Solvency & Financial Condition Report

KBC Group Re

2024

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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 in Annex XX to the Solvency II Delegated Acts Regulation and includes templates defined by Implementing Regulation that contain 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 2024 is 350% (including volatility adjustment), far above the minimum requirement of 100%.
- The LuxGaap result for 2024 amounted to 10,6 million EUR.
- Net earned premiums amounted to 31,1 million EUR in 2024 which is 6,2% down compared to 2023.
- The Combined ratio for 2024 stood at 132,6%. An unusual high claims activity in the property segment including the floods in September following the depression "Boris" contributed to this technical loss for 2024.
- Investment income and unrealized gains were excellent in 2024, owing primarily to the strong performance of the equity market.

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 March 2025. By their nature, forward-looking statements involve uncertainty. Various factors could cause actual results and developments to differ from the initial statements.

Remarks

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

In addition, the 2024 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 2026.

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, 2025)

	Standard & Poor's
KBC Group Re SA	A (positive 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-2182 Luxembourg
Number of FTEs
As at 31 December 2024 the company employed 10,5 persons (Full time equivalent)

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

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

For more detailed information, please see the KBC Group annual report for 2024.

KBC is an integrated bank-insurance group whose core markets are Belgium, Bulgaria, the Czech Republic, Hungary and Slovakia for a total of ca. 13 million clients. Its network is organized around ca. 1100 bank branches, insurance sales via own agents and other channels, as well as various electronic channels. The group employs some 40 000 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)	2024	2023	Change in amount	Change in %
Net earned premiums Non-Life	**31.126**	**33.177**	**-2.051**	**-6,2%**
Gross Earned premiums	110.518	86.882	23.637	27,2%
Ceded reinsurance premiums	-79.392	-53.705	-25.687	47,8%
Net claims incurred	**-39.617**	**31**	**-39.649**	**-126008,0%**
Gross claims incurred	-113.572	-9.864	-103.708	1051,4%
Reinsurers' share in claims incurred	73.954	9.896	64.059	647,3%
Net operating expenses	**-1.645**	**-2.414**	**770**	**-31,9%**
Net acquisition costs	794	-82	876	-1065,2%
Administrative expenses	-2.438	-2.332	-106	4,6%
Investment Income	**24.220**	**16.393**	**7.827**	**47,7%**
Interest income	6.890	4.339	2.551	58,8%
Dividend income	2.253	3.257	-1.004	-30,8%
Net realized result from investments	18.420	929	17.491	1883,5%
Value adjustments	-2.806	8.594	-11.399	-132,7%
Other investments related incomes/costs	-537	-725	189	-26,0%
Net other income	**863**	**702**	**162**	**23,0%**
Change in the equalization provision	**-4.183**	**-43.886**	**39.703**	**-90,5%**
Extraordinary gain/loss	**0**	**0**	**0**	
Taxes	**-171**	**103**	**-274**	**-265,9%**
Result after tax	**10.594**	**4.106**	**6.488**	**158,0%**

Table 1 Income statement, using LuxGAAP rules

The LuxGaap result of KBC Group Re amounted to 10,59 million EUR in 2024 (compared to 4,11 million EUR in 2023), after allocation to the equalization provision for an amount of 4,18 million EUR. Indeed, in accordance with the rules applicable for reinsurance companies in Luxemburg, an annual allocation to the equalization provision is required and equals the sum of the technical results and a share of the financial results until the provision reaches a ceiling. More information on this provision is available in Chapter D.

More details on the underwriting and investment performance are given in the following two sections.

A.2 Underwriting performance

Earned premiums totalled 31,13 million EUR in 2024, showing a decrease of 6,2% when compared to 33,18 million EUR in 2023.

	2024	2023
Net claims ratio	127,3%	-0,1%
Net expense ratio	5,3%	7,3%
Combined ratio	132,6%	7,2%

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 2024, the net claims ratio stood at 127,3% and net claims incurred totalled 39,62 mln EUR. Single large claims and events significantly influenced the claims ratio, among which the Boris storm and some large fire events. In comparison, the claims ratio was in 2023 negative at -0,1% due to the absence of large claims in the portfolio and positive development of some past large claims.

The expense ratio decreased from 7,3% to 5,3%.

The combined ratio increased from 7,2% in 2023 to 132,6% due to above mentioned unfavourable 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 24,22 million EUR compared to 16,39 million EUR in 2023. This is due to the strong performance of the equity market in 2024 and the realization of equity gains for an amount of 18,42 mln EUR.

In the LuxGaap financial statements:

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

Table 3 shows the detailed valuation of those portfolios.

(X 1.000 EUR)	31/12/2024	31/12/2023	Change in amount	Change in %
BONDS				
Solvency 2 value	328.559	293.868	34.691	12%
Book value	335.899	305.226	30.673	10%
Unrealized gains/losses	-7.340	-11.359	4.018	-35%
EQUITIES				
Solvency 2 value	107.598	102.062	5.536	5%
Book value	89.666	91.459	-1.793	-2%
Unrealized gains/losses	17.932	10.603	7.328	69%

Table 3 Investment portfolio values

Market value of the bonds portfolio increased by 34,69 million EUR (12%), out of which 30,94 million EUR are due to new inflows.

The equity portfolio increased by 5,54 million EUR despite an outflow of 17,46 million EUR. Performance amounted to 22,5%.

