



Annual Report 2022  
KBC Group Re





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# Company Profile

Incorporated on 20 March 1989

Share capital: 41.692.987,12 EUR

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## Shareholder

Wholly owned by KBC Insurance NV\*

## IFS rating

KBC Group Re S.A. has an "A" (stable outlook) rating  
Standard & Poor's (03/08/2022)

## Board of Directors

Chairman: Jan Van Hove

Members: Nele Vandaele

Johan Daemen (until 17 May 2022)

Isabel Boogers (from 1<sup>st</sup> June 2022)

Marc Euben (from 1<sup>st</sup> June 2022)

Ivo Bauwens

## Day-to-day management:

Ivo Bauwens

## External auditors

PricewaterhouseCoopers

2 rue Gerhard Mercator

L-1014 Luxembourg

\* Wholly owned subsidiary of KBC Group NV

# Message from the Chairman

As was the case for many other companies in the industry, 2022 was a difficult year for KBC Group Re. Our technical result was adversely impacted by several losses, including those caused by the February storms. Besides that, 2022 turned out to be quite a turbulent year for investors as the world economy, still weakened by the earlier pandemic, suffered from higher-than-expected inflation, the slowdown in China and negative spillover effects from the war in Ukraine. World stocks fell, bond markets suffered from rising interest rates and foreign exchange rates were volatile. Obviously, our investment portfolio was not immune to these developments and was unable to offset our technical result. We look forward to a better performance in 2023.

The appetiser for 2023 has been one of the toughest reinsurance renewals for decades in the property segment. This has pushed our ceding companies and KBC Group Re into a position of retaining more risk and increasing the reinsurance budget. Demand for reinsurance increased in line with rising inflation and desired protection levels, whereas reinsurance supply decreased with narrowing conditions given past losses and the search by investors and/or shareholders for adequate returns after years of weak performance. The environment of rising interest rates completes the picture. While all of this is understandable, it is a pity that such a sharp turnaround took place in a rather abrupt way. On the other hand, these circumstances highlight the strategic role of KBC Group Re as a buffer for the whole Group.

Market conditions were better in the financial lines segment and provided sound protection for the operational risks borne by KBC and its subsidiaries. It is worthwhile mentioning that making cybersecurity a priority in our Group and the way we manage this risk, give confidence to our insurance and reinsurance partners.

Despite its size, KBC Group Re has dealt with the IFRS 17 group reporting requirements in exemplary fashion.

We are still in a fragile economic environment with inflation, war, and geopolitical tensions at the forefront. This comes at a time when we must make massive investments to slow down climate change. Key indicators such as atmospheric CO<sub>2</sub> levels, forest loss, record temperatures, melting ice and thawing permafrost do not lie. As a company, we aim to do our bit to mitigate the effects of climate change. Being regulated we will also comply with all future requirements and manage risks and governance in accordance with the standards that apply to us.

In closing, I would like to thank KBC Group Re's staff members for their zeal and dedication as they face and meet the above challenges.



Jan Van Hove, *Chairman*

# Report of the Board of Directors

## REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

For the period starting from 1 January 2022 to 31 December 2022

Ladies, Gentlemen,

1. We are pleased to report to you on the activities of our Company during the past financial year. In accordance with the law and our articles of association, we hereby submit the annual accounts for the year ended 31 December 2022 for your approval.

Our Company recorded a loss after tax of 30.713 EUR. The loss is mainly due to unfavorable conditions of the market:  
- the Company has booked a value adjustment on investments of -12,8 million  
- the Company has realised less financial gains compared to last year

Total assets amounted to 525,89 million EUR in 2022, compared with 520,92 million EUR in 2021.

### 2. Non-life technical account

Gross written premiums amounted to 68,46 million EUR compared to 51,70 million EUR recorded in 2021. Earned premiums net of retrocession reached 27,37 million EUR (27,88 million EUR in 2021).  
The combined ratio is at 114,9% on 31st December 2022 compared to 81,7% on 31st December 2021.

