



**Solvency & Financial
Condition Report 2022**
KBC Group Re



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Summary

The Solvency & Financial Condition Report (SFCR) has to be published on a yearly basis 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 low 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 at 31 December 2022 is 337% (including volatility adjustment), far above the minimum requirement of 100%.
- The LuxGaap result for 2022 amounted to -0,03 million EUR.
- Net earned premiums amounted to 27,4 million EUR in 2022 which is 1,8% down compared to 2021.
- The Combined ratio for 2022 stood at 114,9% and was negatively impacted by a few large claims (notably the February storms).
- Investment income and unrealized gains decreased significantly compared to 2021, owing primarily to depressed equity markets and rising/volatile interest yields and inflation, in the context of the Russian-Ukrainian conflict.

Forward looking statements - Subsequent events

The expectations, forecasts and statements regarding future developments that are contained in this report are based on assumptions and assessments we made when drawing up this report in early March 2023. By their nature, forward-looking statements involve uncertainty. Various factors could cause actual results and developments to differ from the initial statements.

When writing this report, the problems of several US banks (a.o. SVB) and the spillover effects towards Europe (Credit Suisse) were creating very volatile market circumstances, impacting interest rates, equities and spreads. Currently there is no indication that the current banking turmoil changes any of the conclusions made in this SFCR report, but management is closely monitoring the situation.

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 subjected to a screening of authorized management representatives to ensure quality.

In addition, the 2022 Solvency & Financial Condition Report was distributed to the Board of Directors to ensure appropriate approval was obtained from 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 2024.

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 (As of March 1st, 2023)

	Standard & Poor's
KBC Group Re SA	A (stable outlook)

Management

Day-to-day management	Ivo Bauwens
Chairman of the Board of Directors	Jan Van Hove

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 11, rue Robert Stumper, L-2557 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 2022 the company employed 9,9 persons (Full time equivalent)

The strategy of the company is embedded in the strategy of the KBC Group, which rests on the following principles:

- ✓ Principle 1: We place our clients at the centre of everything we do.
- ✓ Principle 2: We look to offer our clients a unique bank-insurance experience.
- ✓ Principle 3: We focus on our Group's long-term development and aim to achieve sustainable and profitable growth.
- ✓ Principle 4: We meet our responsibility to society and local economies.
- ✓ Principle 5: We put our strategy into practice within a stringent risk, capital and liquidity management framework.

For more detailed information, please see the KBC Group annual report for 2022.

KBC Group is an integrated bank-insurance group whose core markets are Belgium, Bulgaria, the Czech Republic, Hungary and Slovakia for a total of more than 13 million clients. Its network is organized around ca. 1200 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.

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)	2022	2021	Change in amount	Change in %
Net earned premiums Non-Life	27.372	27.885	-513	-1,8%
Gross Earned premiums	68.462	51.694	16.768	32,4%
Ceded reinsurance premiums	-41.091	-23.809	-17.281	72,6%
Net claims incurred	-28.166	-19.352	-8.814	45,5%
Gross claims incurred	-88.276	-39.725	-48.550	122,2%
Reinsurers' share in claims incurred	60.109	20.373	39.736	195,0%
Net operating expenses	-3.292	-3.424	133	-3,9%
Net acquisition costs	-1.193	-1.355	162	-11,9%
Administrative expenses	-2.098	-2.069	-29	1,4%
Investment Income	54	32.954	-32.901	-99,8%
Interest income	3.691	4.323	-632	-14,6%
Dividend income	2.443	4.671	-2.228	-47,7%
Net realized result from investments	4.955	15.547	-10.592	-68,1%
Value adjustments	-10.784	8.889	-19.672	-221,3%
Other investments related incomes/costs	-251	-475	223	-47,0%
Net other income	255	438	-183	-41,8%
Change in the equalization provision	3.924	-8.998	12.922	-143,6%
Extraordinary gain/loss	-1	0	-1	
Taxes	-175	-1.116	941	-84,3%
Result after tax	-31	28.386	-28.416	-100,1%

Table 1 Income statement, using LuxGAAP rules

The LuxGaap result of KBC Group Re amounted to -0,03 million EUR in 2022 (compared to +28,4 million EUR in 2021), after withdrawal from the equalization provision for an amount of 3,9 million EUR. More details on the underwriting and investment performance are given in the following two sections.

A.2 Underwriting performance

Earned premiums totalled 27,4 million EUR in 2022, showing a decrease of 1,8% when compared to 27,9 million EUR in 2021.

	2022	2021
Net claims ratio	102,9%	69,4%
Net expense ratio	12,0%	12,3%
Combined ratio	114,9%	81,7%

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.

In 2022, the net claims ratio stood at 102,9% and net claims incurred totalled 28,2 million EUR. Single large claims and events significantly influenced the claims ratio, among which the Dudley, Eunice and Franklin storms in February and a KBC external fraud case.

The expense ratio decreased from 12,3% to 12,0%.

The combined ratio increased from a good 81,7% in 2021 to 114,9% due to above mentioned unfavorable claim 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

Investment income totalled 0,05 million EUR compared to 33 million EUR in 2021 (-99,8%). The war in Ukraine, alongside other geopolitical uncertainties, sent a shockwave throughout the global economy. It resulted in an increase in energy and commodity prices and supply-side shortages, which were already stressed following the coronavirus pandemic. This resulted in upward pressure on interest rates, volatility and reduced liquidity on financial markets. This explains:

- The high negative amount of value adjustments (depreciations of equities) of -10,8 million EUR, while in 2021 a positive adjustment of 8,9 mln EUR was observed.
- The lower amount of realized gains which amounted to 5 million EUR, compared to 15,5 million EUR in 2021.

These come on top of a decrease of interest income from 4,3 million EUR in 2021 to 3,7 million EUR due to a declining portfolio volume.

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)	12/31/2022	12/31/2021	Change in amount	Change in %
BONDS				
Solvency 2 value	254.543	315.001	-60.459	-19%
Book value	280.778	303.030	-22.252	-7%
Unrealized gains/losses	-26.236	11.971	-38.207	-319%
EQUITIES				
Solvency 2 value	87.226	104.803	-17.577	-17%
Book value	80.822	87.915	-7.093	-8%
Unrealized gains/losses	6.405	16.888	-10.483	-62%

Table 3 Investment portfolio values

Overall reduction of volume of the bonds and equities portfolios is to a large extent due to rising interest yields and depressed equity markets, but also to the distribution of a dividend for an amount of 32,9 million EUR for the year 2021.

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

A.4 Performance of other activities

No other activities are material enough to be included in this SFCR report.

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 5) 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:

- On behalf of KBC Group:
 - The Internal auditor;
 - The Chief Risk Officer (CRO);
 - The Compliance Officer.
- And on behalf of KBC Group Re:
 - The General Manager of the company;
 - The Actuarial Function Holder ;
 - The Risk Management Function Holder;
 - The Compliance Function Holder.

