.7</b>
<b>Calculation of Solvency Capital Requirement</b>		
Operational risk	3'679.9	4'028.8
Loss-absorbing capacity of technical provisions	-	-
Loss-absorbing capacity of deferred taxes	-3'265.7	-4'424.2
<b>Solvency Capital requirement excluding capital add-on</b>	<b>36'818.1</b>	<b>39'817.4</b>



### E.2.2.1. Breakdown of the capital requirement for underwriting risk

As monoline insurer with respect to legal expenses, the non-life risk only consists of the premium and reserve risk. No catastrophe risk is to be accounted for. Compared to previous period we observe an increase of 3.4 Mio EUR from 29.5 Mio EUR at YE 2022 to 32.9 Mio EUR at YE 2023 driven by an increase in the premium and reserve volumes .

## Non-life premium and reserve risk

	2022	2023
In '000 EUR		
Non-life premium and reserve risk	29'505.2	32'918.4

### E.2.2.2. Breakdown of the capital requirement for investment risks

The capital requirement for market risk is composed as shown in the table below:

Spread risk remains the main source of risk within the market risk cluster. The spread risk at YE 2023 (7.6 Mio EUR) also remains in line with the figure at YE 2022 (7.5 Mio EUR). The impact of the increase in market value of the corporate bonds portfolio (from 128.6 Mio EUR to 146.4 Mio EUR) has been offset by the decrease in duration.

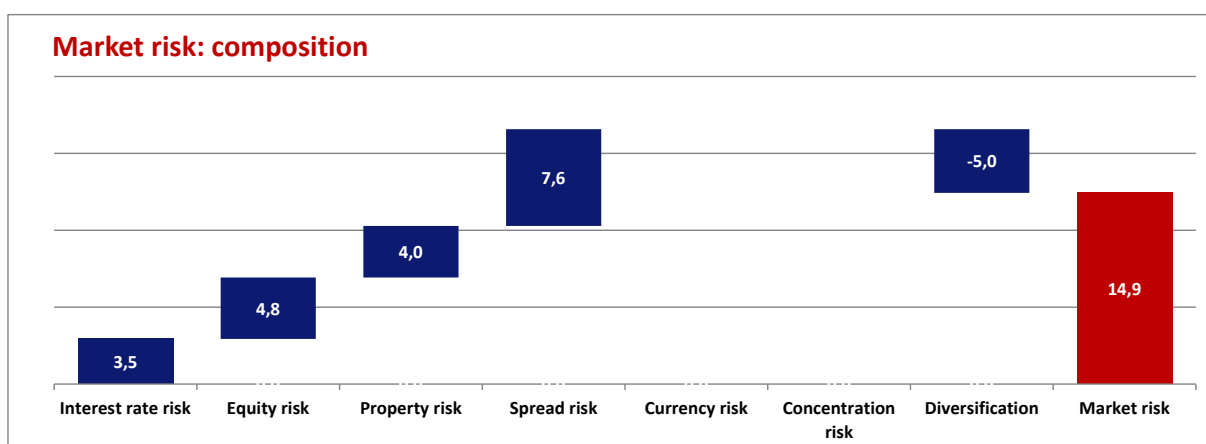
The interest rate risk is related to the duration gap between the assets and liabilities. The interest rate risk decreased significantly from 6.3 Mio EUR to 3.5 Mio EUR due to a lower duration gap and a decrease of the interest rates.

The increase in equity risk (3.7 Mio EUR YE 2022 → 4.8 Mio EUR YE 2023) is mainly due to the market evolution of the equity portfolio (10.4 Mio EUR → 11.8 Mio EUR) and to the increase of the symmetric equity adjustment (-3.0% YE 2022 → 1.5% YE 2023).

The property risk has increased significantly from 2.3 Mio EUR at YE 2022 to 4.0 Mio EUR at YE 2023 due to a new real estate investment.