Three important storms in North-Western Europe and an external fraud case have generated important claims for KBC Group Re S.A. and its reinsurers.

The claims burden of 2022 has been absorbed by the equalisation provision.

### 3. Non-technical account

Financially, the year ended with a quite small positive net financial result of 0,05 million EUR compared to 32,95 million EUR in 2021.

4. At year-end 2022 the Company had a rating of "A" (stable outlook) from Standard & Poor's. Our strategy, with support from KBC Group, aims at an "A"- rating.

### 5. Risks and uncertainties facing the Company

The Company is primarily exposed to underwriting, market, counterparty and operational risks as well as climate-related and other ESG risks. We have established an adequate governance structure with regard to Company size and to the complexity of its business in order to identify, measure and report these risks.

The underwriting risks comprise pricing, reserve and disaster risks. The risks are limited by the implementation and control of exposure limits, underwriting guidelines and through use of an adapted retrocession programme. The technical reserves are valued on the basis of information provided by the ceding companies, reworked by the claims manager and supplemented by actuarial methods in order to value the IBN(E)R claims.

Market risks include primarily interest rate and equity risks. They are limited by an ALM policy in line with the Company's reinsurance activities.

Counterparty risks include credit risks in the Company's bond portfolio and credit risks on retrocession. A sound investment policy, defining the limits by issuer and rating types, and concentration limits, has been put in place to reduce risk in the investment portfolio. A retrocession policy deciding retrocession limits according to counterparties' own funds and rating is also pursued.

Operational risks are managed in line with KBC Group requirements, and a 'Business Continuity plan' is in place.

# Report of the Board of Directors

Climate-related and other ESG risks are gradually integrated in existing management frameworks and in risk management processes.

The Investment Policy in particular has been reviewed to contribute to the ambition level of the KBC Group towards sustainable finance. Initiatives are otherwise ongoing to estimate the short and long-term risks based on scenario and sensitivity analysis.

6. No events or other decisions which could influence the continuation of the Company's business have occurred since the closure of financial year 2022.
7. The Company's strategy as a systematic internal reinsurer for the Group and as an exclusive potential partner for any of the Group's files with an external insurer or reinsurer is pursued and is subject to continuous improvement.

We expect the reinsurance market for natural perils to continue to be challenging : inflation drives the demand for higher limits via higher exposures and the prospect of increased claims costs while the reinsurer's view on these risks is being adjusted implying less offer and more stringent conditions.

8. Activities in research and development, as provided for by law, were not entered into by the Company.
9. The Company has no branch office.
10. In accordance with its investment policy, the Company did not use derivative products.
11. The Company did not purchase and does not detain any of its own shares.
12. The Company is included in the consolidated accounts drawn up by the KBC Group.
13. The Board of Directors proposes:

- the statutory annual accounts, as presented here, to be approved,
- the result to be allocated as follows:

Result for the financial year	(30.713)
Kredietcorp - release of the unavailable reserve NWT 2018	469.963
KBC Group Re - release of the unavailable reserve NWT 2018	2.230.519
Dividend to pay	2.669.769

- to grant discharge to the directors for the exercise of their mandate during the period between 1 January 2022 and 31 December 2022;
- to appoint the external auditor : complying with the proposal by KBC Group to renew the appointment of a single auditor for most members of the Group, it is proposed that the mandate of PricewaterhouseCoopers be renewed as our Company's auditor for one year.

Luxembourg, 21 March 2023.

*The Board of Directors*

Jan VAN HOVE, *Chairman*  
 Ivo BAUWENS, *Managing Director*  
 Nele VANDAELE, *Director*  
 Isabel BOOGERS, *Director*  
 Marc EUBEN, *Director*



## Audit report

To the Shareholders of  
**KBC Group Re S.A.**

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### Report on the audit of the annual accounts

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#### Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of KBC Group Re S.A. (the “Company”) as at 31 December 2022, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

#### *What we have audited*

The Company’s annual accounts comprise:

- the balance sheet as at 31 December 2022;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the annual accounts” section of our report.

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

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n° 10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period.

