

Solvency and Financial Condition Report

Baloise Assurances
Luxembourg S.A.

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2022

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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.

List of abbreviations

AEOI	Automatic Exchange of Information
AML	Anti-Money Laundering
ALM	Asset Liability Management
AOF	Ancillary Own Funds
ALCO-RICO	Asset Liability and Risk Committee
BOF	Basic Own Funds
CAA	Commissariat aux Assurances
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRF	Cellule de Renseignement Financier
DBO	Defined Benefit Obligation
DCF	Discounted Cash Flow
EIOPA	European Insurance and Occupational Pensions Authority
EPIFP	Expected profits included in future premiums
FATCA	Foreign Account Tax Compliance Act
GAAP	Generally Accepted Accounting Principles
ICRA	Investment Controlling and Risk Analysis
ICS	Internal Control System
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
LOB	Line of business
MCR	Minimum Capital Requirement
ORSA	Own Risk and Solvency Assessment
SCR	Solvency Capital Requirement
SST	Swiss Solvency Test
Undertaking/Company	Baloise Assurances Luxembourg S.A.
VAT	Value Added Tax

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 Technical Provisions 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 company, reporting and disclosure

Baloise Assurances Luxembourg S.A.¹ is a non-life insurance company. It operates under the legal form of a limited liability company (société anonyme). Baloise Assurances Luxembourg S.A. is part of, and strongly embedded in the Baloise Group (owned by Baloise Holding Ltd, Switzerland). Located at the heart of Europe, with its head office in Basel, the Baloise Group is a provider of prevention, pension, assistance and insurance solutions.

The purpose of this report is to satisfy the public disclosure requirements under the "Loi du 7 Décembre 2015 sur le secteur des Assurances" including the Solvency II Directive 2009/138/EC, the Commission Delegated Regulation (EU) 2015/35 and the EIOPA Guidelines on Reporting and Disclosure. The elements of the disclosure relate to business and performance, system of governance, risk profile, solvency valuation and capital management.

The European directive Solvency II serves to improve and harmonize EU insurance regulation to unify the European insurance market and strengthen consumer protection. This risk-based system is covering 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.

Highlights

Appropriate crisis management

After the two years 2020 and 2021, which were strongly influenced by the corona pandemic, the corona situation worldwide eased in 2022. Advanced vaccination campaigns and the progressive primary vaccination of the population have led to an improvement of the situation. As a result, Baloise was able to scale back all corona measures taken in the course of the year. Lasting from the corona measures is the progress in the digitization of business processes and hybrid working, which increasingly allows employees to work from both, the office and at home.

Baloise's crisis management was appropriate to the situation at all times. The business model is stable, and with marginal adaptations to the changed business environment, the corona pandemic was successfully mastered. Baloise has shown that it has been able to successfully continue on its path of sustainable and continuous growth and at the same time being a reliable partner for its clients, investors, employees and society.

¹ Baloise Assurances Luxembourg S.A. (formerly Baloise Assurances Luxembourg S.A.) changed its name in December 2022.

Russia's attack on Ukraine is a severe incident in Europe. A wave of helpfulness struck Europe, and also the employees of Baloise. Various solidarity campaigns, in which donations in kind and money were collected for the people of Ukraine, show that Baloise is not unimpressed by what is happening in Eastern Europe. The consequences of the war have a huge impact on the people of Ukraine and, indirectly, on many other European countries. Refugee flows, rising prices and expensive gas affect the entire society in Europe.

Baloise's insurance business is not directly affected by the war. The indirect consequences to the market environment were closely monitored by Baloise. It is clear that our clients and investors can rely on us even in this challenging market environment, as Baloise's good economic substance is also maintained there.

Worldwide, the corona pandemic led to an impairment of supply chains, which was further exacerbated by Russia's invasion of Ukraine. This can be seen, in the tense energy situation in Europe. In combination with the various monetary and economic policy measures taken in previous years to contain the corona pandemic, inflation has skyrocketed and economic forecasts deteriorate. In response to this, interest rates were raised several times in 2022 and the «quantitative easing programs» that have been rolled out extensively were gradually reduced. As a result, both equities and fixed-interest securities suffered a sharp fall in prices in 2022.

Our long-term and reliable investment strategy pays off in this challenging market environment. Baloise continues to manage its own investment portfolio with foresight and with as few fluctuations as possible.

Business and Performance

Continuous growth has been achieved

As disclosed in the annual report, Baloise Assurances Luxembourg S.A. delivered an overall business profit of EUR 4,147.4 thousand during 2022. The increase in gross premiums written during the year from EUR 137,368.9 thousand in 2021 to EUR 141,096.2 thousand is mainly driven by growth in the business lines relating to car insurance (private and commercial), and the other lines of business. Main technical drivers of overall business result increase is the claims-ratio which decreased from 75.0% in 2021 to 53.7% in 2022. In the car insurance lines of business, the drop in claims is explained by the flood effect in 2021 (EUR 2.3 million in claims) and by management action to reduce the suspense. Many cases have therefore been processed and closed this year.

The sharp drop in claims for Property damage (-EUR 20.0 million) is mainly due to the impact of the exceptional floods of July 2021.

In the «General Liability» and car insurance lines of business, we had few serious claims incurred this year.

Furthermore, the company maintains its sound capital basis (as measured under the Solvency II based valuation principles) and the basic own funds amounting to EUR 89,203.7 thousand in 2022 complying with the Solvency II requirements with a Solvency ratio of 213.7% per year-end 2022. Main drivers of the decrease of own funds compared to 2021 (111,979.0 thousand in 2021) are the reimbursement of capital reserves and the interest rate increase with the drop of bond market values. The Solvency ratio decreased from 284.7% per year-end 2021 to 213.7% per year-end 2022.

These solid foundations mean the company is ideally placed to deal with current challenges.

System of Governance

We practice sound, responsible corporate governance

As a company that adds value, Baloise Assurances Luxembourg S.A. has always attached great importance to practicing sound, responsible corporate governance and continues this tradition today.

The system of governance in place at Baloise Assurances Luxembourg S.A. is considered as adequate to the nature, scale and complexity of the risks inherent in the company's business. Adequacy is confirmed through the governance principles in line with regulatory requirements. Furthermore, the Fit and Proper process applied, together with the company's Code of Conduct ensures the adequacy of key personnel such as the adequacy of key functions implemented according to Solvency II regulation.

Risk Profile

All material risks are identified, assessed and managed

All risks as defined under the Baloise Risk Map and the Solvency II regulatory framework are assessed on a regular basis by taking into account risk mitigating measures in place. Management of the different risks is organized at two levels. In a first step risks are assessed in a bottom-up process by the functional department responsible (risk owner and risk controller). In a second step the assessments are aggregated at company level.

Baloise Assurances Luxembourg S.A. regularly assesses whether the resulting risk profile is compliant with its risk strategic orientations.

The key drivers of the solvency capital requirement are the Non-life underwriting risk and the market risk. The Non-life underwriting risk is driven by the Premium and Reserve risk directly related to the volume of premiums and reserves.

During the reporting period the solvency capital requirement increased driven by the increase of the market risk and Non-Life underwriting risk.

Valuation for Solvency purposes

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

Material changes linked to valuation for Solvency purposes during the year relate to financial assets valuation where bonds and equities are valued at the Lower of cost or market value method in the statutory accounts whereas they are valued at the market value according to Solvency II requirements. On the liabilities side, the main changes are reflected in the technical provisions, for which Solvency requirements highlight the need to base our calculation upon up-to-date and credible information, as

well as realistic assumptions. This method is reflected in the best estimate of the technical provision under Solvency II.

Capital Management

Solvency II quota confirms solid capitalization

The company's Solvency II quota was reported at a level of 213.7% at the end of 2022 confirming the company's solid capitalization. The volatility adjustment is not used to calculate the technical provisions and does not impact the company's Solvency II quota. Transitional arrangements are not applied. The legal requirement to hold sufficient own funds to cover the solvency capital requirement has therefore been fulfilled. The own funds of Baloise Assurances Luxembourg S.A. entirely consist of unrestricted Tier 1 funds.

