

Euromex NV

Solvency and Financial Condition Report

2022

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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.

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).

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. In 2021 the stand-alone portfolio legal protection has been transferred to Euromex. The transfer of the inclusion-business legal protection motor has been realised on the 14th of November 2022. The transfer of the inclusion-business legal protection non-motor, which still represents a quarter of the portfolio, will follow in 2023 together with the outstanding claims under the condition that these transactions are approved by the NBB.

Covid-19 pandemic

After the two years 2020 and 2021, which were strongly influenced by the corona pandemic, the corona situation worldwide eased in 2022. Advanced vaccination campaigns and the progressive primary vaccination of the population have led to an improvement of the situation. As a result, in the course of the year, Euromex was able to scale back all taken corona measures. Lasting from the corona measures is the progress in the digitization of business processes and hybrid working, which increasingly allows employees to work from both, the office and at home.

Euromex's crisis management was appropriate to the situation at all times. The business model is stable, and with marginal adaptations to the changed business environment, the corona pandemic was successfully mastered. Euromex has shown that it has been able to successfully continue on its path of

sustainable and continuous growth and at the same time being a reliable partner for its clients, investors, employees and society.

Ukraine

Russia's attack on Ukraine is a severe incident in Europe, which has however not directly affected Euromex's insurance business. The indirect consequences to the market environment were closely monitored by Euromex. Our clients and investors can rely on us even in this challenging market environment, as Euromex's good economic substance is also maintained there.

Macroeconomic situation and inflation

Worldwide, the corona pandemic led to an impairment of supply chains, which was further exacerbated by Russia's invasion of Ukraine. This can be seen in the tense energy situation in Europe. In combination with the various monetary and economic policy measures taken in previous years to contain the corona pandemic, inflation has skyrocketed and economic forecasts deteriorate. In response to this, interest rates were raised several times in 2022 and the «quantitative easing programs» that have been rolled out extensively were gradually reduced. As a result, both equities and fixed-interest securities suffered a fall in prices in 2022.

Our long-term and reliable investment strategy pays off in this challenging market environment. Euromex continues to manage its own investment portfolio with foresight and with as few fluctuations as possible.

Business and Performance

Stable profit despite a challenging environment

Euromex generated a net profit in 2022 of 8.3 Mio EUR (in accordance to the Belgian Accounting Standards BGAAP). This result was conducted by a business volume of 89.0 Mio EUR earned premium, an increase with 3.6% compared to year-end 2021.

In 2022 Euromex made substantial steps in 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 the beginning of 2022 Euromex launched Eureka, our new front-office application with which we aim at a fully digital collaboration with the brokers. In September, an important step was made by integrating the new wholesale offering.

In 2022, Euromex invested also a lot in connecting with and informing and training the brokers by 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 9.1 Mio EUR (13.8 Mio EUR YE 2021).

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 deduced 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 local own funds from 78.6 Mio EUR to Solvency II available capital of 88.4 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 78.6 Mio EUR, where in Solvency II an extra gain of 9.7 Mio EUR exists resulting in a SII available capital of 88.4 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 - Local GAAP and Solvency II Valuation

			2022.12
	Solvency II	Local GAAP	Difference
EUR '000			
Total assets	231,334.5	253,881.8	-22,547.2
Total liabilities	142,973.3	175,249.3	-32,276.0
Excess of assets over liabilities	88,361.2	78,632.5	9,728.7

Compared to YE 2021 the difference between the Solvency II and the Local Gaap value decreased from 22.1 Mio EUR (after foreseeable dividend of 3.5 Mio EUR) to 9.7 Mio EUR at year end 2022 (after dividend payout of 5 Mio EUR). The major driver for this decrease is the fall in prices of fixed-interest securities and equity in the investment portfolio together with the impact of (future) inflation on the outstanding liabilities that largely outweighs the discounting impact on the outstanding liabilities after the rise of the interest rates and the lower Deferred Tax Liability (DTL) resulting from these changes in valuation.

Capital Management

The Solvency II quote for Euromex is 240.0%

The Solvency II quote for Euromex was 240.0% at the end of 2022, 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 2021 a decrease in solvency ratio can be observed from 289.8% to 240.0%. The decrease in Solvency II follows from the decrease in surplus between the Solvency II and Local Gaap

value that has led to a decrease in own funds and that has led to an increase of the Solvency Capital Requirements as the adjustment for deferred taxes is limited to the Deferred Tax Liability (DTL).

In 2022 a dividend was paid out of 8.5 Mio EUR, consisting of a dividend payout of 3.5 Mio EUR over the year 2021 as foreseen at year end 2021 and a dividend payout of 5 Mio EUR over the year 2022.

Solvency II Ratio

	2021	2022
	Total	Total
EUR '000		
Total available own funds to meet the SCR	97,453.0	88,361.2
Solvency Capital Requirement	33,630.6	36,818.1
Solvency II Ratio	289.8%	240.0%



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 mrs. C. Weymeersch.

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 2022, 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 89.0 Mio EUR in premium earned compared to 85.9 Mio EUR in 2021.

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

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

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 2022, Euromex realized a BGAAP gross earned premium volume of 89.0 Mio EUR, that is the sum of inclusion and standalone business. The earned premium increased by 3.1 Mio EUR compared to 2021.

Per 31/12/2022, the corresponding BGAAP technical provisions (premium and claim provisions) amounted to 166.2 Mio EUR compared to 155.3 Mio EUR at YE 2021.

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

Covid-19 pandemic

After the two years 2020 and 2021, which were strongly influenced by the corona pandemic, the corona situation worldwide eased in 2022. Advanced vaccination campaigns and the progressive primary vaccination of the population have led to an improvement of the situation. As a result, in the course of the year, Euromex was able to scale back all taken corona measures. Lasting from the corona measures is the progress in the digitization of business processes and hybrid working, which increasingly allows employees to work from both, the office and at home.

Euromex's crisis management was appropriate to the situation at all times. The business model is stable, and with marginal adaptations to the changed business environment, the corona pandemic was successfully mastered. Euromex has shown that it has been able to successfully continue on its path of sustainable and continuous growth and at the same time being a reliable partner for its clients, investors, employees and society.

Ukraine

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Macroeconomic situation and inflation

Worldwide, the corona pandemic led to an impairment of supply chains, which was further exacerbated by Russia's invasion of Ukraine. This can be seen in the tense energy situation in Europe. In combination with the various monetary and economic policy measures taken in previous years to contain the corona pandemic, inflation has skyrocketed and economic forecasts deteriorate. In response to this, interest rates were raised several times in 2022 and the «quantitative easing programs» that have been rolled out extensively were gradually reduced. As a result, both equities and fixed-interest securities suffered a fall in prices in 2022.