The external auditors are invited at least once a year.

Reporting of the control functions

The local Risk function, the 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.
- 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

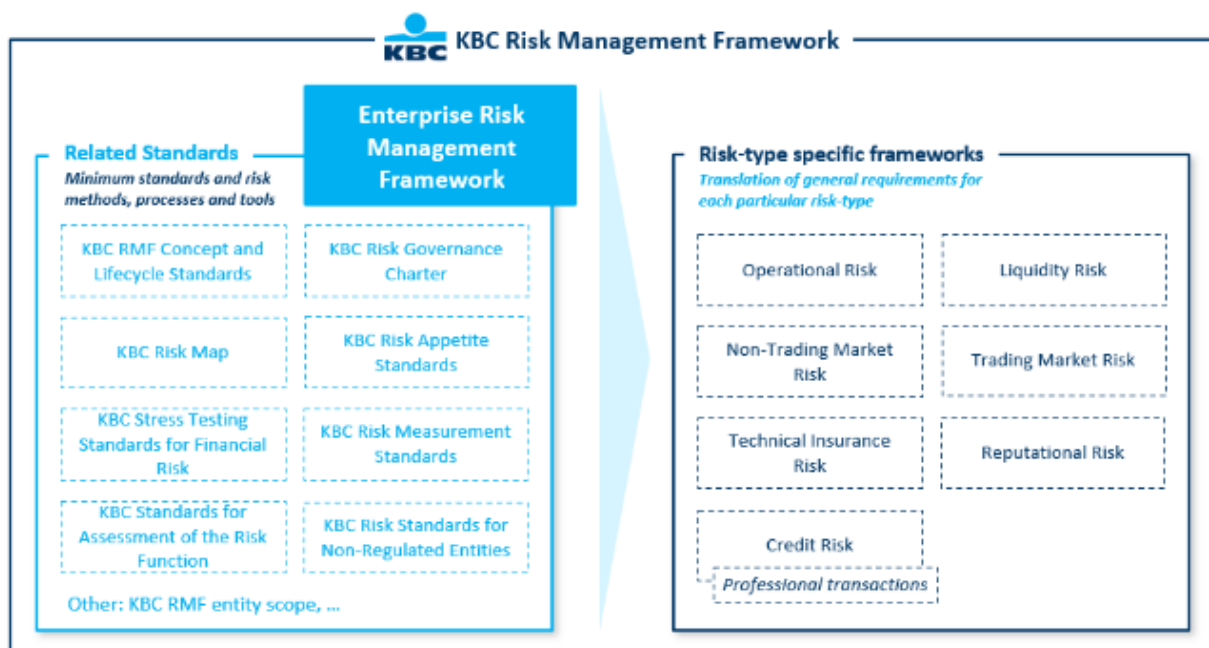
Risk management is a key component of the strategic management of KBC Group. It aims to improve both KBC's risk resiliency and agility in a changing environment and refers to the coordinated set of activities to manage the many risks that can affect KBC group in its ability to achieve its objectives.

The principles that govern sound risk management within KBC Group are documented in the KBC Risk Management Framework (KBC RMF). The KBC RMF sets a strict governance and clear rules and procedures on how risk management should be performed throughout the Group by defining standards for risk management that need to be applied Group-wide in a consistent manner.

The KBC RMF finds its origin in KBC's overall risk strategy, as defined by the KBC Risk Appetite, which effectively sets the bar for risk management throughout KBC and is formally approved by the Board of Directors.

As KBC is a Financial Conglomerate covering multiple financial sectors and active in a wide range of activities, the KBC RMF combines a holistic, integrated and enterprise-wide view on risk in the Enterprise RMF (ERMF) and a more detailed risk-type specific view in the risk-type specific RMFs.

This is reflected in the structure of the KBC RMF diagram below:



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 conduct 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, which is reviewed on an annual basis, describes the general KBC approach to the ORSA-process and its outcome. The ORSA policy describes the objectives and implementation of the ORSA within KBC, highlights its key underlying processes and the roles and responsibilities of the different stakeholders involved. 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 and KBC Group Re. 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. 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 development 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 manage stress & scenario testing, request (ad-hoc) mid- and long-term risk assessments and review the underpinning ambition and approach.

The annual ORSA process assesses the situation at 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.

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 will link this conclusion to the:

- Changes in the amount and composition of available regulatory capital over the planning horizon and under different economic circumstances.
- Changes in required regulatory capital over the planning horizon, taking into account expected changes to the risk profile.
- 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

To further improve the Internal Control System within the KBC Group, the three lines of defence concept is implemented.

The roles and responsibilities of the different actors within the three lines of defence are highlighted in this chapter.

✓ **First line of defence: business entities**

The first line of defence (business) has full ownership of its risks. It needs to identify, understand and deal with these risks and have the necessary controls executed. This involves allocating sufficient priority and capacity to risk topics, making sure the business self-assessments are of a sufficient quality, and performing the right controls in the right manner.

The table below summarises the roles and responsibilities of the first line of defence.

Function	Description
Strategy and governance	- Develop a local business strategy within the defined risk appetite - Locally implement the KBC Risk Management Framework ('KBC RMF') for each risk type within their activity, the Group Compliance Rules and first line controls in the compliance domains.
Execution	- Take risk-minded decisions within the playing field for their areas of business

	<p>- Manage their risks (including for outsourced activities and outstanding contractual liabilities) in accordance with the guidelines of the KBC RMF, including</p> <ul style="list-style-type: none"> ○ identifying the risks within their business ○ qualitative and quantitative measurement of these risks ○ reporting (including analysis, evaluation and presentation) ○ responding to the risk according to the accountability rules <ul style="list-style-type: none"> ✓ risk mitigation ✓ risk transfer ✓ risk acceptance <p>- Manage the Compliance risk as per the Group Compliance Framework: Group Compliance Charter & Integrity Policy, Group Compliance Risk Appetite as well as the Group Compliance Rules and the Group Compliance Monitoring Program and recommendations</p>
Oversight	<p>- Have an overview via reporting lines of</p> <ul style="list-style-type: none"> ○ the actual risk environment and compliance with the playing field ○ the control environment and compliance with local regulations

Table 4 Roles and responsibilities of the first line of defence

✓ **Second line of defence: Risk, Compliance, the Actuarial function, Tax, the Legal function, Group Finance, Data Quality Management**

Independent of the business side, the second-line risk and control functions formulate their own opinion regarding the risks confronting KBC. In this way, they provide an adequate degree of certainty that the first-line control function is keeping these risks under control, without taking over primary responsibility from the first line.

The Risk function formulates independent opinions on the risks KBC faces and on the way they are mitigated. To do this consistently and based on high standards, the Risk function develops, imposes and monitors consistent implementation of frameworks and tools to identify, measure and report on risks. To make sure that its voice is heard, the Risk function also has a veto right, which can be used in the decision bodies.