Solvency Position

	2021	2022
in '000 EUR		
Total eligible own funds to meet the MCR	111,979.0	89,203.7
Minimum Capital Requirement	17,699.3	18,533.4
Ratio of Eligible Own Funds to Minimum Capital Requirement	632.7%	481.3%
Total eligible own funds to meet the SCR	111,979.0	89,203.7
Solvency Capital Requirement	39,331.7	41,738.8
Ratio of Eligible Own Funds to Solvency Capital Requirement	284.7%	213.7%

The available own funds decreased by EUR 22,773.3 thousand 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.

A. Business and performance

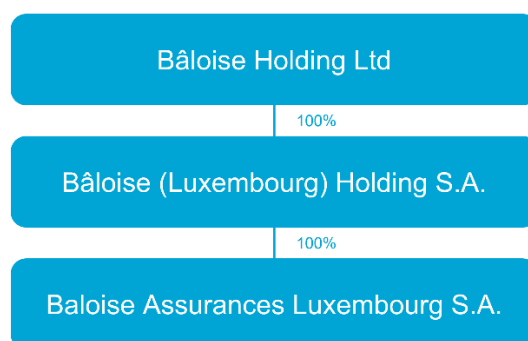
A.1. Business

A.1.1. General information

Baloise Assurances Luxembourg S.A. ("the company") is an insurance company incorporated in the Grand Duchy of Luxembourg on 30 December 1998, as a limited liability company (société anonyme) and published in the Memorial, special publication for companies and associations, under number B68065. The company is regulated by the Commissariat aux Assurances the Luxembourgish supervisory authority situated at 7, boulevard Joseph II, L-1840 Luxembourg.

The external auditor of Baloise Assurances Luxembourg S.A. is Ernst & Young S.A., whose registered office is at L-1855 Luxembourg, 35E, Avenue John F. Kennedy.

Bâloise (Luxembourg) Holding S.A. is the sole shareholder of the company, which is a 100 per cent subsidiary of the ultimate parent company Bâloise Holding Ltd². The following simplified chart shows further details of Baloise Assurances Luxembourg S.A.'s position within the legal structure of the Baloise Group.



Baloise Assurances Luxembourg S.A. is included in the consolidated accounts of the Bâloise Holding Ltd headquartered in Basel, Switzerland, whose registered office is at CH-4001 Basel, Aeschengraben 21 (Switzerland). At the end of 2022, in addition to its Swiss and Luxembourgish activities, the Group had significant foreign operations in Belgium, Germany and Liechtenstein.

An active interaction exists between the Baloise Group and its Luxembourgish subsidiary, based among others on the presence of Group representatives in Baloise Assurances Luxembourg S.A.'s Board of

² Baloise Group acts under the supervision of the Swiss Financial Market Supervisory Authority (FINMA), which can be contacted at Laupenstrasse 27 – CH-3003 Bern

Directors, and on the comprehensive management reporting procedures. Important synergies exist among others in Information and Communication Technology (ICT), Asset Management and in Risk Management.

A.1.2. Significant business and geographical coverage

Main business lines and geographical areas

The company is mainly active on the Luxembourg market.

The premiums written and insurance results of the non-life insurance business are broken down as follows among the business lines below:

Written premiums by Line of business

	2022	%
in '000 EUR		
Motor vehicle liability insurance	29,192.3	20.7%
Other motor insurance	48,722.5	34.5%
Property damage	36,488.3	25.9%
General liability and legal protection	15,295.2	10.8%
Other business lines	11,397.9	8.1%
Total	141,096.2	100.0%

The largest contribution to the premium volume comes from the "Other motor insurance", with 34.5% of the total premium volume. Other material lines of business are "Property damage" and "Motor vehicle liability insurance", representing respectively 25.9% and 20.7% of the total premium volume.

Written premiums by Line of business

	2021	2022	Delta
in '000 EUR			
Motor vehicle liability insurance	28,561.9	29,192.3	2.2%
Other motor insurance	45,548.8	48,722.5	7.0%
Property damage	41,756.1	36,488.3	-12.6%
General liability and legal protection	14,988.2	15,295.2	2.0%
Other business lines	6,513.8	11,397.9	75.0%
Total	137,368.9	141,096.2	2.7%

The lines of business Property damage, Motor vehicle liability insurance and the other business lines present the lines of business with a further strong growth increasing the written premiums for these business lines by respectively 7.0%, 2.2% and 75.0% during the reporting period.

It should be noted that the illustrations above is based on the premiums assigned to the Solvency II lines of business.

Significant business or other events

Our customers are at the center of our efforts. We aim to simplify their lives and make them feel serene by our side. To do this, we are continuing to redesign what we call "customer journeys", working on their points of frustration, increasing advice, but also to gain anticipation and proactivity. This goes hand in hand with more automation to relieve our departments and focus on customer relations as well as more digitalization for the benefit of our customers. In addition, we are expanding our range of sustainable products. As part of our responsible equity investment policy, we focus on strategic pillars that meet environmental, social and governance (ESG) criteria.

In non-life insurance it is undeniable that the growth in premiums is quite remarkable and concerns both players in local, international and maritime insurance.

This momentum is explained not only by the subscription of new contracts but also by the global price increases in damage and liability insurance, especially in terms of commercial and industrial risks.

A.2. Performance of underwriting activities

In this section, information on the company's underwriting performance over the reporting period in terms of premiums, claims and expenses is provided. The investment income is not considered as it is presented in a separate section.

A.2.1. Underwriting performance against prior reporting period

The company's principal results can be broken down in the following manner:

Principal results

	2021	2022
in '000 EUR		
Gross written premiums	137,368.9	141,096.2
Gross earned premiums	133,988.8	139,956.2
Gross claims expenses	-100,505.5	-75,608.7
Gross operating expenses	-48,787.4	-53,097.5
Reinsurance balance	13,775.4	-11,997.2
Technical result non-life	1,243.4	4,166.2

In 2022 Baloise generated strong growth from the Motor All Risks and Other Branches. The new LPS portfolio contributed to the growth of the Personal lines with a major automotive contract completed in December.

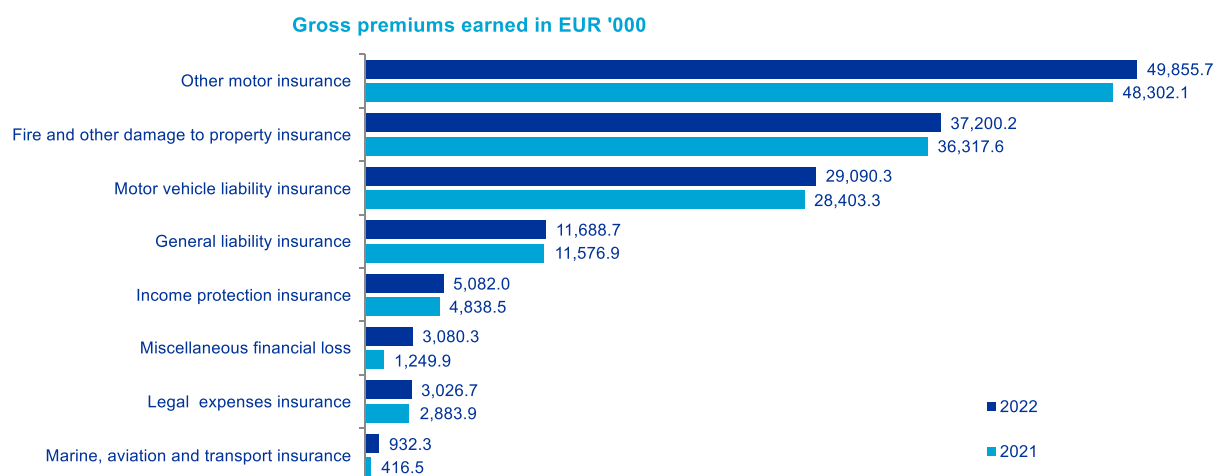
This growth was generated:

- Through policies for individuals for a EUR 1,800.00 thousand increase in earned premiums. The increase in auto has been relatively weak since the start of the year. This increase is mainly supported by price increases as the European automotive market has been declining since the beginning of the

year. The increase in non-auto is explained by strong indexation of home products. The increase in “Other branches” is offset by a decrease in Property Damage. This is due to the reclassification of a captive fronting contract from the category “Bris de Machine” to Financial Loss.