## Market risk components

	2022	2023
In '000 EUR		
Interest rate risk	6'257.3	3'518.6
Equity risk	3'733.1	4'798.9
Solvency Capital Requirement - Market risk	2'255.0	4'022.0
Spread risk	7'665.0	7'553.1
Market risk concentrations	-	-
Currency risk	-	-
Diversification within market risk module	-6'135.1	-4'981.6
<b>Total market risk</b>	<b>13'775.4</b>	<b>14'910.9</b>



### E.2.2.3. Minimum capital requirement

Under SII, the calculation of the absolute minimum capital takes into account a number of business related quantities like technical provisions and premiums.

As shown in the table below Euromex' minimum capital requirement (MCR) amounts to 17.9 Mio EUR. This is an increase compared to the 16.6 Mio EUR of last year due to the increase of the SCR (at YE2022 and YE2023 the MCR is capped at 45% of the SCR). Hence the own funds amount to 564.7% of the MCR compared to 533.3% at YE2022.

## Minimal Capital Requirement — for undertakings on Standard Formula

	2022	2023
MCR components (life) - Non-life activities	16'568.1	17'917.8
MCR components (life) - Life activities		
<b>Minimum Capital Requirement</b>	<b>16'568.1</b>	<b>17'917.8</b>

### E.2.3. Simplified calculations and entity specific parameters

In the calculation of the SCR at 31/12/2023, the company did not apply any simplified calculations. The reported figures of Euromex are with undertaking specific parameters for the underwriting risk. The Solvency II ratio of Euromex without USP's would result in 229.9%.

### E.2.4. Use of the duration-based equity risk sub-module for SCR calculation

In the calculation of the SCR at 31/12/2023, the company did not use the duration based approach to calculate the Capital requirement for the equity risk.

## E.3. Non-compliance with the MCR and the SCR

The company has the necessary processes in place to monitor its compliance with its MCR and SCR on a continuous basis. The Solvency II quote for Euromex was 254.1% at the end of 2023, applying volatility adjustment. The legal requirement to hold sufficient own funds to cover the solvency capital requirement has therefore been fulfilled. The Solvency II ratio is also above the target ratio of 150% set in Euromex' updated Risk Appetite and Risk Strategy policy, which came into effect on 01/01/2022.

## E.4. Difference between the standard formula and any internal model used

As per the reporting date, Euromex did not use any internal models, hence this section is without object.

## E.5. Other relevant information

The company considers that all relevant information with respect to its capital management in view of its regular supervisory reporting has been communicated in the other sections of the chapter 'Capital Management' of the current report.

## F. Annexes

<b>QRT reference</b>	<b>Template Name</b>
S.02.01.01	Balance Sheet
S.04.05.21	Premiums, claims and expenses by country
S.05.01.02	Premiums, claims and expenses by Line of Business
S.17.01.02	Non-Life Technical Provisions
S.19.01.02	Non-Life Insurance Claims
S.22.01.21	Impact of long term guarantees measures and transitionals
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement
S.28.01.01	Minimum Capital Requirement

## S.02.01.02 - Balance Sheet: Assets

EUR '000		Solvency II value
<b>Assets</b>		
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	8'688.4
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	225'822.0
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	2'116.3
Equities	R0100	254.3
Equities - listed	R0110	254.3
Equities - unlisted	R0120	-
Bonds	R0130	209'489.6
Government Bonds	R0140	63'129.6
Corporate Bonds	R0150	146'360.0
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	13'961.8
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	12'778.7
Non-life and health similar to non-life	R0280	12'778.7
Non-life excluding health	R0290	12'778.7
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	5'448.0
Reinsurance receivables	R0370	279.4
Receivables (trade, not insurance)	R0380	73.9
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	9'313.5
Any other assets, not elsewhere shown	R0420	135.6
<b>Total assets</b>	<b>R0500</b>	<b>262'539.5</b>



