



# Solvency and Financial Condition Report

Baloise Vie Luxembourg S.A.



2025

## Legal Disclaimer

This report has been prepared solely to fulfil the obligations arising from the supervisory reporting (*Solvency and Financial Condition Report under Articles 51 et seq. of the SII Directive 2009/138/EC in conjunction with Articles 290 et seq. of Delegated Regulation (EU) 2015 / 35 of the Commission of 10 October 2014 and Articles 82 et seq. of the local Law of 7 December 2015 on the insurance sector*). Unless otherwise indicated in this report, all statements and information contained herein are based on facts and knowledge as at the reference date of the report. The same applies to all forward-looking statements and information contained in this report, such as for example forecasts, expectations, developments, plans, intentions, assumptions, beliefs or outlooks. Forward-looking statements are subject to many factors, and no assurance, warranty or guarantee is given that the forward-looking statements will take place or be fulfilled as expected. Furthermore, new factors with a significant impact on forward-looking statements may arise at any time. It cannot be predicted what these factors are and what influence they have individually or in combination with other circumstances. It is not intended to update any of these forward-looking statements and information due to changed circumstances or new knowledge unless expressly required by applicable laws or regulations.

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## List of abbreviations

<b>AEOI</b>	Automatic Exchange of Information
<b>ALCO-RICO</b>	Asset Liability and Risk Committee
<b>ALM</b>	Asset Liability Management
<b>AML</b>	Anti-Money Laundering
<b>AOF</b>	Ancillary Own Funds
<b>BOF</b>	Basic Own Funds
<b>BVLUX</b>	Baloise Vie Luxembourg S.A
<b>CAA</b>	Commissariat aux Assurances
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CFT</b>	Countering Financing of Terrorism
<b>CRF</b>	Cellule de Renseignement Financier
<b>DBO</b>	Defined Benefit Obligation
<b>DCF</b>	Discounted Cash Flow
<b>EIOPA</b>	European Insurance and Occupational Pensions Authority
<b>EPIFP</b>	Expected profits included in future premiums
<b>FATCA</b>	Foreign Account Tax Compliance Act
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>ICRA</b>	Investment Controlling and Risk Analysis
<b>ICS</b>	Internal Control System
<b>IFRS</b>	International Financial Reporting Standards
<b>IIA</b>	Institute of Internal Auditors
<b>ITGC</b>	IT General Control
<b>LOB</b>	Line of Business
<b>LPS</b>	Libre Prestation de Service ( <i>Freedom to provide services</i> )
<b>MCR</b>	Minimum Capital Requirement
<b>ORSA</b>	Own Risk and Solvency Assessment
<b>SCR</b>	Solvency Capital Requirement
<b>SLT</b>	Similar to Life Techniques
<b>SST</b>	Swiss Solvency Test

# Glossary

## Ancillary Own Funds

Ancillary Own Funds shall consist of items other than Basic Own Funds which can be called up to absorb losses. They require supervisory approval and cannot be used to cover the MCR (*Solvency II Directive 2009/138/EC, Article 89*).

## Basic Own Funds

Basic Own Funds are composed of the excess of assets over liabilities, valued according to market-consistent principles, and subordinated liabilities.

## Best Estimate

The Best Estimate is part of the Technical Provisions. It corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money (*expected present value of future cash-flows*), using the relevant Risk-free Interest Rate Term Structure. The calculation of the Best Estimate is based upon up-to-date and credible information and realistic assumptions and is performed using adequate, applicable and relevant actuarial and statistical methods. The cash-flow projection used in the calculation of the Best Estimate takes account of all the cash in- and out-flows required to settle the insurance and reinsurance obligations over the lifetime thereof. It is calculated gross of reinsurance.

## Minimum Capital Requirement

The Minimum Capital Requirement corresponds to an amount of eligible Basic Own Funds. Below this amount policy holders and beneficiaries are exposed to an unacceptable level of risk so that insurance and reinsurance undertakings are not allowed to continue their operations. (*Solvency II Directive 2009/138/EC, Article 129*)

## Own Risk and Solvency Assessment (ORSA)

Own Risk and Solvency Assessment is a risk management process which connects business strategy and capital planning and is an integral part of the business strategy. ORSA needs to be performed annually or whenever the Risk Profile changes significantly. The process is owned by the Board and must be documented and reported internally and to the supervisor.

## Own Funds

Own Funds are defined as the sum of Basic Own Funds and Ancillary Own Funds (*Solvency II Directive 2009/138/EC, Article 77*).

## Reconciliation Reserve

The Reconciliation Reserve (*revaluation reserve*) is part of the Own Funds of the Solvency II balance sheet. It results from the surplus of assets over liabilities less items such as share capital, capital reserve or foundation funds, preference shares and Surplus Funds. In addition, adjustments must be made, such as for foreseeable dividend payments.

## **Risk Margin**

The Risk Margin is part of the Technical Provisions and shall be such as to ensure that the value of the Technical Provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations. The Risk Margin is determined by the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support the insurance and reinsurance obligations over the lifetime thereof (*Solvency II Directive 2009/138/EC, Article 77*).

## **Risk-free Interest Rate**

The Risk-free Interest Rate term structure is relevant for the calculation of liabilities by insurance and reinsurance undertakings. EIOPA is required to publish the Risk-free Interest Rate for Solvency II. As a default approach, the Risk-free Interest Rate is primarily derived from the rates at which two parties are prepared to swap fixed and floating interest rate obligations (*EIOPA-BoS-15/035*).

## **Solvency Capital Requirement (SCR)**

The Solvency Capital Requirement should reflect a level of eligible Own Funds that enables insurance and reinsurance undertakings to absorb significant losses and that gives reasonable assurance to policy holders and beneficiaries that payments will be made as they fall due. This amount is determined with reference to the risks assumed by the Company (*Solvency II Directive 2009/138/EC, Paragraph 62*).

## **Solvency II Ratio**

The Solvency II Ratio represents the Company's Own Funds against its SCR. Insurance and reinsurance undertakings are required to maintain their Solvency II Ratio above 100%. If the ratios are lower, measures are initiated by the national supervisory authority, such as the need for an action plan to restore the ratios to required levels.

## **Surplus Funds**

Surplus Funds shall be deemed to be accumulated profits which have not been made available for distribution to policy holders and beneficiaries. In so far as authorised under national law, Surplus Funds shall not be considered as insurance and reinsurance liabilities to the extent that they fulfil the criteria set out in Article 94(1) (*Solvency II Directive 2009/138/EC, Article 91*).

## **Technical Provisions**

The value of the TP under Solvency II corresponds to the amount which another insurance or reinsurance undertaking would be expected to require to take over and fulfil the underlying insurance and reinsurance obligations. They are calculated as the sum of the Best Estimate liabilities and the Risk Margin.

## **Volatility Adjustment**

The Volatility Adjustment is a measure to ensure the appropriate treatment of insurance products with long-term guarantees under Solvency II. (Re)insurers are allowed to adjust the risk-free-rate to mitigate the effect of short-term volatility of bond spreads on their Solvency Position. In that way, the Volatility Adjustment prevents pro-cyclical investment behaviour of (re)insurers.

# Executive Summary

## Introduction

The purpose of the Solvency and Financial Condition Report or SFCR is to present qualitative and quantitative information on Business and Performance, System of Governance, Risk Profile, Solvency Valuation and Capital Management for the year 2025. This report complies with public disclosure requirements set out in the Law of December 7 2015 on the Insurance Sector, which implements the Solvency II Directive 2009/138/EC, the Commission Delegated Regulation (EU) 2015/35 and the EIOPA Guidelines on Reporting and Disclosure.

The European Solvency II Directive aims to improve and harmonise insurance regulation across the EU in order to unify the European insurance market and strengthen consumer protection. This risk-based framework covers both quantitative and qualitative aspects to define the capital requirements of each company subject to the regulation. Solvency II is divided into three pillars representing financial requirements, governance and supervisory requirements and finally reporting and disclosure requirements.

Baloise Vie Luxembourg S.A. is an insurance company incorporated in the Grand Duchy of Luxembourg as a limited liability company (*Société Anonyme*) on 6<sup>th</sup> May 1996 and published in the “*Mémorial*” (*Luxembourg formal publication for laws, regulations, acts and company and financial notices*), under the number B54686. The Company is regulated by the Luxemburgish supervisory authority, the *Commissariat Aux Assurances*, situated at 11, rue Robert Stumper, L-2557 Luxembourg.

Baloise Vie Luxembourg S.A. (*hereafter referred to as “Baloise Vie” or the “Company”*) forms an integral part of the Helvetia Baloise Group, which is owned by Helvetia Baloise Holding Ltd, Switzerland (*hereafter referred to as the “Group” or the “Helvetia Baloise Group”*). Strategically located at the heart of Europe, the Group operates from its head office in Basel, with its registered office at CH-4001 Basel, Aeschengraben 21 (*Switzerland*), and provides a comprehensive range of prevention, pension, assistance and insurance solutions.

## 2025 Highlights

The year 2025 marked a period of significant transformation and acceleration for Baloise Vie Luxembourg S.A., unfolding within an environment that was both uncertain and rich with new opportunities. Throughout this period, the Company demonstrated strong agility and a remarkable ability to adapt to evolving market conditions. This disciplined approach, combined with a clear strategic focus on sustainable and profitable growth, has continued to deliver tangible and measurable results.

Throughout the year, the Company demonstrated strong resilience, strengthened its Solvency Position and maintained a sustainable and solid growth. The Company continues to be well positioned in the market supported by its solid governance, Group structure and long-term investment strategy.

## Merger of Helvetia and Baloise

The year 2025 was marked by a major strategic event for Baloise. On December 5, 2025, the merger of Baloise Holding Ltd with Helvetia Holding Ltd to form Helvetia Baloise Holding Ltd was completed as planned. This successfully concluded the merger of equals that was announced in April 2025. With a combined business volume of around CHF 20 billion, the unified Helvetia Baloise Group is among the leading insurance companies in Europe and has now become the largest multi-line insurer in Switzerland. The resulting Group, headquartered in Basel, Switzerland, operates in eight European markets in life and non-life business as well as in the global Specialty Markets segment, and serves around 13 million customers.

The merger forms the foundation for the long-term further development of the combined company.

With the completion of the merger, the operational integration phase has begun. In 2026, the products, services and internal processes of the new Group will be gradually harmonised. The aim of the integration is to combine the existing strengths of both companies and to shape a resilient, customer oriented and profitably growing company.

## Business and Performance

As disclosed in the annual report, Baloise Vie Luxembourg S.A. generated a business profit of EUR 15,034.8 thousand in 2025.

The result continued to increase compared with the previous year. The key drivers behind the 2025 performance include the yield increase of the investment market, the higher Unit-Linked result driven by improved efficiency measures and increased Assets under Management due to the capital market recovery, the ongoing growth of the collective life business as well as a strict cost control.

The Company reports Own Funds amounting to EUR 353,284.5 thousand in 2025 (*as measured under the Solvency II based valuation principles*) and complies with the Solvency II requirements with a Solvency Ratio that increased to 145.4% per year-end 2025.

In respect of revenues, the gross premium written increased significantly by 12.8% from EUR 1,022,540.7 thousand in 2024 to EUR 1,153,015.8 thousand in 2025 supported by the uplift in Unit-Linked business volume under the freedom to provide services directive as well as by the growth in collective life business.

## System of Governance

As a company committed to long-term value creation, Baloise Vie has always placed great importance on sound and responsible corporate governance—an expectation that has become even more critical in today's environment.

The system of governance in place within Baloise Vie is considered as adequate to the nature, scale and complexity of the risks inherent to the Company's business. This adequacy is demonstrated through governance principles that fully align with applicable regulatory requirements. Furthermore, the Fit and Proper process, together with the Company's Code of Conduct, ensures the adequacy of individuals responsible for Key Functions in accordance with Solvency II regulation.

## **Risk Profile**

All risks identified within the Baloise Risk Map and under the Solvency II regulatory framework are regularly assessed, taking into consideration risk mitigating measures in place. Management of the different risks is organised at two levels. First, risks are evaluated in a bottom-up process by the respective functional department acting in the capacity of *risk owner and risk controller*. In a second step, the assessments are aggregated at Company level.

Baloise Vie regularly assesses whether the resulting Risk Profile is compliant and remains aligned with its risk strategic orientations.

The key drivers of the Solvency Capital Requirement continue to be the Market risk and the Life Underwriting risk. The most prominent risk within the Market risk is the Equity risk while the Life Underwriting risk is driven by the Lapse risk and Expense risk.

During the reporting period of our document, the Market risk slightly increased while the gross life Underwriting risk remained stable.

## **Valuation for Solvency purposes**

Valuation principles and results are presented under both the Solvency II framework and local accounting standards (*Local GAAP*). Significant differences between these two frameworks are documented, covering not only differences in valuation principles, but also differences in recognition and/or in classification of certain assets and liabilities.

No material changes occurred during the reporting period on the assets side. On the liability side, the main developments are reflected in the technical provisions, where assumptions have been updated to reflect the most recent experience. When not considering other effects on the development of the technical provisions, the changes led to an increase in technical provisions.

In addition, the market performance of the Unit-Linked contracts combined with a high volume of new business premiums, contributed to a significant increase in the technical provisions.

## Capital Management

### Solvency II ratio reported at a level of 145.4%

The Company's Solvency II ratio was reported at a level of 145.4% at the end of 2025. The legal requirement to hold sufficient Own Funds to cover the Solvency Capital Requirement has therefore been fulfilled.

Solvency Position	2025	2024
EUR '000		
Total eligible Own Funds to meet the MCR	263,613.3	216,998.2
Minimum Capital Requirement	101,643.6	97,276.3
<b>Ratio of Eligible Own Funds to Minimum Capital Requirement</b>	<b>259.4%</b>	<b>223.1%</b>
Total eligible Own Funds to meet the SCR	353,284.5	307,542.9
Solvency Capital Requirement	242,979.4	221,039.9
<b>Ratio of Eligible Own Funds to Solvency Capital Requirement</b>	<b>145.4%</b>	<b>139.1%</b>

Both the available Own Funds and the Solvency Capital Requirements increased during the reporting period. The significant changes impacting the Solvency Capital Requirement were already described above in the section Risk Profile.

### Post closing events

No post-closing events to mention.

### Validation by the Board of Directors

On March 23, 2026, the Board of Directors has formerly validated this report by way of written Circular Resolution.

## A Business and performance

### A.1. Business

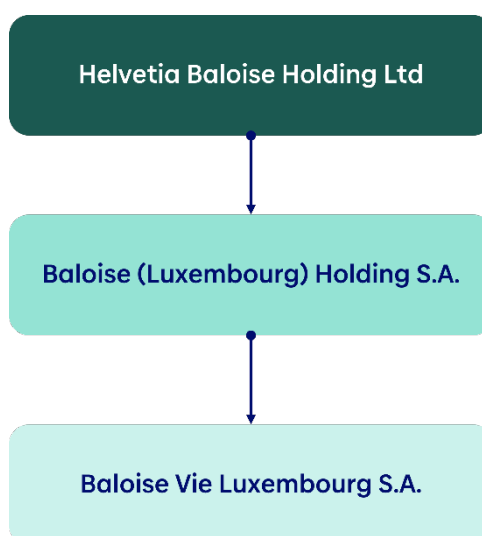
#### A.1.1 General information

Baloise Vie Luxembourg S.A. is an insurance company incorporated in the Grand Duchy of Luxembourg as a limited liability company (*Société Anonyme*) on May 6, 1996 and published in the “Mémorial” (*Luxembourg formal publication for laws, regulations, acts and company and financial notices*), under the number B54686. The Company is regulated by the Luxemburgish supervisory authority, the Commissariat Aux Assurances, situated at 11, rue Robert Stumper, L-2557 Luxembourg. .

The External Auditor of the Company is Ernst & Young S.A., whose registered office is at L-1855 Luxembourg, 35E, Avenue John F. Kennedy.

Baloise (*Luxembourg*) Holding S.A. is the sole shareholder of the Company and has been a 100% subsidiary of the ultimate parent company, Helvetia Baloise Holding Ltd, since the completion of the merger on 5 December 2025. The simplified chart below provides an overview of the Company’s position within the legal structure of the Helvetia Baloise Group.

A concise structure representation of the Company is presented hereafter:



From 2025 onwards, the Company is included in the consolidated accounts of the Helvetia Baloise Holding Ltd. At the end of 2025, in addition to its Swiss and Luxemburgish activities, the Group also maintained significant foreign operations in Belgium, Germany, Italy, Austria, Spain, France, and Liechtenstein.

An active interaction exists between the Helvetia Baloise Group and its Luxembourg subsidiary. This interaction is reflected, among others aspects, in the presence of Group representatives on the Company's Board of Directors and in comprehensive management reporting procedures. Significant synergies are also realised in the areas of Information and Communication Technology (ICT), Asset Management and Risk Management.

## A.1.2 Significant business and geographical coverage

### Main business lines and geographical areas

The main business lines of the Company are Index-Linked and Unit-Linked insurance obligations and insurance obligations with profit participations. In 2025, the Company realised a gross premium volume of EUR 1,153,015.8 thousand, which represents a high increase of EUR 130,475.2 thousand compared to 2024. The majority of this increase was realised in the Unit-Linked business, and more specifically through the International Life business, with an increase of 6.1%, while the Individual Traditional Life business increased by 4.0%. Finally the Collective Life business increased by an exceptional 87.7%. With respect to gross written premiums in the International Life business, the most important geographical areas driving the business of the Company are France, Portugal, Luxembourg and Belgium.

#### Contribution to the total premium written by country

Country	2025	2024
France	34,1%	33,1%
Belgium	10,8%	25,2%
Portugal	25,6%	18,0%
Luxembourg	17,3%	17,1%
Other	12.2%	6.6%

### Significant business or other events

The financial markets have demonstrated unexpected pattern in 2025. While the previous year had been driven by declining inflation and the hype surrounding artificial intelligence, 2025 brought more uncertainty, political tensions, and unresolved questions regarding interest rates. Despite this, many markets closed the year with solid gains, and this year can be interpreted as evidence of the capital markets' resilience.

The European insurance market continues to adapt to evolving regulatory requirements and supervisory pressure, geopolitical instability, persistent inflation, rapid technological advancements and the opportunities arising from innovation and digitalisation.