Our long-term and reliable investment strategy pays off in this challenging market environment. Euromex continues to manage its own investment portfolio with foresight and with as few fluctuations as possible.

Portfolio acquisitions

In June 2020 Baloise Belgium has completed the acquisition of the non-life portfolio of Athora Belgium. In 2021 the stand-alone portfolio legal protection has been transferred to Euromex. The transfer of the inclusion-business legal protection motor has been realised on the 14th of November 2022. The transfer of the inclusion-business legal protection non-motor, which still represents a quarter of the portfolio, will follow in 2023 together with the outstanding claims under the condition that these transactions are approved by the NBB.

Mass claim events in 2022

In 2022 Euromex is confronted with claims that are interrelated and can therefore be considered as an event. An example is the windstorm event of February 2022.

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...) 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.

S.05.01. Premiums, claims and expenses - Non-Life aggregated

	2021		2022	
	Gross	Net	Gross	Net
EUR '000				
Premiums earned	85,889.7	80,519.4	89,000.7	83,520.5
Claims incurred	35,003.7	30,195.1	39,730.9	34,703.3
Changes in other technical provisions	0	0	0	0
Expenses excl. investment management expenses	39,234.7	36,803.6	42,062.5	39,675.3
Annual underwriting result	11,651.3	13,520.8	7,207.3	9,141.8

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 7.2 Mio EUR the non-life underwriting activity clearly provides a large contribution to the company's total result.

Although the underwriting result is 4.4 Mio lower than in 2021 (11.7 Mio EUR), the result remains positive in this challenging market environment with high inflation, 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 1.9 Mio EUR.

In 2022 Euromex made substantial steps in 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 the beginning of 2022 Euromex launched Eureka, our new front-office application with which we aim at a fully digital collaboration with the brokers. In September, an important step was made by

integrating the new wholesale offering.

In 2022, Euromex invested also a lot in connecting with and informing and training the brokers by 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						
Income and expenses from investments						
Investment income	1,985.1	278.1	163.7	-31.1	-258.5	2,137.2

No change in financial income compared to last year (delta < 0.1 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 YE2022, 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 2.0 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 twice 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 Baloise 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, both from a 'point in time' and a 'forward-looking' point of view;
- 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.

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, recommendations are made to improve the efficiency and profitability of these processes. The principles governing the company's internal audit approach are inscribed in the company's Internal Audit Policy.

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 audit planning is essentially risk-driven, and takes into account input obtained from sources like yearly risk assessments, interviews with executive directors, an 'Internal Audit Watchlist' and external benchmarking.

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

The Internal Audit function is organizationally independent from the operational business activities. Internal Audit functionally reports to the chairman of the Executive Committee and has unrestricted access to the Executive Committee, and the Audit- & Risk Committee / Board of Directors.

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 31/12/2022 is given below:

Outsourced function	Area	Internal/ External	Jurisdiction of service provider
Underwriting mandated insurer	Business	Internal	Belgium
Internal Audit	Contr. Function	Internal	Belgium
Planning and Controlling	Finance	Internal	Belgium
Actuarial and Reinsurance	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	Internal	Belgium
HR reporting & Admin	Gen. Services	External	Belgium
IT	IT	Internal	Belgium
Sap Reporting	IT	Internal	Belgium
Information Security	IT	Internal	Belgium
ICT Support and Network	IT	External	Belgium
ICT Support	IT	External	Belgium
ICT 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.

In the course of 2022, sustainability criteria, with a focus on the Environmental, Social and Governance ('ESG') themes, are included in the underwriting policy; first for the new product "entrepreneur" and then for all products.

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 2022 the underwriting risk for Euromex has increased from 28.6 Mio EUR at YE 2021 to 29.5 Mio EUR at YE 2022 driven by an increase in the premium and reserve volumes in addition to a limited increase of the USP parameter for reserve risk. 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.

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 decreased at year end 2022 from 16.6 Mio EUR to 13.8 Mio EUR driven by a decrease in equity risk and spread risk. 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 183.3 Mio EUR at YE2022, compared to 204.0 Mio EUR at YE2021.

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 increased to 6.3 Mio EUR at YE2022, compared to 5.4 Mio EUR at YE2021. 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 183.3 Mio EUR at YE2022, from which 54.7 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 decreased to 7.7 Mio EUR at YE2022, compared to 9.6 Mio EUR at YE2021. 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 remained stable compared to last year and amounts to 2.3 Mio EUR. 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 3.7 Mio EUR, a decrease with 1.8 Mio EUR compared to previous year driven by a lower exposure on the equity markets and a decrease of the equity adjustment factor. 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 2022 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 4.7% to 235.3%, while it increases to 246.9% 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 (-7.0%).

The effect of an equity market crash of 25% impacts the solvency ratio with 6.6% to 233.4%.

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 2022, the gross solvency capital requirements for counterparty default risk amounted to 1.6 Mio EUR compared to 1.4 Mio EUR at year-end 2021. The increase comes from an increase in type 2 exposures.

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 4.9 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.

C.4.4. Risk sensitivity

Due to the limited exposure, the undertaking does not specifically calculate risk sensitivities for liquidity risk.

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.

As of year-end 2022 the capital requirements for operational risk remained stable and amounts to 3.7 Mio EUR.

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.

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 robotics, artificial intelligence and blockchain.



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. Notice that due to rising interest rates bond prices fell in 2022 and the unrealized losses at YE 2022 amount to -21.9 Mio compared to unrealized gains of 4.3 Mio EUR at YE 2021. 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** 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 decrease in unrealized gains (-1.7 Mio EUR) can be observed (4.4 Mio EUR at YE 2021 -> 2.7 Mio EUR at YE 2022).

➤ 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 since this year corrected for the expected surplus on the outstanding gross claim provisions (impact of -2.1 Mio EUR). In addition to this the estimate is spread in time, discounted at the risk free discount curve (impact of -1.3 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 -0.3 Mio EUR) .