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, recruiting 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, property 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

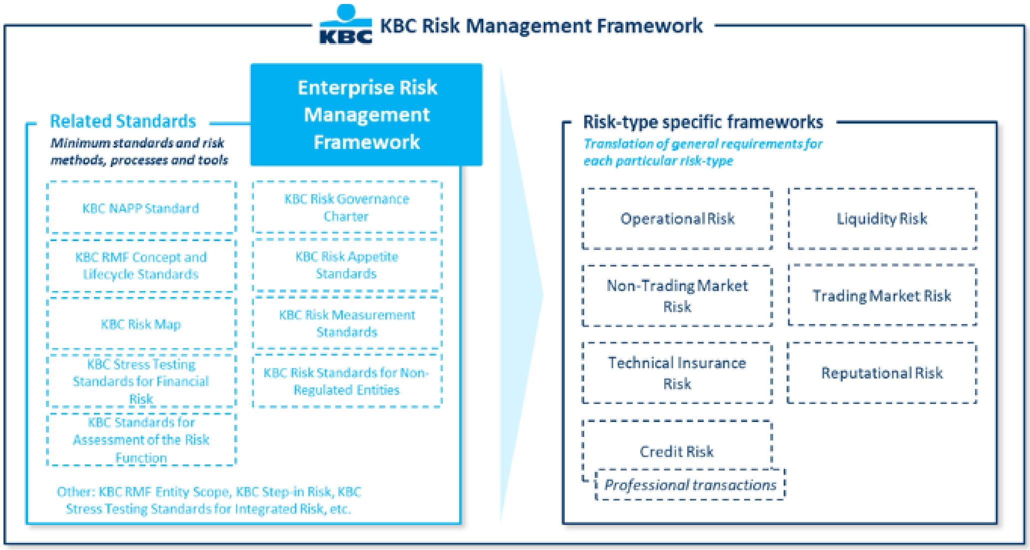
Risk management is a key component of the strategic management of KBC Group. It aims to improve both KBC's risk resiliency and agility in a changing environment and refers to the coordinated set of activities to manage the many risks that can affect KBC group in its ability to achieve its objectives.

The principles that govern sound risk management within KBC Group are documented in the KBC Risk Management Framework. This framework 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 Risk Management Framework finds it 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 Risk Management Framework combines a holistic, integrated and enterprise-wide view on risk in the Enterprise Risk Management Framework and a more detailed risk-type specific view in the risk-type specific frameworks.

This is reflected in the structure of the KBC Risk Management Framework 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 ORSA consists of numerous business and risk processes that together contribute to the objectives as set out in the ORSA policy. The reference points for the ORSA are the corporate strategy and the risk appetite objectives. The main processes underlying the regular ORSA are executed on an annual basis and are closely linked to the Strategic Planning 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 as well as 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 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

	- Manage their risks (including for outsourced activities and outstanding contractual liabilities) in accordance with the guidelines of the KBC Risk Management Framework, including ○ 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 ✓ risk mitigation ✓ risk transfer ✓ risk acceptance - Manage the Compliance risk as per the Group Compliance Framework: Group Compliance Charter and Integrity Policy, Group Compliance Risk Appetite as well as the Group Compliance Rules and the Group Compliance Monitoring Program and recommendations
Oversight	- Have an overview via reporting lines of ○ 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, Actuarial function, Tax, Legal function, Group Finance**

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 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.

The main tasks of the actuarial function are to:

- ensure the appropriateness of the methodologies and underlying models used, as well as the assumptions made, in the calculation of technical provisions;
- assess the sufficiency and quality of the data used in the calculation of technical provisions;
- compare best estimates against experience;
- inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- express an opinion on the overall underwriting policy;
- express an opinion on the adequacy of reinsurance arrangements; and
- contribute to the effective implementation of the risk management, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

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. It 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 is 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’.

Is also considered as a critical or important outsourcing the use of an external provider’s reinsurance management software running on the cloud.

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.

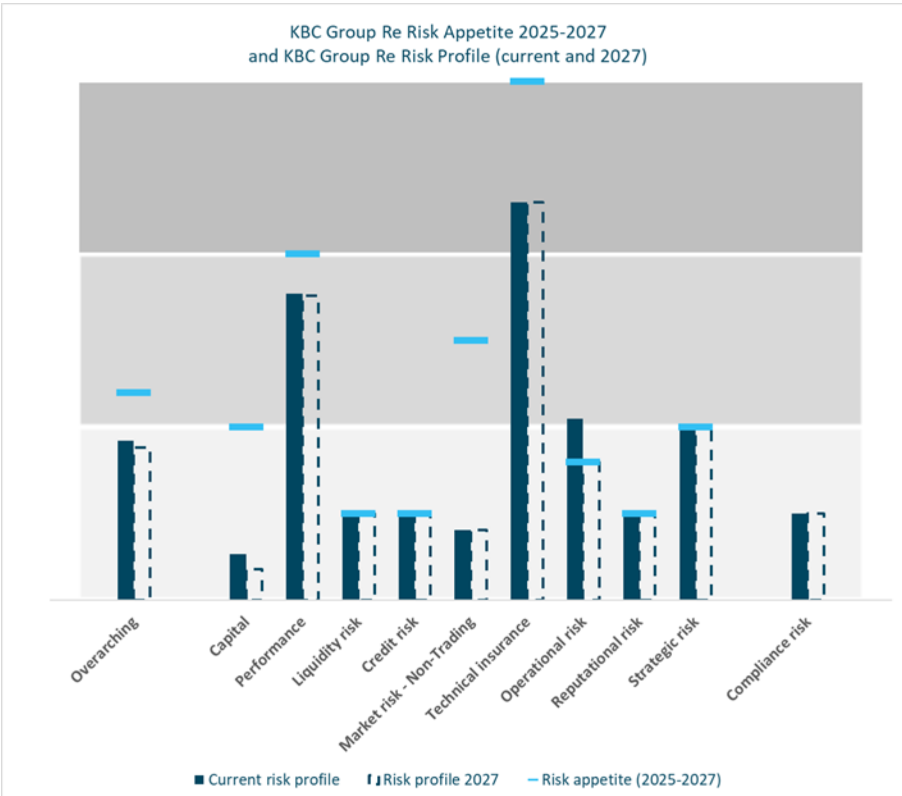


Figure 1 2025 Risk profile and Risk appetite of KBC Group Re

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 2024. The required capital stood at 92,61 million EUR at year-end 2024, compared to an amount of available capital of 324,33 million EUR: the solvency ratio consequently amounts to 350%.