In this context, Luxembourg's competitiveness in Europe is on the one hand affected by specific conditions, such as professional secrecy in the insurance industry and the automatic indexation of wages. However, the Grand Duchy can profit of strengths, such as its role as financial centre, political stability, a dense and interconnected financial ecosystem and a strong reputation for security, which is attractive for investors.

The Company has shown resilience and maintained a sustainable, solid growth in an uncertain and volatile macroeconomic and geopolitical environment. The Company remains well positioned on the market thanks to its solid governance, group structure and long-term investment strategy. During the 2025 financial year, the Company continued to organically strengthen its Solvency Position allowing increasing resilience capacities towards potential internal or external threats. All these listed aspects guarantee the attractiveness of the insurance sector and the human resource needs are very important. We are committed to creating an environment that attracts talents both in Luxembourg and more widely in the Greater Region. At the same time, our customers are at the heart of our improvements, as we work on the profitability with deep-dive restructuring measures as well as further digitalisation initiatives to enhance the customer experience.

In general, the Company achieved a strong performance, with an increase of inflows amounting to 12.8% driven by high growth in the Unit-Linked business as well as in the Collective Life business. We are proud of the progress made this year. Looking ahead, fostered by the strength of our Business Model, the commitment of our teams, a strategy focused on profitable growth and a culture aligned with that of the new Helvetia Baloise Group, we are confident to possess the capabilities and resources required to address the persistent macroeconomic challenges. We remain resolutely optimistic about our ability to continue on this path and deliver on our ambitious growth plans.

Regarding individual Guaranteed Rate products and despite our more conservative approach compared with the Market, both domestically as well as in the bordering regions, our local network of agents and brokers secured a turnover of EUR 37.9 million, a slight both solid increase of 4.0% compared to last year.

Guaranteed-rate savings products are steadily declining (-7.9%). This phenomenon is linked to the discontinuation of Traditional Guaranteed-Rate products since 2016, which have been gradually replaced by Universal Life products investing primarily in Unit-Linked savings, achieving an increase of 19.4% in 2025 compared to 2024. Risk products are increasing slightly by 1.0% in 2025 compared to 2024, in line with the activity of the real estate market, which showed a slight increase in the second quarter of 2025.

The Collective Life business is again outperforming the market with a premium income increase in 2025 of 87.7% to reach EUR 159.3 million. Inflows increased especially in savings products (+101.4%), primarily due to single premiums and reserve transfers, which accounted for 65.0% of the total premium in 2025. Biometric risk insurance remained stable with the previous year, which was marked by an excellent performance.

In life insurance, the Unit-Linked products are affected by a competitive market environment and the macroeconomic conditions. Nevertheless, the International Life segment associated with our High Net-Worth Individual (*HNWI*) client portfolio recorded substantial growth, increasing from EUR 901.3 million in 2024 to EUR 955.9 million in 2025 (+6.1%) in 2025.

## A.2. Performance of underwriting activities

### A.2.1 Underwriting performance against prior reporting period

In 2025, the Company continued to follow its selective and prudent underwriting approach.

The table below shows an overview of the components of the life underwriting performance for the current and previous year:

#### Life Underwriting Performance

	2025	2024	Variation
EUR '000			
Gross written premiums	1,153,015.8	1,022,540.7	12.8%
Gross earned premiums	1,153,216.0	1,022,791.0	12.8%
Gross claims expenses	-901,273.9	-823,936.7	9.4%
Gross operating expenses	-55,695.7	-58,519.3*	-4.8%
Reinsurance balance	-2,100.6	-2,556.0	-17.8%
Technical result life	14,935.2	12,350.9	20.9%

\*To ensure the comparability of the amounts over the financial periods, the amounts from the financial year 2024 have been updated.

In 2025 the underwriting result amounts to EUR 14,935.2 thousand.

Gross written premium reached EUR 1,153,015.8 thousand, resulting in an increase of +12.8% compared to EUR 1,022,540.7 thousand in 2024. Traditional products remained stable with a slight increase amounting to +0.9% compared to 2024. In the Unit-Linked funds business the Company recognised an increase with earned premiums amounting to EUR 955,875.1 thousand (2024: EUR 901,265.9 thousand) mainly in Portugal, France and Luxembourg markets, resulting in a +6.1% increase compared to the previous reporting period.

The reinsurance balance is composed of net earned reinsurance premiums, effective reinsurance claims, reinsurance commissions and reinsurance profit sharing.

The development of the gross earned premiums during the reporting period is presented in the following table:

#### Gross Earned Premiums

	2025	2024	Variation
EUR '000			
Index-linked and Unit-Linked insurance	1,065,868.5	940,581.5	13.3%
Insurance with profit participation	69,822.9	64,753.4	7.8%
Other life insurance	17,524.6	17,456.2	0.4%
<b>Gross premium earned</b>	<b>1,153,216.0</b>	<b>1,022,791.0</b>	<b>12.8%</b>

The gross operating expenses decreased by 4.8% in comparison to the previous year. Main drivers for the decrease are a shift from gross operating expenses to claims handling costs as a part of a fundamental cost allocation review executed in 2025 and a lower impact from provisions for risks and charges. However, gross operation expenses are still highly affected by the cost related to projects and IT expenses, especially the financial transformation project and the merger project.

The Company delivered an overall business profit of EUR 15,034.8 thousand.

## **A.3. Performance from investment activities**

### **A.3.1 Review of current and prior period investment income and expenses**

#### **Overview of the investment performance as per financial statements**

The table below shows an overview of the investment performance as per financial statements of the current period:

EUR '000	2025	2024
Bonds	12,575.5	11,168.7
Equities	2,727.2	2,001.6
Property	308.9	62.7
Loans and mortgages	50.2	59.9
Participations	463.0	280.6
Cash and cash equivalents	247.4	510.9
<b>Total investment income and expenses</b>	<b>16,372.1</b>	<b>14,084.4</b>

The investment portfolio mainly consists of Bonds, Equities, and Property exposures. During the reporting period the investment result was positively influenced by realised gains in bonds and equities.

#### **Current income (compared to previous period)**

The split of the current income by asset class is presented in the previous paragraph.

## Gains and losses recognised directly in equity

The following table shows the gains or losses recognised directly in Equity.

	2025	2024	Variation
EUR '000			
Unrealised gain and losses from Property ( <i>other than for own use</i> )	3,807.3	2,959.6	28.6%
Unrealised gain and losses from holdings in related undertakings incl. participations	8,823.7	7,671.4	15.0%
Unrealised gain and losses from Equities	4,656.6	3,175.3	46.7%
Unrealised gain and losses from Bonds	-91,606.2	-68,074.3	-34.6%
Unrealised gain and losses from Real Estate funds	-118.4	-211.2	43.9%
Unrealised gain and losses from Collective Investments Undertakings	196.3	714.7	-72.5%
<b>Total unrealised gain and losses</b>	<b>-74,240.7</b>	<b>-53,764.5</b>	<b>-38.1%</b>

An overall increase of 38% in unrealised losses between 2024 and 2025 was observed. This was driven by higher unrealised losses in the Bonds portfolio caused by negative market effects due to rising Interest Rates, as well as reduced unrealised gains from Collective Investment Undertakings.

This negative impact was partially offset by positive movement of unrealised gains on equities, in line with positive market developments and reduced unrealised losses from Real Estate funds are driven by higher impairments as a consequence of the Real Estate market evolution in Germany. Overall, the year 2025 showed a slight improvement for the concerned Real Estate funds.

## Investments in financial instruments based on repackaged loans

The Company does not invest in any financial instruments based on repackaged loans.

### A.4. Performance of other activities

#### A.4.1 Review of current period and prior period other income and expenses

For year-end 2025, the other technical income and expenses amounting to respectively EUR 11,746.3 thousand and EUR 2,421.5 thousand, mainly stem from the International Life business. Compared with the previous year, other technical income decreased (2024: EUR 14,251.8 thousand), whereas other technical expenses increased (2024: EUR 659.9 thousand).

### A.5. Other relevant information

No other relevant information.

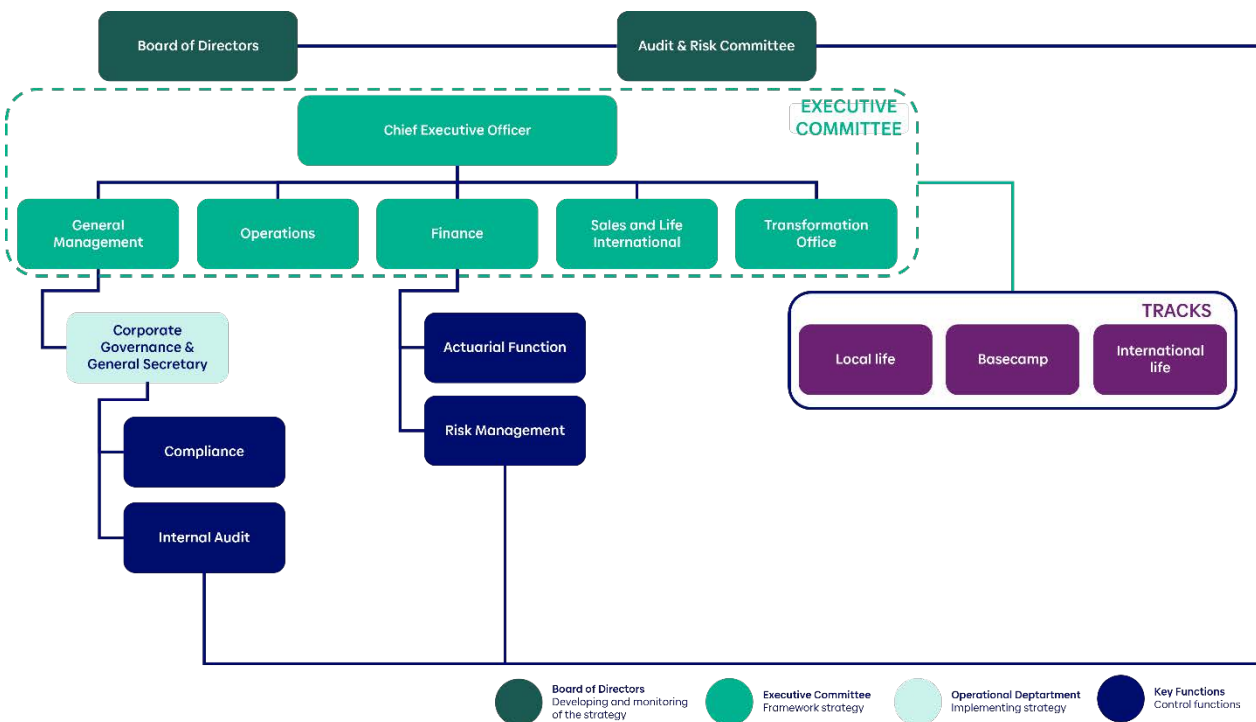
## B System of Governance

### B.1. General information on the system of governance

#### B.1.1 Governance structure: overview and main changes

Sound and effective governance is fundamental to the proper management of the Company, and it maintains a governance framework designed to ensure clear allocation of responsibilities, transparent decision-making and robust oversight in line with regulatory requirements. The Company regularly assesses the adequacy and effectiveness of its governance arrangements to ensure that they remain appropriate to the nature, scale, and complexity of its activities. As part of this continuous review process, enhancements to the organisational structure, Key Functions and committee arrangements are introduced whenever necessary to support prudent management and sustainable operations.

The overall governance structure, including the main reporting lines and the positioning of the Key Functions, is illustrated in the organisational chart below.



The Company has a two-tier Board system with a clear division of responsibilities between the two statutory governing bodies as defined in the internal corporate governance memorandum:

- The Board of Directors is responsible for defining the Company's general strategy and supervising the activities of the Executive Committee, as well as designating, among themselves, the members of that committee and revoking them.
- The Executive Committee is responsible for managing the Company's insurance activities and implementing the strategy as laid out by the Board of Directors. The Executive Committee is responsible for setting up the framework necessary for the implementation of the strategy.

The effective implementation of the strategy is carried out by the Executive Committee. Since October 2024, Tracks have been integrated into the Corporate Governance organisation framework. This new governance bodies support the strategic implementation of the Executive Committee for each of the core Business Lines of the Company.

As Key Functions, the Risk Management department, the Actuarial function, the Compliance function, and the Internal Audit department perform the oversight responsibilities.

The Compliance and Internal Audit functions are assigned to the General Counsel, ensuring their independency from the operational business activities through direct access to the Executive Committee and Board of Directors. Whereas, the Actuarial function and the Risk Management are assigned to the Finance directorate, with their independence guaranteed by their direct access to the Board of Directors and the Audit and Risk Committee.

## **Board of Directors**

### **Composition of the Board of Directors**

The Company is managed by an Independent Director, but also by Non-Executive Directors and one Executive Director. The latter is also the Managing Director of the Company. The Company refers to the definitions set out by the *Commissariat aux Assurances* on the Circular Letter 22/15 of the Board of Directors of insurance and reinsurance companies.

Concerning sound management, it is important to differentiate between the following responsibilities:

- The lead of the Company activity (*Management function*) is executed by the Managing Director and the other members of the Executive Committee.
- The supervision of the management (*Supervisory function*) is executed by the Independent and Non-Executive Directors attending the Board of Directors.
- The determination of global policy and strategy (*Policy function*) is executed by the Managing Director and Non-Executive Directors.

The composition of the Board of Directors consists of Independent and Non-Executive Directors and the Managing Director. Each Board member is appointed during the General Meeting based on the Board of Directors' recommendation for a one-year term, which can be renewed.

Members should have collective knowledge of all important Company's activities and are required to be individually sufficiently qualified and, together, have the necessary knowledge to perform their supervisory task. They must also meet the criteria of independence, integrity, and good repute.

## **Functioning of the Board of Directors**

As foreseen in the Company's Articles of incorporation, the Board of Directors meets at least 3 (*three*) times per year. Additional meetings can be requested by the Chairman, Vice Chairman or two Directors at any time in the interest of the Company. The majority of meetings must be held in Luxembourg. The Companies may organise, if necessary and appropriate, meetings of the Board of Directors by means of video, telephone, or internet, in compliance with the articles of association. The considerations are collected in the minutes.

In order to support the Board of Directors, dedicated committees were created. Their functioning and reporting are detailed below.

## **Main roles and responsibilities of the Board of Directors**

The Board of Directors is responsible for the following tasks:

- Determination of the general policy and strategy, goals, and values of the Company.
- The approval and regular evaluation of the policy structure, the organisation, internal controls, and independent control functions of the Company.
- Regularly checking whether the Company has effective internal controls with respect to the financial reporting.
- The approval and regular evaluation of the rights and obligations of general policy and strategy of the Company with respect to:
  - Commercial policy and structure.
  - Risk Profile, policy, and management.
  - Capital adequacy.
  - Outsourcing.
  - Business Continuity.
  - Integrity and acceptance policy.
  - Conflicts of interest.
- Supervision of management.
- Taking notice of important findings of independent control functions of the Company, of the Statutory Auditor, of the CAA, or of specialised committees set up by the Board, supervision of the Executive Committee to prevent shortcomings.
- Decisions are taken by the absolute majority of all members.

## Main changes related to the Board of Directors

During the reporting period, two directors resigned, and two new directors were appointed: one Non-Executive Director and one Independent Director.

## **Board level Committees**

### **Composition of the Board Committees**

The Board of Directors can set up, when appropriate, specialised committees for advice. The introduction of these committees may not influence the responsibilities of the Board. The Board of Directors approves an internal prescription consisting of the role, composition and functioning for each committee.

The Company's Board of Directors established an Audit and Risk Committee.

### **Audit and Risk Committee**

#### **Composition of the Audit and Risk Committee**

The Board of Directors appoints the members and the Chairman. The majority of the Audit and Risk Committee members are independent of the controlled Company under the law of July 23<sup>rd</sup> 2016 on the Audit profession. The Chairman of the Audit and Risk Committee is appointed by the Board of Directors and is independent of the audited entity. The Chairman of the Audit and Risk Committee is not the Chairman of the Board of Directors.

The Committee is collectively expert in the area of Finance, financial management and financial reporting, Accounting and Controlling. The members of the Audit and Risk Committee have experience in the field of Insurance and/or Finance and Accounting.

In exercising their assignment, the members have the required objectivity and independence in respect of the Management Committee.

#### **Functioning of the Audit and Risk Committee**

The functioning of the Audit and Risk Committee is determined in the Internal Audit Policy and Risk Management Policy. The Audit and Risk Committee can decide to be assisted by expert parties and can invite third parties to discuss specific agenda items.

The Audit and Risk Committee meets at least twice a year and reports to the Board of Directors.

#### **Roles and responsibilities of the Audit and Risk Committee**

The Audit and Risk Committee has the following missions<sup>1</sup>:

- Communication of the Audit results on annual accounts to the Board of Directors.
- Monitoring of the annual accounts' elaboration process.
- Checking of the efficiency of internal controls related to the annual accounts.
- Monitoring of the implementation of any finding expressed by the regulator.
- Checking of the external auditor's independence (*i.e. supply of non-audit services*).
- Responsibility of the external auditor selection process (*rotation rule*).

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<sup>1</sup> Law of 23 July 2016 on audit profession, Article 52 §6

In addition, as part of the good governance practices of overseeing the organisation and operation of internal and external control systems, the Audit and Risk Committee is also responsible for:

- Ensuring a Risk Oversight and recommends to the Board of Directors risk decisions or acceptance.
- Checking that the Company has effective Internal Control Systems, Risk Management, and independent control functions.
- Monitoring the activities of the Internal Audit: approval of the Audit plan, resources used, activity reports, Audit reports issued, and measures put in place to remedy any deficiencies discovered by the internal auditors.

The Audit and Risk Committee may be assigned specific tasks by the Board of Directors and performs these duties with full autonomy, reporting regularly to the Board of Directors until the assignments are completed.

#### Main changes related to the Audit and Risk Committee

During the reporting period and as a result of the inclusion of risk considerations, the Audit Committee evolved into the Audit and Risk Committee (ARC). Additionally, the composition of the Audit and Risk Committee has changed. In March 2025, an Independent Board Member resigned, and he was succeeded by another Independent Board Member.