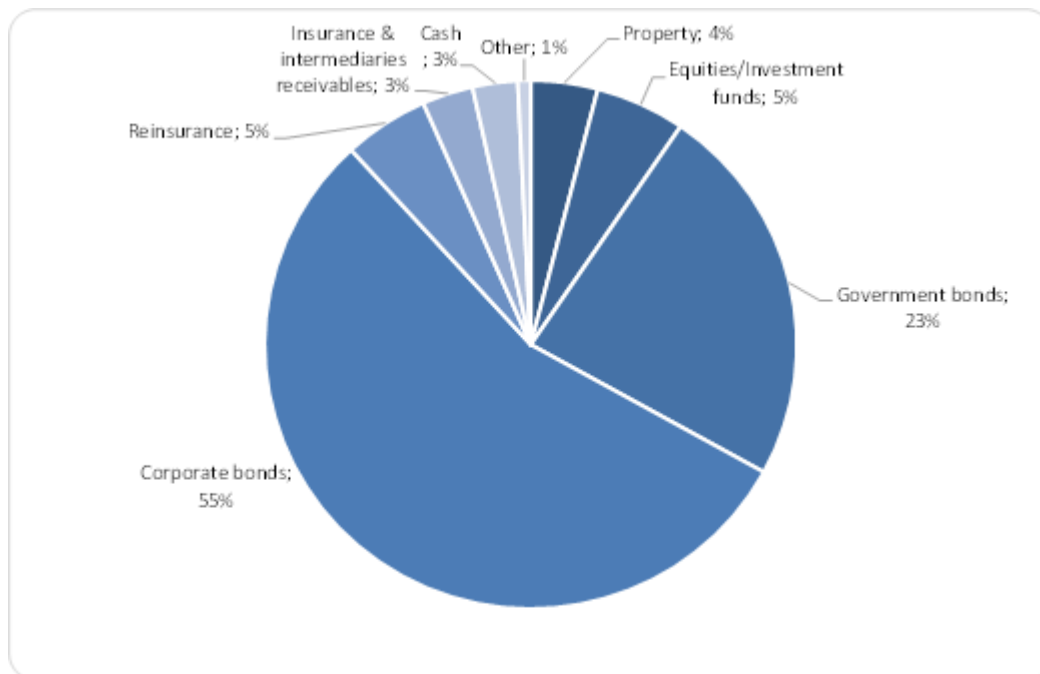
D.1.2. Reconciliation to financial reporting

D.1.2.1. Overview

Valuation of the company's assets according to the Solvency II and Local Gaap principles at the current (31/12/2022) annual valuation date has given the results shown in the table below.

Assets under Local GAAP and Solvency II Valuation

Assets	2022.12		
	Solvency II	Local GAAP	Difference
EUR '000			
Property	9,466.1	9,066.8	399.4
Equities/Investment funds	12,739.1	10,024.2	2,714.9
Government Bonds	54,721.6	61,611.8	-6,890.2
Corporate Bonds	128,609.9	143,608.5	-14,998.6
Assets held for index-linked and unit-linked contracts	-	-	-
Loans & mortgages	-	-	-
Reinsurance recoverables	12,064.5	15,772.0	-3,707.5
Insurance & intermediaries receivables	5,527.5	5,527.5	0
Cash and cash equivalents	6,396.8	6,396.8	0
Other	1,809.0	1,874.3	-65.2
Total assets	231,334.5	253,881.8	-22,547.2



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

Assets	Solvency II Valuation		
	2021.12	2022.12	Difference
EUR '000			
Intangible assets	-	-	
Deferred tax assets	-	-	
Pension benefit surplus	-	-	
Property, plant & equipment held for own use	9,832.0	9,466.1	-365.8
Investments (other than assets held for index-linked and unit-linked contracts)	216,019.6	196,070.6	-19,949.0
Property (other than for own use)	-	-	
Holdings in related undertakings incl. participations	-	-	
Equities	500.5	298.1	-202.3
Equities - listed	500.5	298.1	-202.3
Equities - unlisted	-	-	
Bonds	203,954.8	183,331.4	-20,623.3
Government Bonds	59,111.3	54,721.6	-4,389.7
Corporate Bonds	144,843.5	128,609.9	-16,233.6
Structured notes	-	-	
Collateralised securities	-	-	
Collective Investments Undertakings	11,564.3	12,441.0	876.7
Derivatives	-	-	
Deposits other than cash equivalents	-	-	
Other investments	-	-	
Assets held for index-linked and unit-linked contracts	-	-	
Loans & mortgages	-	-	
Loans on policies	-	-	
Loans & mortgages to individuals	-	-	
Other loans & mortgages	-	-	
Reinsurance recoverables from:	13,511.5	12,064.5	-1,447.0
Non-life and health similar to non-life	13,511.5	12,064.5	-1,447.0
Non-life excluding health	13,511.5	12,064.5	-1,447.0
Health similar to non-life	-	-	
Life and health similar to life, excluding health and index-linked and unit-linked	-	-	
Health similar to life	-	-	
Life excluding health and index-linked and unit-linked	-	-	
Life index-linked and unit-linked	-	-	
Deposits to cedants	-	-	
Insurance & intermediaries receivables	4,533.6	5,527.5	993.9
Reinsurance receivables	-	24.8	24.8
Receivables (trade, not insurance)	92.8	1,667.4	1,574.6
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	9,604.5	6,396.8	-3,207.7
Any other assets, not elsewhere shown	117.2	116.8	-0.4
Total assets	253,711.1	231,334.5	-22,376.6