These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key audit matter

#### *Valuation of Claims Reserve*

The claims reserve (89,5 million EUR as at 31 December 2022) consists of the provision for claims outstanding and the Incurred But Not Reported provision (hereinafter “IBNR provision”) which has been calculated based on estimates made by the Company (see Note 2.j. to the annual accounts). This IBNR provision is, by nature, the result of estimates.

These estimates are influenced by the calculation methodology and the various underlying assumptions used, which could therefore generate a risk of over or under estimation of this provision.

Furthermore, the calculation of the IBNR provision requires the use of exact and exhaustive source data.

### How our audit addressed the key audit matter

Together with our actuarial experts, we first obtained an understanding of all Company’s processes to determine the IBNR provision.

We have then complemented our procedures as follows:

- Our actuaries have obtained an understanding of the Company's methodology by checking the consistency of the approach and the underlying assumptions;
- Our actuaries have assessed the appropriateness and recomputed independently the IBNR using their experience and knowledge of the industry and using standard actuarial techniques;
- Finally, we ensured the completeness and accuracy of the data used by the Company’s actuaries to estimate the IBNR provision through a reconciliation with the accounting records.

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Report of the Board of Directors to the Shareholders but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibilities of the Board of Directors and those charged with governance for the annual accounts**

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts**

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;



- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

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#### Report on other legal and regulatory requirements

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The Report of the Board of Directors to the Shareholders is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 10 May 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

PricewaterhouseCoopers, Société coopérative  
Represented by  
Anthony Dault

A handwritten signature in blue ink, appearing to read 'ADault', is written over a horizontal line.

Luxembourg, 22 March 2023

## Balance sheet as at December 31, 2022 (expressed in Euro)

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>Intangible assets (Note 3)</b>	106.321	153.165
<b>Investments</b>		
Other financial investments		
Shares and other variable yield transferable securities (Note 4)	80.821.766	87.914.972
Debt securities and other fixed income transferable securities (Note 5)	277.889.161	299.545.762
	358.710.927	387.460.734
Deposits with ceding undertakings (Note 6)	44.430.576	33.909.424
	403.141.503	421.370.158
<b>Reinsurer's share of technical provisions</b>		
Claims outstanding	37.281.846	22.490.148
<b>Debtors</b>		
Debtors arising out of reinsurance operations (Note 7)	29.510.896	4.876.135
Other debtors (Note 8)	42.343.532	34.934.739
	71.854.428	39.810.874
<b>Other assets</b>		
Tangible assets and stocks (Note 9)	69.145	96.647
Cash at bank and in hand	10.545.802	33.513.158
	10.614.947	33.609.805
<b>Prepayments and accrued income</b>		
Accrued interest and rent	2.889.167	3.484.295
<b>TOTAL ASSETS</b>	<b>525.888.212</b>	<b>520.918.445</b>

*The accompanying notes form an integral part of the annual accounts*

# Balance sheet as at December 31, 2022 (expressed in Euro)

<b>LIABILITIES</b>	<b>2022</b>	<b>2021</b>
<b>Capital and reserves (Note 11)</b>		
Subscribed capital or equivalent funds (Note 10)	41.692.987	41.692.987
Reserves		
Legal reserve (Note 11)	4.169.299	4.169.299
Other reserves	5.487.883	9.981.099
Profit or loss for the financial year	(30.713)	28.385.743
	51.319.456	84.229.128
<b>Technical provisions</b>		
Claims outstanding	89.451.075	80.095.470
Equalisation provision (Note 2 I.)	330.763.665	334.687.243
	420.214.740	414.782.713
<b>Provisions for other risks and charges</b>		
Provisions for taxation (Note 17)	12.877.232	12.845.132
<b>Deposits received from reinsurers</b>	10.982.257	3.151.954
<b>Creditors</b>		
Creditors arising out of reinsurance operations (Note 12)	25.965.864	1.366.323
Other creditors, including tax and social security (Note 8)	4.106.867	4.098.881
	30.072.731	5.465.204
<b>Accruals and deferred income</b>	421.796	444.314
<b>TOTAL LIABILITIES</b>	<b>525.888.212</b>	<b>520.918.445</b>