## **Executive Committee**

### **Composition of the Executive Committee**

Every member of the Company's Executive Committee is in charge of a directorate. The members are solidary to the decisions taken by the Executive Committee irrespective of their specific domains.

Every member of the Executive Committee has the necessary competence, knowledge, and experience in all the important activities of the Company, specifically with respect to the subjects under their direct responsibility.

In accordance with the Commissariat of Assurances requirements (*notably Regulation 20/03 and formal CAA's approval*), a person responsible for Compliance ("*Responsable du Respect*") is appointed and demonstrate adequate knowledge of the Company's exposure to laundering and terrorist financing risks.

### **Functioning of the Executive Committee**

The Executive Committee normally meets on a weekly basis and minutes are systematically recorded. The General Counsel is a permanent participant in these meetings. Additional attendees may be invited at the Committee's discretion.

## Roles and responsibilities of Executive Committee

The Executive Committee is entrusted of the following responsibilities:

- Steering the entity with respect to local and Group strategy.
- Taking the lead with respect to the activity of the Company and the expansion of the management structure.
- Supervision of the reporting, the line management and the compliance towards dedicated tasks and responsibilities.
- Providing proposals and advice to the Board with respect to the general policy and strategy of the Company. They supply the Board with all relevant information in order to assist the Board in taking decisions.
- Responsibility for the organisation and lead of the Internal Control function and procedures, in particular the independent controls.
- Setting up an Internal Control System that secures with a sufficient level of confidence the reliability of internal reporting and the financial reporting process.
- Informing the Board of Directors about the financial position and all aspects necessary in order to perform its tasks appropriately.
- Reporting of the financial situation and structure, the internal control and independent control functions to the CAA.
- Transposing the Risk Appetite or Strategy defined by the Board of Directors into operational policies and guidelines.

### Main changes related to the Executive Committee

Some changes occurred during the reporting period in the composition of the Executive Committee with the appointment of a new CFO, who became a member of the Executive Committee.

## Key Functions

The Company has appropriate Control functions:

- The Board of Directors ensures their functioning and uses their conclusions and advice to create a stronger policy structure, organisation, and Internal Control System.
- They have an adapted statute with the necessary privileges, resources, expertise, and access within the organisation.
- Key Functions are appointed by the Board of Directors, which also ensures that they comply with the required training hours. A minimum of 15 (*fifteen*) training hours per year is required, and compliance with this requirement is monitored accordingly. They are independent of the operational activity that they control.
- They report to the Managing and Non-Executive Directors with respect to the prescribed procedures.
- Their remuneration related to the results of the Company is not material.

The following Key Control Functions are in place within the Company:

- Internal Audit.
- Compliance.
- Risk Management.
- Actuarial function.

To underline their independence, each Key Function has direct access to the Executive Committee, the Board of Directors and the Audit and Risk Committee, without having to justify their actions.

There are functions that are considered equivalent to Key Functions, including the following:

- Responsible for Compliance AML/CFT (*“Responsible du Respect”*).
- Compliance Officer for AML/CFT.
- IDD Distribution Manager.

## **Composition Key Functions**

### Internal Audit

The Internal Audit contributes to the good practice of corporate governance and helps the organisation to achieve its goals by using a systematic, target-oriented approach to analyse, assess, and report on the suitability and efficacy of the three processes of Risk Management, control, and governance.

The Internal Audit policy describes the governance of Internal Audit function (*intervention scope, governance, roles and responsibilities*) as well as its organisation (*objectives, assignment, powers, activity, competence of internal auditors, reporting, collaboration with Helvetia Baloise Group Internal Audit, collaboration with other control functions and quality control*).

Internal Audit works following the standards of the Institute of Internal Auditors (*I/A*) and Helvetia Baloise Group Internal Audit Manual. For the execution of specific tasks, cooperation with external and specialised auditors is required.

The Internal Audit area covers the systematic assessment of the adequacy and effectiveness of the quality of the Internal Control System. On the one hand, the Internal Audit ensures that the processes take place as intended and supports the achievement of the Company's objectives. On the other hand, recommendations are made to improve the efficacy, efficiency, and profitability of these processes.

The domain of Internal Audit is the whole organisation and its outsourced functions.

Internal Audit sets up a risk analysis on an annual basis, focused on global risks per domain.

The organisational set-up of Internal Audit within the Company takes into account the Company's size. Internal Audit is assigned to the Corporate Governance department.

Internal audits by Group Internal Audit are also authorised. The Internal Audit and Compliance functions are also judged by the Statutory Auditor, who reports to the Audit and Risk Committee.

## Compliance

The Company has defined the rights and obligations related to compliance within the Compliance policy, as well as in its Code of Conduct. The Code of Conduct is available for all employees on the Intranet.

Both the Compliance policy and the Code of Conduct describe the independent status, responsibilities, competences, Audit domain, and methodology of the Compliance department. The Compliance Officer operates under the authority of the Executive Committee and Group Compliance.

To ensure full independence, the Compliance Officer has direct access to the Executive Committee, the Board of Directors and Group Compliance without the need to justify or seek prior approval for such interactions.

The Compliance function includes:

- Advising the administrative, management or supervisory body on compliance with prudential regulation.
- An assessment of the possible impact of any changes in the legal environment on the operations of the undertaking concerned.
- The identification and assessment of Compliance risk.

Consequently, the Compliance function is primarily focused on ensuring the Company's compliance with laws and regulations related to the integrity of the insurance business, including with the Code of Conduct. The role of the Compliance Officer consists of monitoring, assessing, and promoting these values throughout the organisation.

Special attention is given to the prevention and proactive operating realised by advising, awareness, stimulating and facilitating. These objectives are realised by making available all important procedures, legal information about the Company and extracts from the law on the Intranet.

Cooperation with Helvetia Baloise Group is strong and based on the following cooperation:

- The Helvetia Baloise Group Compliance Officer sets up standards to be observed.
- The Helvetia Baloise Group Compliance Officer maintains a network in which Compliance Officers can exchange their knowledge and experience.
- The Compliance Officer delivers his reports to the Group Compliance Officer twice a year.

## Risk Management

The Risk Management function is established in accordance with the Solvency II governance requirements and supports the Company in identifying, assessing, monitoring, and reporting its material risks.

The CRO acts as the Risk Management Key Function Holder, supervises, monitors and report the different risks of the Company. The CRO chairs the unified ALCO (*Asset and Liability Committee*) and RICO (*Risk Committee*).

From an organisational standpoint, the CRO reports to the CFO while maintaining functional independence. The CRO has direct and unrestricted access to the Executive Committee and the Board of Directors and is a permanent attendee of the Audit and Risk Committee. This structure ensures the independence of the role and prevents potential conflicts of interest.

The structure and resourcing of the Risk Management function follow the principle of proportionality, considering the nature, scale and complexity of the Company's activities. The operating model, reporting processes and risk tools are calibrated to appropriately reflect the Company's size and Risk Profile while ensuring compliance with regulatory expectations.

The Company applies the Group-wide Risk Management Standards, which define the overarching principles for governance, responsibilities, methodologies, limits, monitoring, and reporting. Local processes are aligned with Group standards and supplemented with requirements stemming from Luxembourg regulation and supervisory expectations.

The CRO is responsible for the implementation of the approved Risk Management policy in addition to the Risk Strategy and Appetite Policy. Key responsibilities include:

- Advising the Executive Committee on the strategic orientation of the risk framework and risk appetite.
- Ensuring proactive identification, assessment, and monitoring of all material risks.
- Implementing and maintaining an integrated Risk Management System.
- Performing risks controls, including second-line oversight and challenge of the first line.
- Promoting risk awareness and providing training to employees across the organisation.
- Chairing quarterly ALCO-RICO meetings and ensuring the follow-up of decisions.

### Actuarial Function

The Actuarial function assists the management by:

- Advising on the actuarial methods used for pricing, the set-up of the technical reserves and reinsurance for the launch of a new product or repricing that can influence the profitability of these products.
- Giving annual advice on the profitability of the products, the technical provisions, reinsurance, and profit sharing.
- Informing the Executive Committee and the Board of Directors of the reliability and adequacy of the calculation of Solvency II Technical Provisions.
- Producing a written report to be submitted to the Board of Directors on an annual basis. The report shall document all tasks that have been undertaken by the Actuarial function and their results and identify any deficiencies and give recommendations as to how such deficiencies should be remedied.

The Actuarial function requires good qualifications and necessary knowledge and experience of the applicable standards.

The Actuarial function also fulfils prudential tasks, for example it certifies the model and methods used in the Company that are communicated to the CAA.

## Main changes related to Key Functions

The undertaking confirms that no material changes to Key Function were identified during the reporting period.

## **Sustainability**

Since 2019, Baloise has established a sustainability network. This network consists of representatives from all Baloise business areas with the necessary knowledge to develop and update the content of the sustainability strategy regularly. In addition, all entities are supported by a local sustainability network which ensures the operative implementation of the sustainability strategy.

## **B.1.2 Remuneration policy**

### **Remuneration principles and objectives**

#### **Principles**

The Company's success is largely dependent on the skills, capabilities and performance of its workforce. It is therefore essential to recruit, develop and retain suitably qualified, highly capable, and highly motivated professionals and executives. The level of remuneration offered by Baloise is in line with the going market rate and the rules defined in the collective agreement in force for all the insurance companies established in Luxembourg and is also performance related. The Helvetia Baloise Group has put in place a Remuneration policy that is also implemented in the Company.

#### **Objectives**

The objectives of the remuneration system are to further increase the emphasis on performance at Baloise and to strengthen employees' and executives' loyalty and commitment to the organisation.

In addition to paying its staff in line with market rates and according to individual achievement, the Company encourages its executives to focus on the longer term and on its shareholder's interests.

#### **Remuneration components**

For their employees, Baloise views its compensation packages as a whole and therefore factors in not only the basic salary plus short- and long-term variable remuneration but also other material and non-material benefits such as pension contributions, additional benefits, and staff development.

On the Senior Management side, the Board of Directors mandated a Non-Executive Director to determine the variable and fixed remuneration of the Managing Director in line with the approved rewarding system therefore not requiring the setting of local remuneration committee.

## **Basic salary**

The basic salary constitutes the level of remuneration that is commensurate with the functions and responsibilities of the position concerned as well as the employee's skills and expertise required in order to achieve the relevant business targets and objectives. When determining the level of its basic salaries, Baloise aims to position itself around the market median. In compliance with its code of conduct Baloise applies the internal fair-pay principle that people who do the same job, have the same engagement and quality of work, have the same qualifications and experience should be paid the same amount.

## **Sustainable remuneration and short-term variable remuneration**

Baloise attaches considerable importance to managing its business sustainably and retaining high performers. It also matters to Baloise that its remuneration is not only competitive and achievement-oriented, but that it also encourages managerial staff to align their long-term focus with the interests of stakeholders, particularly the shareholders. To this end, the remuneration system provides for a significant portion of the variable remuneration to be awarded in shares for the members of the Executive Committee that are restricted for three years and exposed to market risk during this period. These subscribed shares promote risk awareness and encourage an economical and sustainable work-ethic. The key factors determining the amount of short-term variable remuneration paid are the Company's profitability and economic value added, team-performance and the employee's individual contribution to it.

## **Performance pool**

The short-term variable remuneration is allocated via the performance pool. The performance pool considers the entire Helvetia Baloise Group's performance; its amount is determined by the Remuneration Committee of Helvetia Baloise Group after the end of the financial year concerned, using a systematic analytical process taking into account different indicators.

The individual allocation for the members participating in the performance pool is set by the Remuneration Committee. This procedure is in place for the members of the Executive Committee and senior management in the perimeter of the A3 level. For all other levels, a bonus structure is foreseen and regulated by implementing provisions in force.

## **Long-term variable remuneration**

In addition, Baloise grants Performance Share Units (*PSUs*) to members of the Executive Committee as a form of long-term variable remuneration. The PSU program enables the top management level to benefit even more from the Company's performance and helps Baloise to retain high performers in the long run.

## Pension schemes

The Company offers its employees an attractive pension solution in form of defined contributions as part of the second pillar, which fulfils the following objectives:

- It meets the requirements of the insured should the following risk events occur: old age, death, or invalidity.
- It permits an appropriate maintenance of a lifestyle enjoyed to date with a sufficiently high substitution rate (*1st and 2nd pillar benefits combined*) to replace discontinued earnings.
- The employer makes an average contribution to the financing of occupational pensions.
- It is forward-looking, sound, can be calculated and is reasonably priced.
- Defined contributions depending on age of insured as well as function level within the organisation.

Members of the Executive Committee are insured in the Company's pension scheme. The same terms apply to them as to all other insured staff. The members of the Board of Directors are not insured in the pension scheme.

## B.1.3 Material transactions

During the reporting period, there were no material transactions with shareholders, with persons exercising significant influence over the Company, or with members of the Board of Directors and the Executive Committee.

## B.2. Fit and proper requirements

### B.2.1 Fit and proper: Policy and process

The Company has a Fit and Proper Policy in place, which defines the procedure for assessing the fitness and propriety of persons who are effectively running the Company or who hold a Key Function.

The critical function holders within the scope of the Fit and Proper policy include the members of the administrative and supervisory body, i.e. the Board of Directors and the Executive Committee, as well as the Heads of Risk Management and Compliance, the Actuarial function, and Internal Audit. The policy also covers other functions subject to notification to the supervisory authority, including the responsible for Compliance (*“Responsable du Respect”*), the AML/CFT compliance officer, and the IDD distribution officer.

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## Assessment process of key personnel

### Fitness Check

Recruitment processes include application and assessment methodologies that ensure previous experience, qualifications, knowledge, and skills are all considered, with specific references to the competences defined in the job description or role profile.

It is ensured that the management body has a sufficiently broad range of expertise and experience to understand and continuously challenge the Company's business operations, strategic initiatives, and major transactions.

The collective knowledge, competence and experience of the management body include awareness and understanding of:

- The wider business, economic and market environment in which the Company operates.
- The Company's business strategy and business model.
- The system of governance (*Risk Management, oversight & controls*).
- The financial and actuarial analysis.
- The regulatory framework, requirements, and expectations relevant to it.

For external recruits and internal staff members promoted to a position within the scope of the Fit and Proper Policy, their fitness is assessed by their superior and by Human Resources department according to the specific requirements set out in the job description. The superior makes the final decision on an individual required fitness for the role.

### Appropriateness Check

The Company requires a series of specific checks to verify the candidate's honesty, integrity, financial probity, and good reputation.

The Company imposes a set of requirements at the recruitment stage for new employees or in case of internal promotions. All documentation related to the above verifications is requested and reviewed by Human Resources department prior to the employment offer to be made. Formal notes of face-to-face interviews, during which characteristics of propriety are also verified by the interviewers.

The appointment of members of the Board of Directors and the Executive Committee is based on a number of key requirements to ensure a sufficient mix of qualifications, competencies and relevant expertise necessary to fulfil their responsibilities.

The principles applicable at original appointment, as described above, also apply on an ongoing basis.

All critical function holders are required to complete a code of conduct training covering areas such as regulatory awareness, insider trading, anti-money laundering, and others. The Compliance function organises regular trainings on the Code of Conduct.

The Fit and Proper Policy requires an initial and yearly assessment. They include a self-declaration, a sample of the criminal record, a copy of the passport and a *Curriculum Vitae*. The latter is only required for the initial assessment and, if necessary, during the annual assessment (e.g., *in the event of a change in the person's situation*).

For the members of the Board of Directors, it is also planned to send a competence update file every 3 (three) years (or when there is a new composition or event impacting the composition of the Board of Directors) concerning the skills and knowledge in insurance market, financial market, governance system, financial analysis, actuarial analysis, risk management and regulatory requirements.

The Company continuously assesses the competence of key function holders and the development initiatives they undertake.

## **B.3. Risk Management System including the ORSA**

### **B.3.1 Risk Management system overview**

The Company has established a comprehensive Risk Management system designed to ensure the consistent identification, assessment, monitoring, and reporting of all material risks. The system follows the Group's Risk Management Framework, which provides common principles, methodologies and risk taxonomy across all entities, while being adapted locally to reflect the Company's specific Risk Profile.

The purpose of the Risk Management system is to ensure that risks are identified, assessed, monitored, mitigated, and reported in a consistent and forward-looking manner.

Risk identification is performed through the Group "Risk Map", complemented with regular interactions with operational units, and by outcomes of internal control activities. Risks are assessed using predefined qualitative and quantitative methods. Monitoring measures are implemented by the Risk Management function and the relevant committees, and mitigation measures are defined together with the first line of defence. A risk culture is promoted throughout the organisation to ensure that employees understand and fulfil their responsibilities in identifying and managing risks.

The Company manages financial structure risk through the Asset Liabilities Committee (ALCO), while the Risk Committee (RICO) addresses high-level balance sheet -related risk topics. The RICO assesses the Risk Profile and the management of incoming risks to ensure their adequacy for the Company. Together, these committees form the ALCO-RICO, chaired by the CRO. Quarterly ALCO-RICO meetings are held to address risk topics within the Company and serve as a decision-making body for these issues. This ensures that Risk Management is consistently and integrally embedded in the decision-making process.

Beyond committee work, risk considerations are also incorporated into operational and strategic decisions. The Risk Management function provides independent oversight to ensure that decisions remain in line with the Company's risk appetite and overall Risk Strategy.