D.2. Technical provisions

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

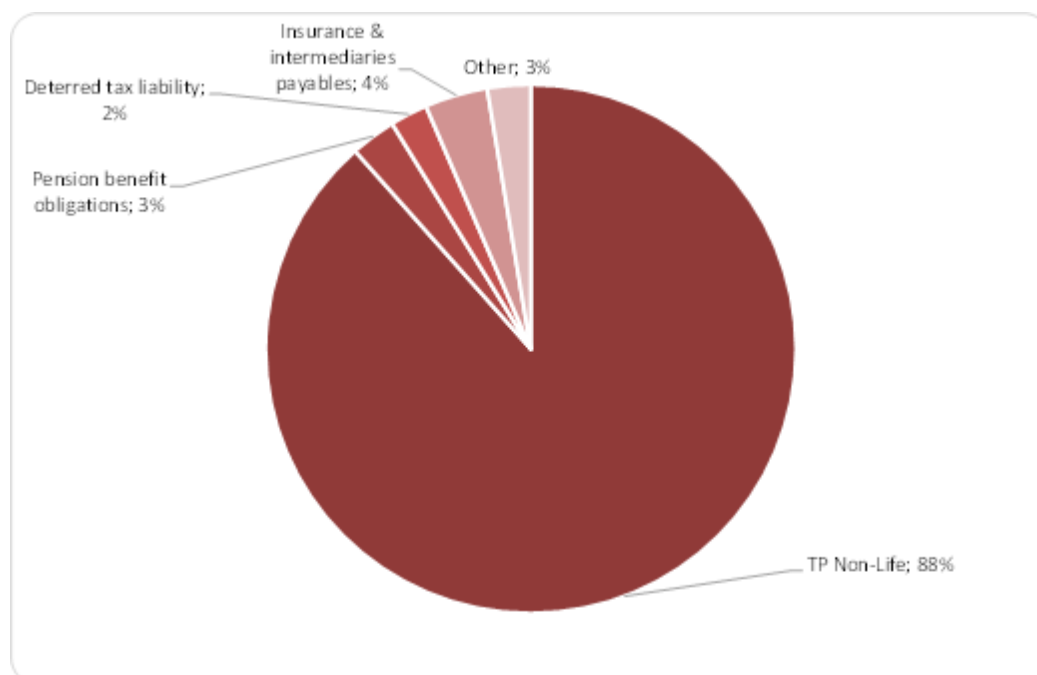
In contrast to the assets side of the balance sheet, there are generally no market prices available for the balance sheet items on the liabilities side. The main part of the liabilities is the technical provisions. The valuation of these items for solvency purposes ("Best estimates of Liabilities") takes 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.

Liabilities under Local GAAP and Solvency II Valuation

	2022.12		
Liabilities	Solvency II	Local GAAP	Difference
EUR '000			
Technical provisions – non-life (excluding health)	126,486.7	166,183.2	-39,696.5
Technical provisions - health (similar to non-life)	-	-	-
Technical provisions - health (similar to life)	-	-	-
Technical provisions – life (excluding health and index-linked and unit-)	-	-	-
Technical provisions – index-linked and unit-linked	-	-	-
Pension benefit obligations	3,961.3	-	3,961.3
Deferred tax liabilities	3,265.7	0	3,265.7
Insurance & intermediaries payables	5,494.9	5,494.9	0
Other	3,764.7	3,571.2	193.5
Total liabilities	142,973.3	175,249.3	-32,276.0



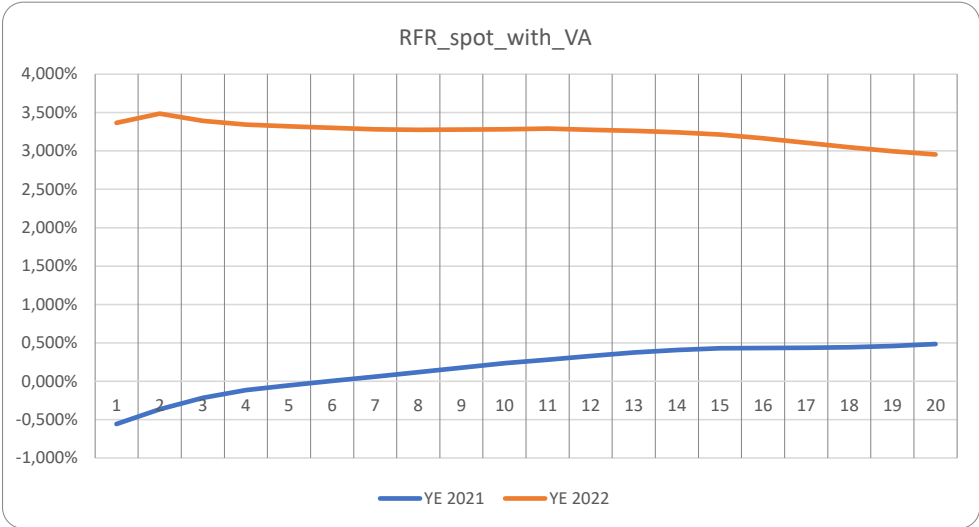
Differences in the value of the total liabilities between Solvency II and BGAAP (32.3 Mio EUR) can be explained by structural differences in valuation methodology.

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 the unrealized gains on technical provisions increased by 12.6 Mio. This increase can be largely explained by an increase in discounting impact (BE -15.5 Mio EUR) due to a higher yield curve, as the graph below illustrates, in addition to a strengthening of the IBNR reserves under BGAAP.



These benefits are partially compensated by an additional (expected) impact of (future) inflation on the outstanding claims.

In its valuation of the technical provisions (for solvency purposes) at YE2022, 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 126.5 Mio EUR to 127.2 Mio EUR. The SCR ratio shows a decrease from 240.0% to 237.2 % and the MCR from 533.3% to 527.0%. The VA amounts to 19bp.

S.02.01.02. Balance Sheet: Liabilities Year - to - Year Solvency II Valuation

Liabilities	Solvency II Valuation		
	2021.12	2022.12	Difference
EUR '000			
Technical provisions – non-life	128,191.4	126,486.7	-1,704.6
Technical provisions – non-life (excluding health)	128,191.4	126,486.7	-1,704.6
<i>Technical provisions calculated as a whole</i>	-	-	-
<i>Best Estimate</i>	124,524.1	122,663.3	-1,860.8
<i>Risk margin</i>	3,667.2	3,823.4	156.2
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	1,959.8	2,247.2	287.5
Pension benefit obligations	5,853.6	3,961.3	-1,892.3
Deposits from reinsurers	12.4	5.6	-6.8
Deferred tax liabilities	7,331.2	3,265.7	-4,065.5
Derivatives	-	-	-
Debts owed to credit institutions	-	-	-
Financial liabilities other than debts owed to credit institutions	208.1	193.5	193.5
Insurance & intermediaries payables	5,559.3	5,494.9	-64.4
Reinsurance payables	520.9	2.0	-518.9
Payables (trade, not insurance)	2,470.1	878.9	-1,591.1
Subordinated liabilities	-	-	-
Subordinated liabilities not in Basic Own Funds	-	-	-
Subordinated liabilities in Basic Own Funds	-	-	-
Any other liabilities, not elsewhere shown	651.5	437.4	-214.1
Total liabilities	152,758.1	142,973.3	-9,784.8
Excess of assets over liabilities	100,953.0	88,361.2	-12,591.8