The compliance function has as prime objective to prevent KBC from running a compliance risk or from incurring loss/damage – regardless of its nature – due to non-compliance with applicable laws, regulations or internal rules that fall either within the scope of the Compliance function or within the areas assigned to it. Hence, the Compliance function devotes particular attention to adherence to the integrity policy. It performs this second line role by:

- The identification, assessment and analysis of the risks linked to the Compliance domains, together with the business;
- An advisory role to support the business entities in implementing and applying requirements, setting up internal procedures and providing necessary training and awareness communication;
- A monitoring role by performing second-line controls on compliance with requirements

How the Actuarial function is set-up and play its role within the organisation is explained further below in section B6.

Due to the specific tasks of each specific function, each second line can also assume first-line accountability (e.g. calculations of risk metrics or own risk and solvency self-assessment by the risk function). By doing this, the second-line function is accountable for the risks related to the activity in question and therefore must define internal controls to guarantee the quality of the result.

✓ **The third line of defence : internal Audit.**

Internal audit gives assurance to the Boards of Directors that the overall internal control environment is effective and that policies and processes are in place, effective and consistently applied throughout the group. How the internal Audit function is set-up and plays its role within the organisation is explained under section B.5.

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 reasonable assurance to the Board of Directors and management on the quality, effectiveness and efficiency of the processes of risk management, internal control and corporate governance that are in place.
- To support the Board of Directors and management in taking up their responsibilities in these processes.
- To report any serious issues or risks which it becomes aware of and to undertake any required investigations into high-risk situations.
- To make clear and actionable recommendations which address weaknesses noted during its work and to follow up on the implementation status of these recommendations.
- To 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 comes under 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 areas within its scope. The audit plan is defined applying a risk-based approach while ensuring adequate coverage of matters of legal or regulatory interest. The audit plan is approved by the Board of Directors when acting as Audit, Risk and Compliance Committee.

The approach followed in performing the audit assignments is described in 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 provide independent assurance to the Board of Directors on actuarial matters related to Solvency II. This is done, inter alia, by:

- Advising on the calculation of the technical provisions (including 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 responsibility cannot be outsourced to a party outside 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's basic task is to provide the independent 'second pair of eyes', required for the Actuarial Function Holder to meet all of the assigned obligations. The Actuarial Function provides input to the Actuarial Function Holder, including 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 an extensive policy on regulated outsourcing. 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

For every outsourcing file, an outsourcing coordinator has to be appointed. This coordinator has an internal notification duty to the outsourcing function. This notification is not only required for new files, but also for material changes in existing outsourced activities and for renewals.

In case of an outsourcing initiative, it is required to perform a mandatory risk assessment, accompanied by mandatory advice from the control functions, covering inter alia:

- Operational risk
- Legal risk
- Compliance risk
- (If applicable) the risks controlled by the Actuarial function.

Intragroup outsourcing

As already stated in the previous sections, part of the control activities are exercised on group level with a view to fostering centralisation, 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.

All these activities are considered to be critical or important operational functions/activities.

Critical or important outsourcing to external parties

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. In this section, we focus on the most material sector-specific risks KBC Group Re faces.

The Risk Appetite Statement of KBC Group Re reflects the view of the Board of Directors and management on risk-taking in general and on the acceptable level and composition of risks in coherence with the desired return, in particular. 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.

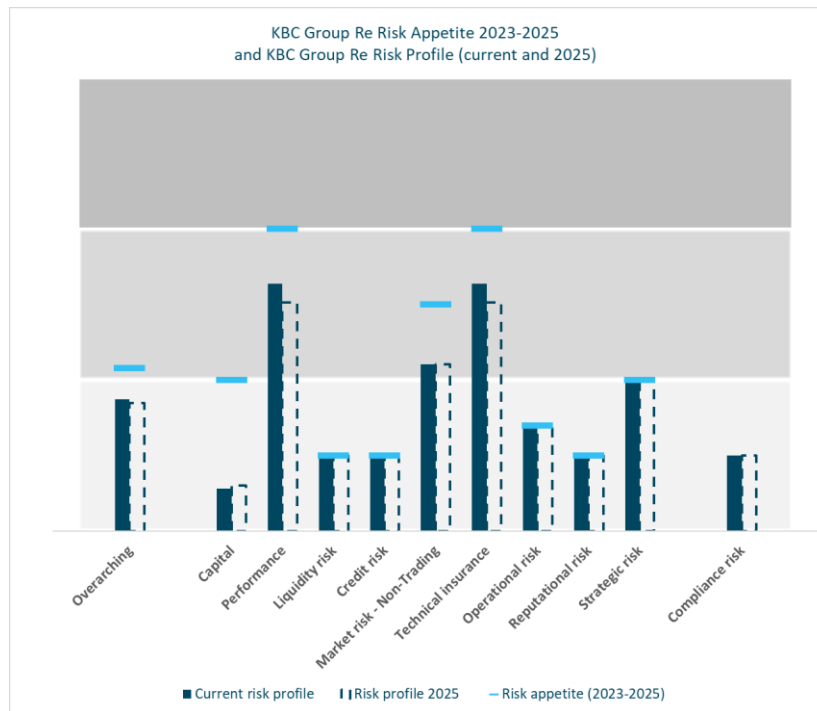


Figure 1 2023 Risk profile and Risk appetite of KBC Group Re

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 low overall risk profile.

Note that no risk appetite is set for Environmental, Social and Governance (ESG) risk as this risk will materialize through the traditional risk types. The ESG risk appetite objective is therefore reflected in the qualitative statements per risk type.

Figure 2 shows the amount of capital requirement based on the standard model as prescribed by the Solvency II regime while Figure 3 details how the individual risk types evolved in 2022. The required capital stood at 78,28 million EUR at year-end 2022, compared to an amount of available capital of 263,76 million EUR: the solvency ratio consequently amounts to 337%.