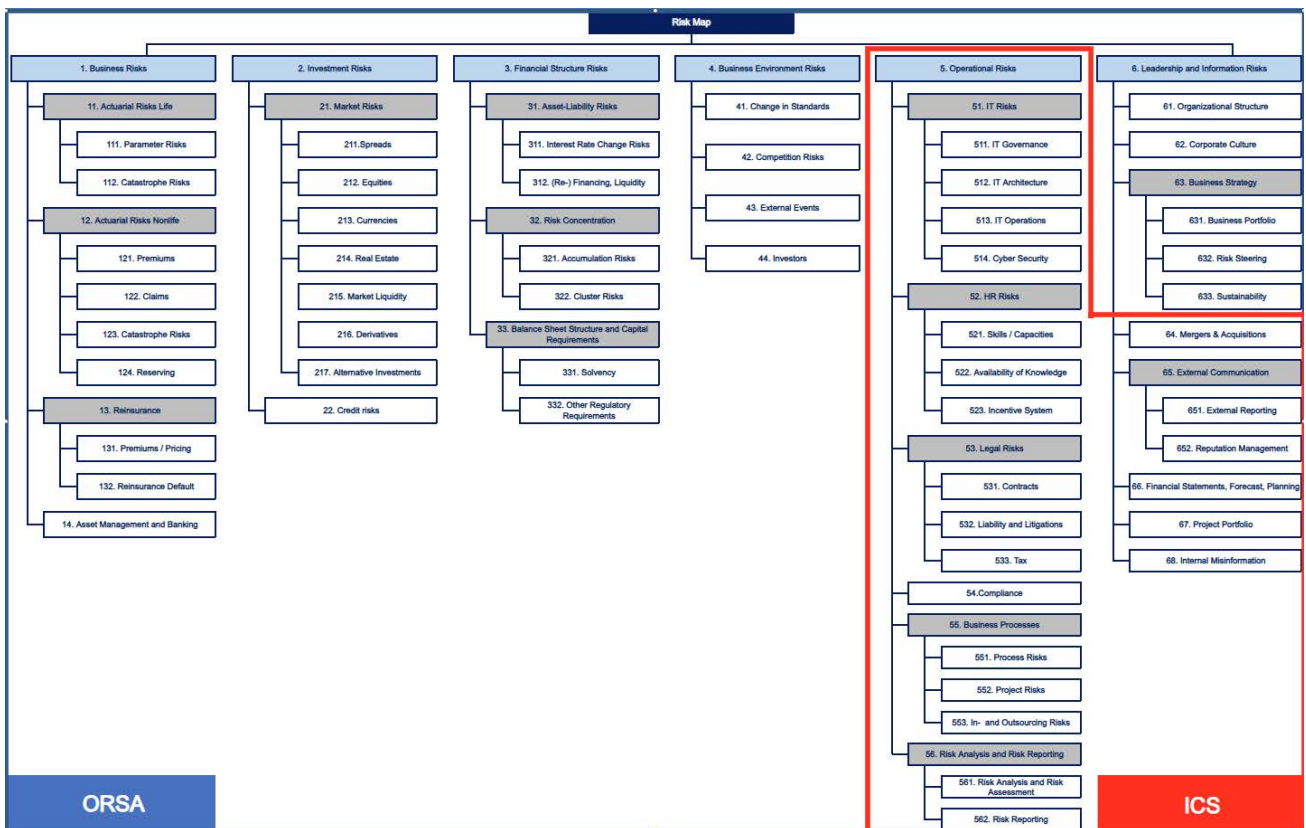
# Risk Strategy

The Risk Strategy is considered the cornerstone of the Risk Management organisation. The aim of the Risk Strategy is to consciously steer the risks taken within defined ranges. Particularly, it aims to harmonise market-based considerations on the one hand and strategic risk concerns on the other hand. The “Risk Appetite”, which defines the extent to which the Company is willing to take on risk to achieve its strategic goals, is determined based on:

- Compliance with regulatory requirements and capital protection.
- Achievement of the cash target and protection of the Profit and Loss statement of income.

Risks considered as relevant for the Company are classified along the so-called “Risk Map” of Helvetia Baloise Group, structured along three levels:

- Risk category.
- Risk subcategory.
- Risk type.



In order to monitor and steer the risks listed in the Risk Map, the Company has implemented an extensive Group-wide Risk Management Framework. While the Group provides this comprehensive Risk Map, it is subsequently tailored at the local level to reflect the specific Risk Profile and relevance of standalone risks for each individual entity. This holistic approach of an integrated Risk Management Framework allows for the identification, administration, and assessment of risks in the areas of Internal Control, Compliance, Risk Management, as well as steering risks. In addition to purely financial risks, operational as well as strategic and reputational risks are captured and quantified. The effectiveness of the risk management becomes visible through amongst others the occurred risks and the effectiveness of the measures taken. The Risk Management and the respective systems and processes are further developed and revised on a continuous basis in order to guarantee long-term efficiency and continuous improvement.

## **B.3.2 ORSA process**

### **ORSA Overview**

As part of the risk controlling process and in accordance with Solvency II requirements, Baloise utilises the ORSA process to compile assessments within the organisation regarding the system of governance, risks, models, controls, and Solvency Position at a specific point in time and from a multi-year forward-looking perspective. The ORSA is embedded in the Company's Risk Management System and forms an integral component of its continuous monitoring of the Risk Profile.

The purpose of the ORSA is to provide a comprehensive overview of all risks the Company is exposed to or could be exposed to in the future, demonstrate how it manages these risks, and assess the overall capital requirements resulting from them. This assessment reflects the Company's specific Risk Profile and strategy and covers all material risk categories disclosed in Section C of this report.

The overall solvency needs include the assets necessary to cover liabilities, including technical provisions and the Solvency Capital Requirement (SCR). As part of its forward-looking nature, the ORSA also evaluates whether the available and future capital remains adequate to support the business plan and maintain the Company's Solvency Position under expected developments.

### **ORSA Governance**

The local Risk Management function is responsible for coordinating the ORSA, with the CRO overseeing its execution and ensuring that it is integrated into the Company's management and governance processes. Executive Management, in particular Risk Assessors and Risk Approvers, maintains overall responsibility for the execution of the ORSA. Risk Assessors perform the initial ORSA assessment and prepare underlying materials, while the Risk Approvers subsequently review, challenge, and validate the results. Executive Management ensures that the conclusions of the ORSA are effectively integrated into the Company's strategic and operational decision-making. Additionally, The Board of Directors reviews and approves the ORSA at least annually and ensures that the ORSA process is appropriately developed, implemented, and aligned with Solvency II requirements.

## **ORSA Process**

The full ORSA reporting process is performed at least once a year and results in the review and approval by the Board of Directors. Despite the scheduled reporting cycle, the ORSA as such is a continuous process in which Risk Management evaluates the impact of strategic decisions on the Company's overall solvency needs. The process is tailored to fit into the Company's organisational structure and Risk Management system and uses appropriate and adequate techniques to assess its overall solvency needs. It is proportionate to the size, nature, and complexity of the Company. In addition to the annual ORSA report, an ad-hoc reassessment is performed whenever the Risk Profile changes significantly.

The Own Risk Assessment is developed by Risk Controllers who determine, in collaboration with Risk Owners, probability of occurrence and the potential loss associated with a specific risk. The risk is then classified according to established limits. A risk grid ("*Heat-Map*") maps the Standalone Risks in connection with the limit system, and appropriate measures are defined whenever a corresponding threat arises. This assessment represents only one part of the ORSA process, which also includes forward-looking analyses consistent with the Company's Risk Profile.

## **Documentation**

The ORSA process is documented in the ORSA report, which contains integral management information that is essential for the review and approval process. The documentation follows the principles and requirements set out in the ORSA Policy and is prepared in accordance with Solvency II standards and the Company's internal governance framework.

## **Review and approval**

The results of the ORSA are discussed at the ALCO-RICO and form part of the basis for decisions and actions, for which the Risk Management function ensure the corresponding follow-up. The ORSA thereby contributes to the Company's strategic and risk-based decision-making process.

If the ORSA identifies that the Risk Profile is not appropriate for the Company, that the Risk Profile significantly deviates from the assumptions underlying the Solvency Capital Requirement calculation, or highlights inadequacies in the governance arrangements, the ALCO-RICO defines appropriate action plans for remediation.

In addition, the ORSA report is subsequently presented to the Executive Committee and the Audit and Risk Committee, with the latter proposing the approval to the Board of Directors. The ORSA supervisory report is ultimately submitted to the regulator within two weeks after approval by the Board of Directors.

## **Interaction Capital management and Risk Management system**

On an annual basis, a business plan is set up. The projection of the related Solvency Capital Requirements ("*Forward Looking Solvency Position*") is integrated into the business plan process. Risk increasing initiatives defined in the business plan process are reflected in the forward-looking considerations. The Company can therefore judge whether the risks can be accepted without endangering its Solvency Position.

## **B.4. Internal Control System**

### **B.4.1 Internal Control System overview**

The Company's Internal Control System (ICS) is a fundamental component of the integrated Risk Management framework. It is designed to ensure that controls are effective, traceable and efficient, while maintaining a strong focus on the most significant risks. The ICS covers the financial reporting as well as Compliance and Operational risks. The objectives of the ICS are to ensure compliance with applicable laws and regulations, enhance the reliability of financial reporting, and guaranteeing effective business processes. Through the implementation of the ICS, the Company aims to strengthen risk awareness across all organisational levels and to ensure timely identification, assessment, and mitigation of key risks that could impact operational performance and overall, Company success. The ICS relies on active participation from all employees. This shared responsibility promotes consistent use of Risk Management tools and fosters a strong risk culture throughout the Company.

Baloise applies an integrated Risk Management approach, in which the Internal Control System represents a core component of Group-wide Risk Management System.

Depending on the Risk Type to be considered, the Company applies Entity-Level Controls, General IT Controls and Process Controls in its Internal Control System. Measures are integrated in business processes and are performed at all levels of the Company. The ICS includes defined responsibilities and reporting lines to ensure adequate implementation and documentation. The effectiveness of the ICS is measured on a regular basis, and appropriate measures are initiated whenever deficiencies are identified.

### **B.4.2 Compliance function**

The Company's essential compliance themes are set out in the Compliance standards referenced in the Helvetia Baloise Group Compliance policy. These Compliance standards define the specifications and control objectives for eleven different key topics (*data protection and data security, insider trading, embargo/sanctions, anti-trust law/competition law, fraud (including code of conduct), advisory services, corruption/bribery, cross-border services, US persons and AEOI/FATCA, supervisory law, Invest rules*) that constitute the basis for controlling and regular compliance reporting.

#### **Objectives**

The Compliance function aims to ensure the Company's compliance with the laws and rules relating to the integrity of insurance companies including the Baloise Code of Conduct. The Compliance Officer is responsible for examining, assessing and promoting compliance in the Company.

Moreover, special attention is paid to prevention and acting proactively by amongst others providing advice and raising awareness.

## Roles and responsibilities

The Board of Directors fosters honourable conduct. Within the framework of its supervisory duty, the Board of Directors regularly verifies whether the Company has a suitable Compliance policy and corporate values, as well as an appropriate independent Compliance function.

At least once a year, the Board of Directors verifies whether compliance risks are identified and adequately controlled and that the Compliance policy is suitable for the Company's activities.

The Head of Compliance develops a Compliance policy and updates it regularly. This policy defines the Company's objectives and identifies and analyses the risks that the Company runs in this domain. This policy is validated by the Executive Committee.

It is the Compliance Officer's duty to examine, assess and encourage adherence to the Compliance policy.

The Compliance Officer reports to the Executive Committee and provides a regular explanation about the implementation of the Compliance policy to the Executive Committee. The responsibilities of the Compliance Officer include, based on their expertise and advisory role, the implementation of the Compliance policy, reporting on compliance matters to external stakeholders when required, and providing regular reports to the Executive Committee, the Board of Directors, and the Helvetia Baloise Group Compliance Officer. The key aspects of the Compliance policy are comprised, among others, of:

- Drawing up a triannual Compliance action plan.
- Assessing internal guidelines and procedures.
- Raising awareness among all employees about the Compliance policy and training them in this area.
- Supervising and testing observance of the Compliance rules; formulating Compliance recommendations.
- Investigating and following up infringements of laws, regulations, and deontological codes; the observations are derived from random checks and when the occasion arises in collaboration with Internal Audit.
- Fulfilling the duties to report to third parties on compliance topics.
- Reporting to the Executive Committee, Board of Directors, and Helvetia Baloise Group Compliance Officer (*at least once a year*).
- 

## Main activities of Compliance function

The Compliance Officer operates under the mandate and authority of the Management and Board of Directors (*Audit and Risk Committee*). To ensure independence, the Compliance Officer has direct access to the Executive Committee, the Chairman of the Board of Directors and the Statutory Auditor, without needing to provide justification.

## Functioning

### Organisation chart

The Compliance function is administratively accommodated in the Corporate Governance directorate which is overseen by the CEO.

The Compliance Officer has the possibility, on his or her own initiative, to inform the Chairman of the Board of Directors or the members of the Audit and Risk Committee directly.

### Reporting

The Compliance Officer reports to the Executive Committee at least once a year about compliance realisations, principal attention points and scheduled activities for the following period.

The Board of Directors is informed about the Compliance position every year through the Audit and Risk Committee.

## B.5. Internal Audit function

### B.5.1 Internal Audit: Organisation and governance

#### Internal Audit objectives and policy

The Internal Audit contributes to the good practice of corporate governance and helps the organisation to achieve its goals by using a systematic, target-oriented approach to analyse, assess, and report on the suitability and efficacy of the three processes of Risk Management, control, and governance.

The Internal Audit policy describes the governance of the Internal Audit function (*intervention scope, governance, roles, and responsibilities*) as well as its organisation (*objectives, assignment, powers, activity, competence of internal auditors, reporting, collaboration with Helvetia Baloise Group Internal Audit, collaboration with other control functions and quality control*). All internal employees can consult the policy on the intranet.

#### Internal Audit organisational structure

Internal Audit is an element of the Corporate Governance directorate and instrument of the Board of Directors. It supports the Board of Directors (*the most senior corporate body*) in performing its top-level management function. In this capacity, the Internal Audit performs its tasks on behalf of the Chairman of the Board of Directors and of the Audit and Risk Committee (*an organ of the Board of Directors*). Regular exchanges are held between internal auditors and Audit and Risk Committee.

## **Internal Audit functioning, main roles and responsibilities**

The Internal Audit conducts a systematic assessment of the adequacy and effectiveness of the quality of the Internal Control System. On the one hand, Internal Audit ensures that processes operate as intended and support the achievement of the Company's objectives. On the other hand, recommendations are made to improve the efficacy, efficiency, and profitability of these processes.

Internal Audit possesses extensive, unlimited rights to information, inspection, and control, which are necessary for it to fulfil its assignments.

Internal Audit applies the standards of the IIA and of the Helvetia Baloise Group Internal Audit and is under the prudential supervision of the CAA.

## **B.5.2 Independence of Internal Audit**

### **Independence principles/criteria**

Independence and objectivity mean that internal auditors and the Internal Audit activity have, and maintain, the ability to make unbiased judgement and decisions based on the Audit activities and facts and that they are free from any internal or external interference or obstruction with functional accountability being to the board, either directly or through an Audit and Risk Committee.

- They have an appropriate constitution with the necessary powers, resources, expertise, and access within the organisation.
- They are hierarchically and organisationally independent from the operational activity to which they relate.
- They report both to executive and non-executive boards in accordance with the established procedures.
- The remuneration of the people entrusted with these functions is not connected with the profitability of the activity involved.

Impairment to organisational independence and individual objectivity may include, but is not limited to:

- Personal conflict of interest.
- Scope limitations.
- Restrictions on access to records.
- Personnel and properties.
- Resource limitations, such as funding.

## **Internal Audit function position within the organisation**

Internal Audit is administratively accommodated in the Corporate Governance directorate and is organisationally independent of any operating activities. Internal Audit employees are not allowed to exercise a line function and have no authority to issue instructions to the audited departments.

### **Reporting arrangements**

The holder of the Internal Audit key function has unrestricted access to the Chief Executive Officer, the Executive Committee, the Audit and Risk Committee and the Board of Directors.

### **Impairment to independence or objectivity**

Independence and objectivity mean that internal auditors and the Internal Audit activity have, and maintain, the ability to make unbiased judgement and decisions based on the audit activities and facts and that they are free from any internal or external interference or obstruction with functional accountability being to the Board, either directly or through an Audit and Risk Committee.

## **B.6. Actuarial function**

### **Actuarial policy and objectives**

Detailed regulatory guidance defines the role and responsibilities of the Actuarial function, and the Company has fully implemented this framework.

Key objectives of the Actuarial function are to:

- Ensure proper data, models and processes to calculate the technical provisions in accordance with Solvency II.
- Comment on the appropriateness of an insurer's Underwriting and Pricing policy.
- Comment on the appropriateness of an insurer's reinsurance program.
- Contribute to Risk Management.

### **B.6.1 Organisation structure**

In 2025, the Actuarial function reported to both the Managing and Non-Executive Directors on the prescribed key objectives stated above. The Actuarial function holder meets all Fit and Proper criteria including the internal criteria regarding necessary knowledge and experience of the applicable standards.

The Actuarial function is a permanent member and report to the ALCO-RICO. Any key actuarial figures including non-economic assumptions updates and model changes are presented to the Committee.

The holder of the Actuarial function should be well-qualified and have the necessary actuarial knowledge and experience of the applicable standards.

## **Roles and responsibilities**

The Actuarial function is required to report in writing to management at least once a year on the function's key objectives as stated above. Any such report shall document all tasks that have been undertaken by the Actuarial function as well as their results and shall clearly identify any deficiencies and give recommendations as to how such deficiencies should be remedied.

## **B.7. Outsourcing**

### **B.7.1 Outsourcing policy and key aspects**

#### **Overview of the Outsourcing policy**

The Outsourcing and Third-Party Management policy is established in accordance with the applicable Luxembourg legal and regulatory framework and is aligned with the Group Outsourcing and Third-Party policy. It defines the principles and procedures to be applied throughout the entire lifecycle of any relationship with an external service provider, covering the pre-contractual, contractual, and post-contractual phases.

The policy ensures that the interests of all key stakeholders are considered by prohibiting outsourcing when any of the following situations occurs:

- Endangerment of the continuous and satisfactory provision of services to customers.
- Significant impairment of the quality of the Company's processes.
- Unduly increase in risk.
- Endangerment of the governance system.
- Impairment of the ability to monitor compliance with the Company's obligations.

It sets out principles such as responsibility, requirements on the provider's skills and resources and its continuous monitoring, compliance with laws and regulations and minimum contractual contents.

