SOLVENCY & FINANCIAL CONDITION REPORT 2018

KBC Group Re

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Summary

The Solvency & Financial Condition Report (SFCR) has to be published each year by all insurance undertakings and groups. It provides qualitative and quantitative information on the business and performance, the system of governance, the risk profile, the valuation for solvency purposes and capital management of the undertaking.

The report has a harmonized structure that is defined by Annex XX to the Solvency II Delegated Acts Regulation and includes templates defined by Implementing Regulation containing quantitative information (Quantitative Reporting Templates (QRTs)).

All amounts quoted in this report and in the tables are in millions of euros unless otherwise stated.

Highlights

- KBC Group Re is the reinsurance subsidiary of KBC Group, specializing in protecting the group's bank and insurance entities.
- KBC Group Re has a medium risk profile in line with the Risk Appetite Statement.
- KBC Group Re is strongly capitalized both in terms of level and quality of capital. The Solvency II ratio per 31/12/2018 amounts to 515% (including volatility adjustment).
- The LuxGaap result for 2018 amounted to 17,7 million EUR.
- Net earned premiums went down by 7% totalling 19,1 million EUR.
- Combined ratio for 2018 came to a highly favorable 13,9%.
- A continued implementation of the KBC Group 'Three Lines of Defence' model is operated.

Remarks

The information provided in this document has not been subject to an external audit. Disclosures have however been checked for consistency with other existing reports and were subject to the screening of authorized management representatives to ensure quality.

The 2018 Solvency & Financial Condition Report was distributed to the Board of Directors to ensure the appropriate approval of the management body as requested under Solvency II.

The Solvency and Financial Condition Report is available in English on the website of KBC Group Re and is updated on a yearly basis. Next update is scheduled in April 2020.

A. Business & performance

A.1 Business

Area of operation

KBC Group Re SA is the Luxembourg reinsurance subsidiary belonging to the KBC Group. The company was incorporated on 20 March 1989.

The company specializes in protecting the group's bank and insurance entities.

Shareholders

KBC Group Re is wholly owned by KBC Insurance NV, which is in turn wholly owned (directly and indirectly) by KBC Group NV. KBC Group NV is a listed company.

Long-term credit ratings (30 July 2018)

	Standard & Poor's
KBC Group Re SA	A

Management

Day-to-day management	Ivo Bauwens
Chairman of the Board of Directors	Hans Verstraete

Address

KBC Group Re SA

4 rue du Fort Wallis

L-2714 Luxembourg

Supervisory authorities

KBC Group Re SA	KBC Group NV
Commissariat aux Assurances 7, boulevard Joseph II, L-1840 Luxembourg	Nationale Bank van België de Berlaimontlaan 14 1000 Brussel

External auditor
PwC Luxembourg 2 Rue Gerhard Mercator L-1014 Luxembourg
Number of FTEs
As at 31 December 2018 the company employed 8,5 persons (Full time equivalent)

The strategy of the company is embedded in the strategy of the KBC Group. For more detailed information, please see the KBC Group annual report for 2018.

KBC Group is an integrated bank-insurance group whose core markets are Belgium, Bulgaria, the Czech Republic, Hungary, Ireland and Slovakia for a total of more than 11 million clients. Its network is organized around ca. 1400 bank branches, insurance sales via own agents and other channels, as well as various electronic channels. The group employs some 42 000 persons.

KBC Group Re is the reinsurance subsidiary of KBC Group, specializing in protecting the group's bank and insurance entities. The underwriting activities of KBC Group Re consist in the 2 following segments:

1. The reinsurance of KBC insurance risks
2. The reinsurance of KBC operational risks

The KBC Insurance risks segment comprises acceptances that are made for optimization of the group’s insurance retention and increasing capital flexibility within the KBC Insurance Group by deploying currently redundant capital of the company. For implementing this optimization, KBC Group Re has been chosen as centralizing placement vehicle for group wide reinsurance programs. KBC Group Re also participates in the other reinsurance placements of KBC direct insurance entities that are open to the external reinsurance market (profitability optimization) or enhances the local capital and/or net result profile (improved use of available capital).

The KBC Operational risks segment includes classical operational risks for a bank-insurer which are typically placed on facultative “program” basis, as covers for professional liability, fraud, cybersecurity and the various property belonging to KBC Group. It comprises also some specialty covers as safe deposit covers for clients of the bank. KBC Group Re supports the placement of those KBC programs by filling the gap between the deductibles/risk retentions of the individual KBC companies (original insureds) and the group deductible, by retaining - on behalf of KBC - the result volatile priority layers where capacity in the market is hardly available, and by facilitating access to the international price-worthy (re-)insurance capacity.

The income statement (LuxGaap) of KBC Group Re is shown in Table 1.

(X 1.000 EUR)	2018	2017	Change in amount	Change in %
Net earned premiums Non-Life	**19.112**	**20.526**	**-1.414**	**-7%**
Gross Earned premiums	33.139	32.612	527	2%
Ceded reinsurance premiums	-14.027	-12.086	-1.941	16%
Net claims incurred	**906**	**-48**	**954**	**-1985%**
Gross claims incurred	-2.981	2.240	-5.221	-233%
Reinsurers' share in claims incurred	3.887	-2.288	6.175	-270%
Net operating expenses	**-3.553**	**-3.989**	**436**	**-11%**
Net acquisition costs	-1.666	-2.011	345	-17%
Administrative expenses	-1.887	-1.978	91	-5%
Investments Incomes	**1.743**	**11.603**	**-9.860**	**-85%**
Interest income	9.535	11.508	-1.972	-17%
Dividend income	3.111	45	3.066	6748%
Net realized result from investments	0	976	-976	-100%
Value adjustments	-10.509	-816	-9.693	1188%
Other investments related incomes/costs	-395	-110	-284	257%
Net other income	**-44**	**-73**	**29**	**-40%**
Change in the equalization provision	**14.446**	**11.763**	**2.683**	**23%**
Extraordinary loss	**-10.595**	**0**	**-10.595**	
Taxes	**-4.343**	**-10.813**	**6.470**	**-60%**
Result after tax	**17.673**	**28.970**	**-11.297**	**-39%**

Table 1 Income statement, using LuxGAAP rules

The LuxGaap result of KBC Group Re amounted to 17,7 million EUR in 2018 (-39%). It was importantly influenced by a diminution of the equalization provision (profit of 14,4 million EUR) and an extraordinary loss following the merger with Kredietcorp S.A. (loss of 10,6 mln EUR). More details on the underwriting and investment performance are given in the following two sections.

A.2 Underwriting performance

Earned premiums totalled 19,1 million EUR in 2018, showing a decrease of 7% when compared to 20,5 million EUR in 2017.

	2018	2017
Net claims ratio	-4,7%	0,2%
Net expense ratio	18,6%	19,4%
Combined ratio	13,9%	19,7%

Table 2 Non-life ratios

Volatility in earnings and ratios is unavoidable for KBC Group Re, which is in line with the mission of being the internal reinsurer of the KBC Group and due to the small size of the portfolio.

The net claims ratio is negative at -4,7% due to the absence of large claims in the portfolio (which is to a large extent composed of non-proportional reinsurance contracts) in 2018 and positive development of some past large claims.

The expense ratio decreased from 19,4% to 18,6% due to a diminution of acquisition costs.

The combined ratio decreased from 19,7% to 13,9%, which is excellent and mainly attributable to the favourable loss experience.

More information about the underwriting performance can be found in the Quantitative Reporting Templates (QRT) S.05.01.02 – Premiums, claims and expenses by line of business.

A.3 Investment performance

At 1,7 million EUR at year-end 2018, total net investment income was down by 9,9 million EUR (-85%) as a result of:

- Lower interest income due to a declining portfolio volume and to a decrease in the return on the bonds portfolio caused by lower reinvestment yields
- Value adjustments for equity investments.

In the LuxGaap financial statements:

- investments in bonds are measured at amortized cost, minus impairments when it is expected that such impairments are permanent.
- investments in equities are measured using the 'lower of cost or market' method.

Table 3 shows the detailed valuation of those portfolios.

(X 1.000 EUR)	31/12/2018	31/12/2017	Change in amount	Change in %
BONDS				
Solvency 2 value	393.286	485.236	-91.950	-19%
Book value	373.435	455.878	-82.443	-18%
Unrealized gains/losses	19.852	29.358	-9.507	-32%
EQUITIES				
Solvency 2 value	69.987	23.761	46.226	195%
Book value	63.851	23.663	40.187	170%
Unrealized gains/losses	6.136	97	6.039	6199%

Table 3 Investment portfolio values

The volume of the bonds portfolio reduced significantly because of the distribution of a dividend for an amount of 26,7 million EUR for the year 2017, and the decision to build an equity portfolio.

KBC Group Re does not have any investments in securitized products.

A.4 Performance of other activities

No other activities are material.

A.5 Any other information

No other information to report.

B. System of governance

B.1 General information on the system of governance

Management structure of KBC Group Re

According to the Articles of Association, the Company is managed by a Board of Directors. The Board of Directors is responsible for developing and approving the strategy and general policy for the company, including a risk, compliance and audit framework, and monitoring their implementation. The Board is also responsible for the appointment of the Managing Director.