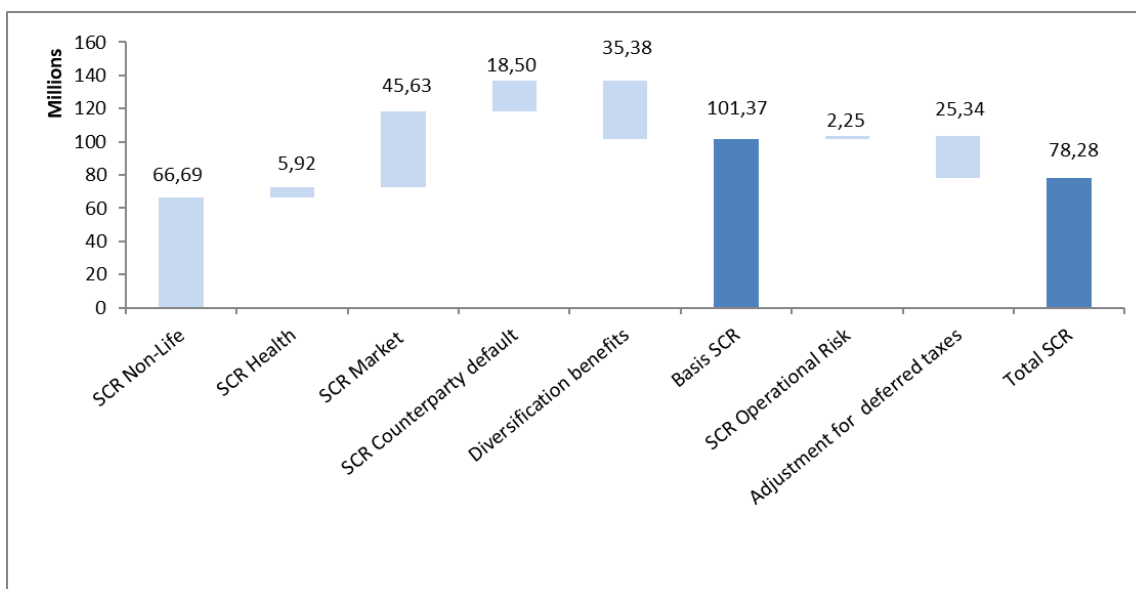


Figure 2 KBC Group Re Solvency II capital requirement as at 31/12/2022

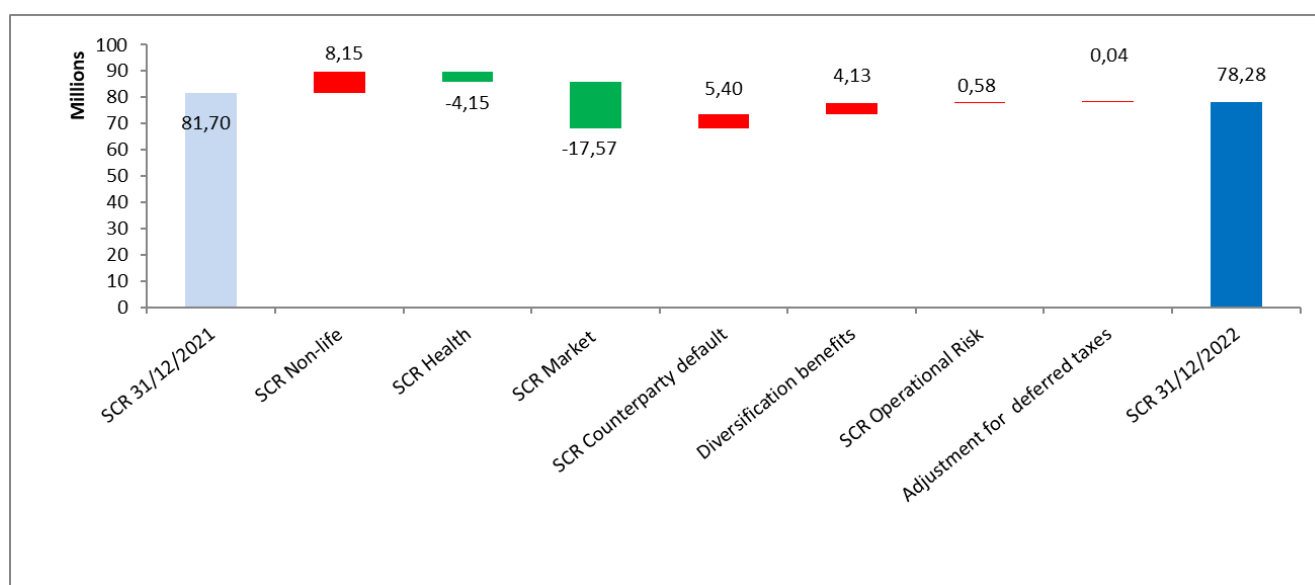


Figure 3 Evolution of SCR in 2022

C.1 Underwriting risk

'Underwriting risks' or 'Technical Insurance risks' stem from uncertainty regarding the frequency and severity of insured losses. 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 ensure sound, quality underwriting is provided with good overall profitability over a complete underwriting cycle and within the prescribed retention limits, ensuring adherence to the group and local risk appetite:

- The Risk Appetite Statement describes the level of risk that can be accepted for each risk type, defines the risk limits and how this is to be translated into business operations;
- A limits framework defines the maximum exposures that can be borne by the group and, based on those limits, more detailed ones are specified for the local entities, including KBC Group Re. This limits framework is reviewed on a yearly basis. Compliance checks are conducted annually to see whether these retention limits are adhered to;
- The performance indicators and adequacy of the technical provisions are constantly monitored.

The following risk aspects have an important impact on the underwriting risk profile of a (re)insurance company:

Concentration risk:

Main concentration risk that can be observed for the underwriting risk are:

- Natural catastrophe risks (storms, floods, earthquakes, etc.);
- Non-natural catastrophe risks or 'man-made' catastrophe risks (e.g. pandemic events, big losses, etc.);
- Concentration risks linked to specific activities (e.g. nuclear risk, terrorism risks).

KBC Group risk management has developed a model for assessing the group-wide exposure to all Non-Life insurance risks, including natural hazards. This model measures the most material Non-Life insurance risks (catastrophe and premium & reserve risk) for all group entities, with account being taken of outward reinsurance. The resulting concentration risk exposures are used to check compliance with the limit frameworks based upon which adequate reinsurance coverage can be bought.

Risk mitigation

Besides strict underwriting guidelines that should guarantee sound underwriting, reinsurance is bought to support the strategic objectives as formulated in the Risk Appetite Statement. In order to achieve the objectives, the reinsurance policy stipulates that the company has to acquire reinsurance protection to ensure that its net exposure remains within the bounds of the risk retention limit framework. Reinsurance programmes are re-evaluated and renegotiated every year. Most of the reinsurance contracts are concluded on a non-proportional basis, which provides cover against the impact of large claims or loss events.

As seen in Figure 2, SCR for underwriting all together represents 72,6 million EUR accounting for 52,2% of the undiversified Solvency II pillar 1 capital requirement before adjustment for deferred taxes. Table 5 highlights a predominance of 'catastrophe' risks in line with the company's role within the KBC Group.

<i>mln EUR</i>	12/31/2021	12/31/2022	Nominal change	Relative change
SCR Non-Life	58,5	66,7	8,1	13,9%
<i>Premium and reserve risk</i>	28,6	19,3	-9,3	-32,6%
<i>Catastrophe</i>	44,4	59,2	14,8	33,3%
<i>Diversification benefit</i>	-14,5	-11,8	2,7	-18,6%
SCR Health	10,1	5,9	-4,1	-41,2%
<i>Premium and reserve risk</i>	1,2	1,1	-0,1	-10,7%
<i>Catastrophe</i>	9,7	5,5	-4,1	-42,8%
<i>Diversification benefit</i>	-0,9	-0,7	0,1	-14,7%
Total SCR Insurance Risks before diversification	68,6	72,6	4,0	5,8%

Table 5 SCR Underwriting Risk of KBC Group Re (31/12/2022)

Overall, the total capital charge for insurance risks increased by 5,8% in 2022. This is due to a significant increase of SCR Non-life Cat risk (+33,3%). Main driver is the reinsurance market for property lines of business anticipating rising claims due to high inflation and climate change, which led to higher retentions for all (re)insurers.