Before any function can be outsourced, several pre-defined steps must be completed:

- The Company must first assess whether the function or process is legally and economically viable to be provided by an external service provider.
- If outsourcing is deemed appropriate, a formal tender process is initiated to ensure fair and objective selection of the provider.
- After selecting the most suitable bidder, the outsourcing activity must be assessed regarding data protection measures, evaluation of risk exposure, and evaluation of the provider's business continuity and emergency plans.
- After signature of the contract, the business relationship is actively managed in line with its nature and scope. This includes monitoring and control on the service provided, the assessment of data protection measures, evaluation of risk exposures, as well as a review of the provider's business continuity and emergency plans.

The policy also sets out the criteria for identifying significant and critical functions in the context of outsourcing. In accordance with Luxembourg's regulatory expectations, any function classified as significant delegated to an independent Third-Party, is treated as critical outsourcing. Such outsourcing arrangements is then reported to Commissariat aux Assurances.

In addition to outsourcing, the policy also defines additional requirements for identifying and managing other type of Third-Party relationships. It defines the key roles and responsibilities involved in outsourcing and Third-Party management processes and describes the core procedures to be followed across the organisation.

### **Critical and important outsourced services**

The Company does not outsource any Key Functions. Nevertheless, certain critical and important services are outsourced, as outlined below.

<b>Outsourced Activity (BVLUX)</b>	<b>Location of Service Provider</b>	<b>Internal / External</b>
Investment advice ( <i>quoted securities</i> )	Switzerland	Internal
Data centre harmonisation	Switzerland	Internal
Data centre	Luxembourg	External
Subscription and service order form ( <i>KID</i> )	Luxembourg	External

Investment advice and a part of data centre harmonisation concern intragroup outsourcing.

## **B.8. Any other information**

No supplementary information or risks in addition to the information previously disclosed is considered material.

## C Risk Profile

### C.1. Underwriting risk

For the Company, life Underwriting risk covers the risk from providing life insurance coverage, such as Mortality, Longevity and Disability / Morbidity risk, Catastrophe risk representing the risk of an instantaneous increase of the mortality, the risk of higher or lower than expected termination of contracts by the policyholders (*referred to as "Lapse risk"*) and the risk that the expenses for the ongoing management of the business exceed the expected amounts.

The Underwriting risk refers to uncertainty as to the occurrence, amount and timing of insurance liabilities. In particular Underwriting risk derives from the possibility that premiums are not sufficient to cover future claims, contracts expenses and extremely volatile events.

As of year-end 2025 the Company's gross capital requirements for life Underwriting risk amount to EUR 157,315.8 thousand as measured by the Solvency II Standard Formula. It has increased by EUR 8,687.6 thousand during the reporting period mainly driven by a higher Lapse Mass risk despite the lower Expenses risk.

#### C.1.1 Risk exposure

The Underwriting risk exposure of the Company is mainly driven by Lapse risk and Expense risk the Company is exposed to. Other sub risks include Mortality, Longevity, Catastrophe and Disability / Morbidity risk and are described in the following.

##### Life Underwriting risk

###### Mortality risk and Catastrophe risk

Mortality risk exposure may result from long-term deviation of expected and actual mortality. It also stems from so-called Catastrophe risk, i.e. a one-off event such as a pandemic that causes a temporary but significant increase in mortality.

The Mortality risk exposure results from the contractual obligation to pay certain death benefits when the insured person passes away within the coverage period. The Company charges a periodical fee to the policyholder in order to finance such a coverage, but bears the risk that the actual payments are higher than those anticipated and priced, e.g. because more individuals than expected died.

The main changes in the overall level of Mortality risk result from changes in the business mix which is mostly driven by new business.

Mortality risk and Catastrophe risk, weights respectively 6.3% and 3.4% of the Underwriting Solvency Capital Requirement before any diversification effect.

## **Longevity risk**

Longevity risk stems from contracts where the Company is exposed to paying higher amounts than expected due to a higher life expectancy. The main contracts concerned are Lifelong Annuity contracts. In addition, some Longevity risk exposure is linked to contracts with Deferred Capital payouts. The Longevity risk capital stems from deferred capital contracts. The Company commits to pay a fixed amount if the assured person is alive at the time the contract matures.

The Company thus bears the risk of a higher life expectancy of the assured persons.

Longevity risk weights 0.5% of the Underwriting Solvency Capital Requirement before any diversification effect.

## **Lapse risk**

The Company's Lapse risk exposure stems from the policyholder's option to cancel the contract or to withdraw partial rights and obligations at any time during the contract's period. Lapses may have a favourable or adverse effect on the Solvency Position of a life insurer, depending on the nature of the business.

The Lapse risk stems from the difference between the expected lapse rate and the actual policyholder's lapse behaviour as experienced by the Company.

The Company analyses the effect of Lapses to determine whether higher or lower than expected Lapse rates pose a risk, or whether a shock lapse scenario – i.e. a scenario where a substantial amount of policyholders lapse their policies at almost the same point in time – is of most relevance from a Solvency perspective.

Lapse risk weights 65.1% of the Underwriting Solvency Capital Requirement before any diversification effect.

## **Disability-Morbidity risk**

Disability-Morbidity contracts are offered as option to Traditional Insurance products. The option can be selected by the policyholder at the inception of the contract. The option offers supplementary coverage in case of illness or accident.

The Disability-Morbidity risk exposure stems from the difference between the expected disability-morbidity rates and the actual policyholder's disability-morbidity costs as experienced by the Company. The model used to determine the disability charges is updated on a yearly basis with more recent data.

Disability-Morbidity risk weights 0.4% of the underwriting Solvency Capital Requirement before any diversification effect.

## Expense risk

Expense risk is inherent in any business and refers to the risk that actual expenses are higher than those estimated when determining the pricing of the business and ultimately the Solvency Position of the Company. Such cost overruns could be the result e.g. of extraordinary events, of ineffective processes or systems, or of higher than expected inflation.

Expense risk weights 24.4% of the Underwriting Solvency Capital Requirement before any diversification effect.

## C.1.2 Risk concentration

The Concentration risk in life business may arise due to a concentration of business written within a geographical area, of a policy type, or of Underlying risks covered.

Even though the portfolio is dominated by Unit-Linked insurance business, the Company's exposure to Underwriting risk is well diversified across a multitude of countries. This diversification also extends to the Lapse risk exposure as different legislation does not impact the Company's entire business at the same time and in the same direction.

## C.1.3 Risk mitigation

In addition to the natural diversification effects between the different risk exposures (*such as Mortality and Longevity risk*) as well as diversification effects between the different lines of business underwritten, the Company uses the following risk mitigation techniques.

Reinsurance is used as a key risk mitigation technique for Underwriting risk: the Company uses various reinsurance partners to transfer Mortality and Morbidity risks. The main goal of this risk transfer is to eliminate large individual risk exposures. As a result, the remaining coverage borne by the Company is stable over the entire insurance portfolio, which substantially contributes to assuring a stable Solvency Position. In addition, the overall risk composition is closely monitored on an ongoing basis.

The management of insurance contracts with profit sharing allows for additional risk mitigation. In response to a changed risk situation, one possible course of action could be to adjust the profit sharing to align with the new conditions, in accordance with local regulations. The breakdown of the surplus to the policyholder and the Company considers not only local regulation but also market demands.

Lapse risk is borne by the Company but mitigated through product design such as flexibility of the products and investment choices.

The Company mitigates Expense risk by clear and effective processes as well as ongoing expense monitoring.

## C.1.4 Risk sensitivity

The Company applies various sensitivity and scenario analysis to those parameters that influence the Underwriting risk. These analysis comprise the differing stress levels to each parameter according to Solvency II and the SST, respectively.

For each of the sensitivity investigated, one parameter is changed instantaneously in an unfavourable way (e.g. *mortality rates are increased by 10% for business with mortality coverage*) and this unfavourable change is maintained throughout the remaining coverage period of all contracts affected. For the scenario analysis, typically a one-off adverse effect is assumed to occur, e.g. the simultaneous cancellation of 40% of all profitable contracts.

## C.2. Market risk

Market risk is reflected by losses that arise from changes or fluctuations in market prices that may result in a decrease of the value of assets held. The degree of risk depends on the extent to which market prices fluctuate and on the level of exposure.

As part of the Company's life insurance business, Investment-Linked life insurance contracts for the account of and at the risk of policyholders are offered. The financial liabilities generated in this connection are backed by assets – generally investment fund units – arising from these policies.

In measuring our Market risk, we consider the split of our assets:

- Assets held for Index-Linked and Unit-Linked funds: 92.7% of the total Solvency II value of our assets;
- Own assets: 7.3% of the total Solvency II value of our assets.

For Unit-Linked contracts, assets are invested entirely at the risk of the policyholder who has the right to receive the value of the individual account value. Thus, the immediate beneficiary of an increase in e.g. stock prices is the policyholder. In turn, if market values decrease, the total value in the Company's accounts decreases and thus the assets ultimately owned by the policyholder decrease. This would also lead to a decreasing fees income for the Company as it is directly linked to the market value of the underlying assets. Under certain conditions, the policyholders may use options or other derivative instruments to protect their investments against losses, but the net performance is borne by the policyholder.

As of year-end 2025, the gross Solvency Capital Required to back the Market risk amounts to EUR 179,637 thousand. It is mainly driven by the Equity risk and the Currency risk.

## Gross SCR Market risk

	2025
EUR '000	
Interest Rate risk	5,454.3
Equity risk	119,183.6
Property risk	22,212.9
Spread risk	27,438.8
Currency risk	47,424.4
Diversification	-42,076.8
<b>Risk-Module level values</b>	<b>179,637.2</b>

The increase during the reporting period (2024: EUR 149,735 thousand) is mainly due to significant increases of almost all sub-modules. The main driver for higher Market risk sub-modules is the higher volume of our Unit-Linked Assets Under Management. Also to be mentioned, the Equity risk is increasing because of a higher symmetric adjustment (+5.0pp from 2.86% to 7.90%).

The following sections address the Interest Rate risk, Foreign Currency risk, Equity risk, Spread risk and Property risk that are relevant for the Company.

### C.2.1 Risk exposure

#### Interest Rate risk

Interest Rate risk is the risk that the Company's interest margin, and therefore its income, may be reduced by fluctuations in money-market and capital-market interest rates (*income effect*), or that the fair value of a portfolio of interest- rate sensitive products may decline (*asset-price effect*).

As of year-end 2025 the interest rate sensitive exposure of our own assets as well as Unit-Linked assets amounts to EUR 1,636.5 thousand under the Solvency II framework.

Interest Rate risk weights 0.9% of the market Solvency Capital Requirement before any diversification effect.

#### Foreign Currency risk

The foreign Currency risk describes the potential financial loss generated by changes in the exchange rates between currencies. The extent of the effective Currency risk depends on:

- Net foreign currency exposure, i.e. the balance between currency assets and liabilities.
- The volatility of the respective currencies.
- The correlations of currencies with other risk parameters in the portfolio context.
- The exposure to Currency risk of the policyholder's investments in Unit-Linked assets.

As of year-end 2025 the currency sensitive exposure of our Own assets as well as Unit-Linked assets amounts to EUR 47,424 thousand.

Currency risk weights 26.7% of the market Solvency Capital Requirement before any diversification effect.

## Equity risk

The Company is exposed to risks from price fluctuations on equity securities. Equity risk exposure includes common stocks, linked to equity unit trusts, private equity, common stocks portfolios backing participating-with-profit policyholder contracts and equities held for employee benefit plans.

It stems principally from:

- The exposure to Equity risk of the policyholder's investments in Unit-Linked assets: an adverse movement on the Equity of the underlying assets results in a drop in their market value, leading to lower fee income for the Company. Furthermore, the decrease in market value influences directly the payment of benefits to the policyholder yielding to a decrease in liability that mitigates the assets drop.

As of year-end 2025 the Equity risk exposure of our own assets as well as Unit-Linked assets amounts to EUR 119,184 thousand.

Equity risk weights 54.7% of the market Solvency Capital Requirement before any diversification effect.

## Spread risk

Spread risk arises from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

As of year-end 2025 the spread sensitive exposure of our own assets as well as Unit-Linked assets amounts to EUR 27,439 thousand.

Spread risk weights 12.6% of the market Solvency Capital Requirement before any diversification effect.

## Property risk

The Property risk arises from direct investments in real estate, as well as indirect investments through real estate funds, due to negative developments with respect to the level or the volatility of market prices. Investment property is valued at fair value by the Company by using the Discounted Cash Flow (*DCF*) method. In addition, the real estate property is evaluated by external experts. The total exposure on the Company's own assets and on Unit-Linked assets as of year-end 2025 amounts to EUR 22,213 thousand.

Property risk weights 10.2% of the Market Solvency Capital Requirement before any diversification effect.

## C.2.2 Risk concentration

Market Concentration risks can stem either from lack of diversification in the asset portfolio or from large exposures to Default risk by a single issuer of securities or a group of related issuers. When assessing the Company's Market risk concentration as of year-end 2025 according to the Solvency II Standard Formula, no relevant risk concentration is reported. All own assets from the Equity, Spread risk and Property risk sub-modules are considered.

## C.2.3 Risk mitigation

In order to limit and monitor the Company's exposure to Market risk, several mitigating measures are in place. A conservative policy on asset allocation is applied. Regular reporting on the evolution of the Company's assets allows for a close monitoring of the risk exposure. As part of Helvetia Baloise Group-wide Risk Management Standards, investment planning and appropriate Asset and Liability Management ensure that any divergence in maturities and the Interest-Rate risk incurred are managed within the risk capacity available. Stress tests are also designed and run for this purpose on a regular basis acting as an early warning system.

The Currency risk is mitigated by matching assets and liabilities (*natural hedge*).

The Company manages its Equity risk as part of the overall Investment Risk Management process, and applies limits as expressed in policies and guidelines. Specifically, the risk is mitigated by a meaningful diversification of risks across countries, industries and companies.

In order to limit the Spread risk, the investment in a single issuer or debtor is restricted sufficiently. Rules are explicitly defined in the according Group Directive.

## C.2.4 Risk sensitivity

Very similar to the processes for analysing Underwriting risk, the Company applies various sensitivity and scenario analysis to those parameters that influence the Market risk. These analysis comprise various stress levels to each parameter according to Solvency II and the SST, respectively.

In order to assess the Market risk under Solvency II, following Sensitivity scenarios were used:

- Interest Rate risk sensitivity is captured by using a relative shock to the basis EIOPA Risk free yield curve.
- Foreign Currency risk scenario: instantaneous decrease by 25% of the foreign currency exchange rates.
- Equity risk scenario: instantaneous decline of the equity investments by around 40% or 50% depending of equity type.
- Spread risk scenario is determined based on the credit rating of the non-governmental issuers.
- Property risk scenario: instantaneous decrease by 25% in real-estate investments.

In addition to the previously conducted sensitivity analyses, two standardised Stress Scenarios defined at the group level have been implemented. These Stress Scenarios are designed to reflect adverse

macroeconomic conditions, specifically an economic Stagflation environment, and an economic Contraction environment. Both scenarios incorporate a combination of shocks applied consistently across the entire forecast horizon.

## **C.3. Counterparty Default risk**

### **C.3.1 Risk exposure**

Counterparty Default risk relating to assets held by insurance companies refers to the total potential downside risk arising from deterioration in the credit quality of a borrower or issuer. Credit risk is managed by monitoring the credit quality of each individual counterparty and relying heavily on credit ratings.

The risk increases when counterparties become concentrated in a single sector or geographic region. Economic trends that affect whole sectors or regions can jeopardise an entire group of otherwise unrelated counterparties.

The Counterparty Default risk takes into account the following components:

- Type 1: Counterparty Default risk exposures where diversification is low and the counterparty is likely to be rated. For the Company the exposure is driven by its reinsurance balance as well as the cash account balance.
- Type 2: All remaining Counterparty Default risk exposures, such as insurance receivables arising from policyholders and intermediaries.

The Default risk on counterparties for the Unit-Linked business is moderate for the Company as the risk is borne by the policyholders; there remains only indirect exposure for the Company via a reduction in fees (see *Market risk section for further details*).

As of year-end 2025, the gross Solvency Capital Requirements for Counterparty Default risk amounts to EUR 17,432 thousand. The Counterparty risk decreased by 1,418 thousand (2024: EUR 18,850 thousand) during the last reporting period mainly driven by higher cash exposure in the balance sheet while the gross Solvency Capital Requirements for Counterparty Default risk amounts to EUR 13,798 thousand for Type 1 exposure and EUR 4,504 thousand for Type 2 exposure before any diversification effect.

### **C.3.2 Risk concentration**

No significant Risk concentration with regards to Counterparty Default risk is observed. Although a concentration in bank deposits exists when considering the type of counterparties, the deposits are distributed across numerous counterparties with much less significant single exposures.

### **C.3.3 Risk mitigation**

In order to account for the significance of Credit risk stemming from spread and Counterparty Default risk, the Company tracks counterparty exposure at all times and monitors Credit risk from a global point of view.

To restrict the Credit or Accumulation risk in the Company, the proportion that may be invested in a single issuer or borrower is strictly limited in the Group-wide Risk Management Standards. In addition, reinsurance contracts can only be concluded if they have been approved by Helvetia Baloise Group Finance. In general, transactions may only be made with reinsurers that have a minimum rating of Standard & Poor's of "A". This rule excludes captives and pools as reinsurers which are usually not rated.

The relevant rules are explicitly defined in the Group investment policy.

To limit the Counterparty Default risk exposure stemming from intermediaries and policyholders, an adequate procedure for the recovery of receivables is in place.

### **C.3.4 Risk sensitivity**

The sensitivity of Counterparty Default risk is assessed through comprehensive sensitivity tests as part of our Own Risk and Solvency Assessment (ORSA) process. These tests evaluate the impact of adverse scenarios on our financial position. The results are meticulously analysed and disclosed in the ORSA report, providing transparency on our exposure and sensitivity to ensure robust capital adequacy and Solvency Positions, thereby safeguarding the interests of our policyholders and stakeholders.

## **C.4. Liquidity risk**

Typically, Liquidity risk is referred to as the risk that directly transferable funds, such as cash or bank account amounts, are not available or not available at acceptable cost to an entity when needed to make due payments.

### **C.4.1 Risk exposure**

Liquidity risk is not considered as a key risk for a substantial part of the Company's Balance Sheet due to nature of the Unit-Linked business. This is because the main payments to be made for this type of business stem from obligations from insurance contracts, such as endowment benefits, annuities or payments due on (*partial*) surrender which are directly covered by the account values held on behalf of the policyholder and payments equal the proceeds from the sale of any position in those accounts.