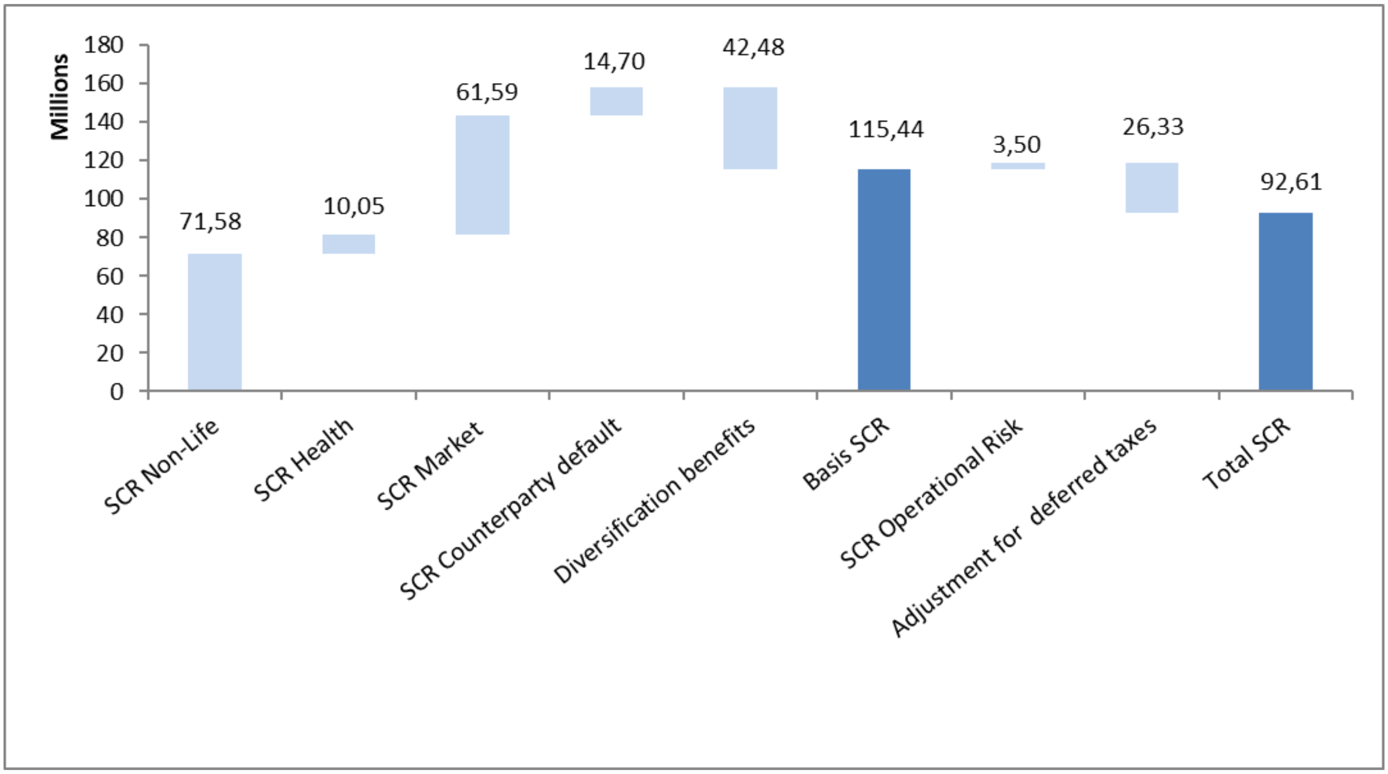


Figure 2 KBC Group Re Solvency II capital requirement as at 31/12/2024

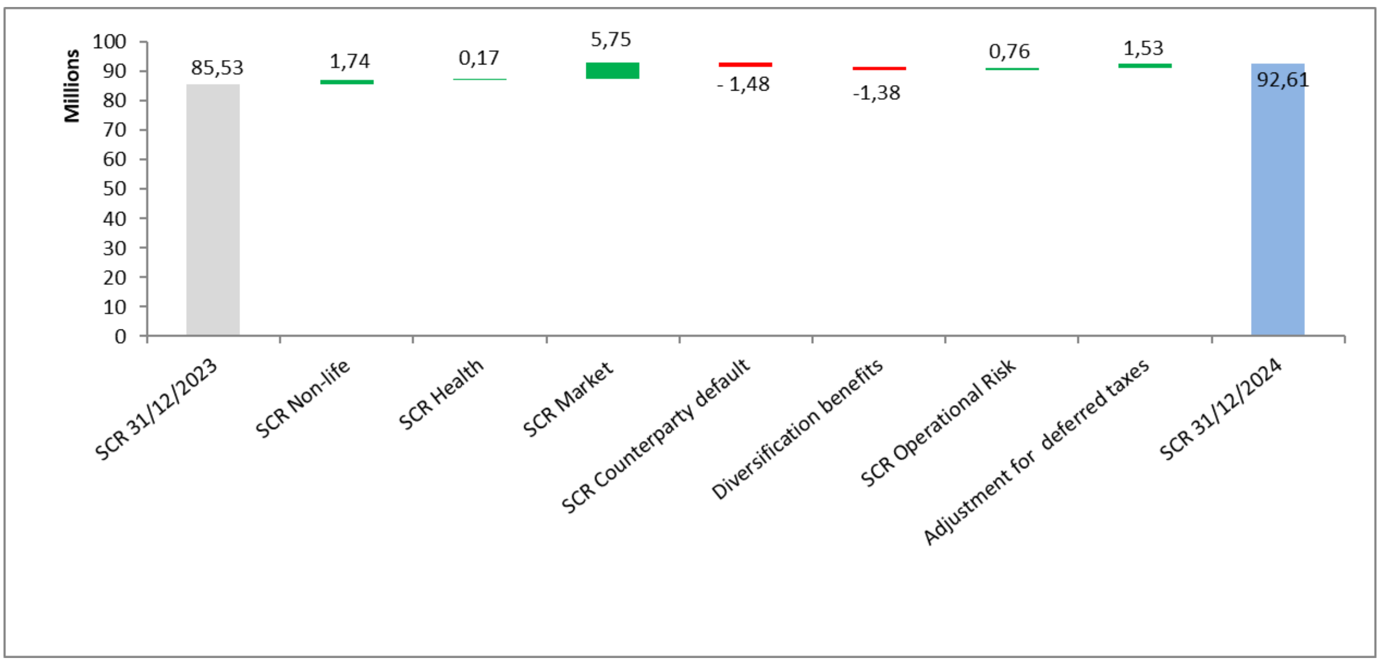


Figure 3 Evolution of SCR in 2024

See section on Capital management for further details on Solvency capital requirement.