The Managing Director's responsibilities include implementing and monitoring (together with the Board) the strategic plans, appointing all staff members, being the primary contact point between staff members and the Board, providing strong leadership to, and effective management of, the Company and otherwise carrying out the day to day management of the Company. This Managing Director does also assume the responsibilities and role of 'Dirigeant agréé' as defined in the Luxembourg regulation 'Loi du 7 décembre 2015 sur le secteur des assurances'.

The Board also acts as Audit, Risk and Compliance Committee (see infra).

The Board is composed of at least 3 members (currently 4) appointed by the General Meeting. Directors of KBC Group Re are not remunerated. The Managing Director is the sole Executive Director.

Audit, Risk and Compliance Committee

Within KBC Group Re, the Audit, Risk and Compliance Committee is not set up as a separate committee and the Board directly exercises its responsibilities regarding those topics within the audit, risk and compliance domains, i.e. the integrity of the financial reporting, the effectiveness of the internal control measures and risk management processes, and the implementation of the compliance rules.

Following persons, or their representative, participate as permanent guests during these Audit, Risk and Compliance Committee meetings:

- The Internal auditor;
- The Chief Risk Officer (CRO) of the Business Unit Belgium of KBC;
- The Compliance Officer.

The external auditors are invited at least once a year.

Reporting of the control functions

The local risk function, compliance function and actuarial function, and the group audit function report on their findings to the Board of Directors when acting as Audit, Risk and Compliance Committee.

Group Risk, Group Compliance and the Group Actuarial Function Holder will, at the level of the KBC Insurance Group and KBC Group, report on their findings to:

- The Executive Committee of KBC Insurance NV and KBC Group NV.
- The Audit Committee, the Risk & Compliance Committee and the Board of Directors of KBC Insurance NV and KBC Group NV.

B.2 Fit and proper requirement

Fit and proper requirements for the members of the Board of Directors are part of the company's Corporate Governance Charter which indicates the conditions of appointment of new board members, as well as the training requirements. Appointment requirements aim at a balanced composition of the Board, ensuring that the board members have adequate insurance and reinsurance expertise, general corporate management expertise and broader societal experience.

For the persons having a key function, propriety and fitness checks are part of the human resources management policy. This policy includes the request of showing the criminal record. Fitness checks are part of the recruitment process: formal qualification is checked as well as previous experience. Human resources procedures also include training requirements aiming at maintaining the qualification of employees.

B.3 Risk management system including the own risk and solvency assessment

Risk management framework

Risk management is a key component of the strategic management within KBC Group. It refers to the coordinated set of activities to manage the risks that can affect KBC Group in its ability to achieve its objectives.

The KBC Risk Management Framework (KBC RMF) describes how risk management is performed on a continuous basis throughout the entire KBC Group. As such, it is the single point of entry for all documentation on the risk management process within KBC Group. The risk management framework consists of following steps:

- Risk identification
- Risk measurement
- Setting and cascading risk appetite
- Risk analysis, reporting and follow-up

The KBC RMF finds its origin in KBC's overall risk strategy, as defined by the Risk Appetite (the amount and type of risk that KBC is able and willing to accept in pursuit of its strategic objectives) as decided on by the Board of Directors. It consists of:

- A number of generic fundamental risk standards, concepts and tools that are applicable to all risk types, e.g. a common risk map, risk measurement standards and risk appetite standards.
- A set of risk-type-specific risk management frameworks.
- An integrated risk management framework describing how to integrate all risk-type-specific information in order to provide a complete view of the risk profile of KBC Group and its subsidiaries.

The KBC RMF defines minimum standards that all entities within the group must adhere to. Group frameworks must therefore be endorsed by local entities, including KBC Group Re. At the same time the implementation of each framework can be adjusted on the basis of local conditions/regulations.

The implementation of the KBC RMF is organized on the basis of the risk type specific frameworks, each having an implementation checklist to evaluate its implementation status. In every entity or business unit of the group, a Chief Risk Officer is responsible for implementing the framework within the local risk function, and supporting the local business line management with the implementation of the framework in the business processes.

As the risk management landscape is in a state of constant flux due to changes in internal and external contextual elements (industry trends, regulatory requirements, expectations of key stakeholders, organisational structure, etc.), the components of the KBC RMF are reviewed on a regular basis to ensure their ongoing effectiveness.

Risk governance

Main components of the risk governance model for KBC Group Re are:

- The Board of Directors which decides on and supervises the risk appetite and risk strategy each year.
- The 'three lines of defence' model that is further described in section B.4.
- The 'Investment Committee' that assists the Board of Directors in the domain of investments and balance sheet management.

Own risk and solvency assessment

The KBC Insurance Group and its insurance and reinsurance subsidiaries undertake on a regular basis an Own Risk and Solvency Assessment (ORSA) to monitor and ensure that business is managed in a sound and prudent way.

KBC's ORSA policy describes the general KBC approach with respect to the ORSA-process and its outcome. It defines and describes the components, principles and characteristics of the ORSA-process within the KBC Insurance Group. KBC Group Re has locally endorsed the Group ORSA Policy.

The ORSA is an integral part of the business strategy and is taken into account on an ongoing basis in the strategic decisions of the KBC Insurance Group. The KBC Insurance Group has decided to undertake the ORSA assessments at the level of the KBC Insurance Group and at the level of the individual material subsidiaries pertaining to the Insurance Group.

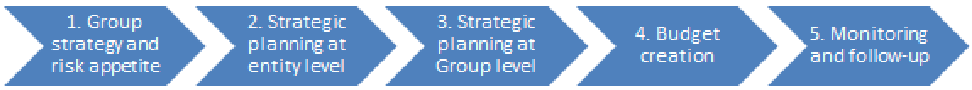
The main processes underlying the regular ORSA are executed on an annual basis and are closely linked to the Strategic Planning Process (Alignment of Planning Cycles or APC) which also follows an annual cycle. The APC streamlines the processes of financial planning, strategy review, risk appetite setting and internal solvency and capital adequacy assessment. Taking into account the fact that KBC's insurance business is sufficiently mature, this annual periodicity is deemed adequate.

On a quarterly basis, insurance integrated risk reporting reports on risk signals, the evolution of the risk profile and results of deep dives, stress & scenario testing. Local reports are distributed to the managing director and discussed during the meetings of the Board of Directors. At Group Level, the reports are discussed up to the level of the Executive Committee and the Board of Directors of KBC Group, and allow them to steer stress & scenario testing, request (ad-hoc) mid- and long-term risk assessments and review the internal model and underpinning ambition and approach.

The annual ORSA process assesses the situation and the data per 31 December and is submitted to the Supervisory authority before 30 June of the following year. KBC does not differentiate between the internal and the supervisory ORSA report. Each ORSA report is complemented with an ORSA record which contains all documents that have been used in the different steps of the ORSA.

The process for setting risk appetite is strongly intertwined with and part of the strategic planning process (or APC process), which streamlines the processes of financial planning, strategy review and internal solvency and capital adequacy assessment. APC thus constitutes the process for setting and cascading risk appetite.

The figure below shows the 5 phases of the APC process:



Based on the outcome of the above processes and assessments a conclusion is included in the ORSA report that will indicate to what extent the available capital is sufficient to cover the capital requirements. It links this conclusion to the:

- Evolution of amount and composition of available regulatory capital over a 3-year horizon and under different economic circumstances.
- Evolution of required regulatory capital over the 3-year planning horizon, taking into account expected changes to the risk profile of the entity/group.
- Impact of scenario analyses and sensitivities on required and available regulatory capital.

KBC Group Re relies on the Solvency II standard formula to assess its overall solvency needs. On an annual basis an assessment is performed to check whether the standard formula is appropriate in relation to the risk profile of the company.

B.4. Internal control system

Three lines of defence concept

In order to promote clear accountability for risk taking, oversight and independent assurance, a “Three lines of defence” concept is implemented at the KBC Group level. All the relevant internal stakeholders (and their roles & responsibilities) related to risk management are positioned within this model. The three lines of defence are defined as follows:

- Business line management, as the first line of defence, is responsible for identifying and managing the risks inherent in the products, activities, processes and systems for which it is accountable. Business line management is also responsible for determining its risk appetite.
- The second line of defence (of which the Risk Function is part) includes all independent Support & Oversight Functions. The Risk function:
  - Is responsible for identifying, measuring, monitoring and reporting risk on a group-wide basis, independently from the first line of defence.
  - Sets the standards via the KBC Risk Management Framework and supports the business in its implementation.
  - Challenges the business on their risk identification, measurement and response.
  - Creates oversight over the Group’s control environment and risk exposure.
- The third line of defence is provided by internal and external audit, assuring an independent review and challenge of the Group’s risk management processes.