## S.02.01.02 - Balance sheet: liabilities

EUR '000		Solvency II value
<b>Liabilities</b>		
Technical provisions - non-life	R0510	138'812.2
Technical provisions - non-life (excluding health)	R0520	138'812.2
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	134'292.1
Risk margin	R0550	4'520.1
Technical provisions - health (similar to non-life)	R0560	-
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	-
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	2'437.7
Pension benefit obligations	R0760	3'948.4
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	7'354.1
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	186.9
Insurance & intermediaries payables	R0820	6'929.8
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	1'099.0
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	592.7
<b>Total liabilities</b>	<b>R0900</b>	<b>161'360.8</b>
<b>Excess of assets over liabilities</b>	<b>R1000</b>	<b>101'178.7</b>

### S.04.05.21 - Premiums, claims and expenses by country - Non-Life

		Home country
		Belgium (BE)
		C0010
R0010		Belgium (BE)
<b>Premiums written (gross)</b>		
Gross Written Premium (direct)	R0020	99'397.4
Gross Written Premium (proportional reinsurance)	R0021	
Gross Written Premium (non-proportional reinsurance)	R0022	
<b>Premiums earned (gross)</b>		
Gross Earned Premium (direct)	R0030	97'243.8
Gross Earned Premium (proportional reinsurance)	R0031	
Gross Earned Premium (non-proportional reinsurance)	R0032	
<b>Claims incurred (gross)</b>		
Claims incurred (direct)	R0040	42'078.3
Claims incurred (proportional reinsurance)	R0041	
Claims incurred (non-proportional reinsurance)	R0042	
<b>Expenses incurred (gross)</b>		
Gross Expenses Incurred (direct)	R0050	45'055.0
Gross Expenses Incurred (proportional reinsurance)	R0051	
Gross Expenses Incurred (non-proportional reinsurance)	R0052	

## S.05.01.02 - Premiums, claims and expenses by line of business: non-life & accepted non-proportional reinsurance (part 2 of 3)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Fire and other	General liability	Credit and	Legal expenses	Assistance	Miscellaneous
		C0070	C0080	C0090	C0100	C0110	C0120
EUR '000							
<b>Premiums written</b>							
Gross - Direct Business	R0110	-	-	-	99'397.4	-	-
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-
Reinsurers' share	R0140	-	-	-	6'026.8	-	-
Net	R0200	-	-	-	93'370.6	-	-
<b>Premiums earned</b>							
Gross - Direct Business	R0210	-	-	-	97'243.8	-	-
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-
Reinsurers' share	R0240	-	-	-	5'837.2	-	-
Net	R0300	-	-	-	91'406.6	-	-
<b>Claims incurred</b>							
Gross - Direct Business	R0310	-	-	-	42'078.3	-	-
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-
Reinsurers' share	R0340	-	-	-	4'599.5	-	-
Net	R0400	-	-	-	37'478.8	-	-
<b>Expenses incurred</b>							
<b>Balance - other technical expenses/income</b>	<b>R1210</b>	-	-	-	-	-	-
<b>Total technical expenses</b>	<b>R1300</b>	-	-	-	-	-	-

### S.05.01.02 - Premiums, claims and expenses by line of business: non-life & accepted non-proportional reinsurance (part 3 of 3)

		Line of Business for: accepted non-proportional reinsurance				Total
		Health C0130	Casualty C0140	Marine, aviation, C0150	Property C0160	Total C0200
EUR '000						
<b>Premiums written</b>						
Gross - Direct Business	R0110	-	-	-	-	99'397.4
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-
Reinsurers' share	R0140	-	-	-	-	6'026.8
Net	R0200	-	-	-	-	93'370.6
<b>Premiums earned</b>						
Gross - Direct Business	R0210	-	-	-	-	97'243.8
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-
Reinsurers' share	R0240	-	-	-	-	5'837.2
Net	R0300	-	-	-	-	91'406.6
<b>Claims incurred</b>						
Gross - Direct Business	R0310	-	-	-	-	42'078.3
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-
Reinsurers' share	R0340	-	-	-	-	4'599.5
Net	R0400	-	-	-	-	37'478.8
<b>Expenses incurred</b>	<b>R0550</b>	-	-	-	-	<b>42'423.6</b>
<b>Balance - other technical expenses/income</b>	<b>R1210</b>	-	-	-	-	<b>2'258.3</b>
<b>Total technical expenses</b>	<b>R1300</b>	-	-	-	-	<b>44'681.9</b>