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, pricing, 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.

The Group risk function develops and rolls out a group-wide framework for managing insurance risks within all (re)insurance entities. Group Risk is responsible for providing support with regard to local implementation and the functional direction of the insurance risk management process of the (re)insurance subsidiaries.

The insurance risk management framework is designed primarily around the following building blocks:

- Adequate identification and analysis of material insurance risks by, inter alia, analysing new emerging risks, concentration or accumulation risks, and developing early warning signals;
- Appropriate risk measurements and use of these measurements to develop applications aimed at guiding the company towards creating maximum shareholder value. Examples include best estimate valuations of insurance liabilities, ex post economic profitability analyses, natural catastrophe and other Life, Non-Life and Health exposure modelling, stress testing and internal required capital calculations;
- Stress testing and sensitivity analysis;
- Regular reporting and follow-up of the risk measurements in the Integrated Insurance Risk Report;
- Determination of insurance risk limits and conducting compliance checks, as well as providing advice on reinsurance programs.

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

Concentration risk (in underwriting risk):

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

- 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. To achieve the objectives, the reinsurance policy stipulates that the company must 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 81,6 million EUR accounting for 50,6% 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.

mln EUR	31/12/2023	31/12/2024	Nominal change	Relative change
SCR Non-Life	**69,8**	**71,6**	**1,7**	**2,5%**
Premium and reserve risk	21,0	23,6	2,6	12,4%
Catastrophe	61,6	61,9	0,4	0,6%
Diversification benefit	-12,7	-14,0	-1,2	9,7%
SCR Health	**9,9**	**10,1**	**0,2**	**1,7%**
Premium and reserve risk	1,2	1,5	0,3	23,4%
Catastrophe	9,5	9,6	0,1	0,6%
Diversification benefit	-0,9	-1,0	-0,2	21,2%
Total SCR Insurance Risks before diversification	**79,7**	**81,6**	**1,9**	**2,4%**

Table 5 SCR Underwriting Risk of KBC Group Re (31/12/2024)

Overall, the total capital charge for insurance risks increased by 2,4% in 2024. This is mainly due to an increase of 'Premium and reserve risk' for Non-Life (+12,4%) caused by a growing volume of premium income and reserves.

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 the company does not own any property.

As seen in Figure 2, SCR for market risk represents 61,6 million EUR accounting for 38,2% 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.

mln EUR	31/12/2023	31/12/2024	Nominal change	Relative change
Interest rate risk	11,0	11,9	0,9	7,9%
Equity risk	41,3	45,0	3,8	9,1%
Spread risk	5,6	6,0	0,4	6,7%
Currency risk	19,1	22,0	3,0	15,6%
Concentration risk	0,2	2,6	2,4	1336,0%
Total SCR market risk before diversification	**77,1**	**87,6**	**10,4**	**13,5%**
Diversification benefits	-21,3	-26,0	-4,7	21,9%
Total SCR after diversification and adjustments	**55,8**	**61,6**	**5,8**	**10,3%**

Table 6 SCR Market Risk of KBC Group Re (31/12/2024)

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, including 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, accompanied by a limit framework that is monitored on a frequent basis
- Capital sensitivities arising from investment book that impact available 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 2024 is shown in Table 7. Increase is mainly driven by a change of volume. Other techniques such as duration approach and stress testing are also used.

mln EUR	31/12/2023	31/12/2024	Absolute change
Interest (Swap +10 BPV) limit	-0,9	-1,1	-0,2

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 7,9% which is due to a higher volume of the bonds portfolio.

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. A predominant part of the portfolio of bonds relates to sovereign exposures as shown in Table 8.

	31/12/2023		31/12/2024	
mln EUR	Amount	in %	Amount	in %
Bonds	**293,9**	**72,3%**	**328,6**	**69,0%**
of which Government bonds	172,0	42,3%	188,4	39,6%
of which Corporate bonds	121,9	30,0%	140,2	29,4%
Equity	**102,1**	**25,1%**	**107,6**	**22,6%**
of which Equity type 1	100,6	24,8%	106,7	22,4%
of which Equity type 2 (incl. Collective investment undertakings)	1,5	0,4%	0,9	0,2%
Cash	**10,3**	**2,5%**	**40,2**	**8,4%**
of which term deposits	*0,0*	*0,0%*	*0,0*	*0,0%*
of which cash at bank	*10,3*	*2,5%*	*40,2*	*8,4%*
Total	**406,3**	**100,0%**	**476,3**	**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 decreased from 1,6% to 1,4%. Portion of the portfolio rated A and above stands at 89,7% (compared to 88,1% end 2023).

Rating	31/12/2023		31/12/2024	
Market value - mln EUR	amount	in %	amount	in %
CQS 0 (AAA)	11,6	9,6%	12,0	8,6%
CQS 1 (AA)	35,6	29,2%	33,0	23,5%
CQS 2 (A)	60,1	49,4%	80,7	57,6%
CQS 3 (BBB)	12,6	10,3%	12,5	8,9%
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	1,9	1,6%	2,0	1,4%
Total	**121,9**	**100%**	**140,2**	**100%**

Table 9 Rating distribution of the Corporate bonds portfolio

Evolution in country diversification of government bonds is shown in Table 10.

SOVEREIGN BOND - COUNTRY DISTRIBUTION				
Geographic distribution	31/12/2023		31/12/2024	
Market value - mln EUR	amount	in %	amount	in %
Austria	13,2	7,7%	19,0	10,1%
Belgium	42,8	24,9%	64,0	33,9%
European Union	4,2	2,4%	20,9	11,1%
France	16,6	9,7%	11,4	6,1%
Ireland	6,4	3,7%	6,3	3,3%
Latvia	3,2	1,8%	1,0	0,5%
Lithuania	6,0	3,5%	4,0	2,1%
Luxemburg	18,1	10,5%	18,1	9,6%
Malta	1,8	1,0%	1,8	1,0%
Poland	10,2	5,9%	0,0	0,0%
Portugal	12,7	7,4%	12,7	6,8%
Roumania	3,1	1,8%	0,0	0,0%
Slovakia	9,6	5,6%	11,8	6,3%
Slovenia	9,9	5,7%	8,0	4,2%
Spain	10,0	5,8%	5,0	2,6%
US	4,3	2,5%	4,4	2,3%
Total	**172,0**	**100%**	**188,4**	**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 an increase of SCR for spread risk of 6,7% due to the increasing volume of the corporate bonds portfolio.