*The accompanying notes form an integral part of the annual accounts*

# Profit and Loss account

For the financial year ended 31 December 2022 (expressed in Euro)

	<b>2022</b>	<b>2021</b>
<b>Technical account - Non-life insurance business</b>		
<b>Earned premiums</b>		
Gross premiums written (Note 13)	68.462.120	51.694.062
Outward reinsurance premiums	(41.090.601)	(23.809.392)
	27.371.519	27.884.670
Allocated investment income transferred from the non-technical account	53.544	3.890.299
Other technical income, net of reinsurance	815.181	22.003
<b>Claims incurred, net of reinsurance</b>		
Claims paid		
Gross amount	(78.919.974)	(22.971.057)
Reinsurers' share	45.317.490	5.281.982
Change in the provision for claims		
Gross amount	(9.355.605)	(16.754.387)
Reinsurers' share	14.791.698	15.091.063
	(28.166.391)	(19.352.399)
<b>Net operating expenses</b>		
Acquisition costs	(1.283.018)	(1.392.303)
Administrative expenses (Note 15, 16 & 19 )	(2.098.309)	(2.069.251)
Reinsurance commissions and profit participations	89.707	37.124
	(3.291.620)	(3.424.430)
Other technical charges, net of reinsurance	(705.811)	(21.739)
Change in the equalisation provision	3.923.578	(8.998.404)
<b>Balance on the technical account for non-life insurance business</b>	<b>0</b>	<b>0</b>

*The accompanying notes form an integral part of the annual accounts*

# Profit and Loss account

For the financial year ended 31 December 2022 (expressed in Euro)

	<b>2022</b>	<b>2021</b>
<b>Non-technical account</b>		
Balance on the technical account for non-life insurance business	0	0
Investment income		
Income from other investments (Note 14)	10.985.092	13.237.922
Reversal of value re-adjustments on investments (Note 2 c. à f.)	2.023.712	9.472.743
Gains on the realisation of investments	8.200.643	18.556.318
	21.209.447	41.266.983
Investment charges		
Investment management charges, including interests	(5.103.218)	(4.719.640)
Value adjustments on investments	(12.807.352)	(584.057)
Losses on the realisations of investments	(3.245.334)	(3.009.033)
	(21.155.904)	(8.312.730)
Allocated investment return transferred to the non-life insurance technical account	(53.544)	(3.890.299)
Other income	260.568	555.295
Other charges, including value adjustments	(114.881)	(117.461)
Tax on profit or loss on ordinary activities (Note 17)	0	(964.999)
<b>Profit or loss on ordinary activities after tax</b>	<b>145.686</b>	<b>28.536.789</b>
Extraordinary charges (Note 18)	(1.064)	0
<b>Extraordinary profit or loss after taxes</b>	<b>144.622</b>	<b>28.536.789</b>
Other taxes not shown under the preceding items (Note 17)	(175.335)	(151.046)
<b>Profit or loss for the financial year</b>	<b>(30.713)</b>	<b>28.385.743</b>

*The accompanying notes form an integral part of the annual accounts*

# Notes to the annual accounts

## NOTE 1 - GENERAL

KBC Group Re S.A. (formerly Assurisk, « the Company »), a reinsurance Company, was incorporated on 20 March 1989 and is registered as a "Société Anonyme" under the laws of the Grand-Duchy of Luxembourg.

On 24 March 2011, the General Assembly has decided to change the name of the Company Assurisk in KBC Group Re SA.

The main object of the Company is to carry out reinsurance operations in all classes of risks.

On 11 December 2018, KBC Group Re S.A. (the acquiring Company) has merged with Kredietcorp S.A. (absorbed Company), a public limited liability Company, existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue du Fort Wallis, L-2714 Luxembourg, registered in the Luxembourg Trade and Companies Register under number B14.223. The merger resulted in the transfer by the absorbed Company of all its assets and liabilities to the acquiring Company at book values, in accordance with the accounting and tax rules on valuations, and pursuant to Article 170 (2) of the amended Income Tax Act of 4 December 1967, so that the absorbed Company was dissolved without liquidation after the merger had been completed.