Nonetheless, the Company is exposed to Liquidity risk through the portfolio of Traditional Life Insurance. A liquidity strain might not be sufficiently offset by the sale of assets or an alternative refinancing might not be in place sufficiently fast.

The Company's Liquidity risk remained stable during the reporting period.

As of year-end 2025 the expected profit included in the future premium amounts to EUR 58,446 thousand.

### **C.4.2 Risk concentration**

The Company is not exposed to significant Liquidity risk concentration.

### **C.4.3 Risk mitigation**

In addition to local regulation requirements, a central liquidity planning is required by the Group-wide Risk Management Standards. Adequate investment planning and appropriate asset and liability management ensure that the exposure is monitored and managed on a regular basis. Limits for acceptable Liquidity risk are defined in the Company's Liquidity policy and followed-up on a regular basis via the Company's Key Risk Indicators reporting. Concerning high death benefits, reinsurance treaties are in place to mitigate the resulting financial impacts according to specific conditions.

### **C.4.4 Risk sensitivity**

Because Liquidity risk is already captured in its material parts by Counterparty Default risk and Operational risk, no sensitivities for Liquidity risk are calculated in addition.

## **C.5. Operational risk**

For the Company, Operational risk refers to the risk of financial loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Operational risk also encompasses Legal and Compliance risks. Other categories of risk, such as Management and Information risks (*including Strategy risks*) as well as Business and Environmental risks, are treated as distinct from operational risks.

### **C.5.1 Risk exposure**

Operational risks are identified, assessed, controlled and managed within the Company's Risk Management framework, including through the ORSA process. Internal processes covers a wide range of activities, such as issuing new insurance contracts, managing existing policies, preparing documentation required by regulatory and tax authorities, and producing financial reporting for the Company. These processes are typically supported by IT systems, which may fail or performed inadequately, potentially leading to process disruptions or the production of incorrect data or documentation. Human error may also impair the proper execution of business processes.

The Operational risk exposure increased during the reporting period to amount EUR 7,827 thousand as of year-end 2025 and was driven by the rise in the requirement based on technical provisions, mainly driven by higher Unit-Linked Technical Provisions following favourable market conditions and continued inflows, combined with an increase in the requirement based on earned premiums, attributable to higher business volumes across core lines.

### **C.5.2 Risk concentration**

The Company has not identified any risk concentration with respect to Operational risk during the reporting period. Nonetheless, a large part of the business stems from the Unit-Linked business through the Freedom of Services provisions. Regulatory changes are closely monitored in the countries where the Company operates.

### **C.5.3 Risk mitigation**

The Company mitigates its Operational risks through various measures designed to enhance the robustness of its processes and systems. These includes Information Security procedures, Business Continuity planning, ongoing staff training, clearly defined process descriptions and responsibilities, back-up solutions and dual-signatures requirements for all key decisions. Furthermore, regular KRI reporting ensures close monitoring and timely detection of increasing Operational risks. These process related measures are supported by state-of-the-art IT systems.

In addition, process risks arising from the non-application of procedures, or from the application of inadequate procedures, are mitigated through the Company's effective ICS.

### **C.5.4 Risk sensitivity**

In accordance with the Standard Formula, the Operational risk measure is primarily driven by one of the technical provisions, the earned premium or expenses incurred. To ensure the robustness of the Company's capital position, comprehensive sensitivity tests are conducted on these parameters. These tests confirm that the Company remains resilient, maintain its strong capital position, and is able to absorb potential changes in the Operational risk capital requirement.

## **C.6. Other relevant information (including other material risks)**

Other material risks include Business and Environment risks, Management and Information risks as well as Emerging risks.

Business and Environment risks, together with Management and Information risks, may arise directly or indirectly from the business environment or from the strategic activities of the Company.

### **Emerging risks**

Emerging risks are new or foreseeable risks that cannot or cannot easily be quantified - for example due to the lack of historical data - yet may have a material financial impact. Within Baloise, Emerging risks are identified and analysed through an early warning system and assessed by grouping them along a Risk Radar. The following Emerging risks were identified:

- Deglobalisation, trade wars and supply change interruption
- Energy & Electricity Shortage
- Future Workforce / Artificial Intelligence & Robotics
- Terror
- Long-term period of high inflation and high interest rates

## Sustainability

Sustainability is generally considered along the Environmental, Social and Governance (ESG) dimensions. Sustainability-related Risks are integrated into the Company's existing Risk Management processes and frameworks. While the strategic aspect of sustainability is treated as a distinct Risk Type within the broader category of Leadership and Information risks. Operational Sustainability risks are integrated within the traditional Risk Categories of the Risk Map, such as Market, Underwriting or Reputational risks. Integrating sustainability-related risks into the established Risk processes (*including the ORSA*) ensures that they are assessed regularly from multiple perspectives and that appropriate measures are in place to manage and mitigate them effectively.

## D Valuation for solvency purposes

### D.1. Assets

#### D.1.1 Basis, methods and assumptions for the valuation of each material class of assets

Solvency II incorporates the measurement approach for assets according to International Financial Reporting Standards (*IFRS*). The Company applies these principles already for its contribution to the group financial statements of its ultimate holding company, Helvetia Baloise Group.

The comparison between Local GAAP and Solvency II Valuation for the assets is detailed below:

##### Assets under Local GAAP and Solvency II Valuation

	Local GAAP	Solvency II	Difference
EUR '000			
Intangible Assets	905.5	-	-905.5
Property, plant & equipment held for own use	40.9	40.9	-
Property ( <i>other than for own use</i> )	324.7	29,184.0	28,859.3
Holdings in related undertakings, including participations	36,278.2	-	-36,278.2
Equity	8,522.8	27,954.6	19,431.8
Government Bonds	501,310.7	420,235.4	-81,075.3
Corporate Bonds	159,402.7	148,871.8	-10,530.9
Collective Investments Undertakings	127,536.2	128,167.6	631.4
Deposits other than cash equivalents	1.4	315.0	313.5
Assets held for index-linked and unit-linked contracts	11,849,472.6	11,849,472.6	-
Loans & mortgages	838.7	1,233.8	395.1
Reinsurance recoverable	3,757.9	62.6	-3,695.3
Insurance and intermediaries receivables	19,510.1	16,511.5	-2,998.6
Reinsurance receivables	316.2	316.2	-
Receivables ( <i>trade, not insurance</i> )	18,127.2	14,102.1	-4,025.1
Cash and cash equivalents	134,552.9	139,645.4	5,092.4
Other	10,465.1	10,491.5	26.4
<b>Total assets</b>	<b>12,871,363.8</b>	<b>12,786,604.9</b>	<b>-84,758.9</b>

#### Intangible Assets

The statutory value of Intangible Assets consists of the acquisition values deducted by the accumulated regular amortisations. The position is composed of formation expenses, software and the goodwill of an externally acquired client portfolio.

In the Solvency II Balance Sheet the Intangible Assets are presented with a value of zero as none of the items listed above meet the strict Solvency II requirements for recognition as an asset.

## Property, plant and equipment held for own use

The statutory value of Tangible Assets consists of the acquisition values deducted by the accumulated regular amortisations. The position is composed of hardware, machines, furniture and installations.

The Tangible Assets consist of hardware, machines, furniture and installations. In Solvency II Balance Sheet as well as in statutory Balance Sheet values are acquisition values deducted by the accumulated regular amortisations. Hardware and machines are amortised over 4 years, furniture and installations are amortised over 10 years.

## Property (other than for own use)

The statutory value of Real Estate consists of acquisition value minus depreciation. The depreciation rate of buildings amounts to 2%, the depreciation rate of installations amounts to 10%.

## Participations

The Company is holding 66.7% of a participation in the Company Baloise Luxembourg Real Estate S.A..

The statutory value of the participation consists of the acquisition value amounting to EUR 36,278.2 thousand. In the Solvency II Balance Sheet, the proportional consolidation method is used for the valuation of the participation, meaning that the assets and liabilities from the participation is included in each section of the Solvency II Balance Sheet of the Company.

### Participations

	% of holding	Own Funds	Result of the year	Seat	Solvency II value of participations
EUR '000					
Baloise Luxembourg Real Estate S.A.	66.7%	61,433.5	1,729.8	Leudelange (Luxembourg)	-

## Financial assets

The statutory value of Equities and Investment Funds is the lower of cost or market value. The Equities' and Investment Funds' market values are obtained by an external source. The prices are compared to the ones provided by custodians. All Investment Funds and Equities are held in EUR

The statutory value of Bonds consists of acquisition value and depreciations based on the "scientific amortised cost" method. The Bond's market values are obtained by an external source and compared to the ones provided by the custodians. The majority of the Bond portfolio is held in EUR.

The Company is holding granted loans which refer to policy loans. At the beginning of the life of each contract, an initial calculation is performed, and then for following years, only the transaction of the current year is considered. This procedure is confirmed by External Audit.

As of year-end 2025, the Company is holding term deposits which are held exclusively in EUR. Term deposits were not subject to revaluation.

Additionally, it can be stated that no derivatives can be found in the Company's Own Assets.

### **Assets held for Index-Linked and Unit-Linked funds**

The investments for the benefit of life insurance policyholders who bear the Investment risk are presented with the market value.

### **Reinsurance recoverable and receivable**

In the Solvency II Balance Sheet insurance receivables, reinsurance receivables as well as other receivables are not subject to revaluation, as depreciations for doubtful receivables are already booked in local GAAP, if we consider the accounting values to be not appropriate. In consequence we consider the receivables to be presented on the basis of our best knowledge.

The reinsurance recoverable is subject to revaluation as the Best Estimate of the Liabilities has been recalculated too. It is determined as the difference between the gross and net cash flows coming from the current reinsurance contracts.

### **Deferred Tax Assets**

No Deferred Tax Asset can be found on the Balance Sheet.

### **Any Other Assets**

The other accruals on the active side generally concern charges which have been paid in advance and Unit-Linked transitory accounts. The positions are determined for local closing and not subject to revaluation.

## **D.1.2 Reconciliation to financial reporting**

The differences in methodology between the statutory Balance Sheet and the Solvency II values as well as their financial impacts are already explained in the previous section.

## **D.2. Technical Provisions**

### **D.2.1 Technical Provisions valuation**

#### **Technical Provisions by line of business: overview**

Technical Provisions are the largest item on an insurance company's Balance Sheet, meaning a company's financial strength is sensitive to movements in their value.

The tables below provide an overview of the composition of the Company's Technical Provisions per Line of Business based on the valuation for solvency purposes .

#### Overview Life Technical Provisions

	Insurance with profit participation	Index-linked and unit- linked insurance	Other life insurance	Life reinsurance	Total
EUR '000					
Total Best Estimate ( <i>Gross of Recoverable</i> )	567,647.8	11,620,472.6	14,873.6	-	12,202,994.0
Risk Margin	14,034.6	69,840.8	7,552.8	-	91,428.1
Total Provisions incl. Risk Margin ( <i>Gross of Recoverable</i> )	581,682.4	11,690,313.3	22,426.4	-	12,294,422.1
Recoverable	-28.0	-532.3	622.9	-	62.6
<b>Total Provisions (<i>Net of Recoverable</i>)</b>	<b>581,710.4</b>	<b>11,690,845.6</b>	<b>21,803.5</b>	-	<b>12,294,359.5</b>

### Valuation of the Best Estimate and Risk Margin: methods and key assumptions

#### Best Estimate

The methodology to calculate Best Estimate of Technical Provisions is defined according to the following documentation:

- Commission Delegated Regulation (EU) 2019/815;
- Directive 2009/138/EC.

The Best Estimate is determined as the Expected Future Cash-Flows taking into account the time value of money. Most of the Company's Cash-Flows are modelled deterministically so that a single Risk-Free Yield Curve is used combined with a set of deterministic assumptions to obtain the Present Value of the Expected Future Cash-Flows. The Technical Provisions are calculated gross using a Cash-Flows basis with a separate explicit calculation for reinsurance, also using a Cash-Flows basis. Life insurance obligations are segmented according to minimum requirements.

The Risk-Free Yield Curve used for determining the Best Estimate does contain a Volatility Adjustment. The impact of a change to zero of the Volatility Adjustment on the Technical Provisions amounts to EUR 7,661 thousand.

Non modelled business is taken into account with its statutory reserve. It is mainly composed of provisions for claims, additional guarantees, annuities and pension plan for Baloise employees.

The Cash-Flows include future cash in-flows. Provisions are therefore net of future premium receipts which can make them negative.

## **Recognition of contracts**

The majority of the Company's portfolio is recognised until the relevant maturity dates to determine the Expected Future Cash-Flows. However, future premiums related to Collective Insurance Business are out of the scope of recognised contracts as only future Cash-Flows associated to recognised obligations should be included in the Best Estimate according to the Solvency II regulation.

## **Reinsurance**

All Technical Provisions are calculated on a gross basis. Where applicable, reinsurance ceded is calculated separately following the same principles. The measurement of reinsurance receivables makes allowance for expected non-payment whether caused by default of the reinsurer or by dispute with the reinsurer.

## **Expenses**

Assumptions about future expenses are required in order to cover the full range of future Cash-Flows stemming from the Company's business portfolio. Since the Company is an established enterprise operating with stable annual expenses, the starting point for expectations about future expenses is the costs incurred in the most recent period. These expenses are allocated to the Lines of Business and then run-off over the remaining term of individual contracts.

## **Risk Margin**

The Risk Margin increases the overall value of the Technical Provisions from the discounted Best Estimate to an amount equivalent to a theoretical level needed to transfer the obligations to another insurance company.

The Cost of Capital approach requires the Risk Margin to be calculated by determining the cost of providing an amount of eligible Own Funds equal to the Solvency Capital Requirement (*SCR*) necessary to support the current obligations over their lifetime. The *SCR* over the lifetime of the actual obligations is modelled using individual drivers for each sub-module which are chosen to reflect the respective risk properly.

## **Assumptions**

Assumptions used within the calculation of Solvency II Technical Provisions must be consistent both with financial market information and "generally available" Insurance risk data. They must be documented, justified and validated in line with the validation and back-testing requirements.

## **Uncertainty**

The Best Estimate must correspond to the probability-weighted average of future Cash-Flows and will therefore allow for uncertainty in these future Cash-Flows. In this context, allowance for uncertainty refers to the consideration of the variability of the Cash-Flows necessary to ensure that the Best Estimate represents the mean of the full distribution of those Cash-Flows. Allowance for uncertainty does not suggest that additional margins are included within the Best Estimate.

Causes of uncertainty in the cash-flows that shall be taken into consideration in the estimation of the Best Estimate and the application of the valuation technique, where relevant, may include the following:

- Fluctuations in the timing, frequency and severity of claim events.
- Fluctuations in the amount of expenses.
- Uncertainty in policyholder behaviour.
- The exercise of discretionary future management actions.
- Path dependency, where the cash-flows depend not only on circumstances such as economic conditions on the cash-flow date, but also on those circumstances at previous dates.
- Interdependency between two or more causes of uncertainty.

## Changes since last reporting period

During the reporting period the assumptions have been updated in the calculation of the Technical Provisions in order to reflect the last period's experience. When not considering other effects on the development of the Technical Provisions, the changes led to an increase in Technical Provisions.

The market performance of the unit-linked contracts combined with a strong level of new business premiums both lead to a significant increase of the Technical Provisions.

## D.2.2 Reconciliation to financial reporting

Technical Provisions for solvency purposes are EUR 221,073 thousand lower than the Technical Provision provided in the financial statements. The main difference between those valuation methods is the recognition from the Solvency II provision of the present value of future profit. The remaining differences stem from the other financial statements that need to be reported on market-value basis.

The reconciliation of the Technical Provision from the financial statements to the Solvency Position is done by deducting unrealised gains on own assets and undisclosed assets Solvency II positions from the Own Funds (see *the table below*).

### Technical Provision

	2025
EUR '000	
Technical Provisions ( <i>Financial Statements</i> )	12,515,495.2
Own Funds ( <i>Financial Statements</i> )	140,251.0
Basic Own Funds ( <i>Solvency II</i> )	-243,284.5
Deferred Tax Liabilities	-32,305.4
URG on own assets	-78,648.3
Profit on Reinsurance Recoverable	-3,695.3
Profit Non Insurance Receivables	-4,025.1
Not Disclosed assets under SII ( <i>Intangible Assets &amp; Goodwill</i> )	-905.5
Residual	-
<b>Technical Provisions (<i>Solvency II</i>)</b>	<b>12,294,422.1</b>

## D.3. Other liabilities

### D.3.1 Basis, methods and assumptions used for valuing other liabilities

For the pension plan for Baloise employees the IFRS value is taken.

The statutory and Solvency II balances concerning other liabilities are composed of the following positions:

#### Other liabilities

	Local GAAP	Solvency II	Difference
EUR '000			
<b>Other liabilities</b>	<b>145,617.6</b>	<b>178,898.3</b>	<b>33,280.7</b>
Provisions other than Technical Provisions	8,242.7	8,242.7	-
Pension benefit obligations	1,427.2	1,805.5	378.3
Deferred tax liabilities	-	32,305.4	32,305.4
Debts owed to credit institutions	-	-	-
Insurance & intermediaries payables	105,436.6	105,436.6	-
Reinsurance payables	335.0	335.0	-
Payables ( <i>trade, not insurance</i> )	27,023.2	27,421.2	398.0
Any other liabilities, not elsewhere shown	3,152.9	3,351.9	199.0

The provisions other than Technical Provisions contain mostly the provisions for litigation, taxation and other provisions.

The pensions benefits obligations are determined annually by the actuary and recalculated with the DBO method for IFRS group reporting. In determining its defined benefit obligations to employees, the Company rigorously applies assumptions regarding the anticipated return on plan assets, the economic advantages inherent in these assets, projected future salary and pension benefit increases, the relevant discount rate, and other critical parameters. The most important assumptions are derived from past experience of making estimates.

The other provisions are determined in detail for each year-end. They are composed by all quantified risks, which are already known, and charges known but not yet invoiced. The measurement of provisions necessitates making assumptions regarding the likelihood, timing, and magnitude of any outflows of resources embodying economic benefits. A provision is recognised when such an outflow is deemed probable and can be estimated with reliability. The value of statutory accounts and Solvency II is identical. The Deferred Tax Liabilities contain the total Net Deferred Taxes on the differences between all statutory Balance Sheet positions and the Solvency II value.