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	31/12/2023		31/12/2024	
mln EUR	amount	in %	amount	in %
Belgium	3,1	1,4%	2,9	2,7%
China	1,1	0,0%	0,8	0,8%
Denmark	0,0	100,0%	0,9	0,8%
France	10,7	14,6%	10,7	10,1%
Germany	3,4	12,0%	1,7	1,6%
Ireland	1,4	0,0%	2,0	1,9%
Italy	0,0	2,2%	0,0	0,0%
Japan	7,8	2,3%	3,5	3,3%
Netherlands	9,5	4,1%	7,4	7,0%
Spain	0,6	2,1%	0,6	0,6%
Switzerland	3,6	1,2%	3,7	3,4%
US	59,4	60,0%	72,4	67,8%
Total	**100,6**		**106,7**	

Table 11 Geographic distribution of the equity portfolio

Table 6 shows an increase of SCR for equity risk of 9,1% driven by the excellent market performance in 2024.

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 increase is due to the excellent equity market performance in 2024.

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 14,7 million EUR accounting for 9,1% of the undiversified Solvency II pillar 1 capital requirement before adjustment for deferred taxes. Further details can be found in Table 12. The decrease of SCR for counterparty default risk results from a decrease of type 2 exposure due to lower receivables.

mln EUR	31/12/2023	31/12/2024	Nominal change	Relative change
Type 1 counterparty	1,5	2,6	1,1	69,1%
Type 2 counterparty	15,0	12,6	-2,3	-15,6%
Total SCR counterparty risk before diversification	**16,5**	**15,2**	**-1,3**	**-7,8%**
Diversification benefits	-0,4	-0,5	-0,2	55,8%
Total SCR counterparty risk after diversification	**16,2**	**14,7**	**-1,5**	**-9,1%**

Table 12 SCR Counterparty Risk (31/12/2024)

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 51% of the total assets is considered as having a high liquidity value.

mln EUR	31/12/2023	31/12/2024
Cash & Bank Deposits	10,3	40,2
Sovereign bonds	172,0	188,4
Covered bonds	16,1	16,6
Total highly liquid assets	**198,5**	**245,1**
Total invested assets	**406,3**	**476,3**
Liquid assets as a % of total assets	**49%**	**51%**

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 3,5 million EUR accounting for 2,2% of the undiversified Solvency II pillar 1 capital requirement before adjustment for deferred taxes.

The governance, rules and procedures on the performance of operational risk management throughout KBC Group are outlined in the Operational Risk Management Framework. The framework is aligned with the EU Digital Operational Resilience Act (Regulation EU2022/2554). Its implementation is coordinated and monitored by the Operational Risk Competence Centre of Group Risk, which consists of risk experts at both Group and local level. The Competence Centre cooperates with other expert functions covering the nine operational risk subtypes: Information Technology, Information Security, Business Continuity, Process, Outsourcing and Third-Party, Model, Legal, Fraud and Personal and Physical Security risk. A number of group-wide building blocks are defined to ensure adequate management of operational risks:

- **Risk identification:** KBC identifies its operational risks based on various sources like following up on legislation, using the output of the New and Active Product Process, performing risk scans, analysing key risk indicators and performing independent control monitoring activities and root cause analysis of operational incidents, near misses and losses. A structured repository of operational risks and related mitigating controls is in place, whereby a review process ensures that the repository remains in line with new or emerging operational risk subtypes. Risk self-assessments on the operational business lines are performed by the first line of defence with the aim to identify additional local risks and possible control gaps. Dynamic trigger-based risk assessments are executed based on the continuous screening of both internal and external risk events. On top of that, regular proactive scanning of the environment is performed in order to identify external or internal (cyber) trends which could negatively impact our company in a direct or indirect way. These are also known as risk signals and are reported via the Integrated Risk Report.

- **Risk measurement**: unified Group metrics and scales are in place to determine individual (inherent and residual) operational risk levels in the business lines and to underpin the risk profile of an entity, in a comprehensive and integrated way across operational risk subtypes and across the KBC Group and its entities.
- In addition, KBC closely monitors the maturity of its internal control environment in a data-driven way. This allows to frequently assess and report on maturity and take actions when necessary. Once a year, these insights also serve as input for an Internal Control Statement (ICS) which evaluates how well KBC entities are in control of and manages their operational risks. To determine the degree of assurance that a control measure mitigates a particular risk as expected, we measure the ‘control effectiveness’ via several metrics such as employee phishing campaign click rates, website vulnerability patching speeds and the number of processing errors.
- Setting and cascading **risk appetite**: For operational risk, a risk appetite is set which measures to which extent KBC Group and its entities are exposed to each operational risk subtype.
- **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.

Managing Operational risks in 2024

As a result of the geopolitical risks that further emerged in 2024, the cyber threat landscape was under increased pressure. Furthermore, also the rapid evolution of Artificial Intelligence (incl. deepfake techniques) brought challenges to KBC’s information risk management.

KBC experienced several cyber incidents during 2024. However, none of these incidents caused damage to the systems or had a serious impact on customer service. This is mainly the result of mature internal controls, strong detection mechanisms and swift management response. Note that KBC also has comprehensive insurance policies to mitigate any possible financial impacts caused by potential cyberattacks. Information security, including cyber-crime fraud will remain a top risk within the group.

In 2024, there was an increase in data breaches at third-party providers, which were investigated, analyzed and managed as per processes and procedures in place to ensure that the best preventative and detective measures are taken. There was no impact on customers or employees. KBC remains vigilant in safeguarding data and preventing data breaches.

We have been actively preparing for the Digital Operational Resilience Act (DORA), which shall be effective upon delivery of this report. DORA aims to create a dedicated framework to safeguard digital operational resilience as the ability of firms and the financial sector as a whole to prevent, adapt, respond to, recover, and learn from operational disruptions”. KBC has set-up a program to comply with the requirements of DORA and ensure consistent and transparent implementation, by providing steering, oversight and reporting.