## S.17.01.02 - Non-Life Technical Provisions (part 2 of 3)

		Direct business and accepted proportional reinsurance					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0080	C0090	C0100	C0110	C0120	C0130
EUR '000							
<b>Technical provisions calculated as a whole</b>	<b>R0010</b>						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050						
Technical Provisions calculated as a sum of BE and RM							
<b>Best estimate</b>							
Premium provisions							
Gross	R0060			14'866.9			
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140			-377.9			
Net Best Estimate of Premium Provisions	R0150			15'244.8			
Claims provisions							
Gross	R0160			119'425.2			
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240			13'156.6			
Net Best Estimate of Claims Provisions	R0250			106'268.7			
<b>Total Best estimate - gross</b>	<b>R0260</b>			<b>134'292.1</b>			
<b>Total Best estimate - net</b>	<b>R0270</b>			<b>121'513.4</b>			
<b>Risk margin</b>	<b>R0280</b>			<b>4'520.1</b>			
<b>Technical provisions - total</b>							
Technical provisions - total	R0320			138'812.2			
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330			12'778.7			
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340			126'033.5			

### S.17.01.02 - Non-Life Technical Provisions (part 3 of 3)

		Accepted non-proportional reinsurance:				
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligations
		C0140	C0150	C0160	C0170	C0180
EUR '000						
<b>Technical provisions calculated as a whole</b>	<b>R0010</b>					-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050					-
Technical Provisions calculated as a sum of BE and RM						
<b>Best estimate</b>						
Premium provisions						
Gross	R0060					14'866.9
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					-377.9
Net Best Estimate of Premium Provisions	R0150					15'244.8
Claims provisions						
Gross	R0160					119'425.2
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					13'156.6
Net Best Estimate of Claims Provisions	R0250					106'268.7
<b>Total Best estimate - gross</b>	<b>R0260</b>					<b>134'292.1</b>
<b>Total Best estimate - net</b>	<b>R0270</b>					<b>121'513.4</b>
<b>Risk margin</b>	<b>R0280</b>					<b>4'520.1</b>
<b>Technical provisions - total</b>						
Technical provisions - total	R0320					138'812.2
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330					12'778.7
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340					126'033.5

**S.19.01.21 - Non-life insurance claims (part 1 of 2)**

		Development year											In Current year	Sum of years (cumulative)	
		0	1	2	3	4	5	6	7	8	9	10 & +			
<b>Gross Claims Paid (non-cumulative, per accident year)</b>															
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											934.0	R0100	934.0	934.0
2014	R0160	2'073.0	8'587.4	5'046.9	2'823.7	2'137.2	1'431.2	774.1	558.6	431.0	265.4		R0160	265.4	24'128.7
2015	R0170	2'325.0	8'057.3	5'127.8	3'058.1	2'023.5	1'276.0	953.9	632.7	423.1			R0170	423.1	23'877.6
2016	R0180	3'243.4	8'718.7	5'924.6	3'465.0	2'413.4	1'492.2	1'211.8	1'016.7				R0180	1'016.7	27'485.9
2017	R0190	3'201.4	9'750.9	6'721.0	3'718.6	2'749.8	1'758.6	1'125.8					R0190	1'125.8	29'026.1
2018	R0200	3'976.0	9'483.7	6'429.9	4'255.8	2'799.8	1'796.5						R0200	1'796.5	28'741.7
2019	R0210	4'088.0	9'403.6	7'477.0	4'303.3	2'676.2							R0210	2'676.2	27'948.1
2020	R0220	3'530.4	9'356.2	6'522.9	3'854.2								R0220	3'854.2	23'263.7
2021	R0230	3'875.5	10'826.2	7'389.7									R0230	7'389.7	22'091.4
2022	R0240	4'000.0	11'655.3										R0240	11'655.3	15'655.3
2023	R0250	4'873.1											R0250	4'873.1	4'873.1
<b>Total</b>	<b>R0260</b>												<b>R0260</b>	<b>36'010.1</b>	<b>228'025.5</b>