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

2022.12

Liabilities	Solvency II valuation	Statutory Valuation	Differences
EUR '000			
Contingent liabilities	-	-	
Provisions other than technical provisions	2,247.2	2,247.2	0
Pension benefit obligations	3,961.3	-	3,961.3
Deposits from reinsurers	5.6	5.6	0
Current tax liabilities			0
Deferred tax liabilities	3,265.7	-	3,265.7
Derivatives	-	-	
Debts owed to credit institutions	-	-	
Financial liabilities other than debts owed to credit	193.5	-	193.5
Insurance & intermediaries payables	5,494.9	5,494.9	0
Reinsurance payables	2.0	2.0	0
Payables (trade, not insurance)	878.9	878.9	0
Subordinated liabilities not in Basic Own Funds	-	-	
Subordinated liabilities in Basic Own Funds	-	-	
Any other liabilities, not elsewhere shown	437.4	437.4	-0.0
Total liabilities	16,486.6	9,066.1	7,420.5

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 YE2022, 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 - Local GAAP and Solvency II Valuation

	2022.12		
	Solvency II	Local GAAP	Difference
EUR '000			
Total assets	231,334.5	253,881.8	-22,547.2
Total liabilities	142,973.3	175,249.3	-32,276.0
Excess of assets over liabilities	88,361.2	78,632.5	9,728.7

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 2021 the difference between the Solvency II and the Local Gaap value decreased from 25.6 Mio EUR to 9.7 Mio EUR at year end 2022.

The delta market value between local valuation of the assets and their market value decreased by 31.0 Mio EUR.

- This decrease is driven by the fall in prices of fixed-interest securities (impact on URG's bonds : -26.1 Mio EUR) and equity (impact on URG's equity/investment funds : -1.7 Mio EUR).
- In addition to this there is also a deficiency on reinsurance recoverables (-3.4 Mio EUR) due to a change in methodology and the discounting impact.

On the liability side there is a surplus under SII compared to BGAAP. This surplus increased by 15.1 Mio EUR compared to year end 2021.

- This increase is driven by a higher surplus on the technical provisions of 12.6 Mio EUR, this is essentially a discounting impact in addition to the strengthening of the BGAAP IBNR reserves that outweighs the impact of (future) inflation.
- Besides a higher surplus on technical provisions also the valuation of the pension benefit obligation decreased by 1.9 Mio EUR due to a higher discounting impact.
- Notice that last year a surplus of 3.5 Mio EUR was explained by the fact that the BGAAP figures did already include the impact of the foreseeable dividend payout over 2021 of 3.5 Mio EUR, in contrast with the SII figures where this adjustment was foreseen later on (foreseeable dividends, distributions and charges). This year the dividend has already been paid (5.0 Mio EUR) and therefore compared to last year there is a negative impact of 3.5 Mio EUR on the surplus under SII compared to BGAAP.
- The overall decrease in difference between the Solvency II and the Local Gaap value has an additional positive impact on the liability side as the deferred tax liability (DTL) is lowered by -4.1 Mio EUR compared to YE 2021.

At yearend 2022, 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.

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

	Amount with Long Term Guarantee measures and transitionals	Impact of volatility adjustment set to zero
EUR '000		
Technical provisions	126,486.7	759.4
Basic own funds	88,361.2	-518.7
Eligible own funds to meet Solvency Capital Requirement	88,361.2	-518.7
Solvency Capital Requirement	36,818.1	220.1
Eligible own funds to meet Minimum Capital Requirement	88,361.2	-518.7
Minimum Capital Requirement	16,568.1	99.0

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 88.4 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

	2021	2022				
	Total	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
EUR '000						
Available and eligible own funds						
Total available own funds to meet the SCR	97,453.0	88,361.2	88,361.2	-	-	-
Total available own funds to meet the MCR	97,453.0	88,361.2	88,361.2	-	-	-
Total eligible own funds to meet the SCR	97,453.0	88,361.2	88,361.2	-	-	-
Total eligible own funds to meet the MCR	97,453.0	88,361.2	88,361.2	-	-	-
SCR	33,630.6	36,818.1	0.0	0.0	0.0	0.0
MCR	15,133.8	16,568.1	0.0	0.0	0.0	0.0
Ratio of Eligible own funds to SCR	290%	240%	0%	0%	0%	0%
Ratio of Eligible own funds to MCR	644%	533%	0%	0%	0%	0%

In 2022 the own funds BGAAP increased by 3.3 Mio EUR consisting of the result of the financial year (8.3 Mio EUR) minus the dividend payout of 5.0 Mio EUR.

The main differences between BGAAP statutory own funds and the own funds valued for SII solvency purposes (for an amount of 9.7 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:

S.23.01.01. Own funds : reconciliation reserve

	Total
EUR '000	
Excess of assets over liabilities	88,361.2
Foreseeable dividends, distributions and charges	0
Other basic own fund items	9,007.9
Reconciliation reserve	79,353.3

It consists of the "Retained earnings including profits from the year net of foreseeable dividends" for an amount of 69.6 Mio EUR, the delta of 9.7 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

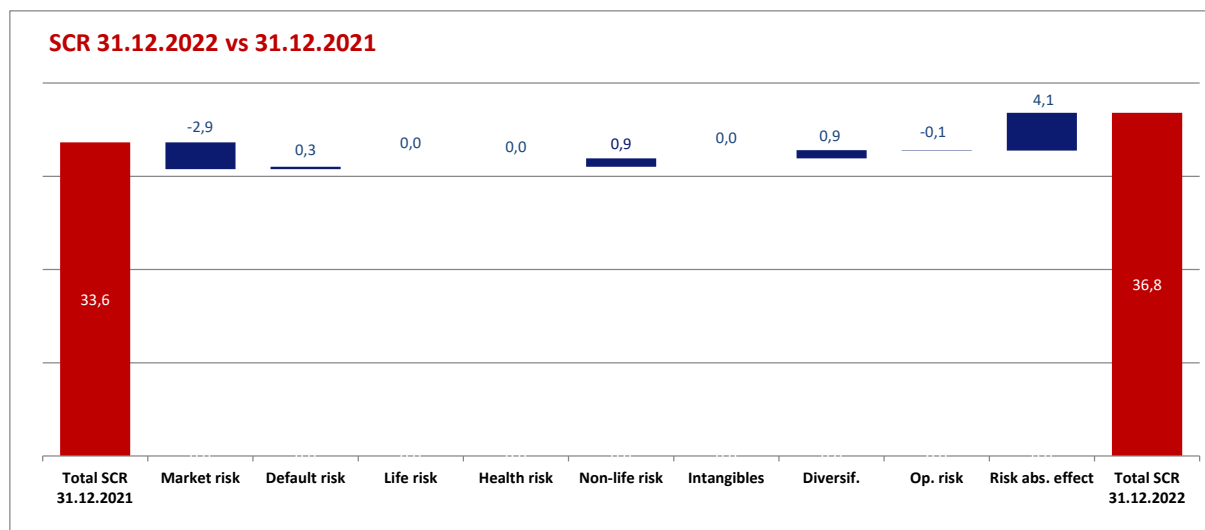
For the calculation of its solvency capital requirement, Euromex uses the 'Solvency II Standard Model' except for the underwriting risk where Euromex received approval to use, undertaking specific parameters (USP) for the reserve risk. The standard model essentially provides a predefined set of reference 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. Notice that although the BSCR decreases by 0.8 Mio EUR, the SCR increases by 3.2 Mio due to the adjustment for deferred taxes that is limited to the deferred tax liability (the DTL decreased from 7.3 Mio EUR at YE 2021 to 3.3 Mio EUR at YE 2022).