1st LOD: Business Owns the risk	2nd LOD: Risk Provides assurance that risks are under control	3rd LOD: Audit Checks quality and effectiveness of the process
- Performs the right controls in the right manner - Provides qualitative business self assessments - Creates sufficient risk awareness - Allocates priority / capacity to risk topics	- Formulates own, independent opinions on the risks KBC faces and on the way they are mitigated - Identifies, measures and reports on risks - Safeguards that the voice of risk is heard (veto right) - Implements risk policies, frameworks, etc… in a consistent manner throughout the KBC Group	- Conducts risk-based and general audits to provide assurance to the board that the overall internal control system, including the risk governance, is effective and that policies and processes are in place and consistently applied within the Group

This "Three lines of defence" model ultimately reinforces the resilience of KBC's risk and control environment and safeguards the sustainability of the business model.

Compliance function

The compliance function is part of the 2nd line of defence.

The compliance charter details the scope, responsibilities and governance of the compliance function. The Compliance Officer ensures that the charter is approved by the Board of Directors when acting as Audit, Risk and Compliance Committee. The Compliance Charter was updated and approved in March 2018.

Function holders

For KBC Group Re, the compliance function is locally grouped with the Risk Management function due to the size of the entity and the nature of its risks. The local risk officer is the key function holder for both functions.

B.5 Internal audit function

The internal audit function of KBC Group Re is exercised by KBC Group Corporate Audit. The responsibilities of Internal Audit are to:

- Provide independent assurance to the Board of Directors and management on the effectiveness and efficiency of the processes of risk management, internal control and corporate governance that are in place.
- Support the Board of Directors and management in taking up their responsibilities in these processes.
- Report any serious issues or risks which it becomes aware of and to undertake any required investigations into high-risk situations.
- Make clear and actionable recommendations which address weaknesses noted during its work and to follow up on the implementation status of these recommendations.

- Carry out any assignment or projects entrusted to it by the Board of Directors or management.

To safeguard its independence and objectivity:

- Internal Audit reports and is accountable to the Board of Directors (acting as Audit, Risk and Compliance Committee).
- The internal audit activity remains free from interference by any part of the organisation, including matters of audit selection, procedures, frequency, timing or report content.
- The appointment and dismissal of the head of Internal Audit belongs to the authority of the Audit Committee of KBC Group.
- Internal auditors are, during the exercise of their professional duties, authorised to have direct communication with any member of staff, as well as to access all premises and any records, files or data that are relevant to the performance of an assignment, subject to compliance with local regulations. All members of staff are requested to assist Internal Audit in fulfilling its roles and responsibilities.
- Internal Audit has the authority to perform assignments at its own initiative, subject to proper reporting to the Board of Directors.
- Internal Audit has the authority to inform directly, and at its own initiative, the Chairman of the Board of Directors, the Managing Director, the Statutory Auditors or the local Supervisory Authorities.
- Internal auditors must always be objective and impartial and seek to avoid any conflict of interest.
- Internal auditors are not directly involved in the operational organisation of an entity, nor in deciding, developing, introducing or implementing risk management and internal control measures.
- Internally recruited auditors respect a “cooling-off” period.
- Whenever practicable and without jeopardising competence and expertise, internal audit staff will periodically rotate within the internal audit function to boost independence.

Internal Audit periodically examines and evaluates the most risky areas of its scope and an audit plan is approved at least once a year by the Board of Directors when acting as Audit, Risk and Compliance Committee.

The approach followed in performing the audit assignments is described in all resulting audit reports so that their readers can consider the findings against the approach followed. A risk-based approach is used as the primary auditing method. The level of assurance, which may be gained from Internal Audit’s work, is relative to the nature and extent of work carried out. It is therefore essential that the auditor involved, when giving a reasoned opinion, documents the nature and the extent of the work undertaken.

The implementation of the audit recommendations is the responsibility of the management that will communicate the status of this follow-up regularly to Internal Audit, for monitoring purposes.

The independence and objectivity of Internal Audit is assured by the Internal Audit Charter approved by the Board of Directors. The Charter also describes the functioning and organization of the Internal Audit function.

B.6 Actuarial function

The Actuarial function is one of the key control functions that are defined in the Solvency II regulatory framework. Basically, the task of this function is to ensure that the company’s Board of Directors is fully informed in an independent manner. It does this, for example, by:

- Advising on the calculation of the technical provisions (a.o. appropriateness of methodologies, appropriateness and quality of data used, experience analysis)
- Expressing an opinion on the overall underwriting policy
- Expressing an opinion on the adequacy of reinsurance arrangements
- Contributing to the effective implementation of the Risk Management system
- Reporting and giving recommendations.

Within the KBC Insurance Group, the Actuarial Function is implemented as follows:
- The Actuarial Function operates under the ultimate accountability of the Board of Directors.
- An 'Actuarial Function Holder' is appointed for every local entity and also on KBC Insurance Group level. The Actuarial Function Holder is to be registered on the pay-roll of the entity he/she is representing. Her/his duties cannot be outsourced to a party external to the entity.
- The Actuarial Function Holder coordinates the activities of the Actuarial Function. In general, 'a function' is the administrative capacity to undertake particular governance tasks and is – as such - not limited to one specific person or one organizational unit but can be assigned to several persons or departments subject to an adequate segregation of duties.
- The Actuarial Function has as basic task to ensure the independent 'second pair of eyes', needed for the Actuarial Function Holder to fulfil all of the assigned obligations. The Actuarial Function gives input to the Actuarial Function Holder a.o. in forming opinions, proposing recommendations and assisting in writing the Actuarial Function Report.

B.7 Outsourcing

Outsourcing principles

KBC Group Re outsources some of its activities.

In order to manage the risks relating to outsourcing, KBC Group Re has drafted an Outsourcing policy. This policy is applicable on intragroup and external outsourcing, and ensures that the company remains fully responsible of the outsourced activities and that the risks relating to these activities are well managed. The policy sets out:

- the definition of outsourcing as applied within KBC Group
- the restrictions, roles and responsibilities relating to outsourcing
- a high level process description, including the monitoring requirements
- principles and necessary clauses for the outsourcing agreements

Intragroup outsourcing

As already stated in the previous sections, part of the control activities are exercised on group level with a view to centralization, independence, consistency and synergy. This includes parts of the Solvency II requirements: Solvency capital requirements calculation, elements of the Best Estimate of technical provisions (e.g. Risk Margin), automated compilation of part of pillar 3 quantitative reports …

The Internal audit function is fully outsourced to KBC Group.

Asset management is outsourced to KBC Asset Management NV.

External outsourcing

KBC Group Re outsources parts of its ICT to a certified Luxembourg 'Professionnel du Secteur Financier'.

B.8 Any other information

No other information to report.

C. Risk profile

KBC Group Re is exposed to a number of typical industry-specific risks such as movements in interest rates and exchange rates, insurance underwriting risks, credit risks, operational risks, etc. In this section, we focus on the most material sector-specific risks we face.

The Risk Appetite Statement of KBC Group Re reflects the view of the Board of Directors and management on risk taking in general and in particular on the acceptable level and composition of risks in coherence with the desired return. This statement includes a specification of the risk profile and the risk appetite for each risk type into Low risk, Medium risk and High risk. This leads to a risk appetite and risk profile as depicted in Figure 1.