The broad spectrum of operational risks is categorised into a number of sub-risk types. In 2024, specific attention was paid to:

Information risk management

Information risks encompass the risks of information security and information technology, driven by an ever-changing cyber threat landscape.

Information security risk is one of the most material risks that financial institutions face today, as it is driven by factors such as geopolitical tensions, organized cybercrime, technological growth and innovation (e.g., use of AI for phishing, deepfakes, …) and internal factors (such as further digitalisation, experiments with emerging technology, and so on). These threats could lead to a loss of integrity, loss of confidentiality and unplanned unavailability, impacting our data, the availability of our operations and services, our reputation, and so on.

Management of cyber risk is integrated into the ERMF, including analysis, reporting, registration and follow-up. This ensures alignment with broader risk oversight and our objectives. The actions implemented to manage cyber risk have a groupwide coverage and are part of a continuous process.

Third party risk and Outsourcing risk management

Third party and outsourcing risk is the risk stemming from problems regarding continuity, integrity and/or quality of the activities outsourced to third parties (whether or not within the group), partnered with third parties or from the equipment or staff made available by these third parties.

Internal governance arrangements and sound risk management are in place to assure that the third-party arrangements and the related third-party risks are properly managed and kept within the boundaries of the risk appetite. KBC specifies the minimum requirements for risk assessments, covering all risks affecting the operational and financial resilience of the third party, as well as the mandatory controls to be performed.

Outsourcing risk management is a specific aspect of Third Party risk management. Regulatory requirements regarding follow-up, measurement and reporting of outsourcing risk have increased over the years. As contracting external service providers is an essential part of operational processes and intragroup outsourcing is an important aspect of the KBC strategy, the focus on outsourcing risk remains a key element of the groupwide risk management at KBC.

To ensure robust management of its outsourcing processes and risks, KBC has put in place a groupwide outsourcing framework, which comprises a groupwide Outsourcing Policy and DORA third-party risk management policy which sets out the principles and strategy for outsourcing activities and aims to standardize the approach when transfer of an activity is considered for outsourcing. Controls are in place to adequately mitigate risks arising from either external or internal outsourcing during the full life cycle of a service provider. Qualitative risk governance of KBC’s outsourced activities is ensured by regular risk assessments, their frequency being defined by the criticality of the outsourced activity.

Business continuity management

To ensure the availability of critical services, KBC has business continuity 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 of 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.

Environmental, Social and Governance (ESG) risk

ESG risk is the risk of (current or prospective) environmental, social or (corporate) governance factors impacting us, directly or via our counterparties/exposure. Environmental risk is the risk arising from climate change (climate risk), nature and biodiversity loss (nature risk) or from other environmental issues caused by human influences on nature, such as scarcity of fresh water, (air, water and soil) pollution and waste.

Following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we differentiate 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. Examples include policy changes (e.g. imposition of carbon-pricing mechanisms, energy efficiency requirements or encouragement of sustainable use of environmental resources), climate-related litigation, technological changes/progress (e.g. old technology replaced by cleaner technology) and behavioural changes (e.g. consumers or investors shifting towards more sustainable products and services, increased litigation risk).

Social risk is the risk arising from changing expectations concerning relationships with employees, suppliers, customers and communities e.g. labour and workforce considerations (labour standards, working conditions, diversity, health and safety), human rights and poverty, community impact, customer relationships (customer protection e.g. against cyber-crime, product responsibility, responsible marketing), …

Governance risk is the risk arising from changing expectations concerning corporate governance (corporate policies & code of conducts e.g. responsibilities of senior staff members, remuneration, internal controls, shareholder rights), anti-corruption & anti-bribery and transparency.

ESG risks, with a special focus on climate risk, are top of mind at KBC.

In 2024, the scope of the local Climate Risk Impact Map was broadened from climate to environmental risks, with the inclusion of nature loss and other environmental issues into an Environmental Risk Impact Map.

Environmental risk is not shown separately in our risk appetite as this risk will impact / materialize through the traditional risk types. It is therefore to be seen as a (potential) additional risk driver, which will increase the risk profile of several risk types if not sufficiently mitigated.

Combined quantitative and qualitative insights are used to assess the potential impact from environmental risk on the risk profiles of the different risk types based on the conclusions of the Environmental Risk Impact Map.

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 to 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 2024 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.

31/12/2024 (X 1.000 EUR)	LuxGaap Value	Solvency II Value	Delta
Intangible assets	26	0	-26
Investments	425.565	436.157	10.591
Equities	*89.666*	*107.598*	*17.932*
Bonds	*335.899*	*328.559*	*-7.340*
Deposits to cedants	32.791	32.791	0
Technical provisions - part of reinsurance	72.491	19.186	-53.305
(Re)insurance receivables	41.199	41.199	0
Cash	40.165	40.165	0
Tangible assets	91	91	0
Other assets	10.278	10.278	0
TOTAL ASSETS	**622.606**	**579.866**	**-42.740**
Technical provisions	515.635	111.527	-404.108
TP representing liabilities	*136.803*	*50.548*	*-86.256*
Risk Margin		*60.979*	*60.979*
Equalization Provision	*378.832*	*0*	*-378.832*
Other provisions	64	64	0
Deposits from reinsurers	24.660	24.660	0
Payables	23.251	23.251	0
Deferred taxes	0	83.965	83.965
Other liabilities	838	838	0
TOTAL LIABILITIES	**564.448**	**244.306**	**-320.143**
Excess of Assets over liabilities	**58.158**	**335.561**	**277.403**

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 (75%).

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.

31/12/2024 (X 1.000 EUR)	Amount with Volatility adjustment	Impact of volatility adjustment set to zero
Technical provisions	111.527	1.123
Basic own funds	324.329	-422
Eligible own funds to meet Solvency Capital Requirement	324.329	-422
Solvency Capital Requirement	92.609	36
Eligible own funds to meet Minimum Capital Requirement	324.329	-422
Minimum Capital Requirement	23.152	9

Table 15 Impact of the volatility adjustment (31/12/2024)

Level of uncertainty

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

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

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

D.2.2 TECHNICAL PROVISIONS – LUXGAAP VALUATION

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

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

Those provisions are not discounted.