- By contracts with legal entities for EUR 4,600.00 thousand of increase in earned premiums. EUR 1,300.00 thousand come from the new LPS portfolio and EUR 1,100.00 thousand come from an exogenous growth of the car fleet portfolio.

Growth across all branches was 2.71%.



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.

Investment performance

	2021	2022						
	Total	Bonds	Equities	Property	Loans and mortgages	Participations	Cash and cash equivalents	Total
in '000 EUR								
Recurring income	3,783.9	2,454.7	1,952.548	67.7	85.2	70.2	-3.2	4,627.0
Realised gains	1,545.2	0.2	3,686.0					3,686.1
Realised losses	0	-12.3	-129.1					-142.2
Appreciation in value	0	0	0	0	0	0	0	0
Depreciation in value	-151.7		-419.9					-419.9
Cost of investment management	-483.8	-222.0	-220.8					-442.7

Operational profit	4,693.7	2,219.8	4,868.7	67.7	85.2	70.2	-4.1	7,307.5
Average investment portfolio	259,989.2	175,789.0	44,170.7	982.0	7,025.3	7,101.4	22,466.9	257,535.
Investment performance ¹⁾	1.8%	1.3%	11.0%	6.9%	1.2%	1.0%	0.00%	2.8%

¹⁾Calculation of investment performance: Operational profit / average investment portfolio

The investment portfolio mainly consists of bonds, equities, and real estate fund exposures. During the reporting period the investment result was positively influenced by new investments in real estate funds exposures and realized gains on 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 recognized directly in equity

The following table shows the gains or losses recognized directly in equity.

	2021	2022	Variation
in '000 EUR			
Unrealized gain and losses from property (other than for own use)	848.5	856.4	0.9%
Unrealized gain and losses from holdings in related undertakings incl. participations	2,061.0	2,061.0	0.0%
Unrealized gain and losses from equities	6,480.5	2,124.1	-67.2%
Unrealized gain and losses from bonds	11,627.4	-19,873.6	-270.9%
Unrealized gain and losses from collective investments undertakings	173.0	296.9	71.7%
Total	21,190.3	-14,535.2	

The main impact of the decrease of the unrealized gains and losses from bonds is linked to a strong increase of the interest rates which leads to a decrease of the market value. The positive equity market evolution led to a decrease of unrealized equity gains, as just a part of the performance has been realized.

Investments in financial instruments based on securitization

At year-end 2022 the company had no investments in securitization.

A.4. Performance of other activities

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

For year-end 2022 the other technical income and expenses amounting to EUR 1,323.2 thousand and to EUR 1,336.6 thousand respectively can be split as follows:

Other technical income:

- **Other gross technical revenues** consist mainly of gains on the fees for foreign claim's, adjustment of customer, agent and coinsurance balances, fees for foreign claim's liquidation, other operating income related to services rendered to group companies, realized gains on tangible assets and adjustments of other taxes and litigations.
- **Other technical reinsurance revenues** concern the adjustment of claims balances covered by the reinsurance.

The increase in the other technical income compared to last year is mainly explained by higher gains in relation to the liquidation balances.

Other technical expenses:

- **Other technical expenses** consist mainly of value adjustments of customer, agent and broker balances and other receivables, losses on the adjustment of customer and agent balances as well as the exceptional allocation to the provisions for litigations.
- **Other technical reinsurance expenses** concern the regularization of reinsurance balances.

The decrease of the other technical expenses compared to the last year balance is mainly explained that in 2021 there were exceptional regularizations and an additional allocation to the provision for litigations.

A.5. *Other relevant information*

The Group-wide rebranding was launched in autumn 2022. Baloise is now united as one brand. This is in line with the project name «OneBaloise», the individual units are thus moving closer together in brand perception, especially for our clients. Attributes such as human, inspiring and responsible stand for the claim to put our stakeholders at the heart of our business.

The rebranding can be continuously experienced by our clients, partners and investors in the upcoming years by visiting the new website and following the external marketing campaign.

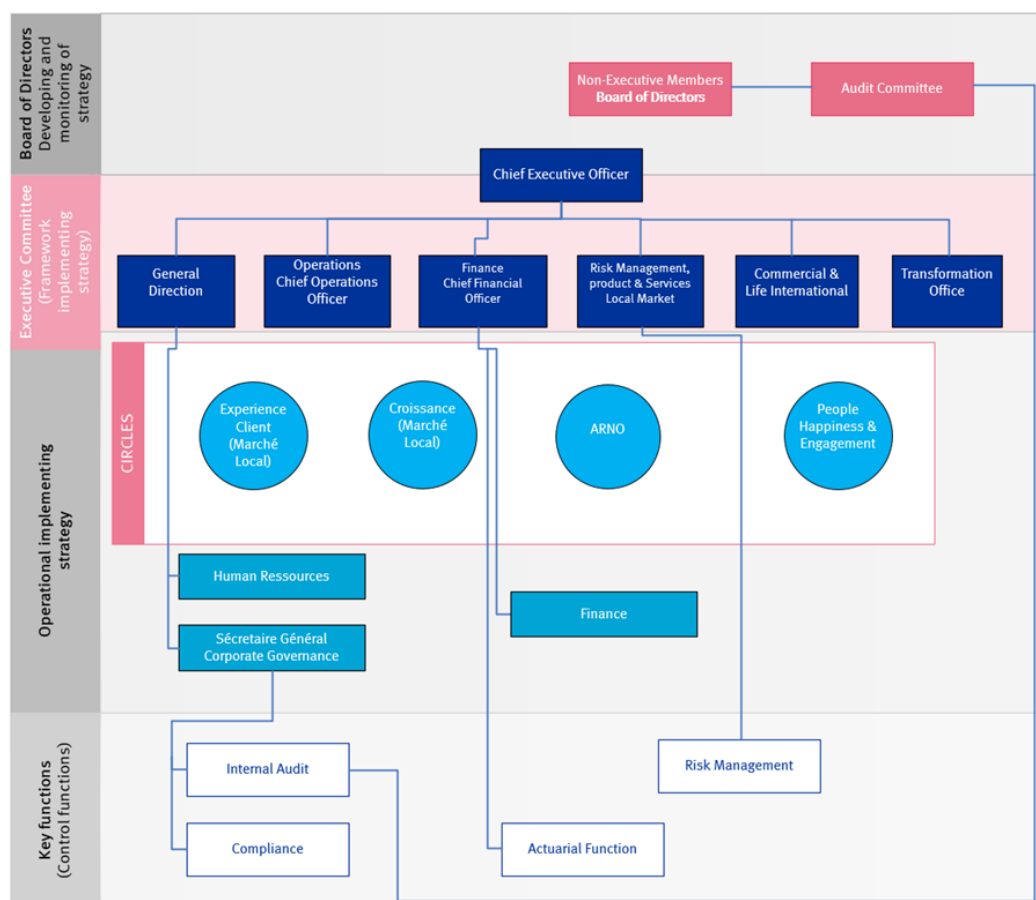
B. System of Governance

B.1. General information on the system of governance

B.1.1. Governance structure: overview and main changes

Good management is of great importance to the company. As a result the appropriateness of its corporate governance is continuously challenged.

The company's governance structure is illustrated in the chart below.



Baloise Assurances Luxembourg S.A. has a two-tier Board system with a clear division of responsibility between the two statutory governing bodies as defined in the "corporate governance memorandum".

- The Board of Directors, which is responsible for defining general strategy and supervising the activities of the Executive committee, as well as designating, amongst themselves, the members of that Committee and revoking them;

- The Executive Committee, which is responsible for managing the company's insurance activities and thereby implementing the strategy as laid out by the Board of Directors. The Executive Committee is responsible for the framework set up necessary for the implementation of the strategy;
- The effective implementation of the strategy is performed by the Circles whose tasks are concentrated on the integration of the strategy in every department throughout the company;
- As key functions, the risk management department, actuarial function, compliance function and internal audit department carry out the oversight responsibilities. The compliance and internal audit function are assigned to the Secrétaire Général assuring independency from the operational business through the direct access to the Executive Committee and Board of Directors. The actuarial function is assigned to the Finance department. The risk management is assigned to the Risk Management, Product & Services local Market department. Its independency is guaranteed via its direct access to the Board of Directors via the Audit Committee.