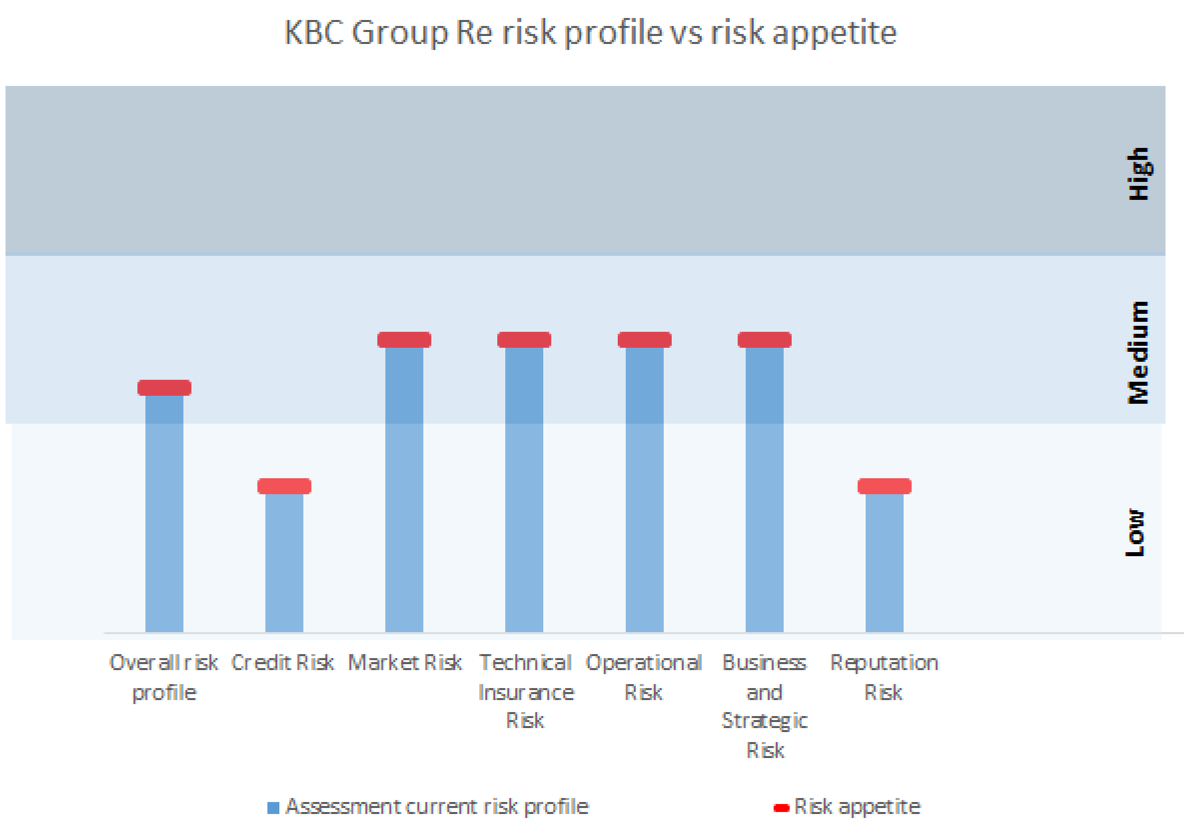


Figure 1 2019 Risk profile and Risk appetite of KBC Group Re

The next paragraphs describe the assessment of the risk profile per risk type. To come to an overall appreciation of the risk profile, the management has aggregated the risk profile per risk type and concluded that KBC Group Re has a medium overall risk profile.

Figure 2 shows the amount of capital requirement based on the standard model as prescribed by the Solvency II regime which is in place since 01/01/2016. The required capital stood at 61,01 million EUR at year-end 2018, compared to an amount of available capital of 314,44 million EUR: the solvency ratio consequently amounts to 515%.

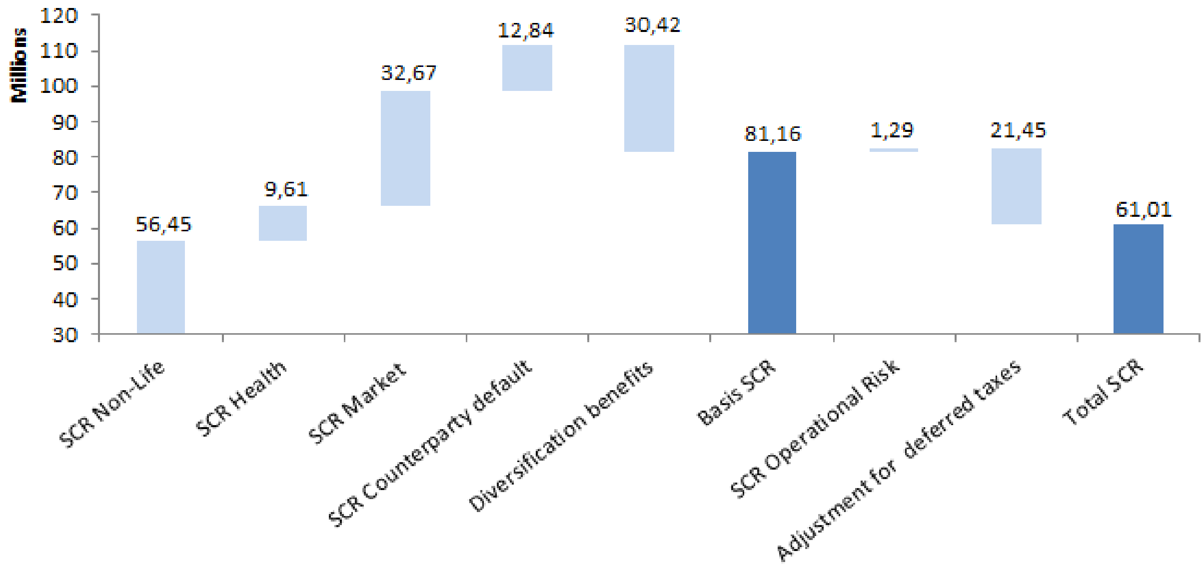


Figure 2 KBC Group Re Solvency II capital requirement as at 31/12/2018

C.1 Underwriting risk

'Underwriting risks' or 'Technical Insurance risks' stem from uncertainty regarding the frequency of insured losses and how extensive they will be. As KBC Group Re is not active in life reinsurance, underwriting risk manifests itself in the non-life portfolio only (including health).

Underwriting risks can be divided into the following main types:

- Premium and reserve risks, which result from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements
- Catastrophe risks, which result from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events

All these risks are kept under control through appropriate underwriting, claims reserving and reinsurance policies, and through independent insurance risk management.

As described in section A.1, KBC Group Re is the reinsurance subsidiary of KBC Group, specializing in protecting the group's bank and insurance entities. In line with this role of internal reinsurer, some volatility in earnings is allowed as risks are not diversified over a large number of clients or products as for traditional (re)insurance companies. This explains why the risk profile of underwriting risk is predominant in Figure 2.

Adequate procedures are in place to allow maintaining a sound quality of underwriting with good overall profitability over a complete underwriting cycle and within the prescribed retention limits, ensuring adherence to the group and local risk appetite. KBC Group Re on top of that holds a large solvency buffer to ensure its solidity.

As seen in Figure 2, SCR for underwriting all together represents 66,1 million EUR accounting for 59% of the undiversified basic Solvency II pillar 1 capital requirement. Table 4 highlights a predominance of 'catastrophe' risks in line with the company's role within the KBC Group.

mln EUR	31/12/2017	31/12/2018	Change
SCR Non-Life	52,6	56,5	7,4%
Premium and reserve risk	20,9	21,7	3,8%
Catastrophe	43,3	47,0	8,5%
Diversification benefit	-11,6	-12,2	5,1%
SCR Health	9,5	9,6	0,9%
Premium and reserve risk	1,0	1,2	24,8%
Catastrophe	9,2	9,2	-0,1%
Diversification benefit	-0,7	-0,8	22,7%
Total SCR Insurance Risks before diversification	**62,1**	**66,1**	**6,4%**

Table 4 SCR Underwriting Risk of KBC Group Re (31/12/2018)

Overall the total capital charge for insurance risks increased with 6,4% in 2018. This is mainly due to an increase of SCR Non-Life Catastrophe risk (+8,5%) induced by the strengthening of risk pooling via KBC Group Re for the reinsurance of property lines of business within the KBC Group.

C.2 Market risk

Market risk is the risk of potential losses resulting from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

The various types of market risk which are discussed in this section are:

- Interest rate risk
- Spread risk
- Equity risk
- Currency risk
- Concentration risk

KBC Group Re is not exposed to ‘Property risk’.

As seen in Figure 2, SCR for market risk represents 32,7 million EUR accounting for 29% of the undiversified basic Solvency II pillar 1 capital requirement. Table 5 shows the predominance of equity risk. Interest and spread risks reduced in 2018 because of the distribution of a significant dividend for the year 2017, and the decision to build an equity portfolio. This decision explains the large increase of equity risk.

mln EUR	31/12/2017	31/12/2018	Change
Interest rate risk	15,2	11,2	-26,4%
Equity risk	9,7	22,9	135,8%
Spread risk	11,6	8,1	-30,0%
Currency risk	0,5	2,8	445,6%
Concentration risk	6,0	2,3	-62,1%
Total SCR market risk before diversification	**43,0**	**47,3**	**9,9%**
Diversification benefits	17,1	14,6	-14,3%
Total SCR after diversification and adjustments	**26,0**	**32,7**	**25,8%**

Table 5 SCR Market Risk of KBC Group Re (31/12/2018)

Interest rate risk

Interest rate risk is the risk that the value of assets, liabilities and financial instruments will change due to fluctuations in interest rates.

The main technique used to measure and monitor interest rate risk is the 10 BPV (basis point value) method, which measures the extent to which the value of the portfolio would change if interest rates were to go up by ten basis points across the entire curve. Other techniques such as duration approach and stress testing are also used.

The required capital for interest risk is determined by calculating the impact on the available capital due to changes in the yield curve, and is the maximum loss resulting from (i) an upward shock or (ii) a downward shock according to the prescribed methodology. Due to its high capital buffer and to the low duration of its liabilities, it is the 'upward' shock that applies for KBC Group Re.

Spread risk

Spread risk is the risk that the value of assets, liabilities and financial instruments will change due to changes in the level or in the volatility of credit spreads over the risk-free interest rates.

This risk is managed via a strategic asset allocation that ensures a well-diversified high-quality investment grade portfolio. Where relevant, credit ratings provided by the external rating agencies are used to select assets and set and monitor limits. Although diminishing, a predominant part of the portfolio relates to sovereign exposures as shown in Table 6.