The creditors arising out of insurance and reinsurance operations as well as the other creditors are not subject to revaluation, as they have no duration.

The amounts owed to credit institutions concern negative balances on current bank accounts and are presented with the actual value corresponding to external bank confirmations at year-end.

The Other Liabilities, not elsewhere shown, primarily consists of Tax Liabilities owed to the Italian tax authority. Acting as an intermediary, the Company advances the tax charges for the policyholders, recording this position as debtor on the asset side. The position is determined at year-end and is not subject to revaluation, while the corresponding asset side entries are discounted based on the contract maturities.

The proportional consolidation method in the participation of Baloise Luxembourg Real Estate S.A. has an effect in both categories “payables (*trade, not insurance*)” and “any other liabilities, not elsewhere shown”.

### **D.3.2 Reconciliation to financial reporting**

The differences in methodology as well as the quantitative impacts between the statutory Balance Sheet and the Solvency II values are already explained in the previous section.

## **D.4. Other relevant information**

For the purpose of Solvency II, the Balance Sheet is prepared using the proportional consolidation method in the participation of Baloise Luxembourg Real Estate S.A. as already mentioned in the sections above. This method considers that the Solvency II Balance Sheet includes the assets and liabilities in proportion to the percentage of participation in Baloise Luxembourg Real Estate S.A..

## **E Capital Management**

### **E.1. Own Funds**

#### **E.1.1 Capital management: objectives, policy and processes**

Capital is a scarce and strategic resource, which requires a clearly defined, rigorous and disciplined management approach in order to ensure efficient and effective deployment. This approach must balance the needs and requirements of stakeholders including shareholders, regulators, employees and customers.

##### **Objectives**

The Company's main objectives in capital management are the following:

- Fulfilling the solvency requirements defined by the regulatory frameworks.
- Ensuring business continuity and the capacity to develop its activity.
- Guaranteeing an adequate remuneration of shareholders' capital.
- Pursuing the optimal ratio between equity and debt, by ensuring adequate remuneration of all capital and debt sources.
- Determining the impact on pricing policies which are consistent with risk levels of each activity sector and, to create value to shareholders.

The Company has to comply with local laws, regulations and supervisory authorities regarding the Minimum Capital Requirement. This minimum capital should be maintained as per Local Legislative framework in order to fulfil its insurance obligations. This minimum level of capital has been continuously maintained during the reporting period.

Moreover, according to internal Risk Management guidelines, the solvency needs are also quantified based on the "Swiss Solvency Test", which is a modern, risk-based and market-consistent solvency regime in Switzerland.

##### **Policy**

The Company has a Capital Management policy in place that sets forth the principles and guidelines applied within the Own Funds management context. It sets forth the overall definition of capital and capital adequacy ratios. These guidelines aim for an effective and optimised Capital Management. Moreover, the policy highlights the different activities within the Capital Management framework : capital planning, capital contingency and capital allocation.

In addition, the document displays the governance structure that supports Capital Management. This policy will cover the roles and responsibilities and reporting requirements needed to support the previously mentioned objectives. For the specific situations when capital sufficiency levels could be breached, then recovery can come from retained profits or other actions.

## Processes

The main goal of the Capital Management process is to optimise the capital structure, composition and allocation of capital within the Company. Additionally, the Company aims at a profitable growth and protecting its viability and profitability dividends. The process also ensures continued eligibility of Own Fund items through close monitoring of the eligibility criteria.

Capital Management planning takes into account the following:

- The required capital linked to expected level of risk and risk appetite, as well as risk assessments;
- Own Funds projection over a time horizon of at least three years.
- The capital level the Company wants to hold, taking into account.
  - Legal requirements and anticipated changes.
  - Growth ambitions and future capital commitments.
  - Security buffers to ensure that obligations according to the Risk Appetite policy are met.
- Dividend policy (*and future capital raising*).

Capital allocation is performed based on the following principles:

- Capital (re)allocation based on business plans which meet strategic and performance objectives.
- Allocation takes into account optimising expected value creation, risk and capital use.

## E.1.2 Own Funds analysis

### Own Funds overview

Under Solvency II, Own Funds constitute the Company's resources available to mitigate the financial impact of adverse scenarios. The Company is required to maintain sufficient Own Funds to meet specific capital requirements, namely the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR).

Own Funds are categorised into three different "Tiers":

- Tier 1 is the highest class, typically characterised by unconditional availability of the funds in case of losses by the insurer.
- Funds in Tier 2 and Tier 3 respectively generally have limitations as to the amount of funds available, the conditions for availability or the period during which they are available. Accordingly, the Company may only use Tier 1 Own Funds to cover capital requirements without restrictions, subject to certain limitations for specific instruments.

The Own Funds of the Company consist of unrestricted Tier 1 funds and limited Tier 2 funds.

### Own Funds structure and composition

Solvency II guidance further differentiates Own Funds based on their funding mechanisms. Generally, "Basic Own Funds" are fully paid in, whereas "Ancillary Own Funds" are accessible to the Company under specific conditions.

Overall, the Basic Own Funds exclusively belong to the Tier 1 category except the Subordinated Loan and Ancillary Own Funds belonging to the Tier 2 category.

## Analysis of change for all tiers

During the reporting period no changes were observed.

## Deductions and restrictions

No deductions and restrictions are observed, at the level of the Solvency Capital Requirement, as the sum of the eligible amounts of Tier 2 and Tier 3 items do not exceed 50% of the Solvency Capital Requirement, whereas the contribution from Tier 2 items is limited to 20% of Minimum Capital Requirement coverage.

No ring fenced funds are present.

## Basic Own Funds (BOF)

The Basic Own Funds are composed of the following items which are explained below in more detail:

Own Funds: Basic Own Funds	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
EUR '000					
<b>Basic Own Funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>	-	-	-	-	-
Ordinary Share Capital ( <i>gross of own shares</i> )	32,680.3	32,680.3	-	-	-
Share premium account related to Ordinary Share Capital	-	-	-	-	-
Initial funds, members' contributions or the equivalent Basic Own Funds item for mutual and mutual-type undertakings	-	-	-	-	-
Subordinated mutual member accounts	-	-	-	-	-
Surplus funds	-	-	-	-	-
Preference shares	-	-	-	-	-
Share premium account related to preference shares	-	-	-	-	-
Reconciliation reserve	210,604.2	210,604.2	-	-	-
Subordinated liabilities	70,000.0	-	-	70,000.0	-
An amount equal to the value of net deferred tax assets	-	-	-	-	-
Other Own Fund items approved by the supervisory authority as Basic Own Funds not specified above	-	-	-	-	-
<b>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</b>	-	-	-	-	-
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	-	-	-	-	-
<b>Deductions</b>	-	-	-	-	-
Deductions for participations in financial and credit institutions	-	-	-	-	-
<b>Total Basic Own Funds after deductions</b>	<b>313,284.5</b>	<b>243,284.5</b>	<b>-</b>	<b>70,000.0</b>	<b>-</b>

## Ordinary Share Capital

The Subscribed Capital of the Company amounts to EUR 32,680 thousand divided into 54,790 shares without a designated nominal value.

There is no share that may be issued in connection with option plans.

### Reconciliation reserve

For the Company the reconciliation reserve essentially represents the total of:

- All differences between the measurement according to statutory principals (*Local GAAP*) and the measurement according to Solvency II, and
- All retained earnings according to Local GAAP, adjusted for dividend payments and other amounts paid to shareholders – this includes foreseeable dividends and own shares held, if any.

The main driver of this difference is the revaluation of Technical Provisions, which covers the allowance for future profits net of the explicit risk adjustment. Other relevant effects result from the adjustment of the financial assets and the deferred taxes on the net difference before tax.

<b>Own Funds: Reconciliation reserve</b>	<b>2025</b>
EUR '000	
Excess of assets over liabilities	243 284,5
Own shares ( <i>held directly and indirectly</i> )	
Foreseeable dividends, distributions and charges	
Other Basic Own Fund items	32 680,3
Adjustment for restricted Own Fund items in respect of matching adjustment portfolios and ring-fenced funds	
<b>Reconciliation reserve</b>	<b>210 604,2</b>
<b>Expected profits</b>	
Expected profits included in future premiums ( <i>EPIFP</i> )	58 446,3
Expected profits included in future premiums ( <i>EPIFP</i> ) – Non-life business	
<b>Total Expected profits included in future premiums (<i>EPIFP</i>)</b>	<b>58 446,3</b>

## Subordinated liabilities

The subordinated loan, granted by Helvetia Baloise Holding Ltd for an amount of EUR 70,000 thousand, is classified as Tier 2 Own Funds.

## Ancillary Own Funds (AOF)

### Structure Ancillary Own Funds

As of year-end 2025, EUR 40,000 thousand tier 2 Ancillary Own Funds are present as a legally binding commitment to subscribe and pay for subordinated liabilities on demand.

### Methods of valuation AOF

Not relevant.

## E.1.3 Transitional arrangements

No Own Fund items are subject to transitional arrangements.

The Volatility Adjustment is used by the Company to calculate the Technical Provisions and has an impact on the Company's financial positions. It therefore impacts the Solvency Capital Requirement and the eligible Own Funds to cover the Solvency Capital Requirement.

The table below shows the impact of a change to zero of the Volatility Adjustment on the Company's financial positions as at 31.12.2025.

### Impact of long term guarantees measures and transitional

	Amount with Long Term Guarantee measures and transitional	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
EUR '000					
Technical Provisions	12,294,422.1	-	-	7,661.5	-
Basic Own Funds	313,284.5	-40,000.0	-	-5,847.5	-
Eligible Own Funds to meet Solvency Capital Requirement	353,284.5	-	-	-5,847.5	-
Solvency Capital Requirement	242,979.4	-	-	1,492.0	-
Eligible Own Funds to meet Minimum Capital Requirement	263,633.0	-	-	-5,774.6	-
Minimum Capital Requirement	101,742.4	-	-	364.5	-

## E.1.4 Eligible Own Funds to cover the SCR and MCR

					2025	2024
	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3	Total	Total
EUR '000						
<b>Available and eligible Own Funds</b>						
Total available Own Funds to meet the SCR	243,284.5	-	110,000.0*	-	353,284.5	307,542.9
Total available Own Funds to meet the MCR	243,284.5	-	70,000.0	-	313,284.5	267,542.9
Total eligible Own Funds to meet the SCR	243,284.5	-	110,000.0*	-	353,284.5	307,542.9
Total eligible Own Funds to meet the MCR	243,284.5	-	20 348,5	-	263,633.0	216,998.2
<b>SCR</b>	-	-	-	-	<b>242,979.4</b>	<b>221,039.9</b>
<b>MCR</b>	-	-	-	-	<b>101,742.4</b>	<b>97,276.3</b>
<b>Ratio of Eligible Own Funds to SCR</b>	-	-	-	-	<b>145.4%</b>	<b>139.1%</b>
<b>Ratio of Eligible Own Funds to MCR</b>	-	-	-	-	<b>259.1%</b>	<b>223.1%</b>

\*These amounts include the EUR 40,000 thousand Tier 2 Ancillary Own Funds, mentioned in E.1.2

The Solvency II Ratio increased from 139.1% to 145.4% during the reporting period. The total Eligible Own Funds to meet the Solvency Capital Requirement increased by 14.9% during the reporting period whereas the Solvency Capital Requirement increased at a lower pace of 9.9%.

## Reconciliation with Financial Statements Equity

The difference between the local Own Funds and the Solvency II Available Capital is illustrated below.

### Reconciliation with Financial Statements Equity

	Local GAAP	Solvency II	Difference
EUR '000			
Subscribed capital	32,680.3	32,680.3	-
Revaluation reserves	-	-	-
Reserves*	6,268.0	6,094.3	-173.7
Reconciliation to local results	-	95,406.8	95,406.8
- Adjustment reinsurance	-	-3,695.3	-3,695.3
- Adjustment other assets	-	-81,063.6	-81,063.6
- Adjustment Technical Provisions	-	221,073.1	221,073.1
- Adjustment Other Liabilities	-	-40,907.4	-40,907.4
Benefit brought forward*	76,374.7	82,605.2	6,230.5
Result of the year*	15,034.8	16,604.8	1,570.0
Foreseeable dividends, distributions and charges	-	-	-
Special item with an equity portion	9,893.2	9,893.2	-
<b>Own Funds</b>	<b>140,251.0</b>	<b>243,284.6</b>	<b>103,033.6</b>

\*Including the proportional consolidation method of the participation

Notable differences in figures resulting from differences in measurement under the Solvency II regime and local accounts are explained by:

- The adjustment in reinsurance is linked to the transfer from local reserves to Best Estimate.
- The adjustment of Other Assets concern Bonds, Property and Equities which are valued at a lower market value than the local book values.
- The Technical Provisions are revaluated on Best Estimate basis resulting in a gain for the Company.
- The adjustments of the Other Liabilities concern the Deferred Tax Liabilities.
- The adjustments in reserves, benefit brought forward, and result of the year are linked to the proportional consolidation method of Baloise Luxembourg Real Estate S.A.

## E.1.5 Deferred Tax Assets

No Deferred Tax Asset has been recognised in the Company's Own Funds, thus this section is not applicable.

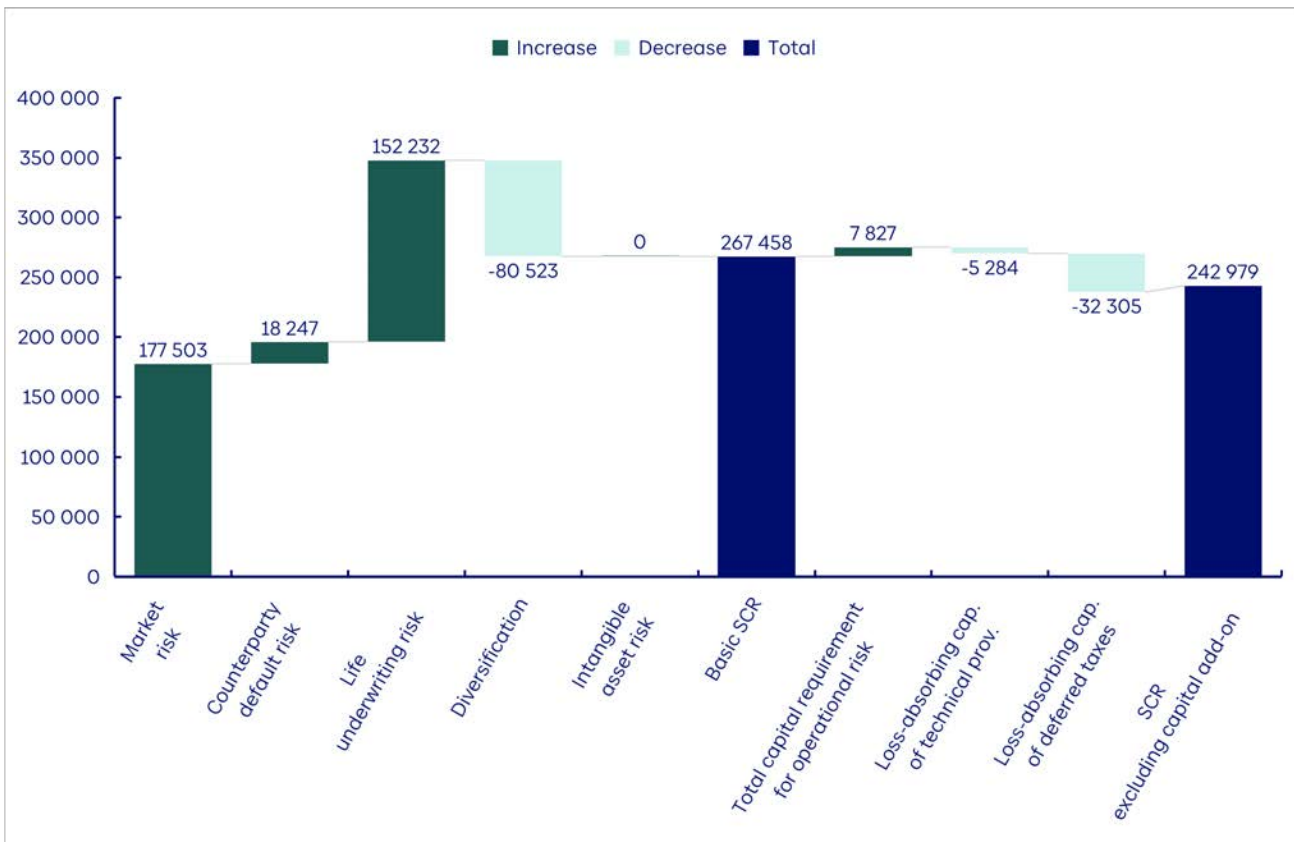
## E.2. SCR and MCR

### E.2.1 SCR and MCR: overview and key changes

#### Solvency Position

As of year-end 2025 the Solvency Capital Requirement of the Company amounts to EUR 242,979 thousand. This amount is split over the different risk modules of the Solvency II Standard Formula as illustrated in the waterfall diagram below.

Gross Solvency Capital Requirement - Composition in EUR thousand



During the reporting period the Company's Solvency Capital Requirements evolved as illustrated in the table below:

#### Solvency Capital Requirement for undertakings on Standard Formula

	2025	2024
EUR '000		
Total Market risk	179,637.2	149,735.3
Total Counterparty Default risk	17,431.8	18,849.9
Total Capital Requirement for Life Underwriting risk	157,315.8	148,628.2
Total Health Underwriting risk	-	-
Non-Life Underwriting risk	-	-
Diversification	-81,642.5	-74,714.3
Intangible Asset risk	-	-
<b>Basic Solvency Capital Requirement</b>	<b>272,742.4</b>	<b>242,499.2</b>

#### Calculation of Solvency Capital Requirement

	2025	2024
Operational risk	7,826.5	7,539.4
Loss-absorbing capacity of Technical Provisions	-5,284.0	-6,321.3
Loss-absorbing capacity of Deferred Taxes	-32,305.4	-22,677.5
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-	-
<b>Solvency Capital Requirement calculated on the basis of Art. 336 (a) of Delegated Regulation (EU) 2015/35, excluding capital add-on</b>	<b>242,979.4</b>	<b>221,039.9</b>
Capital add-ons already set	-	-
<b>Solvency Capital Requirement</b>	<b>242,979.4</b>	<b>221,039.9</b>
<b>Minimum Capital Requirement</b>	<b>101,742.4</b>	<b>97,276.3</b>

The Minimum Capital Requirement as of year-end 2025 is EUR 101,742 thousand (2024: EUR 97,276.3 thousand). The computation is based on :

- The Best Estimate per Line of Business, net of reinsurance as presented in the valuation chapter (D.2. Technical Provisions per LoB) and linearly combined along with the Capital at Risk of EUR 1,962.2 thousand. The linear coefficients used are defined in Article 251 of the Delegated Acts;
- The upper bound of the MCR is defined as 45% of the SCR above;
- The lower bound of the MCR is defined as 25% of the SCR above.