Board of Directors

Composition of the Board of Directors

The company is led by independent Non-Executive Directors and an Executive Director. The latter is also the Managing Director. The company refers to the definitions set out by the Commissariat aux Assurances in Circular 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 an one-year term which can be renewed.

Members should have collective knowledge of all important company activities and are required to be individually sufficiently qualified and as a group 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 three times a year. Additional meetings can be requested by the chairman, Vice chairman or two directors at any time it is required in the interests of the company. The majority of meetings must be held in Luxembourg. The company may organize, 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 organization, 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 the important findings of independent control functions of the company, of the Statutory Auditor, of the CAA, or of specialized committees set up by the Board, supervision on the Executive Committee to prevent short-comings.

Decisions are taken by absolute majority of all members.

Main changes related to the Board of Directors

During the reporting period no significant change related to the Board of Directors occurred.

Board level Committees

Composition of the Board Committees

The Board of Directors can set up, when appropriate, specialized 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 put an Audit Committee in place.

The Board of Directors gave a mandate to a Non-Executive Director to determine the variable and fixed remuneration of the Managing Director in line with the approved rewarding system, but no local remuneration committee is set up.

Audit Committee

Composition of the Audit Committee

The Board of Directors appoints the members and the Chairman. The majority of the Audit Committee members are independent of the controlled company according to Luxembourg Law dated 23 July 2023 on audit profession. The Chairman of the Audit Committee is appointed by the Board of Directors and is independent of the audited entity. The Chairman of the Audit 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 Committee must 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 Committee

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

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

Roles and responsibilities of the Audit Committee

The Audit Committee has the following missions³:

- 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 independence (i.e. supply of non-audit services);
- Responsibility of the external auditor selection process (rotation rule).

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

- 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 Committee can be given specific assignments by the Board of Directors and will perform them fully autonomously, reporting regularly to the Board of Directors until those assignments are completed.

³ Law of 23 July 2016 on audit profession, Article 52 §6

Main changes related to the Audit Committee

During the reporting period no significant change related to the Audit Committee occurred.

Executive Committee

Composition

Every member of the company's Executive Committee is in charge of a direction. The members are loyal to the decisions taken in the Executive Committee irrespective of their specific domains.

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

Functioning of the Executive Committee

The Executive Committee normally meets weekly. Minutes are taken.

The Secrétaire Général is invited to attend the meetings on a permanent basis.

Roles and responsibilities of Executive Committees

The Executive Committee has the following tasks:

- 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 organization 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;
- Transforming the risk appetite or strategy defined by the Board of Directors into operational policies and guidelines.

The Circles (les cercles) support the Executive Committee in performing particular tasks and missions assigned to it by the Executive Committee. The functions and missions are described by the Executive Committee.

The circles are interfunctional/departmental structures, its members come from different departments and work in a self-organized way on transversal topics in an agile mode, promoting cooperation.

Each circle knows the decisions and recommendations it must take. The circles' mission is the strategic development of the company and efficient project management.

Main changes related to the Executive Committee

The composition of the executive committee has changed. Stephan Hersperger-Cremer has been appointed as Chief Financial Officer and a new department has been created, Risk Management, Product and Services Local Market.

At the beginning of the year 2022, the Business Committee were replaced by the Circles.

Key Functions

The company has appropriate control functions.

- The board ensures their functioning and uses their conclusions and advices to create a stronger policy structure, organization and internal control system;
- They have an adapted statute with the necessary privileges, resources, expertise and access within the organization;
- 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 at Baloise Assurances Luxembourg S.A.:

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

Composition key functions

Internal Audit

The Internal Audit contributes to the good practice of corporate governance and helps the organization 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.

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

Internal Audit works following the standards of the IIA (Institute of Internal Auditors) and the Baloise Group Internal Audit Manual. For the execution of specific tasks, cooperation with external and specialized 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 organization and its outsourced functions.

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

The organizational set-up of Internal Audit at Baloise Assurances Luxembourg S.A. takes into account the company's size. Internal Audit is assigned to the Corporate Governance department.

Internal audits by Group Internal Audit are also authorized. The audit and compliance functions are also judged by the Statutory Auditor, who reports to the Audit Committee.

Compliance

Baloise Assurances Luxembourg S.A. has determined the rights and obligations of compliance in the compliance policy, and a code of conduct. The code of conduct is available for all employees on the Intranet.

The policy and code of conduct describe the independent statute, assignment, competences, audit domain and methodology of the compliance department. The Compliance Officer works for and is authorized by the Executive Committee and Group Compliance.

In order to underline independency, the Compliance Officer has direct access to the Executive Committee, Board of Directors or Group Compliance without justifying his actions.

The Compliance function includes:

- Advising the administrative, management or supervisory body on compliance with prudential regulation;
- An assessment of the possible impact of any changed in the legal environment on the operations of Baloise Assurances Luxembourg S.A.;
- The identification and assessment of compliance risk.

Consequently, the compliance function is firstly orientated to the compliance of the company with laws and regulations that are related to the integrity of the insurance business, including the code of conduct. The task of the Compliance Officer consists of checking, judging and encouraging these values.

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

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

- The Baloise Group Compliance Officer sets up standards;
- The 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;

The main tasks of the Compliance Officer are:

- The protection against the dissemination of the consumer's information with respect to insurance;
- Preventing fiscal fraud by clients;
- Inhibiting trading with insider knowledge;
- Averting value manipulation;
- Deontological code with respect to actions related to own staff and mandatory for the company;
- Checking compliance with the privacy law, anti-discrimination regulation and group directives;
- Follow-up of changes in the group code of conduct and local implementation;
- Setting up and follow-up of Compliance rules.

Risk Management

The Risk Manager supervises and monitors the different risks of the company and reports regularly to the ALCO (Asset and Liability Committee) and RICO (Risk Committee), the Executive Committee and the Board of Directors.

During the set-up of the risk management department the scale and size of the company is taken into account (proportionality principles). The Risk Manager reports directly to the Executive Committee and can address himself directly to the Audit Committee and the Board of Directors when required. These privileges must guarantee the independency of the Risk Management and should prevent possible operational conflicts of interest.

With respect to the Risk Management, the company applies the group-wide Risk Management Standards. These standards are related to organization, responsibilities, methodologies, rules, limits, controlling and reporting. The Risk Management is based upon these standards together with additional legal requirements requested by the supervisor.

The Risk Manager is responsible for the operational execution of the Risk Management policy. This includes:

- Advising the Executive Committee with respect to the strategic set up of the risk policy;
- Executing concretely and watching over a proactive risk policy;
- The implementation of an integrated Risk Management model;
- The practice of risk controls;
- Awareness and training of employees regarding Risk Management aspects;
- Reporting to ALCO, RICO, Executive Committee, Board of Directors, Audit Committee and Baloise Group Risk Management.

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;
- It informs the Executive Committee and the Board of Directors of the reliability and adequacy of the calculation of Solvency II technical provisions;
- The actuarial function produces 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 identifies any deficiencies and gives recommendations as to how such deficiencies should be remedied.

The actuarial function requires good qualification 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

Two new key function holders have been appointed. For the Risk management key function, Cyril Barritaud replaces Heidrun Tenzer. For the Actuarial key function, Nicolas Faugere replaces Robert Bargmann.

The Risk Management key function is no longer under the Finance department but under Risk Management, Product and Services Local Market direction

Sustainability

Since 2019, Baloise has a sustainability network in place. It consists of representatives from all Baloise business areas with the necessary knowledge to develop and update the content of the sustainability strategy regularly. All entities are equipped with a local sustainability network for 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 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 organization.

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

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.

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 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 and 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 takes account of the entire Baloise Group's performance; its amount is determined by the Remuneration Committee of 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 implemented and regulated by 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 2nd 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 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 organization.