The Company's accounting year begins on 1 January and ends on December 31 each year.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### General principles

In the context of the Russian-Ukrainian conflict and rising/volatile interest yields and inflation, Management has paid particular attention to the possible impacts of these elements on its balance sheet, income statement and solvability, and more particularly to aspects of valuation of investments, but also to the estimation of technical provisions. Based on its monitoring and the controls and analysis put in place, Management has not identified any major impacts on the annual accounts requiring additional mention in the annual accounts.

The annual accounts are prepared in accordance with the legal requirements in force and the accounting principles generally accepted for reinsurance companies in the Grand-Duchy of Luxembourg.

Accounting policies and valuation rules are, besides the ones laid down by the law of 8 December 1994, determined and applied by the Board of Directors. The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which assumptions changed.

Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly. The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The annual accounts of KBC Group Re S.A. are integrated in the consolidated accounts of KBC Insurance N.V., Professor Van Overstraetenplein 2, B-3000 Leuven, in Belgium. Consolidated accounts may be obtained from this Company.

The Company is exempt from establishing consolidated accounts and a consolidated management report.

These consolidated accounts are further integrated in the consolidated accounts of KBC Group, Havenlaan 2, Bruxelles, in Belgium. Consolidated accounts may be obtained from this Company.

## ... Notes to the annual accounts

### **a. Foreign currency translation**

The Company maintains its accounting records according to the multi-currency system and its annual accounts are expressed in EUR.

Transactions expressed in foreign currencies are converted to EUR at the rates of exchange prevailing at the date of the transaction.

At the balance sheet date, assets and liabilities in foreign currencies, including technical provisions, are calculated in EUR on the basis of exchange rates in force at that date.

The positive and negative exchange differences (realised and unrealised) resulting from the application of these principles are included in the result for the financial year.

### **b. Intangible assets**

Intangible assets which are composed of software licenses and computer software are valued on the asset side of the balance sheet at acquisition cost.

These assets are depreciated on a straight-line basis over their estimated useful lives as follows:

- Software      5 years
- License        4 years

### **c. Shares in affiliated undertakings and participating interests**

On acquisition, shares in affiliated undertakings are valued at acquisition cost. Where the impairment is expected to be permanent in nature, the shares in affiliated undertakings are subjected to value adjustments in order to be valued at the lower price at the balance sheet date. These value adjustments are no longer continued when the reasons for which they were made cease to apply.

### **d. Debt securities and other fixed-income securities**

Debt securities and other fixed income securities are recorded at acquisition cost including accessory transaction costs. Where the acquisition cost exceeds the amount repayable at maturity, the difference (premium) is charged to the profit and loss account in installments over the period remaining until repayment. Where the acquisition cost is lower than the amounts repayable at maturity, the difference (discount) is released to income in installments over the period remaining until repayment.

Where the directors expect impairment in value to be permanent in nature, these investments are subjected to value adjustments in order to be valued at the lower price at the balance sheet date. These value adjustments should no longer continue when the reasons for which they were made cease to apply.

### **e. Shares and other variable-yield securities and units in unit trusts**

Shares and other variable-yield securities and units in unit trusts are recorded at their acquisition date, at cost.

At the end of the financial year, shares and other variable-yield securities and units in unit trusts are valued at the lower of acquisition cost or market value.

Dividends are booked net of any withholding taxes and are registered at the date of the decision to distribute them. Dividends are booked in the profit and loss account.

## ... Notes to the annual accounts

### **f. Units in private equity funds**

In order to determine the estimated value of units in private equity funds, the Board of Directors relies on the capital statements of the funds and/or on other available information or documents. In case of absence of valuation, the latest valuation is retained.

At the end of the financial year, value adjustments are made for any investment whose estimated value is lower than the acquisition cost. These value adjustments should no longer continue when the reasons for which they were made cease to apply.