Solvency Capital Requirement — for undertakings on Standard Formula

	2021.12	2022.12
EUR '000		
Market risk	16,638.6	13,775.4
Counterparty default risk	1,369.4	1,623.0
Life underwriting risk	-	-
Health underwriting risk	-	-
Non-life underwriting risk	28,609.2	29,505.2
Diversification	-9,391.1	-8,499.7
Intangible asset risk	-	-
Basic Solvency Capital Requirement	37,226.1	36,403.8
Calculation of Solvency Capital Requirement		
Operational risk	3,735.7	3,679.9
Loss-absorbing capacity of technical provisions	-	-
Loss-absorbing capacity of deferred taxes	-7,331.2	-3,265.7
Solvency capital requirement excluding capital add-on	33,630.6	36,818.1



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 a limited increase of 0.9 Mio EUR from 28.6 Mio EUR at YE 2021 to 29.5 Mio EUR at YE 2021 driven by an increase in the premium and reserve volumes in addition to a limited increase of the USP parameter for reserve risk.

S.26.05.01.04 Non-life catastrophe risk and total non-life underwriting risk

	2021.12	2022.12
EUR '000		
Non-life premium and reserve risk	28,609.2	29,505.2

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 although the exposure in corporate bonds decreased from 59.1 Mio EUR to 54.7 Mio EUR due to the rising interest rates. As a result of this the spread risk decreases from 9.6 Mio EUR YE 2021 to 7.7 Mio EUR YE 2022.

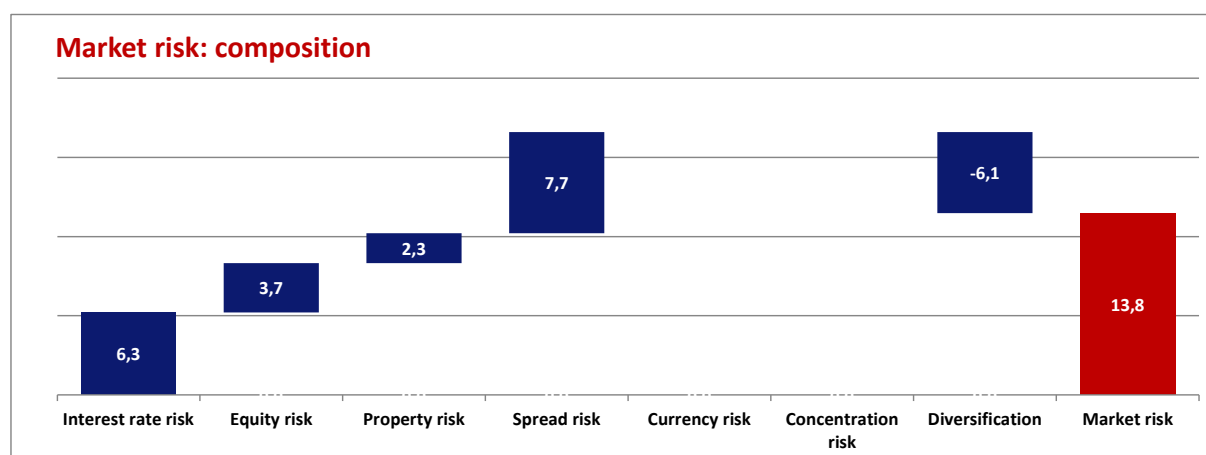
The interest rate risk is related to the duration gap between the assets and liabilities. The interest rate risk increased from 5.4 Mio EUR to 6.3 Mio EUR due to an increase of the yield curve in combination with a positive gap.

The decrease in equity risk (5.5 Mio EUR YE 2021 → 3.7 Mio EUR YE 2021) is mainly due to the market evolution of the equity portfolio (12.1 Mio EUR → 10.4 Mio EUR) and to the decrease of the symmetric equity adjustment (6.9% YE 2021 → -3.0% YE 2022).

The property risk has remained stable at 2.3 Mio EUR.

S.26.01 Market risk components

	2021.12	2022.12
in TEUR		
Interest rate risk	5,442.0	6,257.3
Equity risk	5,535.3	3,733.1
Property risk	2,267.5	2,255.0
Spread risk	9,565.8	7,665.0
Concentration risk	-	-
Currency risk	-	-
Diversification	-6,172.0	-6,135.1
Market risk	16,638.6	13,775.4



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 16.6 Mio EUR. This is an increase compared to the 15.1 Mio of last year due to the increase of the SCR (at YE2021 and YE2022 the MCR is capped at 45% of the SCR). Hence the own funds amount to 533.3% of the MCR compared to 643.9% at YE2021.

Minimal Capital Requirement — for undertakings on Standard Formula

	2021.12	2022.12
EUR '000		
MCR components (life) - Non-life activities	15,133.8	16,568.1
MCR components (life) - Life activities	0	0
Minimum Capital Requirement	15,133.8	16,568.1

E.2.3. Simplified calculations and entity specific parameters

In the calculation of the SCR at 31/12/2022, 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 213.1%.