	31/12/2017		31/12/2018	
mln EUR	amount	in %	amount	in %
Bonds	**485,2**	**95,0%**	**393,3**	**82,3%**
of which Government bonds	320,9	62,8%	262,4	54,9%
of which Corporate bonds	164,3	32,2%	130,8	27,4%
Equity	**23,8**	**4,7%**	**70,0**	**14,7%**
of which Equity type 1	23,8	4,7%	61,6	12,9%
of which Equity type 2 (incl. Collective investment undertakings)	0,0	0,0%	8,4	1,8%
Cash	**1,6**	**0,3%**	**14,4**	**3,0%**
of which term deposits	*0,0*	*0,0%*	*0,0*	*0,0%*
of which cash at bank	*1,6*	*0,3%*	*14,4*	*3,0%*
Total	**510,6**	**100,0%**	**477,6**	**100,0%**

Table 6 Asset Mix KBC Group Re

As shown in Table 7, a limited part of the corporate bonds portfolio is not externally rated. In addition these relate to high quality issuers.

Rating	31/12/2017		31/12/2018	
Market value - mln EUR	amount	in %	amount	in %
AAA	14,1	8,6%	13,5	10,3%
AA	42,0	25,5%	36,1	27,6%
A	80,8	49,1%	60,6	46,3%
BBB	22,2	13,5%	16,9	12,9%
BB	2,1	1,3%	2,1	1,6%
B		0,0%	0,0	0,0%
CCC-C		0,0%	0,0	0,0%
Non rated	3,3	2,0%	1,6	1,3%
Total	**164,3**	**100%**	**130,8**	**100%**

Table 7 Rating distribution of the Corporate bonds portfolio

Evolution in country diversification of government bonds is shown in Table 8. KBC Group Re is most exposed to supranational issuers and Luxemburg.

Geographic distribution	31/12/2017		31/12/2018	
Market value - mln EUR	amount	in %	amount	in %
Belgium	22,8	7,1%	22,0	8,4%
Croatia	1,1	0,3%	0,0	0,0%
France	17,2	5,3%	16,8	6,4%
Ireland	21,7	6,8%	15,8	6,0%
Israel	3,4	1,1%	3,3	1,2%
Italy	28,5	8,9%	19,8	7,6%
Latvia	19,7	6,1%	18,1	6,9%
Lithuania	14,3	4,4%	6,7	2,6%
Luxemburg	37,6	11,7%	37,4	14,2%
Malta	1,2	0,4%	1,1	0,4%
Mexico	7,7	2,4%	7,5	2,9%
Netherlands	10,9	3,4%	10,4	4,0%
Poland	29,6	9,2%	24,7	9,4%
Roumania	5,8	1,8%	5,7	2,2%
Slovakia	5,0	1,6%	5,1	1,9%
Slovenia	11,3	3,5%	11,1	4,2%
Spain	32,3	10,1%	23,7	9,0%
Supranational	51,0	15,9%	33,3	12,7%
Total	**320,9**	**100%**	**262,4**	**100%**

Table 8 Country distribution of the Sovereign bonds portfolio

Within the standard formula of the Solvency II regime, required capital for spread risk is equal to the sum of capital requirement for bonds, structured products and credit derivatives. Of those only the capital requirement for bonds is relevant for KBC Group Re in the absence of structured products or derivatives in the portfolio. The capital requirement depends on (i) the market value, (ii) the modified duration and (iii) the credit quality category.

Equity risk

Equity risk is the risk that the value of assets, liabilities and financial instruments will change due to changes in the level or in the volatility of market prices of equities.

The ALM strategies for the insurance business are based on a risk-return evaluation, account taken of the market risk attached to open equity positions.

Table 9 shows the geographic distribution of the equity portfolio.

Geographic distribution	31/12/2017		31/12/2018	
mln EUR	amount	in %	amount	in %
Belgium	1,2	4,9%	1,5	2,5%
Finland	0,0	0,0%	1,3	2,1%
France	8,3	35,1%	23,1	37,6%
Germany	7,9	33,3%	17,8	28,9%
Ireland	0,0	0,0%	1,2	2,0%
Italy	1,2	5,0%	3,6	5,9%
Netherlands	2,4	9,9%	6,7	10,9%
Spain	2,8	11,8%	6,2	10,1%
Total	**23,8**		**61,6**	

Table 9 Geographic distribution of the equity portfolio

Currency risk

Currency risk is the risk that the value of assets, liabilities and financial instruments will change due to changes in the level or in the volatility of currency exchange rates.

A risk budget is determined and followed up.

Concentration risk

Concentration risk is the risk of an accumulation of exposures with the same counterparty.

To mitigate concentration risk, limits per (non-sovereign) issuer are foreseen in the investment strategy.

C.3 Credit risk

Credit risk or counterparty default risk reflects in the Solvency II standard formula possible losses due to unexpected default or deterioration in the credit standing of the counterparties and debtors. Assets that are in scope of spread risk are, by definition, not in scope of counterparty default risk, and vice versa.

For KBC Group Re, this affects the following types of exposures or assets:

- Reinsurance
- Cash and deposits
- Deposits with ceding undertakings
- Receivables

In the Solvency II standard formula a distinction is made between two types of exposures:

- Type 1: Exposures that are low diversified but usually have a rating
- Type 2: Exposures that are generally diversified with unrated counterparties

The total requirement for counterparty risk is an aggregation of the capital requirement for type 1 exposure and the capital requirement for type 2 exposure by taking a 75% correlation.

As seen in Figure 2, SCR for counterparty default risk represents 12,8 million EUR accounting for 12% of the undiversified basic Solvency II pillar 1 capital requirement. Further details can be found in Table 10. The increase of SCR for counterparty default risk results mainly from an increase of cash at bank, receivables and deposits with ceding companies.

mln EUR	31/12/2017	31/12/2018	Change
Type 1	1,3	3,2	152,0%
Type 2	8,1	10,3	26,7%
Diversification benefits	-0,3	-4,4	1470,2%
SCR Counterparty risk	**9,1**	**12,8**	**41,2%**

Table 10 SCR Counterparty Risk (31/12/2018)

To mitigate the risk in respect of reinsurance, minimum target Financial Strength Ratings are required when entering into a reinsurance contract. More stringent requirements apply for long-tail business (like liability).

On top of that, from a KBC Group perspective, entities are limited in taking credit concentration risk in their portfolios by the Portfolio Limit System (PLS). Limits are monitored per asset class, where ceded reinsurance is one class (note that this system also mitigates credit risk in respect of investments). This particular type of credit risk is measured by means of a nominal approach (the maximum loss under reinsurance contracts) and expected loss, among other techniques. Name concentration limits apply, using internal or external ratings.

C.4 Liquidity risk

Liquidity risk is the risk that an organisation will be unable to meet its payment obligations as they come due, without incurring unacceptable losses. Liquidity risk is not quantified in the Solvency Capital Requirement under the Solvency II regime.

Currently, the liquidity risk is managed through monitoring of the Investment Policy. This policy ensures that the investment portfolio consists mainly of highly liquid positions. Recourse to ‘repo’ transactions is also allowed up to 25 million EUR. Liquidity risk is on top of that mitigated by the possibility figuring in retrocession contracts to request cash claim payments from reinsurers once contractually determined thresholds have been exceeded.

Table 11 illustrates that 61% of the total assets is considered as having a high liquidity value.

mln EUR	31/12/2017	31/12/2018
Cash & Bank Deposits	1,6	14,4
Sovereign	320,9	262,4
Covered bonds	14,1	13,5
Total liquid assets	**336,6**	**290,3**
Total invested assets	**510,6**	**477,6**
Liquid assets as a % of total assets	**66%**	**61%**

Table 11 Liquidity of the assets of KBC Group Re

Table 12 shows the maturity profile of assets and liabilities. Assets are in all cases much larger then liabilities, which demonstrates that the company is not exposed to cash shortfall risk even in case of severe deterioration of the liabilities. This is due to the highly comfortable capital situation of KBC Group Re (large amount of surplus in comparison to liabilities).

mln EUR	2.019	2.020	2.021	2.022	2.023	2.024	2.025	2.026	2.027	2.028	> 2029
Assets	106,7	48,7	55,3	35,8	39,9	54,0	29,8	12,9	8,8	22,9	0,0
Liabilities	-0,7	22,7	5,8	4,4	2,6	1,6	1,1	0,9	0,6	0,5	6,7
GAP	**107,4**	**26,1**	**49,5**	**31,4**	**37,2**	**52,4**	**28,7**	**12,1**	**8,2**	**22,4**	**-6,7**

Table 12 Assets and liabilities gap (31/12/2018)

C.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems, human error or sudden external events, whether man-made or natural. Operational risks include non-financial risks such as information and compliance risks, but exclude business, strategic and reputational risks.

As seen in Figure 2, the SCR operational risk represents 1,3 million EUR accounting for 1,2% of the undiversified basic Solvency II pillar 1 capital requirement.

A single, global framework for managing operational risk applies across the entire KBC Group, defined by the Group risk function. In accordance with this framework, operational risk is measured via inter alia:

- Evaluation of the status of internal control for each processes
- Evaluation of the individual risk profile for each specific risk within each process
- Evaluation of the control effectiveness for the controls mitigating those specific risks
- Estimation of the potential impact of the effective operational loss events

Operational risk is mitigated by:

- Controls (group-wide and locally defined)
- Risk transfer via insurance

C.6 Other material risks

Business & strategic risk

Business risk is the risk arising from changes in external factors (the macroeconomic environment, regulations, client behaviour, competitive landscape, socio-demographic environment, etc.) that impact the demand for and/or profitability of products and services.