Provision for unearned premiums

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

This applies to gross premiums and premiums ceded to reinsurers.

Provision for claims outstanding

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

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

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

Equalization provision

In accordance with the rules applicable for reinsurance companies in Luxembourg, an equalization provision must be established by KBC Group Re. Based on the grand ducal regulation relating to the supervision of reinsurance companies, the annual allocation to this provision equals the sum of the technical results and a share of the financial result until the provision reaches a ceiling. This ceiling is determined by applying to the net reinsurance premiums a multiple based on actuarial methods and approved by the local supervisor (multiples depend on the risk bucket).

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

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

D.3 Other liabilities

Other liabilities mainly relate to tax provisions and deferred taxes:

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

  Deferred tax liability amounts as per 31/12/2024 to 84 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)	31/12/2023	31/12/2024
Own funds - Tier 1	**292.592**	**324.329**
LuxGaap shareholders equity	52.748	58.158
Dividend pay-out (-)	-4.930	-11.232
Difference in the valuation of assets	-32.596	-42.740
Difference in the valuation of technical provisions	358.350	404.108
of which equalization provision	*374.649*	*378.832*
Difference in the valuation of other liabilities	-80.981	-83.965
of which deferred taxes	*-80.981*	*-83.965*

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 2024, Tier 1 Own funds amounted to 324,3 million EUR, eligible to cover both the Minimum Capital Requirement and Solvency Capital Requirement.

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 350% at 31/12/2024.

(X 1.000 EUR)	31/12/2023	31/12/2024
Own funds - Tier 1	292.592	324.329
Solvency capital requirement (SCR)	85.530	92.609
Ratio of Eligible own funds to SCR	342%	350%
Minimum capital requirement (MCR)	21.383	23.152
Ratio of Eligible own funds to MCR	1368%	1401%

Table 17 Solvency ratios of KBC Group Re (31/12/2024)

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

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

Not applicable for KBC Group Re.

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

Not applicable for KBC Group Re.

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

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

E.6 Any other information

No other information to report.

ANNEXES

S.02.01.02 – Balance sheet (x 1.000 EUR)

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	91
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	436157
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	106679
Equities - listed	**R0110**	106679
Equities - unlisted	**R0120**	0
Bonds	**R0130**	328559
Government Bonds	**R0140**	188391
Corporate Bonds	**R0150**	140168
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	919
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**	19186
Non-life and health similar to non-life	**R0280**	19186
Non-life excluding health	**R0290**	17403
Health similar to non-life	**R0300**	1783
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**	32791
Insurance and intermediaries receivables	**R0360**	15002
Reinsurance receivables	**R0370**	26196
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**	40165
Any other assets, not elsewhere shown	**R0420**	10278
Total assets	**R0500**	579866

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	111527
Technical provisions – non-life (excluding health)	R0520	103546
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	47461
Risk margin	R0550	56085
Technical provisions - health (similar to non-life)	R0560	7981
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	3087
Risk margin	R0590	4894
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	0
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	64
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	24660
Deferred tax liabilities	R0780	83965
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	9355
Reinsurance payables	R0830	13733
Payables (trade, not insurance)	R0840	163
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	838
Total liabilities	R0900	244306
Excess of assets over liabilities	R1000	335561

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0	0	922	2500	10492	0	0	0	6917					20831
Gross - Non-proportional reinsurance accepted	**R0130**													2781	14428	85	72369	89663
Reinsurers' share	**R0140**	0	0	0	0	0	0	1668	3476	0	0	0	1464	1324	10377	0	61083	79392
Net	**R0200**	0	0	0	0	0	922	832	7016	0	0	0	5452	1457	4051	85	11285	31101
Premiums earned																		
Gross - Direct Business	**R0210**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0	0	922	2500	10492	0	0	0	6917					20831
Gross - Non-proportional reinsurance accepted	**R0230**													2781	14428	85	72394	89688
Reinsurers' share	**R0240**	0	0	0	0	0	0	1668	3476	0	0	0	1464	1324	10377	0	61083	79392
Net	**R0300**	0	0	0	0	0	922	832	7016	0	0	0	5452	1457	4051	85	11311	31126
Claims incurred																		
Gross - Direct Business	**R0310**	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0	0	310	1500	482	-7	0	0	376					2661
Gross - Non-proportional reinsurance accepted	**R0330**													3168	16440	26	91277	110911
Reinsurers' share	**R0340**	0	64	0	527	0	24	682	364	0	0	0	192	1836	12119	1	58145	73954
Net	**R0400**	0	-64	0	-527	0	285	818	118	-6	0	0	184	1332	4320	25	33132	39617
Expenses incurred	**R0550**	**0**	**-66**	**0**	**0**	**0**	**279**	**-1651**	**559**	**0**	**0**	**0**	**331**	**91**	**380**	**2**	**1720**	**1645**
Balance - other technical expenses/income	**R1210**																	**0**
Total technical expenses	**R1300**																	**1645**

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

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**	0	0	0	0	0	-312	-1040	-5371	0	0	0	-3538	-1407	-7339	-35	-24885	-43927
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0	0	0	0	-252	-1248	0	0	0	-803	-724	-6311	0	-20001	-29339
Net Best Estimate of Premium Provisions	**R0150**	0	0	0	0	0	-312	-788	-4122	0	0	0	-2736	-684	-1028	-35	-4884	-14588
Claims provisions																		
Gross	**R0160**	0	0	0	0	0	717	1871	2881	0	0	0	7660	4494	24816	325	51712	94475
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	0	0	0	0	2	214	0	0	0	136	2507	9340	0	36327	48525
Net Best Estimate of Claims Provisions	**R0250**	0	0	0	0	0	717	1869	2667	0	0	0	7524	1987	15476	325	15385	45950
Total Best estimate - gross	**R0260**	0	0	0	0	0	405	831	-2490	0	0	0	4121	3087	17477	290	26826	50548
Total Best estimate - net	**R0270**	0	0	0	0	0	405	1081	-1455	0	0	0	4788	1304	14449	290	10501	31362
Risk margin	**R0280**	0	0	0	0	0	1960	15187	5584	0	0	0	3430	4894	5653	167	24104	60979
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total																		
Technical provisions - total	**R0320**	0	0	0	0	0	2365	16018	3095	0	0	0	7551	7981	23129	457	50931	111527
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	0	0	0	0	0	-250	-1035	0	0	0	-667	1783	3028	0	16326	19186
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	0	0	0	0	0	2365	16268	4129	0	0	0	8218	6198	20101	457	34605	92341