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

In the calculation of the SCR at 31/12/2022, 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 240.0% at the end of 2022, 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

Basic Information - General

		C0010
Undertaking name	R0010	Euromex NV
Undertaking identification code	R0020	LEI/54930007D9SMDQUVMF20
Type of undertaking	R0040	Non-Life undertakings
Country of authorisation	R0050	BELGIUM
Language of reporting	R0070	English
Reporting submission date	R0080	31/12/2022
Reporting reference date	R0090	31/12/2022
Regular/Ad-hoc submission	R0100	Regular reporting
Currency used for reporting	R0110	EUR
Accounting standards	R0120	Local GAAP
Method of Calculation of the SCR	R0130	Standard formula
Use of undertaking specific parameters	R0140	Use of undertaking specific parameters
Ring-fenced funds	R0150	Not reporting activity by RFF
Matching adjustment	R0170	No use of matching adjustment
Volatility adjustment	R0180	Use of volatility adjustment
Transitional measure on the risk-free interest rate	R0190	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	R0200	No use of transitional measure on technical provisions
Initial submission or re-submission	R0210	Initial submission

QRT reference	Template Name
S.02.01	Balance Sheet
S.05.01	Premiums, claims and expenses
S.05.02	Premiums, claims and expenses by country
S.17.01	Non-Life Technical Provisions
S.19.01	Non-Life Insurance Claims
S.22.01	Impact of long term guarantees measures and transitionals
S.23.01	Own Funds
S.25.01	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01	Minimum Capital Requirement – Only Life or only non-life insurance or reinsurance activity

S.02.01.02. Balance sheet: assets

EUR '000		Solvency II value
		C0010
Assets		
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	9,466.1
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	196,070.6
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	298.1
<i>Equities - listed</i>	R0110	298.1
<i>Equities - unlisted</i>	R0120	-
Bonds	R0130	183,331.4
<i>Government Bonds</i>	R0140	54,721.6
<i>Corporate Bonds</i>	R0150	128,609.9
<i>Structured notes</i>	R0160	-
<i>Collateralised securities</i>	R0170	-
Collective Investments Undertakings	R0180	12,441.0
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	-
<i>Loans on policies</i>	R0240	-
<i>Loans and mortgages to individuals</i>	R0250	-
<i>Other loans and mortgages</i>	R0260	-
Reinsurance recoverables from:	R0270	12,064.5
Non-life and health similar to non-life	R0280	12,064.5
<i>Non-life excluding health</i>	R0290	12,064.5
<i>Health similar to non-life</i>	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
<i>Health similar to life</i>	R0320	-
<i>Life excluding health and index-linked and unit-linked</i>	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	5,527.5
Reinsurance receivables	R0370	24.8
Receivables (trade, not insurance)	R0380	1,667.4
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	6,396.8
Any other assets, not elsewhere shown	R0420	116.8
Total assets	R0500	231,334.5

S.02.01.02. Balance sheet: liabilities

EUR '000		<u>Solvency II value</u>
		C0010
Liabilities		
Technical provisions – non-life	R0510	126,486.7
Technical provisions – non-life (excluding health)	R0520	126,486.7
<i>Technical provisions calculated as a whole</i>	R0530	-
<i>Best Estimate</i>	R0540	122,663.3
<i>Risk margin</i>	R0550	3,823.4
Technical provisions - health (similar to non-life)	R0560	-
<i>Technical provisions calculated as a whole</i>	R0570	-
<i>Best Estimate</i>	R0580	-
<i>Risk margin</i>	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
<i>Technical provisions calculated as a whole</i>	R0620	-
<i>Best Estimate</i>	R0630	-
<i>Risk margin</i>	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
<i>Technical provisions calculated as a whole</i>	R0660	-
<i>Best Estimate</i>	R0670	-
<i>Risk margin</i>	R0680	-
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
<i>Best Estimate</i>	R0710	-
<i>Risk margin</i>	R0720	-
Other technical provisions	R0730	0
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	2,247.2
Pension benefit obligations	R0760	3,961.3
Deposits from reinsurers	R0770	5.6
Deferred tax liabilities	R0780	3,265.7
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	193.5
Insurance & intermediaries payables	R0820	5,494.9
Reinsurance payables	R0830	2.0
Payables (trade, not insurance)	R0840	878.9
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	437.4
Total liabilities	R0900	142,973.3
Excess of assets over liabilities	R1000	88,361.2

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 damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0070	C0080	C0090	C0100	C0110	C0120
EUR '000							
Premiums written							
Gross - Direct Business	R0110	-	-	-	89,621.0	-	-
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	-	-	-	5,446.1	-	-
Net	R0200	-	-	-	84,174.9	-	-
Premiums earned							
Gross - Direct Business	R0210	-	-	-	89,000.7	-	-
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	-	-	-	5,480.3	-	-
Net	R0300	-	-	-	83,520.5	-	-
Claims incurred							
Gross - Direct Business	R0310	-	-	-	39,730.9	-	-
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	-	-	-	5,027.6	-	-
Net	R0400	-	-	-	34,703.3	-	-
Changes in other technical provisions							
Gross - Direct Business	R0410	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-
Expenses incurred	R0550	-	-	-	37,895.5	-	-
Other expenses	R1200						
Total expenses	R1300						

S.05.01.02.01 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	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
EUR '000						
Premiums written						
Gross - Direct Business	R0110	-	-	-	-	89,621.0
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-
Reinsurers' share	R0140	-	-	-	-	5,446.1
Net	R0200	-	-	-	-	84,174.9
Premiums earned						
Gross - Direct Business	R0210	-	-	-	-	89,000.7
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-
Reinsurers' share	R0240	-	-	-	-	5,480.3
Net	R0300	-	-	-	-	83,520.5
Claims incurred						
Gross - Direct Business	R0310	-	-	-	-	39,730.9
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-
Reinsurers' share	R0340	-	-	-	-	5,027.6
Net	R0400	-	-	-	-	34,703.3
Changes in other technical provisions						
Gross - Direct Business	R0410	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-
Net	R0500	-	-	-	-	-
Expenses incurred	R0550	-	-	-	-	37,895.5
Other expenses	R1200	-	-	-	-	2,038.4
Total expenses	R1300	-	-	-	-	39,933.9

S.05.02.01. Premiums, claims and expenses by country: non-life obligations

		Home	Top 5 countries (by amount of gross premiums written) — non-life obligations					Total for top 5 countries and home country (by amount of gross premiums written)	
		country	C0010	C0020	C0030	C0040	C0050	C0060	C0070
				BELGIUM					
	R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140	
EUR '000									
Premiums written									
Gross - Direct Business	R0110	89,621.0	-	-	-	-	-	89,621.0	
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-	
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-	
Reinsurers' share	R0140	5,446.1	-	-	-	-	-	5,446.1	
Net	R0200	84,174.9	-	-	-	-	-	84,174.9	
Premiums earned									
Gross - Direct Business	R0210	89,000.7	-	-	-	-	-	89,000.7	
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-	
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-	
Reinsurers' share	R0240	5,480.3	-	-	-	-	-	5,480.3	
Net	R0300	83,520.5	-	-	-	-	-	83,520.5	
Claims incurred									
Gross - Direct Business	R0310	39,730.9	-	-	-	-	-	39,730.9	
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-	
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-	
Reinsurers' share	R0340	5,027.6	-	-	-	-	-	5,027.6	
Net	R0400	34,703.3	-	-	-	-	-	34,703.3	
Changes in other technical provisions									
Gross - Direct Business	R0410	-	-	-	-	-	-	-	
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-	
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-	-	-	
Reinsurers' share	R0440	-	-	-	-	-	-	-	
Net	R0500	-	-	-	-	-	-	-	
Expenses incurred	R0550	37,895.5	-	-	-	-	-	37,895.5	
Other expenses	R1200							2,038.4	
Total expenses	R1300							39,933.9	