The acquisition cost of the investment increases in case of new paid-up capital and decreases in case of distribution, whether it is a reimbursement of capital or any other type of distribution.

### **g. Debtors**

Debtors are shown at their nominal value. Value adjustments are made should their full or partial recovery come into doubt.

### **h. Tangible assets**

Tangible assets are valued at their acquisition cost. Depreciations are calculated based on their estimated useful lives.

### **i. Provision for unearned premiums**

The provision for unearned premiums comprises the amount representing that part of gross premiums written which is to be allocated to the following financial year or subsequent financial years. It is computed separately for each reinsurance contract based on the information received from the ceding companies.

### **j. Provision for claims outstanding**

The provision for claims is established on the basis of reports and individual estimates received from the ceding companies and includes the provision for late losses as well as the provision for future claims handling expenses.

At the end of each subsequent financial year, the provision is adjusted as a result of acquired experience and information available. The amount relating to reinsurance, if any, is shown separately under assets.

The estimate of claims incurred but not reported ('IBNR') is generally subject to a greater degree of uncertainty than the estimate of the cost of settling claims already notified to the Company, where more information about a claim event is generally available. Some claims tend to be reported to the reinsurer after a couple or more years after the event has incurred. In calculating the IBNR, the Company uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience.

### **k. Provisions for other risks and charges**

Provisions for other risks and charges are included in order to cover losses or debts whose nature is clearly defined and are, at the balance sheet date, either likely or certain to be incurred but amounts or timing are indeterminable.

### **l. Equalisation provision**

In accordance with the rules applicable for reinsurance companies in Luxembourg an equalisation provision must be established by the Company. Based on the grand ducal regulation of 5 December 2007 and other applicable legislation, the annual allocation to this provision equals the sum of the technical results and a share of the financial result until the provision reaches a ceiling. This ceiling is determined by applying to the net reinsurance premiums as determined according to the said regulation a factor fixed by the "Commissariat aux Assurances" for each type of risk.

## ... Notes to the annual accounts

### NOTE 3 - INTANGIBLE ASSETS

	<b>2022 EUR</b>	<b>2021 EUR</b>
Gross Book Value Beginning of the year	293.288	293.288
Additions during the year	12.107	–
Disposals during the year	–	–
<b>Gross Book Value End of the year</b>	<b>305.395</b>	<b>293.288</b>
Accumulated depreciation beginning of the year	(140.123)	(79.494)
Depreciation during the year	(58.951)	(60.629)
Disposals during the year	–	–
Accumulated depreciation of the year	(199.074)	(140.123)
<b>Net Book Value end of the year</b>	<b>106.321</b>	<b>153.165</b>

### NOTE 4 - SHARES AND OTHER VARIABLE YIELD SECURITIES

	<b>2022 EUR</b>	<b>2021 EUR</b>
Acquisition cost	96.719.282	93.028.849
Cumulated value adjustments	(15.897.516)	(5.113.877)
<b>Net book value</b>	<b>80.821.766</b>	<b>87.914.972</b>
<i>Of which private equity</i>	419.137	439.452
<b>Current value</b>	<b>87.226.443</b>	<b>104.803.092</b>
<i>Of which private equity</i>	2.688.011	3.860.870

### NOTE 5 - DEBT SECURITIES AND OTHER FIXED INCOME SECURITIES

	<b>2022 EUR</b>	<b>2021 EUR</b>
Acquisition cost	285.085.764	308.964.010
Accumulated value adjustments/premiums/discounts/Amortisation	(7.196.603)	(9.418.248)
<b>Net book value</b>	<b>277.889.161</b>	<b>299.545.762</b>
<b>Current value</b>	<b>251.640.353</b>	<b>311.501.185</b>

## ... Notes to the annual accounts

During the year 2022, discounts recorded as income in the profit and loss account, amounted to EUR 113.444 (2021: EUR 95.242). The premiums booked as cost in the profit and loss amounted to EUR 1.819.770 (2021: EUR 2.214.208). As at 31 December 2022, unamortised premiums amounted to EUR 5.769.154 (2021: EUR 7.588.437) and unarmortised discount amounted to EUR 556.993 (2021: EUR 519.675).