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*

Over the reporting period, there were no material transactions with shareholders, or with persons exercising a significant influence on 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*

Fit and proper principles and objectives

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 have a key function.

The critical function holders which are in scope of the 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. Other functions subject to notification to the supervisory authority are also covered here.

Assessment process of key personnel

Fitness Check

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

It is ensured that the management body has the breadth of expertise and experience to understand and continually 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 persons promoted to a position in scope of the Fit and Proper Policy, superiors and Human Resources assess their fitness according to the specific requirements set out in the job description. The superior makes the final decision on a person's required fitness.

Propriety Check

The company requires that a range of specific checks are undertaken, designed to verify that the candidate is honest, of integrity, financially sound and of good reputation.

The company imposes a range 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 prior to the employment offer to be made. Formal notes of face-to-face interviews, during which characteristics of propriety are also verified, are taken by the personnel conducting the interview.

The principles applicable at original appointment, to ensure the key critical function holders are honest, financially sound and of good reputation, apply on an ongoing basis as well.

All critical function holders are required to undertake a code of conduct training on subjects such as regulatory awareness, insider trading, anti-money laundering, and others. The Compliance function organizes 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. For the members of the Board of Directors, a self-assessment file is sent every three years 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 functions.

Adequacy of Administrative and Supervisory Body

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

B.3. Risk management system including the ORSA

B.3.1. Risk management system overview

Risk Management is one of the core competences of the Baloise Group. The company has suitable processes, models and structures in place in order to fulfil the need to continuously develop the capabilities as the situation requires and to therefore achieve the optimal result for Baloise. Integrated risk management uses synergies across the group effectively.

Risk management is independent and functionally attached to the Head of Risk Management. The independency guaranteed by law and group requirements allows direct access to the whole departments and services and to the local Executive Committee and the local Board of Directors. It is amongst others responsible for

- Risk measurement under consideration of group guidelines and local constraints;
- Regular risk reporting and ad-hoc escalation in case of critical risk occurrence;
- Conformance with regulatory requirements and the according dialogue.

The decision-making body for all questions relating to Risk Management is the local Risk Committee (ALCO-RICO).

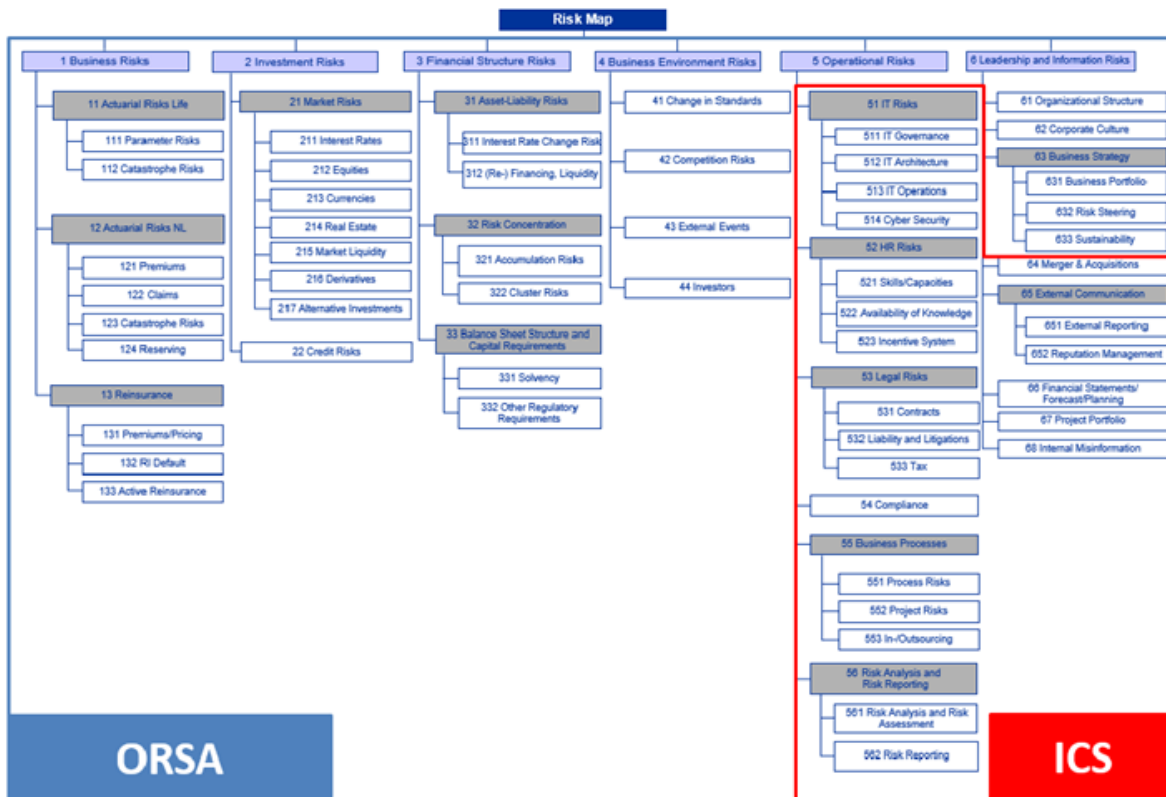
Risk Strategy

The risk strategy is considered the cornerstone of the risk management organization. The aim of the risk strategy is to consciously steer the risks taken within defined ranges. Particularly, it aims to harmonize market based considerations on the one hand and strategic risk concerns on the other hand. Central to the risk strategy is the term "Risk Appetite" which defines the extent to which the company is willing to take on risk in order to achieve strategic goals. Its main components are

- 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 the Baloise Group. The categorization is performed on three levels:

- Risk category;
- Risk subcategory;
- Risk type



In order to monitor and steer the risks listed in the Risk Map, Baloise has implemented an extensive group-wide risk management. A holistic approach of an integrated risk management in order to identify, administer and assess risks in the areas internal control, compliance and risk management as well as risk steering is pursued. In addition to purely financial risks, operational as well as strategic and reputational risks are captured and quantified. In this manner, risk management is consistently embedded in the decision making process. 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 compliance

The purpose of the company's Own Risk and Solvency Assessment (ORSA) is to provide a comprehensive overview of all risks the company is exposed to or could be exposed to in the future, show the way these risks are managed and assess the overall capital requirements needs resulting thereof.

ORSA Governance

The executive management has the overall responsibility for the execution of the ORSA and has to ensure that results are taken into account in the management of the company. In addition, the Board of Directors is responsible to ensure and verify that the ORSA process is appropriately developed and

implemented. After the approval of the ORSA by the Risk Committee, the Board of Directors receives and approves the ORSA report before it is submitted to the regulator.

ORSA process

The full ORSA reporting process is performed once a year resulting in the review and approval by the Board of Directors. Despite the scheduled reporting process, ORSA as such is a continuous process in which Risk Management evaluates the impact of strategic decisions on the overall solvency needs. The process is tailored to fit into the company's organizational structure and risk management system with appropriate and adequate techniques to assess its overall solvency needs. It is proportionate to the size 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 the risk's probability of occurrence and the potential loss caused by 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. Should a corresponding threat result, according measures are defined.

Documentation

Any full ORSA report is documented in a separate report, which contains integral management information that is essential for the review and approval by management.

Review and approval

The results of the ORSA are discussed in the risk committee and form part of the basis for decisions and actions for which the risk management function will have to ensure the corresponding follow-up.

If the ORSA identifies that the risk profile is not appropriate for the company, or the risk profile significantly deviates from the basic assumptions of the solvency capital requirements calculation, or the governance arrangements are inadequate, the risk committee has to set up appropriate action plans for remediation.

The submission of the ORSA supervisory report to the regulator is required within two weeks after the 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 in the business plan process. Risk increasing initiatives defined in the business plan process are reflected in the forward looking considerations. The company is in the position to judge if 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 is established as a key component of the integrated risk management framework. Effectiveness, traceability and efficiency of the implemented measures as well as concentration on the relevant risks are considered as important principles for the design and application of internal control. The company's internal control system covers the financial reporting as well as Compliance and Operational risks.