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							
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-
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							
Best estimate							
Premium provisions							
Gross	R0060	-	-	-	13,049.8	-	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-	-	-324.7	-	-
Net Best Estimate of Premium Provisions	R0150	-	-	-	13,374.5	-	-
Claims provisions							
Gross	R0160	-	-	-	109,613.5	-	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	-	-	12,389.2	-	-
Net Best Estimate of Claims Provisions	R0250	-	-	-	97,224.3	-	-
Total Best estimate - gross	R0260	-	-	-	122,663.3	-	-
Total Best estimate - net	R0270	-	-	-	110,598.8	-	-
Risk margin	R0280	-	-	-	3,823.4	-	-
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-
Technical provisions - total							
Technical provisions - total	R0320	-	-	-	126,486.7	-	-
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	12,064.5	-	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	-	-	114,422.2	-	-

S.19.01.21. Non-life insurance claims: gross claims paid by accident year

Total non-life business

Accident year

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year										In current year	Sum of years		
		0	1	2	3	4	5	6	7	8	9	10 & +			
in EUR '000		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0160	C0170	C0180	
Prior	R0100											86,689.5	R0100	665.5	86,689.5
N-9	R0160	1,841.0	6,874.8	4,510.1	2,462.5	1,862.4	1,224.5	762.8	654.9	449.9	218.0		R0160	218.0	20,860.9
N-8	R0170	1,872.9	7,819.1	4,474.2	2,445.1	1,800.6	1,184.6	622.6	490.8	349.4			R0170	349.4	21,059.3
N-7	R0180	2,141.7	7,315.3	4,431.0	2,650.8	1,775.6	1,134.0	801.7	519.2				R0180	519.2	20,769.2
N-6	R0190	3,072.7	7,895.3	5,338.0	3,034.6	2,137.9	1,312.5	1,001.2					R0190	1,001.2	23,792.2
N-5	R0200	3,022.7	8,952.2	5,995.8	3,269.1	2,416.0	1,536.9						R0200	1,536.9	25,192.6
N-4	R0210	3,777.0	8,774.7	5,827.1	3,808.6	2,457.8							R0210	2,457.8	24,645.2
N-3	R0220	3,928.9	8,803.7	6,762.4	3,917.5								R0220	3,917.5	23,412.6
N-2	R0230	3,409.7	8,771.2	6,006.0									R0230	6,006.0	18,186.9
N-1	R0240	3,729.4	10,316.0										R0240	10,316.0	14,045.5
N	R0250	3,903.1											R0250	3,903.1	3,903.1
Total	R0260												R0260	30,890.5	282,556.9

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	126,486.7	-	-	759.4	-
Basic own funds	R0020	88,361.2	-	-	-518.7	-
Eligible own funds to meet Solvency Capital Requirement	R0050	88,361.2	-	-	-518.7	-
Solvency Capital Requirement	R0090	36,818.1	-	-	220.1	-
Eligible own funds to meet Minimum Capital Requirement	R0100	88,361.2	-	-	-518.7	-
Minimum Capital Requirement	R0110	16,568.1	-	-	99.0	-

S.23.01.01. Own funds: basic own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
EUR '000						
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
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	79,353.3	79,353.3			
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	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	88,361.2	88,361.2	-	-	-

S.23.01.01. Own funds: ancillary own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
EUR '000						
Ancillary own funds						
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	-			-	-
Total ancillary own funds	R0400	-			-	-

S.23.01.01. 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						
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	88,361.2	88,361.2	-	-	-
Total available own funds to meet the MCR	R0510	88,361.2	88,361.2	-	-	
Total eligible own funds to meet the SCR	R0540	88,361.2	88,361.2	-	-	-
Total eligible own funds to meet the MCR	R0550	88,361.2	88,361.2	-	-	
SCR	R0580	36,818.1				
MCR	R0600	16,568.1				
Ratio of Eligible own funds to SCR	R0620	240.0%				
Ratio of Eligible own funds to MCR	R0640	533.3%				

S.23.01.01. Own funds: reconciliation reserve

		C0060
EUR '000		
Reconciliation reserve		
Excess of assets over liabilities	R0700	88,361.2
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	-
Reconciliation reserve	R0760	79,353.3
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	4,947.3
Total Expected profits included in future premiums (EPIFP)	R0790	4,947.3

S.25.01.21. Solvency Capital Requirement for undertakings on Standard Formula

		Gross solvency capital requirement	USP		Simplifications
			C0110	C0090	C0120
EUR '000					
Market risk	R0010	13,775.4			
Counterparty default risk	R0020	1,623.0			
Life underwriting risk	R0030	-			
Health underwriting risk	R0040	-			
Non-life underwriting risk	R0050	29,505.2			
Diversification	R0060	-8,499.7			
Intangible asset risk	R0070	-			
Basic Solvency Capital Requirement	R0100	36,403.8			
Calculation of Solvency Capital Requirement		C0100			
Operational risk	R0130	3,679.9			
Loss-absorbing capacity of technical provisions	R0140	-			
Loss-absorbing capacity of deferred taxes	R0150	-3,265.7			
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-			
Solvency capital requirement excluding capital add-on	R0200	36,818.1			
Capital add-on already set	R0210	-			
Solvency capital requirement	R0220	36,818.1			
Other information on SCR					
Capital requirement for duration-based equity risk sub-module	R0400	-			
Total amount of Notional Solvency Capital Requirement 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					
			C0109		
Approach based on average tax rate	R0590				

S.28.01.01. Minimum Capital Requirement: MCRNL result

Linear formula component for non-life insurance and reinsurance obligations

		C0010
EUR '000		
MCRNL Result	R0010	18,053.2

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