The book value of some debt securities and other fixed income securities is greater (see table below) than their fair value. The book values have not been depreciated, as the impairment in value is not expected to become permanent.

	<b>2022 EUR</b>	<b>2021 EUR</b>
<b>Net book value</b>	<b>255.493.872</b>	<b>53.673.965</b>
<b>Current value</b>	<b>228.050.558</b>	<b>53.137.167</b>

### NOTE 6 - DEPOSITS WITH CEDING COMPANIES UNDERTAKINGS

These deposits relate to technical deposits with ceding companies.

	<b>2022 EUR</b>	<b>2021 EUR</b>
<b>Net book value</b>	<b>44.430.576</b>	<b>33.909.424</b>
<b>Current value</b>	<b>44.430.576</b>	<b>33.909.424</b>

As at 31 December 2022, the deposits with ceding companies that are affiliated undertakings amounted to EUR 37.064.807 (2021: EUR 24.175.417).

### NOTE 7 - DEBTORS ARISING OUT OF REINSURANCE OPERATIONS

As at 31 December 2022 debtors arising out of reinsurance operations owed by affiliated undertakings amounted to EUR 2.681.854 (2021: EUR 2.444.846).

### NOTE 8 - OTHER DEBTORS AND OTHER CREDITORS, INCLUDING TAX AND SOCIAL SECURITY LIABILITIES

As at 31 December 2022, other receivables mainly included tax advances paid to the tax authorities by KBC Group Re S.A. in respect of the tax consolidation (EUR 36.139.616 - 2021: EUR 28.783.616), tax receivables from other entities of the Group that are part of the tax consolidation headed by KBC Group Re S.A. (EUR 1.556.402 - 2021: same amount) and tax receivables from the tax authorities (EUR 4.318.350 - 2021: same amount).

Other liabilities include EUR 4.022.202 (2021: same amount) of tax provisions to the tax authorities and to other companies in the Group that are part of the tax consolidation Group.

## ... Notes to the annual accounts

### NOTE 9 - TANGIBLE ASSETS

	<b>2022 EUR</b>	<b>2021 EUR</b>
Gross Book Value Beginning of the year	321.590	315.224
Additions during the year	28.428	6.366
Disposals during the year	–	–
<b>Gross Book Value End of the year</b>	<b>350.018</b>	<b>321.590</b>
Accumulated depreciation beginning of the year	(224.943)	(168.112)
Depreciation during the year	(55.930)	(56.831)
Disposals during the year	–	–
Accumulated depreciation of the year	(280.873)	(224.943)
<b>Net Book Value end of the year</b>	<b>69.145</b>	<b>96.647</b>

### NOTE 10 - CAPITAL AND RESERVES

As at 31 December 2022, the share capital amounted to EUR 41.692.987 represented by 544 shares with no nominal value.

In EUR	Subscribed capital	Legal reserve	Other reserves	Dividend	Result of the year
As at 31.12.2021	41.692.987	4.169.299	9.981.099	–	28.385.743
Allocation of 2021 result	–	–	254.075	28.131.668	(28.385.743)
Kredietcorp - release of the reserve NWT 2017			(548.975)	548.975	
KBC Group RE - release of the reserve NWT 2017			(4.198.316)	4.198.316	
2022 result	–	–	–	–	(30.713)
As at 31.12.2022	41.692.987	4.169.299	5.487.883	32.878.959	(30.713)

The allocation of the 2021 result was made after approval of the accounts by the shareholders at the Annual General Meeting on 10 May 2022.

The fair value reserves correspond to the reserve set up by Kredietcorp S.A. pursuant to article 54 LIR in order to neutralise the realised gain on certain securities. During the financial year 2022, no gain was reversed. As at December 31, 2022, the residual gain amounted to EUR 210.302.