The company's internal control system pursues the objectives of compliance with laws and regulations, reliability of financial reporting and guaranteeing effective business processes in order to support obtaining company goals. With the implementation of the internal control system, the company aims to raise risk awareness on all company levels and to focus on the identification and steering of essential risks that could threaten proper operational processes and therefore the company's success.

Depending on the risk type to be considered, the company applies entity-wide controls, general IT controls and process controls in its internal control system. Measures are integrated in business processes and are performed on all levels of the company. Effectiveness is measured on a regular basis and appropriate measures are initiated in case of shortcomings.

The Baloise Group Board of Directors is responsible for an effective internal control system. It defines the objectives, the scope as well as the expansion level of the internal control system. Furthermore it ensures an appropriate monitoring regarding the efficiency of the internal control system by the local Executive Committee and receives a regular reporting.

B.4.2. Compliance function

The company's essential compliance themes are displayed in the Compliance Standards as referred to in the Baloise Group Compliance Policy. The Compliance Standards include specifications and control objectives for twelve different key topics (data protection and data security, insider trading, prevention of money laundering, 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 company insurance including the Baloise Code of Conduct. It is the Compliance Officer's task to examine, assess and encourage this compliance.

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 honorable 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 the compliance risks are identified and controlled adequately and that the Compliance policy is suitable for the company's activities.

The Executive Committee 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.

The Compliance Officer is responsible for implementing the Compliance policy. It is the Compliance Officer's duty to examine, assess and encourage the observance of 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 Compliance Officer's tasks include proceeding from his expert and advice function, implementing the Compliance policy, reporting to third parties on compliance topics as well as reporting to the Executive Committee, as well as the Board of Directors and the Baloise Group Compliance Officer regularly.

The key aspects of the Compliance Policy are comprised, amongst others, of

- drawing up an annual 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 Baloise Group Compliance Officer (at least once a year).

Main activities of Compliance Function

The Compliance Officer works under the instruction of and is authorized by the Management and Board of Directors (Audit Committee). In order to guarantee the function's 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 give justification.

Functioning

Organization chart:

The Compliance Function is administratively accommodated in the Corporate Governance division 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 Committee directly.

Reporting:

The Compliance Officer reports to the Executive Committee at least once a year about compliance realizations, 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 Committee.

B.5. Internal audit function

B.5.1. Internal audit: organization and governance

Internal audit objectives and policy

The Internal Audit contributes to the good practice of corporate governance and helps the organization to achieve its goals by using a systematic, target-oriented approach to analyze, 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 organization (objectives, assignment, powers, activity, competence of internal auditors, reporting, collaboration with Baloise Group Internal Audit, collaboration with other control functions and quality control). All internal employees can consult the policy on the intranet.

Internal audit organizational structure

Internal Audit is an element of Corporate Governance and an 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 Committee (an organ of the Board of Directors). Regular exchanges are held between internal auditors and Audit Committee.

Internal audit is administratively accommodated in the Corporate Governance division and is organizationally independent of any operating activities. The person carrying out the internal audit function does not assume any responsibility for any other function.

Internal audit functioning, main roles and responsibilities

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.

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 Institute of Internal Auditors (IIA) and of the Baloise Group Internal Audit and is under the prudential supervision of the CAA.

B.5.2. Independence of internal audit

Independence principles/criteria

Primarily the “independence” of control functions means that:

- They have an appropriate constitution with the necessary powers, resources, expertise and access within the organization;
- They are hierarchically and organizationally 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 persons entrusted with these functions is not connected with the profitability of the activity involved.

Internal Audit function position within the organization

Internal audit is administratively accommodated in the Corporate Governance division and is organizationally independent of any operating activities. The person carrying out the internal audit function does not assume any responsibility for any other function and is an independent assessor of the quality of the internal control system.

Reporting arrangements

Internal Audit has unrestricted access to the Chief Executive Officer and to the Audit Committee.

The internal audit department can escalate any conclusions to the Board of Directors via the Audit Committee.

B.6. Actuarial function

B.6.1. Organization and key responsibilities

Actuarial policy and objectives

Detailed regulatory guidance defines the role and responsibility of the Actuarial function. Baloise Assurances Luxembourg S.A. has implemented this model.

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, and to
- contribute to risk management.

Organization structure

In 2022, the Actuarial function reported to the Managing and Non-Executive Directors with respect to the prescribed key objectives as stated above.

The Actuarial function holder fulfils all fit and proper criteria including the internal criteria regarding necessary knowledge and experience of the applicable standards.

Roles and responsibilities

The Actuarial function is required to report in writing to management at least once per 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 policy defines principles and procedures which have to be adhered to before and after the contract with an external service provider has been signed. It ensures that the interests of all relevant stakeholders are considered by prohibiting outsourcing in case one of the following 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.

The principles cover topics such as responsibility, requirements on the skills and resources of the provider and its continuous monitoring, compliance with laws and regulations and minimum contractual contents.

The policy further demands that several pre-defined stages have to be completed for any function to be outsourced. First, the current state has to be analysed on whether the function or process is legally and

economically viable to be provided by a second party. After the decision has been made in favour of outsourcing, a formal tender begins. After the most suitable bidder is chosen and the contract signed, the outsourcing has to be integrated in the governance framework of the company. The business relationship has to be actively managed in line with its nature and scope. This includes the monitoring and control of the services provided, the data safety and the risk situation as well as the evaluation whether the external service provider has implemented adequate emergency plans.

Critical and important outsourced services

The company outsources no key functions. The following critical and important services are outsourced.

Outsourced Activity	Location of Service Provider	Internal / External
Investment advice	Switzerland	Internal
Claim handling (call center)	Belgium	External
Claim management and collection	Germany	External
Data centre harmonization	Luxembourg, Switzerland	External and Internal
Printing and external Mail	Luxembourg	External
Scanning and archiving	Luxembourg	External
Physical data storage	Luxembourg	External

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

B.8. Adequacy of the system of governance

The system of governance in place at Balise Assurances Luxembourg S.A. is considered as adequate to the nature, scale and complexity of the risks inherent in the company's business. Adequacy is confirmed through the governance principles in line with regulatory requirements. Furthermore, the Fit and proper process applied, together with the company's Code of Conduct ensures the adequacy of key personnel.

B.9. 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 Baloise Assurances Luxembourg S.A. non-life underwriting risk is the risk arising from non-life insurance obligations including health underwriting risk similar to non-life. Hereafter, underwriting risk is referred to in relation to the perils covered and the processes used in the conduct of business. The non-life underwriting risk is related to the core business of the company, namely the premium and reserve risk and the catastrophe risk.

This 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 2022 Baloise Assurances Luxembourg S.A.'s capital requirements for non-life underwriting risk amount to EUR 35,119.8 thousand as measured by the Solvency II standard formula. The non-life underwriting risk is composed of premium and reserve risk as well as catastrophe risk which are described below in more detail.

As of year-end 2021, the capital requirement for non-life underwriting risk was reported at EUR 31,398.7 thousand. The change during the reporting period is mainly due to the increase of the premiums and reserve volume.

C.1.1. Risk exposure

The non-life business of the company consists of the following lines of business (LOB) according to the definitions applied by Solvency II:

- **Income protection insurance (LOB2):** Income protection insurance obligations where the underlying business is not pursued on a similar technical basis to that of life insurance;
- **Motor vehicle liability insurance (LOB4):** Insurance obligations which cover all liabilities arising out of the use of motor vehicles operating on land;
- **Other motor insurance (LOB5):** Insurance obligations which cover all damage to or loss of land vehicles;
- **Marine, aviation and transport insurance (LOB6):** Insurance obligations which cover all damage or loss to sea, lake, river and canal vessels, aircraft, and damage to or loss of goods in transit or baggage irrespective of the form of transport. Insurance obligations which cover liabilities arising out of the use of aircraft, ships, vessels or boats on the sea, lakes, rivers or canals;
- **Fire and other damage to property insurance (LOB7):** Insurance obligations which cover all damage to or loss of property other than those included in the lines of business 5 and 6 due to fire, explosion, natural forces including storm, hail or frost, nuclear energy, land subsidence and any event such as theft;
- **General liability insurance (LOB8):** Insurance obligations which cover all liabilities other than those in the lines of business 4 and 6;

- **Legal expenses insurance** (LOB10): Insurance obligations which cover legal expenses and cost of litigation;
- **Miscellaneous financial loss** (LOB12): Insurance obligations which cover financial losses and business interruptions.