**S.19.01.21 - Non-life insurance claims (part 2 of 2)**

		Development year										Year end (discounted data)		
		0	1	2	3	4	5	6	7	8	9	10 & +		
<b>Gross undiscounted Best Estimate Claims Provisions per accident year</b>														
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100	-	-	-	-	-	-	-	-	-	-	7'574.5	R0100	7'045.0
2014	R0160	-	-	-	-	-	-	5'742.5	2'809.1	2'309.0	1'640.0	-	R0160	1'499.0
2015	R0170	-	-	-	-	-	7'103.5	3'525.8	2'833.8	1'964.5	-	-	R0170	1'792.5
2016	R0180	-	-	-	-	10'336.2	5'208.2	4'130.2	2'861.6	-	-	-	R0180	2'610.4
2017	R0190	-	-	-	14'493.8	7'521.8	5'748.3	4'034.4	-	-	-	-	R0190	3'680.0
2018	R0200	-	-	18'921.3	10'557.3	7'774.8	5'382.8	-	-	-	-	-	R0200	4'912.5
2019	R0210	-	26'277.1	15'333.9	11'200.1	7'410.8	-	-	-	-	-	-	R0210	6'775.4
2020	R0220	27'650.8	21'471.6	14'576.4	9'547.4	-	-	-	-	-	-	-	R0220	8'739.9
2021	R0230	34'724.9	25'132.8	15'569.1	-	-	-	-	-	-	-	-	R0230	14'306.9
2022	R0240	36'092.4	25'161.1	-	-	-	-	-	-	-	-	-	R0240	23'170.3
2023	R0250	38'711.5	-	-	-	-	-	-	-	-	-	-	R0250	35'069.5
<b>Total</b>	<b>R0260</b>												<b>R0260</b>	<b>109'601.3</b>



## S.22.01.21 - Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee 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
		C0010	C0030	C0050	C0070	C0090
EUR '000						
Technical provisions	R0010	138'812.2	-	-	921.5	-
Basic own funds	R0020	101'178.7	-	-	-631.8	-
Eligible own funds to meet Solvency Capital Requirement	R0050	101'178.7	-	-	-631.8	-
Solvency Capital Requirement	R0090	39'817.4	-	-	62.6	-
Eligible own funds to meet Minimum Capital Requirement	R0100	101'178.7	-	-	-631.8	-
Minimum Capital Requirement	R0110	17'917.8	-	-	28.2	-

## S23.01.01 - Own funds: basic own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
EUR '000						
<b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>						
Ordinary share capital (gross of own shares)	R0010	2'712.0	2'712.0		-	
Share premium account related to ordinary share capital	R0030	6'296.0	6'296.0		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	92'170.8	92'170.8			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
<b>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</b>						
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	R0220					
<b>Deductions</b>						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
<b>Total basic own funds after deductions</b>	<b>R0290</b>	<b>101'178.7</b>	<b>101'178.7</b>		-	-

### S23.01.01 - Own funds: Ancillary own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
EUR '000						
<b>Ancillary own funds</b>						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
<b>Total ancillary own funds</b>	<b>R0400</b>	-			-	-

### S23.01.01 - Own funds: eligible own funds and capital requirements

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
EUR '000						
<b>Available and eligible own funds</b>						
Total available own funds to meet the SCR	R0500	101'178.7	101'178.7			
Total available own funds to meet the MCR	R0510	101'178.7	101'178.7			
Total eligible own funds to meet the SCR	R0540	101'178.7	101'178.7			
Total eligible own funds to meet the MCR	R0550	101'178.7	101'178.7			
<b>SCR</b>	<b>R0580</b>	<b>39'817.4</b>				
<b>MCR</b>	<b>R0600</b>	<b>17'917.8</b>				
<b>Ratio of Eligible own funds to SCR</b>	<b>R0620</b>	<b>254.1%</b>				
<b>Ratio of Eligible own funds to MCR</b>	<b>R0640</b>	<b>564.7%</b>				