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 45,6 million EUR accounting for 32,8% of the undiversified Solvency II pillar 1 capital requirement before adjustment for deferred taxes. Table 6 shows the predominance of equity risk among all market risk types.

<i>mln EUR</i>	12/31/2021	12/31/2022	Nominal change	Relative change
Interest rate risk	10,2	11,6	1,4	13,6%
Equity risk	48,0	31,3	-16,6	-34,6%
Spread risk	8,2	5,8	-2,4	-28,9%
Currency risk	18,2	16,2	-2,0	-10,9%
Concentration risk	0,3	0,3	0,0	6,9%
Total SCR market risk before diversification	84,8	65,3	-19,6	-23,1%
Diversification benefits	-21,6	-19,6	2,0	-9,2%
Total SCR after diversification and adjustments	63,2	45,6	-17,6	-27,8%

Table 6 SCR Market Risk of KBC Group Re (31/12/2022)

Asset and liability management

The process of managing our exposure to market risks is known as Asset/Liability Management (ALM). This exposure can be described as a combination of:

- Mismatches in the reinsurance activities between liabilities and the corresponding assets
- The risks associated with holding an investment portfolio for the purpose of investing the shareholders' equity and the equalization provision
- The currency exposure stemming from investments and reinsurance activities in foreign currency.

The treasury function measures and manages the market risks within the playing field defined by the risk appetite. ALM limits are approved by the Board of Directors for interest rate risk, equity risk, real estate risk and foreign exchange risk.

The second line of defence is the responsibility of Group Risk and the local risk function. Their main task is to measure ALM risks and flag up current and future risk positions. The main building blocks of KBC's ALM Risk Management Framework that are implemented within KBC Group Re are:

- A broad range of risk measurement methods such as Basis-Point-Value (BPV) and economic sensitivities
- Capital sensitivities arising from investment book that impact regulatory capital
- Stress testing and sensitivity analysis

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 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 rate term structure. A negative BPV figure indicates a decrease in the net asset value of the portfolio. Evolution of this measure in 2022 is shown in Table 7. Decrease is mainly driven by a change of volume. Other techniques such as duration approach and stress testing are also used.

<i>mln EUR</i>	12/31/2021	12/31/2022	Absolute change
Interest (Swap +10 BPV) limit	-1,0	-0,7	0,3

Table 7 Impact of a parallel 10 BPV increase in risk-free IR curve

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. Table 6 shows an increase of SCR for interest rate risk of 13,6% which is due to the increase of interest yields (in the S2 standard formula the upward shock is proportionate to interest rates).

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 8.

<i>mln EUR</i>	12/31/2021		12/31/2022	
	Amount	in %	Amount	in %
Bonds	315,0	69,5%	254,5	72,2%
<i>of which Government bonds</i>	191,4	42,2%	146,3	41,5%
<i>of which Corporate bonds</i>	123,6	27,3%	108,3	30,7%
Equity	104,8	23,1%	87,2	24,8%
<i>of which Equity type 1</i>	100,9	22,3%	84,5	24,0%
<i>of which Equity type 2 (incl. Collective investment undertakings)</i>	3,9	0,9%	2,7	0,8%
Cash	33,5	7,4%	10,5	3,0%
<i>of which term deposits</i>	0,0	0,0%	0,0	0,0%
<i>of which cash at bank</i>	33,5	7,4%	10,5	3,0%
Total	453,3	100,0%	352,3	100,0%

Table 8 Asset Mix KBC Group Re

As shown in Table 9, the part of the corporate bonds portfolio which is not externally rated increased from 5,9% to 6,5%. This exposure relates to a high-quality issuer with the guarantee of the Belgian state that were already in the portfolio end 2021. Portion of the portfolio rated A and above stands at 78,6% (compared to 79,7% end 2021).

CORPORATE BONDS - RATING DISTRIBUTION				
Rating	12/31/2021		12/31/2022	
Market value - mln EUR	amount	in %	amount	in %
CQS 0 (AAA)	0,0	0,0%	0,0	0,0%
CQS 1 (AA)	29,5	23,8%	30,9	28,5%
CQS 2 (A)	69,1	55,9%	54,2	50,1%
CQS 3 (BBB)	17,7	14,3%	16,2	15,0%
CQS 4 (BB)	0,0	0,0%	0,0	0,0%
CQS 5 (B)	0,0	0,0%	0,0	0,0%
CQS 6 (CCC or lower)	0,0	0,0%	0,0	0,0%
Non rated	7,3	5,9%	7,0	6,5%
Total	123,6	100%	108,3	100%

Table 9 Rating distribution of the Corporate bonds portfolio

Evolution in country diversification of government bonds is shown in Table 10. KBC Group Re is most exposed to Luxemburg, Belgium, France and Portugal.

Market value - mln EUR	amount	in %	amount	in %
Belgium	28,6	14,9%	23,1	15,8%
France	26,1	13,6%	17,4	11,9%
Ireland	11,0	5,8%	9,5	6,5%
Israel	0,0	0,0%	0,0	0,0%
Italy	13,4	7,0%	0,0	0,0%
Latvia	3,4	1,8%	3,1	2,1%
Lithuania	6,6	3,4%	5,9	4,1%
Luxemburg	36,2	18,9%	30,0	20,5%
Malta	2,1	1,1%	1,6	1,1%
Mexico	0,0	0,0%	0,0	0,0%
Poland	11,0	5,8%	10,3	7,0%
Portugal	20,3	10,6%	16,8	11,5%
Roumania	3,3	1,7%	3,1	2,1%
Slovakia	5,3	2,8%	4,6	3,2%
Slovenia	13,2	6,9%	11,6	7,9%
Spain	10,9	5,7%	5,2	3,5%
US	0,0	0,0%	4,0	2,7%
Total	191,4	100%	146,3	100%

Table 10 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. Table 6 shows a reduction of SCR for spread risk of 28,9% which is due to a significant reduction of market value of the corporate bonds portfolio as seen in Table 9. This reduction is the direct consequence of rising interest yields and

non reinvestment of part of the maturing bond positions due to settlement of past insurance claims and large dividend pay-out.

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 11 shows the geographic distribution of the equity portfolio which is well diversified.