The Volatility Adjustment is applied in the calculation of the Technical Provisions. At year-end 2025 the impact of a change of the Volatility Adjustment to zero on the Solvency Capital Requirement amounts EUR 1,492 thousand and on the Minimum Capital Requirement amounts to EUR 364 thousand.

#### Material changes in SCR and MCR

The SCR increased during the last reporting period and the trend is shared by all the main risk modules i.e. Market, Counterparty and Life risks.

The increase in SCR is mainly the consequence of the higher Asset under Management on the Unit-Linked business.

## **E.2.2 Simplified calculations and entity specific parameters**

No simplifications are used.

## **E.3. Use of the duration-based Equity risk sub-module for SCR calculation**

### **Use and Supervisor approval (Art. 304)**

The duration-based Equity risk approach is subject to prior supervisory approval once the Solvency II regime enters into force. The current application of the approach does not pre-empt any future decision by national supervisory authorities to approve or not to approve such approach.

The Company does not apply the duration-based Equity risk sub-module for the calculation of its Solvency Capital Requirements.

## **E.4. Difference between the Standard Formula and any internal model used**

The Company makes full use of the Standard Formula. This section is therefore currently not applicable.

## **E.5. Non-compliance with the MCR and the SCR**

### **E.5.1 Amount of non-compliance**

Not relevant.

### **E.5.2 Explanations of causes, effects and remedial actions**

Not relevant.

## **E.6. Other relevant information**

No supplementary information or risks in addition to the information previously disclosed is considered material.

## Annex

**S.02.01.02 - Balance Sheet: Assets**

		Solvency II value
EUR '000		C0010
<b>Assets</b>		
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	40.9
<b>Investments (other than assets held for index-linked and unit-linked contracts)</b>	<b>R0070</b>	<b>754,728.3</b>
Property (other than for own use)	R0080	29,184.0
Holdings in related undertakings, including participations	R0090	-
<b>Equities</b>	<b>R0100</b>	<b>27,954.6</b>
Equities - listed	R0110	13,179.3
Equities - unlisted	R0120	14,775.3
<b>Bonds</b>	<b>R0130</b>	<b>569,107.2</b>
Government Bonds	R0140	420,235.4
Corporate Bonds	R0150	148,871.8
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	128,167.6
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	315.0
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	11,849,472.6
<b>Loans and mortgages</b>	<b>R0230</b>	<b>1,233.8</b>
Loans on policies	R0240	838.7
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	395.1
<b>Reinsurance recoverable from:</b>	<b>R0270</b>	<b>62.6</b>
Non-life and health similar to non-life	R0280	-
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	594.9
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	594.9
Life index-linked and unit-linked	R0340	-532.3
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	16,511.5
Reinsurance receivables	R0370	316.2
Receivables (trade, not insurance)	R0380	14,102.1
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	139,645.4
Any other assets, not elsewhere shown	R0420	10,491.5
<b>Total assets</b>	<b>R0500</b>	<b>12,786,604.9</b>

**S.02.01.02 - Balance sheet: liabilities**

		Solvency II value
EUR '000		C0010
<b>Liabilities</b>		
<b>Technical provisions - non-life</b>	<b>R0510</b>	-
Technical provisions - non-life (excluding health)	R0520	-
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	-
Risk margin	R0550	-
Technical provisions - health (similar to non-life)	R0560	-
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	-
Risk margin	R0590	-
<b>Technical provisions - life (excluding index-linked and unit-linked)</b>	<b>R0600</b>	<b>604,108.8</b>
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	604,108.8
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	582,521.4
Risk margin	R0680	21,587.3
Technical provisions - index-linked and unit-linked	R0690	11,690,313.3
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	11,620,472.6
Risk margin	R0720	69,840.8
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	8,242.7
Pension benefit obligations	R0760	1,805.5
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	32,305.4
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	105,436.6
Reinsurance payables	R0830	335.0
Payables (trade, not insurance)	R0840	27,421.2
Subordinated liabilities	R0850	70,000.0
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	70,000.0
Any other liabilities, not elsewhere shown	R0880	3,351.9
<b>Total liabilities</b>	<b>R0900</b>	<b>12,543,320.3</b>
<b>Excess of assets over liabilities</b>	<b>R1000</b>	<b>243,284.5</b>

**S.04.05.21 - Premiums, claims and expenses by country - Life**

		Home country	Top 5 countries: life and health SLT				
		Luxembourg (LU)	France (FR)	Portugal (PT)	Belgium (BE)	United Kingdom (After Brexit)	Spain (ES)
		C0030	C0040	C0040	C0040	C0040	C0040
	R1010						
Gross Written Premium	R1020	199,266.14	393,538.03	295,267.94	123,972.37	31,706.91	25,993.50
Gross Earned Premium	R1030	198,791.50	393,638.05	295,267.94	124,439.49	31,706.91	25,993.50
Claims incurred	R1040	105,918.93	159,267.74	151,508.80	232,075.42	14,129.16	14,671.43
Gross Expenses Incurred	R1050	18,468.00	13,956.80	3,244.61	28,132.18	267.20	241.63

S.05.01.02 - Premiums, claims and expenses by line of business: Life

		Line of Business for: life insurance obligations				Life reinsurance obligations				Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
EUR '000										
<b>Premiums written</b>										
Gross	R1410	-	69,607.1	1,065,868.5	17,540.2	-	-	-	-	1,153,015.8
Reinsurers' share	R1420	-	-	23.1	6,488.4	-	-	-	-	6,511.5
Net	R1500	-	69,607.1	1,065,845.4	11,051.9	-	-	-	-	1,146,504.4
<b>Premiums earned</b>										
Gross	R1510	-	69,771.3	1,065,868.5	17,576.2	-	-	-	-	1,153,216.0
Reinsurers' share	R1520	-	-	23.1	6,508.1	-	-	-	-	6,531.2
Net	R1600	-	69,771.3	1,065,845.4	11,068.1	-	-	-	-	1,146,684.8
<b>Claims incurred</b>										
Gross	R1610	-	45,402.3	845,307.4	6,468.7	-	-	-	-	897,178.4
Reinsurers' share	R1620	-	-	-	1,815.8	-	-	-	-	1,815.8
Net	R1700	-	45,402.3	845,307.4	4,652.9	-	-	-	-	895,362.6
<b>Expenses incurred</b>	<b>R1900</b>	-	<b>6,868.3</b>	<b>54,345.6</b>	<b>1,942.2</b>	-	-	-	-	<b>63,156.2</b>
<b>Balance - other technical expenses/income</b>	<b>R2510</b>	-	-	-	-	-	-	-	-	<b>2,355.9</b>
<b>Total technical expenses</b>	<b>R2600</b>	-	-	-	-	-	-	-	-	<b>-</b>
<b>Total amount of surrenders</b>	<b>R2700</b>	-	<b>8,837.6</b>	<b>824,858.5</b>	<b>698.7</b>	-	-	-	-	<b>834,394.8</b>

**S.12.01.02 - Life and Health SLT Technical Provisions (part 1 of 4)**

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance		
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees
		C0020	C0030	C0040	C0050	C0060	C0070	C0080
EUR '000								
<b>Technical provisions calculated as a whole</b>	R0010	-	-			-		
Total Recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-	-			-		
<b>Technical provisions calculated as a sum of BE and RM</b>								
<b>Best Estimate</b>								
<b>Gross Best Estimate</b>	R0030	567,647.8		11,618,521.6	1,951.0		-	14,873.6
Total Recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	-28.0		-532.3	-		-	622.9
Best Estimate minus recoverable from reinsurance/SPV and Finite Re - total	R0090	567,675.8		11,619,053.8	1,951.0		-	14,250.7
<b>Risk Margin</b>	R0100	14,034.6	69,840.8			7,552.8		
<b>Technical provisions - total</b>	R0200	581,682.4	11,690,313.3			22,426.4		

S.12.01.02 - Life and Health SLT Technical Provisions (part 2 of 4)

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)
		C0090	C0100	C0150
EUR '000				
Technical Provisions calculated as a whole	R0010	-	-	-
Total Recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-	-	-
<b>Technical provisions calculated as a sum of BE and RM</b>				
<b>Best Estimate</b>				
<b>Gross Best Estimate</b>	R0030	-	-	12,202,994.0
Total Recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	-	-	62.6
Best Estimate minus recoverable from reinsurance/SPV and Finite Re - total	R0090	-	-	12,202,931.4
<b>Risk Margin</b>	<b>R0100</b>	-	-	<b>91,428.1</b>
<b>Technical provisions - total</b>	<b>R0200</b>	-	-	<b>12,294,422.1</b>

**S.12.01.02 - Life and Health SLT Technical Provisions (part 3 of 4)**

		Health insurance (direct business)		
		C0160	Contracts without	Contracts with options or guarantees
			options and guarantees	C0180
EUR '000				
Technical Provisions calculated as a whole	R0010	-		
Total Recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-		
<b>Technical Provisions calculated as a sum of BE and RM</b>				
<b>Best Estimate</b>				
<b>Gross Best Estimate</b>	R0030		-	-
Total Recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		-	-
Best Estimate minus recoverable from reinsurance/SPV and Finite Re - total	R0090		-	-
<b>Risk Margin</b>	R0100	-		
<b>Technical provisions - total</b>	R0200	-		

#### S.12.01.02 - Life and Health SLT Technical Provisions (part 4 of 4)

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0190	C0200	C0210
EUR '000				
Technical provisions calculated as a whole	R0010	-	-	-
Total Recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-	-	-
<b>Technical provisions calculated as a sum of BE and RM</b>				
<b>Best Estimate</b>				
<b>Gross Best Estimate</b>	R0030	-	-	-
Total Recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	-	-	-
Best estimate minus recoverable from reinsurance/SPV and Finite Re - total	R0090	-	-	-
<b>Risk Margin</b>	R0100	-	-	-
<b>Technical provisions - total</b>	R0200	-	-	-

#### S.17.01.02.01 Non-Life Technical Provisions

The Quantitative Reporting Template is not relevant for the undertaking and therefore omitted from the report.

#### S.19.01.21.01: Non-life insurance claims

The Quantitative Reporting Template is not relevant for the undertaking and therefore omitted from the report.

### S.22.01.21 - Impact of long term guarantees measures and transitional

		Amount with Long Term Guarantee measures and transitional	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
EUR '000						
Technical provisions	R0010	12,294,422.1	-	-	<b>7,661.5</b>	-
Basic Own Funds	R0020	313,284.5	40,000.0	-	-5,847.5	-
Eligible Own Funds to meet Solvency Capital Requirement	R0050	353,284.5	-	-	-5,847.5	-
Solvency Capital Requirement	R0090	242,979.4	-	-	1,492.0	-
Eligible Own Funds to meet Minimum Capital Requirement	R0100	263,633.2	-	-	-5,774.6	-
Minimum Capital Requirement	R0110	101,743.1	-	-	364.5	-

S.23.01.01 - Own funds: Basic Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
EUR '000						
<b>Basic Own Funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>						
Ordinary share capital (gross of own shares)	R0010	32'680.3	32'680.3	-	-	-
Share premium account related to ordinary share capital	R0030	-	-	-	-	-
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-	-	-	-
Subordinated mutual member accounts	R0050	-	-	-	-	-
Surplus funds	R0070	-	-	-	-	-
Preference shares	R0090	-	-	-	-	-
Share premium account related to preference shares	R0110	-	-	-	-	-
Reconciliation reserve	R0130	210'604.2	210'604.2	-	-	-
Subordinated liabilities	R0140	70'000.0	-	-	70'000.0	-
An amount equal to the value of net deferred tax assets	R0160	-	-	-	-	-
Other Own Fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
<b>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</b>						
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	-	-	-	-	-
<b>Deductions</b>						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
<b>Total Basic Own Funds after deductions</b>	<b>R0290</b>	<b>313'284.5</b>	<b>243'284.5</b>	<b>-</b>	<b>70'000.0</b>	<b>-</b>

### S.23.01.01. Own funds: Ancillary Own Funds

EUR '000		Total C0010	Tier 1 -	Tier 1 -	Tier 2	Tier 3
			unrestricted C0020	restricted C0030	C0040	C0050
<b>Ancillary Own Funds</b>						
	Unpaid and uncalled ordinary share capital callable on demand	R0300	-	-	-	-
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-	-	-	-
	Unpaid and uncalled preference shares callable on demand	R0320	-	-	-	-
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	40,000	-	40,000	-
	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-	-	-	-
	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-	-	-	-
	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-	-	-	-
	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-	-	-	-
	Other Ancillary Own Funds	R0390	-	-	-	-
	<b>Total Ancillary Own Funds</b>	<b>R0400</b>	<b>40,000</b>		<b>40,000</b>	

### S.23.01.01 - Own funds: Eligible Own Funds and Capital Requirements

EUR '000		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
<b>Available and Eligible Own Funds</b>						
	Total Available Own Funds to meet the SCR	R0500	353,284.5	243,284.5	110,000.0	-
	Total Eligible Own Funds to meet the MCR	R0510	313,284.5	243,284.5	70,000.0	-
	Total Eligible Own Funds to meet the SCR	R0540	353,284.5	243,284.5	110,000.0	-
	Total Eligible Own Funds to meet the MCR	R0550	263,633.2	243,284.5	20,348.6	-
	<b>SCR</b>	<b>R0580</b>	<b>242,979.4</b>			
	<b>MCR</b>	<b>R0600</b>	<b>101,743.1</b>			
	<b>Ratio of Eligible Own Funds to SCR</b>	<b>R0620</b>	<b>145.40%</b>			
	<b>Ratio of Eligible Own Funds to MCR</b>	<b>R0640</b>	<b>259.1%</b>			

**S.23.01.01 - Own funds: Reconciliation reserve**

		C0060
EUR '000		
<b>Reconciliation reserve</b>		
Excess of assets over liabilities	R1000	243,284.5
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	32,680.3
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	R0740	-
<b>Reconciliation reserve</b>	<b>R0130</b>	<b>210,604.2</b>
<b>Expected profits</b>		
Expected Profits Included in Future Premiums (EPIFP) - Life Business	R0770/R0780	58,446.3
Expected Profits Included in Future Premiums (EPIFP) - Non-life business	R0770/R0780	-
<b>Total Expected Profits Included in Future Premiums (EPIFP)</b>	<b>R0790</b>	<b>58,446.3</b>

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

		Gross solvency capital requirement C0110	USP C0090	Simplifications C0120
'000 EUR				
Market risk	R0010	179,637.2		
Counterparty Default risk	R0020	17,431.8		
Life Underwriting risk	R0030	157,315.8		
Health Underwriting risk	R0040			
Non-life Underwriting risk	R0050			
Diversification	R0060	-81,642.5		
Intangible Asset risk	R0070			
<b>Basic Solvency Capital Requirement</b>	<b>R0100</b>	<b>272,742.4</b>		
<b>Calculation of Solvency Capital Requirement</b>				
		<b>C0100</b>		
Operational risk	R0130	7,826.5		
Loss-absorbing capacity of Technical Provisions	R0140	-5,284.0		
Loss-absorbing capacity of Deferred Taxes	R0150	32,305.4		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160			
<b>Solvency Capital Requirement excluding capital add-on</b>	<b>R0200</b>	<b>242,979.4</b>		
Capital add-ons already set	R0210			
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			
<b>Solvency Capital Requirement</b>	<b>R0220</b>	<b>242,979.4</b>		
Other information on SCR				
<b>Capital requirement for duration-based equity risk sub-module</b>	R0400			
Total amount of Notional Solvency Capital Requirements for remaining part	R0410			
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420			
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430			
Diversification effects due to RFF nSCR aggregation for article 304	R0440			

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

Calculation of loss absorbing capacity of deferred taxes	LAC DT	
		C0130
'000 EUR		
LAC DT	R0640	32,305.4
LAC DT justified by reversion of deferred tax liabilities	R0650	-32,305.4
LAC DT justified by reference to probable future taxable economic profit	R0660	
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	-68,378.6

### S.28.01.01 - Minimum capital requirement: MCRL Result

'000 EUR	Life activities	
		C0040
MCRL Result	R0200	101,742.4

### S.28.01.01 - Minimum capital requirement: Total risk capital

		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
EUR '000			
Obligations with profit participation - guaranteed benefits	R0210	542,042.1	
Obligations with profit participation - future discretionary benefits	R0220	25,633.7	
Index-linked and Unit-Linked insurance obligations	R0230	11,621,004.8	-
Other life (re)insurance and health (re)insurance obligations	R0240	14,250.7	-
<b>Total capital at risk for all life (re)insurance obligations</b>	<b>R0250</b>	<b>-</b>	<b>1,962,192.6</b>

### S.28.01.01 - Minimum capital requirement: Calculation MCR

	C0070	
EUR '000		
Linear MCR	R0300	101,742.4
SCR	R0310	242,979.4
MCR cap	R0320	109,340.7
MCR floor	R0330	60,744.9
Combined MCR	R0340	101,742.4
Absolute floor of the MCR	R0350	4,000.0
<b>Minimum Capital Requirement</b>	<b>R0400</b>	<b>101,742.4</b>

### S.28.02.01. Minimum Capital Requirement - Both life and non-life insurance activity

The Quantitative Reporting Template is not relevant for the undertaking and therefore omitted from the report.