Strategic risk is the risk due to not taking a strategic decision, to taking a strategic decision that does not have the intended effect or to not adequately implementing strategic decisions.

Business and strategic risks are assessed as part of the strategic planning process via a risk scan that identifies the top financial and non-financial risks. Besides the risk scan, business and strategic risks are continually monitored by means of risk signals being reported to management.

Reputational risk

Reputational risk is the risk arising from the negative perception on the part of clients, counterparties, shareholders, investors, debt-holders, market analysts, other relevant parties or regulators that can adversely affect a financial institution's ability to maintain existing, or establish new business relationships and to have continued access to sources of funding.

Reputational risk is mostly a secondary or derivative risk since it is usually connected to and will materialise together with another risk. In the KBC Group it is governed by a Reputational Risk Management Framework. The pro-active and re-active management of reputational risk is the responsibility of the business. Under the pillar 2 approach to capital, the impact of reputational risk on the current business is covered in the first place by the capital charge for primary risks.

C.7 Any other information

Sensitivity analyses and stress testing

Risk sensitivity and stress testing exercises are set up to uncover risks that otherwise stay unidentified and also allow observing how risk measurements would evolve under stressed conditions. These sensitivity exercises are performed on a regular basis.

Stress testing is an important risk management tool that adds value both to strategic processes and to day-to-day risk management (risk identification, risk appetite and limit setting, etc.). As such, stress testing is an integral part of the risk management framework, and an important building block of ORSA (the Own Risk and Solvency Assessment).

Stress tests can be initiated by the regulators (EIOPA, group regulator or local regulator), or be performed internally (within the insurance group or locally).

D. Valuation for solvency purposes

This chapter contains information regarding the valuation of the balance sheet items. A detailed situation as per end 2018 is shown in Table 13. A more detailed composition of the Solvency II values can be found in the QRT S.02.01.02 regarding the “Balance Sheet”.

For each material class of assets or liabilities:

- The bases, methods and main assumptions used for valuation for solvency purposes are described
- A quantitative and qualitative explanation of any material difference between the valuation for solvency purposes and the valuation in the financial statements is given.
-

31/12/2018 (X 1.000 EUR)	LuxGaap Value	Solvency II Value	Delta
Intangible assets	100	0	-100
Investments	437.286	463.274	25.987
Equities	*63.852*	*69.987*	*6.136*
Bonds	*373.435*	*393.286*	*19.852*
Deposits to cedants	37.414	37.414	0
Technical provisions - part of reinsurance	10.237	-779	-11.016
(Re)insurance receivables	8.796	8.796	0
Cash	14.366	14.367	1
Tangible assets	240	240	0
Other assets	31.494	31.571	77
TOTAL ASSETS	**539.934**	**554.883**	**14.949**
Technical provisions	392.200	62.846	-329.353
TP representing liabilities	*62.206*	*42.938*	*-19.268*
Risk Margin		*19.909*	*19.909*
Equalization Provision	*329.994*	*0*	*-329.994*
Other provisions	54.483	58.832	4.349
Deposits from reinsurers	5.058	5.058	0
Payables	9.144	9.209	65
Deferred taxes	0	88.987	88.987
Other liabilities	0	0	0
TOTAL LIABILITIES	**460.885**	**224.933**	**-235.952**
Excess of Assets over liabilities	**79.049**	**329.950**	**250.901**

Table 13 Valuation of assets and liabilities in the financial statements and within Solvency II

D.1 Assets

D.1.1 FAIR VALUE MEASUREMENT

In line with the Delegated regulation, valuation of financial assets for solvency purposes is based on 'fair value'. The following three hierarchical levels are used to determine the fair value:

Level 1: Fair value based on quoted prices in active markets

The fair value hierarchy gives the highest priority to 'level 1 inputs'. This means that, when there is an active market, quoted prices have to be used to measure the financial assets or liabilities at fair value. Level 1 inputs are prices that are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency. They represent actual and regularly occurring market transactions on an arm's length basis. No valuation technique (model) is in this case involved.

Level 2: Fair value based on observable market data

Observable inputs are also referred to as 'level 2 inputs' and reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources. Observable inputs reflect an active market. Examples of observable inputs are the risk-free rate, exchange rates, stock prices and implied volatility. Valuation techniques based on observable inputs include discounted cash flow analysis, reference to the current or recent fair value of a similar instrument, or third-party pricing, provided that the third-party price is in line with alternative observable market data.

Level 3: Fair value not based on observable market data

Unobservable inputs are also referred to as 'level 3 inputs' and reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability including assumptions regarding the risks involved. Unobservable inputs reflect a market that is not active. For example, proxies and correlation factors can be considered to be unobservable in the market.

D.1.2 MAIN ASSETS CATEGORY

Intangible assets

Intangible assets cannot be sold separately and are not recognized in the Solvency II framework: valuation for solvency purposes is set to nil.

In the LuxGaap financial statements, those assets (mostly software licenses) are valued at acquisition costs, and depreciated on a straight-line basis over their estimated useful lives.

Investments

Investments of KBC Group Re are mostly composed of bonds (85%).

Valuation for solvency purposes is based on 'fair value' as defined in section D.1.1.

In the LuxGaap financial statements:

- investments in bonds are measured at amortised cost, minus impairments when it is expected that the impairment in value is permanent
- investments in equities are measured using the 'lower of cost or market' method

Technical provisions – part of reinsurance

See section D.2.

Deposits to cedants

Deposits to cedants are valued at their nominal value, both in LuxGaap and for solvency purposes. Value adjustments are made when the realisable value is uncertain.

Receivables

Receivables are valued at their nominal value, both in LuxGaap and for solvency purposes. Value adjustments are made when the realisable value is uncertain.

Cash

Cash is valued at fair value, both in LuxGaap and in Solvency II.

D.2 Technical provisions

KBC Group Re is exclusively active in non-life reinsurance (this includes health which is underwritten according to non-life principles). Technical Provisions of pure non-life and health policies are measured in a common process with identical methods and main assumptions. As such, both can be considered as a single business activity.

D.2.1 TECHNICAL PROVISIONS – VALUATION FOR SOLVENCY PURPOSES

In general, the technical provisions on the Solvency II economical balance sheet have to be calculated as the sum of a Best Estimate and a risk margin:

- The ***Best Estimate*** corresponds to the probability-weighted average of future cash flows, taking into account the time value of money, using the relevant risk-free interest rate term structure.
- The ***risk margin*** is calculated by determining the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support the (re)insurance obligations over their lifetime. The cost of capital is defined by the regulator and is set at 6%.

When calculating the Best Estimate, a projection of the estimated future cash flows is consequently made. Those cash flows are subsequently discounted using the risk free interest rate term structure, prescribed by the regulator.

The calculation of the Best Estimate requires the contracts to be split up in homogeneous risk groups. These are groups with similar characteristics and dynamics, for which the same assumptions are then used when projecting the cash flows in the future. The company therefore makes a distinction between ‘short-tail’ and ‘long-tail’ lines of business.

Solvency II requires calculations to be performed separately for ‘premium provisions’ and ‘provisions for claims outstanding’. Both types of provisions are calculated according to different (standard) actuarial techniques.

Part of the reinsurers in both types of provisions is determined as the difference between the gross and the net of reinsurance provisions, less an adjustment for expected (mean) reinsurers’ default.

Premium provision

The premium provision relates to claim events occurring after the valuation date and during the remaining in-force period (coverage period) of existing policies held by the undertaking.

The calculation of the gross Best Estimate of the premium provisions relates to:

- All expected future premiums for existing policies
- All future claim payments for existing policies, arising from future events past the valuation date.
- All expenses related to the above: allocated or unallocated claims expenses, ongoing administration of these policies, future acquisition costs, overhead expenses, …

The premium provision is calculated on the assumption that the portfolio of policies in the risk group is stable enough, such that claims experience from the past can be used to make predictions of claims that will occur in the future. Also the assumptions regarding the timing of future cash flows are based upon past claims experience.

Provisions for claims outstanding

The provisions for claims outstanding relate to claim events that have already occurred but are not settled yet, regardless of whether the claims arising from these events have been reported or not.

Different techniques are used, depending on the claim size: attritional claims are valued using actuarial techniques while large claims are valued on an individual claim level. An estimate is also made for those claims that have already occurred but have not yet been reported at valuation date. The Best Estimate for claims outstanding also includes provisions for claim handling costs, both internal and external.

Impact of volatility adjustment

KBC Group Re applies the volatility adjustment for discounting cash flows to determine the Best Estimate. Table 14 shows the moderate impact of this volatility adjustment.

31/12/2018 (X 1.000 EUR)	Amount with Volatility adjustment	Impact of volatility adjustment set to zero
Technical provisions	62.846	528
Basic own funds	314.439	-308
Eligible own funds to meet Solvency Capital Requirement	314.439	-308
Solvency Capital Requirement	61.005	0
Eligible own funds to meet Minimum Capital Requirement	314.439	-308
Minimum Capital Requirement	15.251	0

Table 14 Impact of the volatility adjustment (31/12/2018)

Level of uncertainty

In line with the Solvency II requirements, the uncertainty on the Technical Provisions is assessed. Within the KBC Group this is done via a 'Measurement risk assessment' process.