Geographic distribution	12/31/2021		12/31/2022	
	<i>mln EUR</i>	amount	in %	amount
Belgium	1,4	1,4%	2,8	3,3%
China	0,0	0,0%	1,3	1,6%
France	14,8	14,6%	10,5	12,4%
Germany	12,1	12,0%	2,9	3,4%
Ireland	0,0	0,0%	1,3	1,6%
Italy	2,2	2,2%	0,0	0,0%
Japan	2,4	2,3%	6,0	7,1%
Netherlands	4,2	4,1%	4,1	4,8%
Spain	2,2	2,1%	0,5	0,6%
Switzerland	1,2	1,2%	3,5	4,1%
US	60,5	60,0%	51,7	61,1%
Total	100,9		84,5	

Table 11 Geographic distribution of the equity portfolio

Table 6 shows a decrease of SCR for equity risk of 34,6% mainly driven by poor market performance in 2022.

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.

In line with the Risk Appetite Statement, no hedging is required for the non-Euro denominated equity positions. This explains the significant amount of SCR for currency risk that is observed in Table 6, whose reduction is due to the poor equity market performance in 2022.

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. This explains the low materiality of this risk type as visible in Table 6.

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 concerns the following types of exposures or assets:

- Reinsurance recoverables
- 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 18,5 million EUR accounting for 13,3% of the undiversified Solvency II pillar 1 capital requirement before adjustment for deferred taxes. Further details can be found in Table 12. The increase of SCR for counterparty default risk results from an increase of type 2 exposure due to provisionally higher receivables (ongoing settlement of large claims by reinsurers) and higher deposits with ceding companies.

<i>mln EUR</i>	12/31/2021	12/31/2022	Nominal change	Relative change
Type 1 counterparty	2,6	1,4	-1,2	-47,1%
Type 2 counterparty	11,1	17,5	6,4	57,6%
Total SCR counterparty risk before diversification	13,6	18,8	5,2	38,0%
Diversification benefits	-0,5	-0,3	0,2	-40,2%
Total SCR counterparty risk after diversification	13,1	18,5	5,4	41,2%

Table 12 SCR Counterparty Risk (31/12/2022)

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 13 illustrates that 45% of the total assets is considered as having a high liquidity value.

mIn EUR	12/31/2021	12/31/2022
Cash & Bank Deposits	33,5	10,5
Sovereign bonds	191,4	146,3
Covered bonds	-	-
Total highly liquid assets	224,9	156,8
Total invested assets	453,3	352,3
Liquid assets as a % of total assets	50%	45%

Table 13 Liquidity of the assets of KBC Group Re

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, compliance and reputational risks.

As seen in Figure 2, the SCR operational risk represents 2,2 million EUR accounting for 1,6% of the undiversified Solvency II pillar 1 capital requirement before adjustment for deferred taxes.

The Competence Centre for Operational Risk, which consists of independent risk experts at both group and local level, cooperates with other expert functions in specific domains to cover the full spectrum of operational risk. A working environment is created where risk experts meet and cooperate with other experts in specific domains (such as information risk management, business continuity and disaster recovery, anti-fraud, legal, tax, accounting, model and data quality management).

A number of group-wide building blocks are defined to ensure adequate management of operational risks:

- **Risk identification:** identifying operational risks involves following up on legislation, as well as using the New and Active Product Process (NAPP), performing independent control monitoring activities, root cause analysis of near misses and losses and other risk events. A structured, process-based repository of Group Key Risks and related mitigating Group Key Control Objectives (GKCs) is in place to set top-down minimum standards for the risk and control environment. Self-assessments are performed by the first line of defence. The

set of GKC's covers the complete process universe and is designed to manage key operational risk types. A review process is in place to keep the repository in line with new or emerging operational risk types. KBC Group Re translates these Group Control Objectives into its operational process environment and supplements them with additional, local operational controls, if necessary.

- **Risk measurement:** unified Group metrics and scales are in place to define and support not only the underpinning of the risk profile, but also individual operational risk levels in the processes. Also the maturity status of individual control objectives to mitigate those risks in the processes is defined on a group-wide unified scale. In addition to this, a group-wide uniform scale is used to express the overall internal control state of each process in each material entity and the overall internal control state of the entity. Group-wide tools are used by the three lines of defence to support the core activities of operational risk management. A standardised, near miss and loss data collection process is in place, including root cause analysis and appropriate response.
- **Setting and cascading risk appetite:** the risk appetite for operational risk is set in line with the overall requirements as defined in the Enterprise risk management framework.
- **Risk analysis, reporting & follow-up:** a uniform approach – strongly based on first line of defence accountability (business side) and challenges by the second line of defence (risk, compliance, legal and other experts) and assurance by the third line of defence (internal audit) – is in place with risk-based follow-up at both local and Group level. Minimum standards for the operational risk management reporting process are defined.

Specific attention is paid to the sub-risk types set out below.

Information risk management

Information risks encompass information security, IT-related risks and business continuity management, including crisis management. Information security risk, especially 'cybercrime-related fraud', is one of the most material risks that financial institutions face these days.

Outsourcing risk management

In order to manage outsourcing risk, KBC has a Group-wide standard to ensure the risk is properly managed in all entities, in accordance with applicable regulation. Key control objectives are defined to manage both internal and external outsourcing risk during the full life cycle. Several measures were taken to ensure that the quality of overall governance and management of outsourced activities is guaranteed.

Business continuity management

To ensure the availability of critical services, KBC has an incident management process in place. This ensures regular business impact analysis is performed and recovery time objectives are defined and implemented.

Processes are in place to adequately handle disasters which endanger the continuity of critical business operations and availability of information (e.g. pandemic, partial or full loss of a data centre, etc.).

C.6 Other material risks

Business environment risk & strategic risk

Business environment 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.

Climate risk

ESG risk is the risk arising from (current or prospective) environmental, social or (corporate) governance factors. Climate risk is a subtype of ESG risk. A differentiation is made within the risk arising from climate change between:

- Physical risks: the risks arising from physical phenomena associated with both (chronic) climate or environmental trends such as changing weather patterns, rising sea levels, increasing temperature, biodiversity loss, resource scarcity, reduced water availability and changes in water and soil productivity, and (acute) extreme weather events including storms, floods, fires or heatwaves that may disrupt operations, value chains or damage property.
- Transition risks: the risks arising from disruptions and shifts associated with the transition to a low-carbon, climate resilient or environmentally sustainable economy.

ESG risks, with a special focus on climate risk, are top of mind at KBC. Climate-related risks are progressively integrated within all risk management frameworks (such as risk identification, measurement, stress testing and risk appetite).

C.7 Any other information

Sensitivity analyses and stress testing

Risk sensitivity and stress testing exercises are set up to uncover risks that would otherwise remain unidentified and also allow observing how risk measurements change 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 2022 is shown in Table 14. 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.