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											-228		R0100	-228	-228
N-9	R0160	201	4.544	3.370	164	66	1	2	0	34	0			R0160	0	8.381
N-8	R0170	61	1.351	1.855	10.180	1.210	8.463	33	326	113				R0170	113	23.593
N-7	R0180	147	368	850	67	244	3	4	73					R0180	73	1.757
N-6	R0190	83	4.357	528	64	95	139	-1.836						R0190	-1.836	3.430
N-5	R0200	176	6.486	2.005	58	-89	165							R0200	165	8.801
N-4	R0210	3.091	1.738	3.498	608	1.962								R0210	1.962	10.897
N-3	R0220	10.063	27.709	5.274	3.340									R0220	3.340	46.386
N-2	R0230	45.416	7.630	4.483										R0230	4.483	57.528
N-1	R0240	2.578	2.255											R0240	2.255	4.833
N	R0250	48.528												R0250	48.528	48.528
													Total	R0260	58.856	213.907

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											9.528		R0100	7.162
N-9	R0160		4.942	2.098	186	80	82	80	67	22	17			R0160	16
N-8	R0170	26.746	760	23.896	13.745	12.317	3.367	3.331	1.918	1.510				R0170	1.132
N-7	R0180	26.712	3.004	1.569	1.502	1.033	979	718	615					R0180	466
N-6	R0190	10.767	3.957	6.109	4.762	4.958	3.648	3.705						R0190	3.035
N-5	R0200	18.382	10.463	6.054	2.323	2.341	2.343							R0200	1.913
N-4	R0210	14.723	8.217	3.319	5.774	3.902								R0210	3.501
N-3	R0220	41.612	18.924	13.065	16.701									R0220	11.855
N-2	R0230	34.940	24.518	17.133										R0230	14.460
N-1	R0240	8.024	5.009											R0240	3.796
N	R0250	49.328												R0250	46.172
													Total	R0260	93.508

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	111527			1123	
Basic own funds	R0020	324329			-422	
Eligible own funds to meet Solvency Capital Requirement	R0050	324329			-422	
Solvency Capital Requirement	R0090	92609			36	
Eligible own funds to meet Minimum Capital Requirement	R0100	324329			-422	
Minimum Capital Requirement	R0110	23152			9	

S.23.01.22 – Own funds (X1.000 EUR)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3	
		C0010	C0020	C0030	C0040	C0050	
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35							
Ordinary share capital (gross of own shares)	R0010	41693	41693		0		R0010
Share premium account related to ordinary share capital	R0030	0	0		0		R0030
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0		R0040
Subordinated mutual member accounts	R0050	0		0	0	0	R0050
Surplus funds	R0070	0	0				R0070
Preference shares	R0090	0		0	0	0	R0090
Share premium account related to preference shares	R0110	0		0	0	0	R0110
Reconciliation reserve	R0130	282636	282636				R0130
Subordinated liabilities	R0140	0		0	0	0	R0140
An amount equal to the value of net deferred tax assets	R0160	0				0	R0160
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0	R0180
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds							
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0					R0220
Deductions							
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0	R0230
Total basic own funds after deductions	R0290	324329	324329	0	0	0	R0290
Ancillary own funds							
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0		R0300
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0		R0310
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0	R0320
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0	R0330
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0		R0340
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0	R0350
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0		R0360
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0	R0370
Other ancillary own funds	R0390	0			0	0	R0390

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3	
		C0010	C0020	C0030	C0040	C0050	
Total ancillary own funds	R0400	0			0	0	R0400
Available and eligible own funds							
Total available own funds to meet the SCR	R0500	324329	324329	0	0	0	R0500
Total available own funds to meet the MCR	R0510	324329	324329	0	0		R0510
Total eligible own funds to meet the SCR	R0540	324329	324329	0	0	0	R0540
Total eligible own funds to meet the MCR	R0550	324329	324329	0	0		R0550
SCR	R0580	92609					R0580
MCR	R0600	23152					R0600
Ratio of Eligible own funds to SCR	R0620	350%					R0620
Ratio of Eligible own funds to MCR	R0640	1401%					R0640

		C0060		
Reconciliation reserve				
Excess of assets over liabilities	R0700	335561		R0700
Own shares (held directly and indirectly)	R0710	0		R0710
Foreseeable dividends, distributions and charges	R0720	11232		R0720
Other basic own fund items	R0730	41693		R0730
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0		R0740
Reconciliation reserve	R0760	282636		R0760
Expected profits				
Expected profits included in future premiums (EPIFP) - Life business	R0770	0		R0770
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	43927		R0780
Total Expected profits included in future premiums (EPIFP)	R0790	43927		R0790

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	61.590		
Counterparty default risk	R0020	14.696		
Life underwriting risk	R0030	0		
Health underwriting risk	R0040	10.054		
Non-life underwriting risk	R0050	71.582		
Diversification	R0060	-42.480		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	**R0100**	115.441		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	3.503
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-26.335
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**	92.609
Capital add-on already set	R0210	0
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	**R0220**	92.609
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	-26.335
LAC DT justified by reversion of deferred tax liabilities	R0650	-26.335
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	83.965

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	10430

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	405	922
Fire and other damage to property insurance and proportional reinsurance	R0080	1081	832
General liability insurance and proportional reinsurance	R0090	0	7016
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	4788	5452
Non-proportional health reinsurance	R0140	1304	1457
Non-proportional casualty reinsurance	R0150	14449	4051
Non-proportional marine, aviation and transport reinsurance	R0160	290	85
Non-proportional property reinsurance	R0170	10501	11285

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	10430
SCR	R0310	92609
MCR cap	R0320	41674
MCR floor	R0330	23152
Combined MCR	R0340	23152
Absolute floor of the MCR	R0350	3900
		C0070
Minimum Capital Requirement	R0400	23152


KBC