The non-life underwriting risk is primarily dominated by premium and reserve risk. Premium risk only relates to future claims, and originates from claim sizes being greater than expected, differences in timing of claims payments from expected, and differences in claims frequency from those expected. Reserve risk only relates to incurred claims, i.e. existing claims. It originates from claim sizes being greater than expected, differences in timing of claims payments from expected, and differences in claims frequency from those expected.

Premium and reserve risk

Premium risk is the risk that calculated insurance premiums are based upon wrong assumptions resulting in insufficient premiums to cover the related small risks (frequency uncertainty). This risk is covered by the standard formula and the calculation is mainly based on the level of premiums by line of business.

The following table contains the net earned premiums by line of business during the year 2022.

Non-Life Net Earned Premiums

	2022
in '000 EUR	
Income protection insurance	4,809.2
Motor vehicle liability insurance	25,346.8
Other motor insurance	49,024.1
Marine, aviation and transport insurance	910.2
Fire and other damage to property insurance	28,236.3
General liability insurance	7,586.7
Legal expenses insurance	3,010.6
Miscellaneous financial loss	1,684.1
Total	120,608.1

The reserve risk results from fluctuations in timing and amount of claim settlements. This risk is covered by the Solvency II standard formula and the exposure is mainly driven by the volume of reserves by line of business.

The following table contains the net best estimate reserves by line of business as of year-end 2022.

Non-Life Net Best Estimate

	2022
in '000 EUR	
Income protection insurance	45.6
Motor vehicle liability insurance	38,357.8
Other motor insurance	16,364.7

Marine, aviation and transport insurance	293.5
Fire and other damage to property insurance	12,569.6
General liability insurance	23,454.4
Legal expenses insurance	1,410.4
Miscellaneous financial loss	-133.3
Total	92,362.9

The main exposure of premium and reserve risk stems from the more material lines of business of the company.

Catastrophe risk

The non-life catastrophe risk is the risk that a single event, or series of events, of major magnitude, usually over a short period, leads to a significant deviation in actual claims from the total expected claims. The company is exposed to the following risks:

- Natural Catastrophe risk;
 - Windstorm;
 - Hail;
- Man-made catastrophe risk;
 - Motor vehicle liability;
 - Fire;
 - Liability
- Health catastrophe risk;
 - Mass accident;
 - Accident concentration
- Other risks

This risk is covered by the standard formula and the calculation is mainly based on the level of sum insured or gross premiums by line of business. The company is mainly subject to man-made catastrophe fire risk and natural catastrophe risk. The man-made catastrophe fire risk is defined as the maximum exposure (buildings) that is partly or fully located within a radius of 200 meters.

C.1.2. Risk concentration

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

The underwriting activity of the company is concentrated on to the Luxembourg market and the German market, therefore no geographical diversification exists at the level of the company (Western Europe).

The table above shows the concentration of direct net earned premiums split by line of business as of year-end 2022.

C.1.3. Risk mitigation

The insurance risk (and particularly the catastrophe risk) is mitigated by internal and external reinsurance. Most of the treaties subscribed by the company are treaties by excess of loss, i.e. non-proportional reinsurance. The main part of the reinsurance program is setup and placed on the market by Baloise Group Reinsurance. Retention amounts are decided by the Local Executive Committee in collaboration with Baloise Group.

The sufficiency of premiums (premium risk) is mitigated by product management governance, close follow-up of claims ratios and regular profitability analysis on a product by product basis. In addition, the IFRS liability adequacy test ensures the sufficiency of premiums under the IFRS accounting standard.

In order to avoid attracting or retaining high risk profiles (anti-selection risk), several actions are taken:

- **Tariff segmentation:** Tariff segmentation is in place for the main products to attract the best segment and have a premium adapted to the higher risk;
- **Bonus Malus:** A bonus malus system is in place for the main products to adjust the premium in case of deviation of the risk.

C.1.4. Risk sensitivity

Baloise Assurances Luxembourg S.A. applies various sensitivity and scenario analysis to those parameters that influence the underwriting risk. The analysis comprises the differing stress levels to each parameter according to Solvency II and the SST, respectively.

The principal driver of the Underwriting Risk is the Premium and Reserve risk which is directly related to the volume of premiums and reserves.

The stress tests considered show that the company has a strong capital basis.

C.2. Market risk

Market Risk is the risk associated with the balance sheet positions where the value or cash flow depends on financial markets. It is reflected by losses that arise from changes or fluctuations in market prices. The degree of risk depends on the extent to which market prices fluctuate and on the level of exposure.

Risk factors include:

- Equity market prices;
- Property market prices;
- Interest rate risk;
- Credit spread changes;
- Currency exchange rates

As of year-end 2022, the global market risk for the company amounts to EUR 21,815.1 thousand. It is mainly driven by the interest rate risk, the equity risk and the spread risk as stated below:

Gross SCR for Market risks

	2022
in EUR '000	
Interest rate risk	8,975.7
Equity risk	7,648.6
Property risk	7,779.6
Spread risk	6,916.9
Market risk concentrations	-
Currency risk	377.1
Diversification within market risk module	-9,882.8
Risk-Module level values	21,815.1

The following sections specifically address the interest rate risk, foreign currency risk, equity risk, spread risk, and property risk that are relevant for the company.

As of year-end 2021, the capital requirement for market risk was EUR 26,098.4 thousand. The decrease during the reporting period is mainly influenced by a decrease of the bonds and equities market values.

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 2022 the interest rate sensitive exposure of our own assets amounts to EUR 166,597.8 thousand under the Solvency II framework. Interest rate risk weights 28% 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.

As of year-end 2022 the company holds a minor position in currency sensitive assets and liabilities.

Currency risk weights 1.2% 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.

Equity risk weights 24.1% 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 2022 the spread sensitive exposure of our own assets amounts to EUR 175,001.6 thousand.

Spread risk weights 21.8% of the market solvency capital requirement before any diversification effect.

Property risk

The property risk arises from investments in real estate 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 internally as well as the evaluation of external experts.

During the reporting period the company increased investments into real estate funds for which the look through approach has been applied.

The company's total exposure on our own assets as of year-end 2022 amounts to EUR 31,118.5 thousand.

Property risk weights 24.5% of the market solvency capital requirement before any diversification effect.

C.2.2. Risk concentration

Market risk 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 2022 according to the Solvency II standard formula, no market risk concentration was identified. The risk is regularly identified and some positions are immediately sold in case of occurrence in order to reduce our risk concentration and optimize our portfolio.

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 the 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 analyzing underwriting risk, Baloise Assurances Luxembourg S.A. applies various sensitivity and scenario analysis to those parameters that influence the market risk.

Based on the analysis of the sensitivities on a standalone basis, i.e. when ignoring any diversification effects between the individual risks, the company's market risk exposure is driven by interest rate, equity and spread risk. The sensitivities considered confirm the company's strong capital basis.

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. Counterparty default 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 jeopardize 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.

As of year-end 2022, the gross solvency capital requirements for counterparty default risk amount to EUR 7,350.8 thousand.

As of year-end 2021, the capital requirement for counterparty risk was EUR 6,130.5 thousand. The change during the reporting period is driven by an increase of the Type 2 exposure less than 3 months.

C.3.2. Risk concentration

No significant risk concentration with regards to Counterparty default risk is observed. Although a concentration in bank deposits and reinsurance receivables 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 counterparty default risk stemming from spread and counterparty default risk, the company tracks counterparty exposure at all times and monitors counterparty default risk from a global point of view.

To restrict the counterparty default 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 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

Overall, in terms of the capital position of Baloise Assurances Luxembourg S.A. per year-end 2022, measured according to the standard formula applicable according to Solvency II, the exposure by type of counterparty risk amounts to EUR 3,264.4 thousand for Type 1 exposure and EUR 4,578.3 thousand for Type 2 exposure. The sensitivities considered confirm the company's strong capital basis.