31/12/2022	(X 1.000 EUR)	LuxGaap Value	Solvency II Value	Delta
Intangible assets		106	0	-106
Investments		361.600	341.769	-19.831
	<i>Equities</i>	80.822	87.226	6.405
	<i>Bonds</i>	280.778	254.543	-26.236
Deposits to cedants		44.431	44.431	0
Technical provisions - part of reinsurance		37.282	9.820	-27.462
(Re)insurance receivables		29.511	29.511	0
Cash		10.546	10.546	0
Tangible assets		69	69	0
Other assets		42.485	42.485	0
TOTAL ASSETS		526.030	478.630	-47.399
Technical provisions		420.215	90.983	-329.232
	<i>TP representing liabilities</i>	89.451	35.024	-54.427
	<i>Risk Margin</i>		55.959	55.959
	<i>Equalization Provision</i>	330.764	0	-330.764
Other provisions		15.149	15.149	0
Deposits from reinsurers		10.982	10.982	0
Payables		28.364	28.364	0
Deferred taxes		0	66.719	66.719
Other liabilities		0	0	0
TOTAL LIABILITIES		474.710	212.197	-262.513
Excess of Assets over liabilities		51.319	266.433	215.114

Table 14 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 (74%).

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 (including 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 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. The volatility adjustment is added to the risk-free interest rate term structure used for discounting in order to compensate the spread movements of the assets. It is designed to protect insurers with long-term liabilities from the impact of volatility on the solvency position. The volatility adjustment is defined as the spread between the interest rate applying to the assets in a reference portfolio and the corresponding risk-free rate, minus the fundamental spread (which represents default or downgrade risk). The volatility adjustment is provided and updated by the EIOPA and can differ for each major currency and country.

Table 15 shows the moderate impact of this volatility adjustment.

31/12/2022 (X 1.000 EUR)	Amount with Volatility adjustment	Impact of volatility adjustment set to zero
Technical provisions	90.983	775
Basic own funds	263.763	-391
Eligible own funds to meet Solvency Capital Requirement	263.763	-391
Solvency Capital Requirement	78.275	0
Eligible own funds to meet Minimum Capital Requirement	263.763	-391
Minimum Capital Requirement	19.569	0

Table 15 Impact of the volatility adjustment (31/12/2022)

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:
 - o Carry forwards of unused tax losses (deferred tax asset)
 - o Temporary differences between the SII value of assets and liabilities and their value as recognized for tax purposes

Deferred tax liability amounts as per 31/12/2022 to 66,7 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.

In addition 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 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 16 details the capital position of KBC Group Re, which is exclusively composed of Tier 1 items.

(X 1.000 EUR)	12/31/2021	12/31/2022
Own funds - Tier 1	313.646	263.763
LuxGaap shareholders equity	84.229	51.319
Dividend pay-out (-)	-32.879	-2.670
Difference in the valuation of assets	15.643	-47.399
Difference in the valuation of technical provisions	326.847	329.232
<i>of which equalization provision</i>	334.687	330.764
Difference in the valuation of other liabilities	-80.194	-66.719
<i>of which deferred taxes</i>	-80.194	-66.719

Table 16 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 2022, Tier 1 Own funds amounted to 263, million EUR, eligible to cover both the Minimum Capital Requirement and Solvency Capital Requirement. The decrease (-49,9 mln EUR, or -15,9%) compared to year-end 2021 is mostly attributable to the negative performance of investments in 2022, which also explains the negative difference in the valuation of assets since bonds are value at fair value under Solvency II and at amortized costs under LuxGaap.

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 17, the solvency ratio stood at 337% at 31/12/2022.

(X 1.000 EUR)	12/31/2021	12/31/2022
Own funds - Tier 1	313.646	263.763
Solvency capital requirement (SCR)	81.699	78.275
Ratio of Eligible own funds to SCR	384%	337%
Minimum capital requirement (MCR)	20.425	19.569
Ratio of Eligible own funds to MCR	1536%	1348%

Table 17 Solvency ratios of KBC Group Re (31/12/2022)

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

S.02.01.02 – Balance sheet (x 1.000 EUR)

	Solvency II value	
	C0010	
Assets		
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	69
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	341769
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	84538
Equities - listed	R0110	84538
Equities - unlisted	R0120	0
Bonds	R0130	254543
Government Bonds	R0140	146274
Corporate Bonds	R0150	108268
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	2688
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	9820
Non-life and health similar to non-life	R0280	9820
Non-life excluding health	R0290	9376
Health similar to non-life	R0300	443
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	44431
Insurance and intermediaries receivables	R0360	3476
Reinsurance receivables	R0370	26035
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	10546
Any other assets, not elsewhere shown	R0420	42485
Total assets	R0500	478630

Liabilities

Technical provisions – non-life
Technical provisions – non-life (excluding health)
Technical provisions calculated as a whole
Best Estimate
Risk margin
Technical provisions - health (similar to non-life)
Technical provisions calculated as a whole
Best Estimate
Risk margin
Technical provisions - life (excluding index-linked and unit-linked)
Technical provisions - health (similar to life)
Technical provisions calculated as a whole
Best Estimate
Risk margin
Technical provisions – life (excluding health and index-linked and unit-linked)
Technical provisions calculated as a whole
Best Estimate
Risk margin
Technical provisions – index-linked and unit-linked
Technical provisions calculated as a whole
Best Estimate
Risk margin
Other technical provisions
Contingent liabilities
Provisions other than technical provisions
Pension benefit obligations
Deposits from reinsurers
Deferred tax liabilities
Derivatives
Debts owed to credit institutions
Financial liabilities other than debts owed to credit institutions
Insurance & intermediaries payables
Reinsurance payables
Payables (trade, not insurance)
Subordinated liabilities
Subordinated liabilities not in Basic Own Funds
Subordinated liabilities in Basic Own Funds
Any other liabilities, not elsewhere shown
Total liabilities
Excess of assets over liabilities

	Solvency II value
	C0010
R0510	90983
R0520	86736
R0530	0
R0540	33620
R0550	53116
R0560	4247
R0570	0
R0580	1404
R0590	2843
R0600	0
R0610	0
R0620	0
R0630	0
R0640	0
R0650	0
R0660	0
R0670	0
R0680	0
R0690	0
R0700	0
R0710	0
R0720	0
R0730	0
R0740	0
R0750	15149
R0760	0
R0770	10982
R0780	66719
R0790	0
R0800	0
R0810	0
R0820	24070
R0830	1896
R0840	2398
R0850	0
R0860	0
R0870	0
R0880	0
R0900	212197
R1000	266433