## ... Notes to the annual accounts

### NOTE 11 - LEGAL RESERVE

5 % of the annual profit of companies incorporated under Luxembourg law must be allocated to the legal reserve. That allocation ceases to be necessary when the legal reserve reaches 10 % of the share capital.

The legal reserve cannot be distributed as dividend or in any other form of payment to the shareholders during the life of the Company. Allocation to the legal reserve is decided by the shareholders during their annual general meeting approving the annual accounts.

### NOTE 12 - CREDITORS ARISING OUT OF REINSURANCE OPERATIONS

As at 31 December 2022, creditors arising out of reinsurance operations owed to affiliated undertakings amount to EUR 21.388.417 (2021: EUR 0).

The duration of the creditors arising out of reinsurance operation (2022: EUR 21 388 417) is less than one year.

### NOTE 13 - GROSS PREMIUMS WRITTEN

Gross premiums are broken down as follows:

	<b>2022 EUR</b>	<b>2021 EUR</b>
Non-life insurance	68.462.120	51.694.062

### NOTE 14 - INCOME FROM OTHER INVESTMENTS

Income from other investments is distributed as follows:

	<b>2022 EUR</b>	<b>2021 EUR</b>
Income from debt securities issued by affiliated undertakings	-	-
Income from deposits and current accounts held by affiliated credit institutions	1.676	-
Income from other investments	10.983.416	13.237.922
	<b>10.985.092</b>	<b>13.237.922</b>

## ... Notes to the annual accounts

### NOTE 15 - STAFF COSTS

The average number of persons employed during the financial year 2022 amounted to 9,9 (in full time equivalent) (2021: 9,85 persons), represented as follows:

- Directors: 1 FTE (2021: 1 FTE)
- Managers: 0 FTE (2021: 0 FTE)
- Employees: 8,9 FTE (2021: 8.85 FTE)

Staff costs relating to the financial year are composed as follows:

	<b>2022 EUR</b>	<b>2021 EUR</b>
Salaries	1.001.833	980.521
Social security costs	175.146	171.350
of which: pensions	76.937	74.532

Staff costs are included in the caption “administrative expenses”.

### NOTE 16 - REMUNERATION GRANTED TO MEMBERS OF SUPERVISORY BODIES AND COMMITMENTS ENTERED INTO IN RESPECT OF RETIREMENT PENSIONS FOR FORMER MEMBERS OF THOSE BODIES

The Company did not grant any remuneration to members of supervisory bodies for the services rendered during the year 2022 and in 2021. The Company has no commitments in respect of retirement pensions for former members of those bodies as at 31 December 2022.

### NOTE 17 - TAXES

The Company is subject to taxes on income and on wealth in force in the Grand Duchy of Luxembourg. Taxes on income are recognised under “Tax on profit or loss on ordinary activities” in the profit and loss account. Net Wealth Tax (NWT) are included in “Other taxes not shown under the preceding items” in the profit and loss account.

Since 28 December 2018, KBC Group Re S.A. has been granted the tax consolidation regime as a head Company as from the 2018 tax year. The integrated companies are: KBC Lease Luxembourg S.A. and KBC Ifima S.A.. Since December 2020, KBC Real Estate S.A. has joined the fiscal consolidation.

### NOTE 18 - EXTRAORDINARY CHARGES

Following a credit card theft, the Company booked an extraordinary charge for an amount of EUR 1.064.

## ... Notes to the annual accounts

### NOTE 19 - AUDITOR'S FEES

The total fees expensed by the Company and due for the current financial period to the audit firm are presented as follows:

	<b>2022 EUR</b>	<b>2021 EUR</b>
Legal audit of the annual accounts, Group Reporting and regulatory report	48.486	43.586
Other audit-related fees	—	—
Tax related fees	—	—
Other fees	—	—

### NOTE 20 - OFF BALANCE SHEET COMMITMENTS

As at 31 December 2022, commitments representing the remaining capital to be paid for the private equity funds amounted to EUR 3,158.613 (2021: EUR 3,599,584).

### NOTE 21 - SUBSEQUENT EVENTS

There were no significant events between 31 December 2022 and the date of the closing of the accounts.