## S23.01.01 - Own funds: Reconciliation reserve

		C0060
EUR '000		
<b>Reconciliation reserve</b>		
Excess of assets over liabilities	R1000	101'178.7
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	9'007.9
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	R0740	-
<b>Reconciliation reserve</b>	<b>R0130</b>	<b>92'170.8</b>
<b>Expected profits</b>		
Expected profits included in future premiums (EPIFP) - Life Business	R0770/R0780	-
Expected profits included in future premiums (EPIFP) - Non- life business	R0770/R0780	5'240.5
<b>Total Expected profits included in future premiums (EPIFP)</b>	<b>R0790</b>	<b>5'240.5</b>

## S25.01.21 - Solvency Capital Requirement for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	14'910.9		
Counterparty default risk	R0020	1'566.2		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	32'918.4		
Diversification	R0060	-9'182.8		
Intangible asset risk	R0070			
<b>Basic Solvency Capital Requirement</b>	<b>R0100</b>	<b>40'212.7</b>		

### Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	4'028.8
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	4'424.2
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
<b>Solvency Capital Requirement excluding capital add-on</b>	<b>R0200</b>	<b>39'817.4</b>
Capital add-ons already set	R0210	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
<b>Consolidated Group SCR</b>	<b>R0220</b>	<b>39'817.4</b>
<b>Other information on SCR</b>		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

### Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	1 - Yes

## S25.01.21 - Solvency Capital Requirement for undertakings on Standard Formula

### Calculation of loss absorbing capacity of deferred taxes

		<b>LAC DT</b>
		<b>C0130</b>
LAC DT	R0640	-4'424.2
LAC DT justified by reversion of deferred tax liabilities	R0650	-4'424.2
LAC DT justified by reference to probable future taxable economic profit	R0660	-
LAC DT justified by carry back, current year	R0670	-
LAC DT justified by carry back, future years	R0680	-
Maximum LAC DT	R0690	-7'354.1

### S28.01.01 - Minimum capital requirement: MCRNL Result

		Non-life activities
		C0010
MCRNL Result	R0010	19'893.5

### S.28.01.01 - Minimum capital requirement: Calculation MCR

			C0070
EUR '000			
	Linear MCR	R0300	19'893.5
	SCR	R0310	39'817.4
	MCR cap	R0320	17'917.8
	MCR floor	R0330	9'954.3
	Combined MCR	R0340	17'917.8
	Absolute floor of the MCR	R0350	2'700.0
	<b>Minimum Capital Requirement</b>	<b>R0400</b>	<b>17'917.8</b>

## S.28.01.01 - Minimum Capital Requirement: Background Information

EUR '000		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
	Medical expense insurance and proportional reinsurance	R0020	-
	Income protection insurance and proportional reinsurance	R0030	-
	Workers' compensation insurance and proportional reinsurance	R0040	-
	Motor vehicle liability insurance and proportional reinsurance	R0050	-
	Other motor insurance and proportional reinsurance	R0060	-
	Marine, aviation and transport insurance and proportional reinsurance	R0070	-
	Fire and other damage to property insurance and proportional reinsurance	R0080	-
	General liability insurance and proportional reinsurance	R0090	-
	Credit and suretyship insurance and proportional reinsurance	R0100	-
	Legal expenses insurance and proportional reinsurance	R0110	121'513.4
	Assistance and proportional reinsurance	R0120	-
	Miscellaneous financial loss insurance and proportional reinsurance	R0130	-
	Non-proportional health reinsurance	R0140	-
	Non-proportional casualty reinsurance	R0150	-
	Non-proportional marine, aviation and transport reinsurance	R0160	-
	Non-proportional property reinsurance	R0170	-



Euromex is the tradename for Euromex NV

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