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
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	886	2510	10251	0	0	0	6606					20253
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140	0	0	0	0	0	0	1826	3521	0	0	0	1705	2119	10949	32	35110	48209
Net	R0200	0	0	0	0	0	886	684	6730	0	0	0	4900	1072	4073	32	8994	27372
Premiums earned																		
Gross - Direct Business	R0210	0	0	0	0	0	0	0	0	0	0	0						0
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	886	2510	10251	0	0	0	6606					20253
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240	0	0	0	0	0	0	1826	3521	0	0	0	1705	2119	10949	32	35110	48209
Net	R0300	0	0	0	0	0	886	684	6730	0	0	0	4900	1072	4073	32	8994	27372
Claims incurred																		
Gross - Direct Business	R0310	0	0	0	0	0	0	0	0	0	0	0						0
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	299	657	-14	-6	0	0	10158					11093
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340	0	24	0	232	0	-15	-13	72	-1	0	0	18	353	7942	47	68840	77183
Net	R0400	0	-24	0	-232	0	314	669	-86	-5	0	0	10140	205	6099	46	11041	28166
Changes in other technical provisions																		
Gross - Direct Business	R0410	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
Gross - Non-proportional reinsurance accepted	R0430																	
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	262	375	670	0	0	0	385	29	393	1	1176	3292
Other expenses	R1200																	0
Total expenses	R1300																	0

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

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
	Medical expense insurance C0020	Income protection insurance C0030	Workers' compensation insurance C0040	Motor vehicle liability insurance C0050	Other motor liability insurance C0060	Marine, aviation and transport insurance C0070	Fire and other property insurance C0080	General liability insurance C0090	Credit and suretyship insurance C0100	Legal expenses insurance C0110	Assistance C0120	Miscellaneous financial losses C0130	Non-casualty reinsurance C0140	Non-casualty reinsurance C0150	Non-casualty reinsurance C0160		Non-casualty reinsurance C0170
R0100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0102	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0103	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0104	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0105	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0106	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0107	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0108	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0109	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0110	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0111	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0112	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0113	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0114	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0115	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0116	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0117	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0118	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0119	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0120	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0121	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0122	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0123	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0124	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0126	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0127	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0128	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0129	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0130	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0131	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0132	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0133	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0134	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0135	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0136	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0137	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0138	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0139	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0140	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0141	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0142	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0143	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0144	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0145	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0146	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0147	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0148	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0149	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0151	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0152	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0153	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0154	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0155	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0156	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0157	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0158	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0159	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0160	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0161	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0162	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0163	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0164	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0165	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0166	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0167	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0168	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0169	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0170	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0171	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0172	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0173	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0174	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0175	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0176	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0177	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0178	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0179	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0180	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0181	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0182	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0183	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0184	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0185	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0186	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0187	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0188	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0189	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0190	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0191	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0192	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0193	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0194	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0195	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0196	0	0	0	0													

S.19.01.22 Non-Life Insurance Claims Information (x1.000 EUR)

Total Non-Life Business																
Accident year / Underwriting year		Z0020		2												
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												R0100	2.065	2.065	
N-9	R0160	1.977	2.054	325	99	126	13	6	-14	2	7		R0160	7	4.597	
N-8	R0170	756	3.521	1.992	322	16	1.717	20	1	36			R0170	36	8.380	
N-7	R0180	201	4.544	3.370	164	66	1	2	0				R0180	0	8.347	
N-6	R0190	61	1.351	1.855	10.180	1.210	8.463	33					R0190	33	23.154	
N-5	R0200	147	368	850	67	244	3						R0200	3	1.680	
N-4	R0210	83	4.357	528	64	95							R0210	95	5.127	
N-3	R0220	176	6.486	2.005	58								R0220	58	8.726	
N-2	R0230	3.091	1.738	3.498									R0230	3.498	8.327	
N-1	R0240	10.063	27.709										R0240	27.709	37.772	
N	R0250	45.416											R0250	45.416	45.416	
												Total	R0260	78.920	153.590	
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											10.488	R0100	7.527		
N-9	R0160			400	170	152	141	141	137	146			R0160	141		
N-8	R0170		3.517	2.098	2.209	316	309	468	362				R0170	280		
N-7	R0180		4.942	760	186	80	80	67					R0180	55		
N-6	R0190	26.746	26.712	23.896	13.745	12.317	3.367	3.331					R0190	2.437		
N-5	R0200	5.577	3.004	1.569	1.502	1.033	979						R0200	812		
N-4	R0210	10.767	3.957	6.109	4.762	4.958							R0210	3.408		
N-3	R0220	18.382	10.463	6.054	2.323								R0220	1.954		
N-2	R0230	14.723	8.217	3.319									R0230	2.500		
N-1	R0240	41.612	18.924										R0240	16.698		
N	R0250	34.940											R0250	30.774		
												Total	R0260	66.587		

S.22.01.21 – 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	90983			775	
Basic own funds	R0020	263763			-391	
Eligible own funds to meet Solvency Capital Requirement	R0050	263763			-391	
Solvency Capital Requirement	R0090	78275			0	
Eligible own funds to meet Minimum Capital Requirement	R0100	263763			-391	
Minimum Capital Requirement	R0110	19569			0	

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	45.632		
Counterparty default risk	R0020	18.499		
Life underwriting risk	R0030	0		
Health underwriting risk	R0040	5.920		
Non-life underwriting risk	R0050	66.693		
Diversification	R0060	-35.379		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	101.365		
Calculation of Solvency Capital Requirement		C0100		
Operational risk	R0130	2.247		
Loss-absorbing capacity of technical provisions	R0140	0		
Loss-absorbing capacity of deferred taxes	R0150	-25.337		
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	78.275		
Capital add-on already set	R0210	0		
Solvency capital requirement	R0220	78.275		
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	R0400	0		
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0		
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0		
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0		
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0		
Approach to tax rate			Yes/No	
			C0109	
Approach based on average tax rate	R0590		2	
Calculation of loss absorbing capacity of deferred taxes			LAC DT	
			C0130	
LAC DT	R0640	-25.337		
LAC DT justified by reversion of deferred tax liabilities	R0650	-25.337		
LAC DT justified by reference to probable future taxable profit	R0660	0		
LAC DT justified by carry back, current year	R0670	0		
LAC DT justified by carry back, future years	R0680	0		
Maximum LAC DT	R0690	66.719		

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	8737		
			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	0
Income protection insurance and proportional reinsurance	R0030	0	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0	0
Other motor insurance and proportional reinsurance	R0060	0	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	180	886	
Fire and other damage to property insurance and proportional reinsurance	R0080	504	684	
General liability insurance and proportional reinsurance	R0090	0	6730	
Credit and suretyship insurance and proportional reinsurance	R0100	0	0	
Legal expenses insurance and proportional reinsurance	R0110	0	0	
Assistance and proportional reinsurance	R0120	0	0	
Miscellaneous financial loss insurance and proportional reinsurance	R0130	5148	4900	
Non-proportional health reinsurance	R0140	960	1072	
Non-proportional casualty reinsurance	R0150	14271	4073	
Non-proportional marine, aviation and transport reinsurance	R0160	307	32	
Non-proportional property reinsurance	R0170	4922	8994	
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	8737		
SCR	R0310	78275		
MCR cap	R0320	35224		
MCR floor	R0330	19569		
Combined MCR	R0340	19569		
Absolute floor of the MCR	R0350	1300		
		C0070		
Minimum Capital Requirement	R0400	19569		