Due to its role of internal reinsurer of KBC Group, gross results of KBC Group Re are very volatile and single large claims dominate the technical provisions. For KBC Group Re, the 'Measurement risk assessment' consequently reveals that uncertainty around the final amount of Technical provisions is high. The Best Estimate calculation process is to an important extent based on expert judgement for the large claims and a large amount of uncertainty cannot be avoided.

KBC Group Re compensates this phenomenon with a sound capital and reinsurance policy.

D.2.2 TECHNICAL PROVISIONS – LUXGAAP VALUATION

In LuxGaap a distinction is made between the following types of provisions:

- Provision for unearned premiums
- Provision for claims outstanding
- Equalization provision

Those provisions are not discounted.

Provision for unearned premiums

The provision for unearned premiums comprises the amount representing the part of premiums written which is to be allocated to subsequent financial years. It is computed separately for each contract.

This applies to gross premiums and premiums ceded to reinsurers.

Provision for claims outstanding

The provision for claims is established on the basis of reports and individual estimates received from the ceding companies, where necessary supplemented with other information available. The amount of provision ceded to reinsurers is then calculated based on contractual agreements.

For 'claims incurred but not reported' at balance sheet date, an IBNR (Incurred But not Reported) provision is set aside. This IBNR provision is calculated using actuarial techniques.

A provision for the internal costs of settling claims is calculated at a percentage that is based on past experience.

Equalization provision

In accordance with the rules applicable for reinsurance companies in Luxembourg, an equalization provision must be established by KBC Group Re. Based on the grand ducal regulation relating to the supervision of reinsurance companies, 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 a multiple based on actuarial methods and approved by the local supervisor (multiples depend on the risk bucket).

In the event of a loss in a subsequent accounting period, a share of the equalization provision must be reintegrated into the result of the year in order to compensate for the loss.

This provision is not recognized under the Solvency II regime and set to nil. This complies with the fair value valuation principle.

D.3 Other liabilities

Other liabilities mainly relate to tax provisions and deferred taxes:

- Current tax provisions: the estimated amount of taxes payable until valuation date serves as valuation amount both for solvency purposes and in the LuxGaap financial statements.
- Deferred taxes result from the netting of deferred tax liabilities over deferred tax assets. Those deferred taxes are not recognized in the LuxGaap statements and arise from:
  - Carry forwards of unused tax losses (deferred tax asset)
  - Temporary differences between the SII value of assets and liabilities and their value as recognized for tax purposes

  Deferred tax liability amounts as per 31/12/2018 to 89 million EUR, mainly due to a difference in the valuation of technical provisions (non-recognition of the equalization provision in Solvency II).

D.4 Alternative methods for valuation

Not applicable for KBC Group Re.

D.5 Any other information

Other material information about valuation does not apply.

E. Capital Management

The solvency of KBC Group Re is calculated on the basis of the Solvency II regime.

The minimum solvency ratio required by the regulator amounts to 100% of the Solvency Capital Requirement (SCR). Within KBC Group, the capital management process aims at reaching an optimal balance between regulatory requirements, rating agencies views, market expectations and management ambitions. It is a key management process relating to all decisions on the level and composition of the capital, both at group level and locally.

An important process in this context is the Alignment of Planning Cycles (APC). As explained in Chapter B, this yearly process aims to create an integrated three-year plan in which the strategy, finance, treasury and risk perspectives are collectively taken into account. In this process, the risk appetite of the group is set and cascaded by setting risk limits at entity level. The APC is not only about planning: it is also about closely monitoring the execution of the plan in all its aspects.

Next to APC, an Own Risk and Solvency Assessment (ORSA) is conducted on a regular basis, in accordance with Solvency II requirements. The aim of the ORSA is to monitor and ensure that business is managed in a sound and prudent way and that the company is adequately capitalised in view of its risk profile and the quality of its risk management and control environment. The ORSA process draws to a large extent on the same 'core processes' and includes APC, risk appetite setting and ongoing business, risk and capital management processes.

E.1 Own funds

Solvency II regulations require the (re)insurance companies to classify own-fund items in accordance with quality criteria into three tiers. Classification depends upon whether they are basic own fund or ancillary own-fund items, and the extent to which they possess the following characteristics:

- the item is available, or can be called up on demand, to fully absorb losses on a going-concern basis, as well as in the case of winding-up (permanent availability).

- in the case of winding-up, the total amount of the item is available to absorb losses and the repayment of the item is refused to its holder until all other obligations, including insurance and reinsurance obligations towards policy holders and beneficiaries of insurance and reinsurance contracts, have been met (subordination).

Tier 1 capital consists of basic own funds that present both the permanent availability and subordination characteristics

Tier 2 capital consists of ancillary own funds and of basic own funds that present only the subordination characteristics

Tier 3 capital consists of any basic or ancillary own funds that are not classified as tier 1 and tier 2.

Table 15 details the capital position of KBC Group Re, which is exclusively composed of Tier 1 items.

(X 1.000 EUR)	31/12/2017	31/12/2018
Own funds - Tier 1	**326.259**	**314.439**
LuxGaap shareholders equity	81.851	79.049
Dividend payout (-)	-28.970	-15.511
Difference in the valuation of assets	23.134	14.949
Difference in the valuation of technical provisions	346.345	329.353
of which equalization provision	*344.440*	*330.000*
Difference in the valuation of other liabilities	-96.102	-93.401
of which deferred taxes	*-96.102*	*-88.987*

Table 15 Capital position of KBC Group Re

An extensive explanation of the reconciliation from the LuxGaap equity to the Solvency II eligible own funds is presented in Chapter D.

By the end of 2018, Tier 1 Own funds amounted to 314,4 million EUR, eligible to cover both the Minimum Capital Requirement and Solvency Capital Requirement. The small decrease (-3,6%) compared to year-end 2017 is due to a reduction of the equalization provision in the LuxGaap financial statements leading to a commeasured dividend pay-out.

More information about the “Own funds” can be found in the QRT S.23.01.22.

E.2 Solvency Capital Requirement & Minimum Capital Requirement

The Solvency Capital Requirement and Minimum Capital requirement are calculated based on the standard model. No (partial or full) internal model is used. KBC Group Re does not use simplifications or undertaking specific parameters when applying the standard formula.

A detailed split of the Solvency Capital Requirement by risk modules can be found in Figure 2 in Chapter C, where individual risk profiles are also extensively discussed.

KBC Group Re met the solvency requirements. As can be seen in Table 16, the solvency ratio stood at 515% at 31/12/2018.

(X 1.000 EUR)	31/12/2017	31/12/2018
Own funds - Tier 1	326.259	314.439
Solvency capital requirement (SCR)	53.560	61.005
Ratio of Eligible own funds to SCR	609%	515%
Minimum capital requirement (MCR)	13.390	15.251
Ratio of Eligible own funds to MCR	2437%	2062%

Table 16 Solvency ratios of KBC Group Re (31/12/2018)

More information can be found in the Quantitative Reporting Template (QRT) S.25.01.22.

E.3 Use of the duration-based equity risk sub-module in the calculation of SCR

Not applicable for KBC Group Re.

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

Not applicable for KBC Group Re.

E.5 Non-compliance with the MCR and non-compliance with the SCR

KBC Group Re is compliant with the Minimal Capital Requirement as well as with the Solvency Capital Requirement.

E.6 Any other information

No other information to report.

ANNEXES

S.02.01.02 – Balance sheet (x 1.000 EUR)

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	240
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	463274
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	61602
Equities - listed	R0110	61602
Equities - unlisted	R0120	1
Bonds	R0130	393286
Government Bonds	R0140	262443
Corporate Bonds	R0150	130844
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	8385
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	-779
Non-life and health similar to non-life	R0280	-779
Non-life excluding health	R0290	-495
Health similar to non-life	R0300	-284
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	37414
Insurance and intermediaries receivables	R0360	4705
Reinsurance receivables	R0370	4091
Receivables (trade, not insurance)	R0380	0
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	14367
Any other assets, not elsewhere shown	R0420	31571
Total assets	R0500	554883

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	62846
Technical provisions – non-life (excluding health)	R0520	59400
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	41716
Risk margin	R0550	17684
Technical provisions - health (similar to non-life)	R0560	3446
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	1222
Risk margin	R0590	2225
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	0
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Other technical provisions	R0730	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	58832
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	5058
Deferred tax liabilities	R0780	88987
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	0
Reinsurance payables	R0830	1199
Payables (trade, not insurance)	R0840	8010
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	224933
Excess of assets over liabilities	R1000	329950

S.05.01.02 – Premiums, claims and expenses by line of business (non-life insurance and reinsurance obligations) (x 1.000 EUR)

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0	0	235	2590	8165	0	0	27	3891					14908
Gross - Non-proportional reinsurance accepted	**R0130**													1477	5884	158	10084	17603
Reinsurers' share	**R0140**	0	0	0	0	0	0	1169	2152	0	0	0	955	697	3106	0	5948	14027
Net	**R0200**	0	0	0	0	0	235	1421	6013	0	0	27	2936	780	2778	158	4137	18485
Premiums earned		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Direct Business	**R0210**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0	0	235	3257	8165	0	0	27	3891					15575
Gross - Non-proportional reinsurance accepted	**R0230**													1477	5884	158	10045	17564
Reinsurers' share	**R0240**	0	0	0	0	0	0	1169	2152	0	0	0	955	697	3106	0	5948	14027
Net	**R0300**	0	0	0	0	0	235	2088	6013	0	0	27	2936	780	2778	158	4098	19112
Claims incurred		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Direct Business	**R0310**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	**R0320**	0	-5	31	0	0	168	62	-6140	-443	0	28	82					-6216
Gross - Non-proportional reinsurance accepted	**R0330**													868	4045	26	4258	9197
Reinsurers' share	**R0340**	0	104	0	155	0	1	-15	-40	-205	0	7	-82	52	126	-2	3787	3887
Net	**R0400**	0	-109	31	-155	0	167	77	-6100	-237	0	22	163	816	3919	28	471	-906
Changes in other technical provisions		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Direct Business	**R0410**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non- proportional reinsurance accepted	**R0430**													0	0	0	0	0
Reinsurers'share	**R0440**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	0	0	0	0	0	87	288	909	0	0	5	361	96	647	9	1149	3552
Other expenses	**R1200**																	0
Total expenses	**R1300**																	3552

S.17.01.02 Non-Life Technical Provisions (x1.000 EUR)

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010						0	0	0	0	0	0	0	0	0	0	0	0
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						0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060						-67	-918	-2664	0	0	-8	-1365	-508	-2054	-49	-3123	-10757
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						0	-283	-776	0	0	0	-445	-374	-2105	0	-3380	-7363
Net Best Estimate of Premium Provisions	R0150						-67	-635	-1888	0	0	-8	-920	-134	51	-49	257	-3394
Claims provisions																		
Gross	R0160						117	525	7545	7	0	1	1583	1730	19506	163	22519	53695
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						0	3	255	-18	0	0	231	90	1528	0	4495	6584
Net Best Estimate of Claims Provisions	R0250						117	522	7290	24	0	1	1352	1640	17978	163	18024	47111
Total Best estimate - gross	R0260						49	-393	4881	7	0	-8	218	1222	17452	114	19396	42938
Total Best estimate - net	R0270						49	-113	5402	24	0	-8	432	1506	18028	114	18281	43717
Risk margin	R0280						417	7953	1845	3	0	1	500	2225	2336	415	4214	19909
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	R0290						0	0	0	0	0	0	0	0	0	0	0	0
Best estimate	R0300						0	0	0	0	0	0	0	0	0	0	0	0
Risk margin	R0310						0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total																		
Technical provisions - total	R0320						467	7560	6727	9	0	-6	718	3446	19787	529	23609	62846
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330						0	-280	-521	-18	0	0	-214	-284	-577	0	1114	-779
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340						467	7840	7247	27	0	-6	932	3731	20364	529	22495	63626

S.19.01.21 Non-Life Insurance Claims Information (x1.000 EUR)

Total Non-Life Business

Accident year / Underwriting year	Z0020	1

Gross Claims Paid (non-cumulative)
(absolute amount)

		Development year											In Current year	Sum of years (cumulative)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											2922,423	2922,42296	2922,42296
N-9	R0160	609,67435	2388,2367	3638,3068	1141,6675	102,31599	181,11843	-54,46548	-138,27341	8,93657	-6,10377		-6,10377	7871,41359
N-8	R0170	7134	5258,9942	31632,499	1511,3245	477,06414	219,6983	85,02664	163,41316	22,54404			22,54404	46504,56416
N-7	R0180	546,91903	1066,8669	745,65219	568,47413	75,00545	7,02047	9,0208	0,88075				0,88075	3019,83968
N-6	R0190	473,96719	911,10197	214,77621	32,04514	102,17945	93,61053	-32,51506					-32,51506	1795,16543
N-5	R0200	1976,8284	2053,7116	325,29275	99,18468	126,19829	13,48094						13,48094	4594,69668
N-4	R0210	756,32763	3520,8972	1991,7477	321,80447	15,89378							15,89378	6606,67075
N-3	R0220	201,4356	4544,1008	3370,1108	163,70735								163,70735	8279,35452
N-2	R0230	61,37151	1351,499	1855,4517									1855,45169	3268,32215
N-1	R0240	147,04081	368,33649										368,33649	515,3773
N	R0250	83,066											83,066	83,066
Total	R0260												5407,16517	85460,89322

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year											Year end (discounted data)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +	
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											9692,9121	8925,85235
N-9	R0160	0	0	0	0	0	0	0	263,4124	183,52913	62,95629		61,57568
N-8	R0170	0	0	0	0	0	0	1816,4944	1766,6015	2687,6895			2677,24329
N-7	R0180	0	0	0	0	0	243,78108	204,73119	236,54666				233,87422
N-6	R0190	0	0	0	0	1552,5163	1048,9388	1627,9402					1393,28705
N-5	R0200	0	0	0	399,70929	170,49752	151,96866						151,75383
N-4	R0210	0	0	3517,3536	2097,8075	2209,3561							2198,14258
N-3	R0220	0	4942,2714	760,17322	185,92775								176,38566
N-2	R0230	26746,035	26712,115	23896,163									22888,32861
N-1	R0240	5576,6824	3004,4361										2905,75065
N	R0250	10767,083											10517,54463
Total	R0260												52129,73855

S.22.01.22 – Impact of long term guarantees and transitional measures (X1.000 EUR)

		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**
Technical provisions	**R0010**	62846	0	0	528	0
Basic own funds	**R0020**	314439	0	0	-308	0
Eligible own funds to meet Solvency Capital Requirement	**R0050**	314439	0	0	-308	0
Solvency Capital Requirement	**R0090**	61005	0	0	0	0
Eligible own funds to meet Minimum Capital Requirement	**R0100**	314439	0	0	-308	0
Minimum Capital Requirement	**R0110**	15251	0	0	0	0

S.23.01.22 – Own funds (X1.000 EUR)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
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**	41693	41693		0	
Share premium account related to ordinary share capital	**R0030**	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	0	0		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Surplus funds	**R0070**	0				
Preference shares	**R0090**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Reconciliation reserve	**R0130**	272746				
Subordinated liabilities	**R0140**	0				
An amount equal to the value of net deferred tax assets	**R0160**	0				
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	0	0	0	0	0
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**	0				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	0	0	0	0	0
Total basic own funds after deductions	**R0290**	314439	314439	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	0			0	
Unpaid and uncalled preference shares callable on demand	**R0320**	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	0			0	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	0			0	0
Other ancillary own funds	**R0390**	0			0	0

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**					
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	314439	314439	0	0	
Total available own funds to meet the MCR	**R0510**	314439	314439	0	0	
Total eligible own funds to meet the SCR	**R0540**	314439	314439	0	0	
Total eligible own funds to meet the MCR	**R0550**	314439	314439	0	0	
SCR	**R0580**	61005				
MCR	**R0600**	15251				
Ratio of Eligible own funds to SCR	**R0620**	5,154286888				
Ratio of Eligible own funds to MCR	**R0640**	20,61714789				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	329950	
Own shares (held directly and indirectly)	**R0710**	0	
Foreseeable dividends, distributions and charges	**R0720**	15511	
Other basic own fund items	**R0730**	41693	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced	**R0740**	0	
Reconciliation reserve	**R0760**	272746	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	0	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	10757	
Total Expected profits included in future premiums (EPIFP)	**R0790**	10757	

S.25.01.22 – Solvency capital requirement (for groups on Standard Formula) (X1.000 EUR)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	32672		
Counterparty default risk	R0020	12845		
Life underwriting risk	R0030	0	None	
Health underwriting risk	R0040	9612	None	
Non-life underwriting risk	R0050	56451	None	
Diversification	R0060	-30417		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	81163		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1288
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-21445
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	61005
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	61005
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 Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (X1.000 EUR)

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	10237

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	49	235
Fire and other damage to property insurance and proportional reinsurance	R0080	0	1421
General liability insurance and proportional reinsurance	R0090	5402	6013
Credit and suretyship insurance and proportional reinsurance	R0100	24	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	27
Miscellaneous financial loss insurance and proportional reinsurance	R0130	432	2936
Non-proportional health reinsurance	R0140	1506	780
Non-proportional casualty reinsurance	R0150	18028	2778
Non-proportional marine, aviation and transport reinsurance	R0160	114	158
Non-proportional property reinsurance	R0170	18281	4137

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation

		C0070
Linear MCR	R0300	10237
SCR	R0310	61005
MCR cap	R0320	27452
MCR floor	R0330	15251
Combined MCR	R0340	15251
Absolute floor of the MCR	R0350	1200
		C0070
Minimum Capital Requirement	R0400	15251

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