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

The company is exposed to liquidity risk in the sense that a liquidity strain might not be sufficiently offset by the sale of assets or an alternative refinancing might not be in place sufficiently fast.

For the majority of its business underwritten, the company provides insurance cover on an annual basis. The company's assets are generally invested in liquid instruments such as government bonds taking into consideration their suitability to match these liabilities.

The most important liquidity risk may be caused by a catastrophic event which could trigger exceptionally large claims or a large number of claims to be received in a short period. Risk mitigating measures such as reinsurance cover limit the liquidity risk arising from such events as full claim amounts are not paid immediately after the event allowing for additional time to liquidate assets. In addition, restrictions on investments are in place in order to further reduce the risk as described in the previous section on counterparty default risk.

It should be noted that catastrophic events are rare and adequate solvency capital requirements for such an event are considered in the company's underwriting risk exposure.

As of year-end 2022 the amount of EPIFP included in the best estimate of provisions is EUR 3,011.9 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 indicator reporting.

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

C.5.1. Risk exposure

For Baloise Assurances Luxembourg S.A., operational risk covers the risk of financial losses arising from inadequate or failed internal processes, personnel or systems, or from external events. Operational risk also includes legal and compliance risks. Management and information risks (including strategy risks) as well as business and environmental risks are considered as separate categories of risk.

The risks are identified, assessed, controlled and steered via the "Own Risk and Solvency Assessment" process. Internal processes deal with a variety of tasks, including the writing of new insurance contracts, managing existing contracts, preparing documents required by regulatory and tax authorities and preparing financial reporting for Baloise Assurances Luxembourg S.A.. Typically, IT systems support these processes, and such systems may not work or not work properly, causing stalled processes or e.g. wrong data or documents. Human error may as well affect the correct execution of business processes.

The operational risk exposure increased in line with the business during the reporting period.

C.5.2. Risk concentration

Baloise Assurances Luxembourg S.A. has not identified any risk concentration with respect to operational risk during the reporting period.

C.5.3. Risk mitigation

Baloise Assurances Luxembourg S.A. mitigates its operational risks by various techniques to make processes and systems as robust as possible. These include information security procedures, business continuity planning, ongoing training for employees, clear process descriptions and responsibilities, back-up solutions and double signatures for all key decisions. Regular key risk indicator reporting ensures close monitoring and timely detection of operational risks gaining importance. These process-related measures are accompanied by state of the art IT systems.

In addition, process risks resulting from lack of application of procedures or application of inadequate procedures are mitigated by the company's effective internal control system.

C.5.4. Risk sensitivity

The company bases its quantification of operational risk on the standard formula according to Solvency II. This approach assumes some flat-rate losses on premium volume and size of business portfolio.

As of year-end 2022 the capital requirements for operational risk amount to EUR 4,525.7 thousand as measured by the Solvency II standard formula which represents the negative impact for the company if all of the negative impacts described would happen at the same time. The sensitivity considered confirms the company's strong capital basis.

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

Major other material risks include business and environmental risks, management and information risks as well as emerging risks.

Business environment risks and management and information risks arise directly or indirectly through the business environment or the strategic activities of a company.

Emerging risks are new or foreseeable risks, which cannot or cannot easily be quantified (for example due to the lack of historical data), but which might have a major financial impact. Within Baloise, emerging risks are identified and analyzed according to an early warning system and assessed by grouping them along a risk radar. Identified emerging risks include for example cyber risks, a global pandemic / epidemic, and environmental risk.

In general, sustainability is considered along the dimensions environmental, social and governance (ESG). Risks related to sustainability are integrated into existing risk management processes and frameworks. Whereas the strategic aspect of sustainability forms a separate risk type within the risk category "Leadership and Information Risks", operative sustainability risks are integrated within the traditional risk categories of the risk map such as market, underwriting or reputational risks. Integrating risks with a sustainability aspect into existing risk processes (e.g. into the ORSA process) assures that they are assessed regularly from different perspectives and that measures are in place to manage and mitigate them successfully.

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) and International Accounting Standards (IAS). Baloise Assurances Luxembourg S.A. applies these principles already for its contribution to the group financial statements of its ultimate holding company, Baloise Group.

Assets under Local GAAP and Solvency II Valuation

			2022.12
Assets	LocalGAAP	Solvency II	Difference
in '000 EUR			
Intangible assets	2,407.4	-	-2,407.4
Property, plant & equipment held for own use	4,902.8	4,902.8	0
Property (other than for own use)	125.6	982.0	856.4
Equities	28,228.9	30,026.1	1,797.2
Government Bonds	101,154.8	89,855.8	-11,299.0
Corporate Bonds	78,213.2	69,638.7	-8,574.6
Assets held for index-linked and unit-linked contracts	-	-	
Loans & mortgages	6,964.6	6,964.6	0
Reinsurance recoverables from:	66,006.8	58,493.8	-7,513.0
Insurance & intermediaries receivables	15,408.4	15,408.4	0
Cash and cash equivalents	21,123.2	21,123.2	0
Other	50,746.1	53,134.0	2,387.9
Total assets	375,281.9	350,529.4	-24,752.4

Intangible assets

The statutory value of intangible assets consists of the acquisition values deducted by the accumulated regular amortizations. The amortization rate is set at 20% except for the concessions, patents and licenses where the amortization rate is between 10% and 25%.

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 EUR 0 as none of the items listed above meet the strict Solvency II requirements for recognition as an asset.

Property, Plant and Equipment

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%.

Property (other than for own use)

The real estate's market values have been recalculated on the basis of the discounted cash flow method, in the following referred to as DCF-method. The DCF-calculation has been prepared internally in December 2022.

Participations

The company is holding 33.3% of a participation of the company BALOISE LUXEMBOURG REAL ESTATE S.A.

The statutory value of the participation consists of the acquisition value amounting to EUR 5,040.4 thousand. In the Solvency II balance sheet the participation is valued with the equity method, using a Solvency II consistent recognition and measurement for the holding's balance sheet amounting to EUR 7,101.4 thousand included in the other assets.

The participation holds one participation with a total exposure of EUR 24,922.0 thousand.

Participations

					2022.12
	% of holding	Own funds	Result of the year	Seat	Solvency II value of participations
in '000 EUR					
BALOISE LUXEMBOURG REAL ESTATE S.A.	33.3%	14,858.0	155.9	Bertrange (Luxembourg)	7,101.4

Financial assets

The statutory value of equities and investment funds is the lower of cost or market value. The equities' and investment fund's market values are obtained by an external data provider. The prices are compared to the ones provided by custodians. All investment funds are held in EUR. Most of the equities are held in EUR.

An amount of EUR 12,625.0 thousand has been reclassified between "Collective Investments Undertakings" and "Equities" in Local GAAP in order to ensure a consistent view with the Solvency II presentation.

The statutory value of bonds consists of acquisition value and depreciations based on the „scientific amortized cost“-method. The bond's market values are obtained by an external source. The whole bond portfolio is exclusively composed by EUR denominated bonds.

Baloise Assurances Luxembourg S.A. is holding granted loans amounting to EUR 6,967.65 thousand, split in loans towards employees for EUR 78.1 thousand and in two loans granted to Baloise Distribution SARL for EUR 886.5 thousand and in a loan granted to the participation BALOISE LUXEMBOURG REAL ESTATE S.A. for EUR 6,000.0 thousand. All loans are held in EUR.

Additionally, it can be stated that no derivatives can be found in the portfolio.

Reinsurance recoverable and receivables

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 reinsurance contracts.

Deferred tax assets

No deferred tax asset can be found on the balance sheet.

Any other assets

The other assets less than the participations, investment funds and loans amounting to EUR 2,820.3 thousand concern deferred charges and income accounts. As the position presents a negligible part of the assets and the valuation impact does not justify the related calculation workload, we refrained from the valuation at best estimate.

The accrued interests are determined for local closing and not subject to revaluation.

The other accruals on the active side generally concern charges which have been paid in advance. 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

Technical provisions are the company's allocation of capital to meet the obligations directly related to the insurance business. Following Solvency II principles they are composed of:

- Best Estimate;
- Risk Margin

Best estimate

The Best estimate is the average of the outcomes stemming from insurance obligations of all possible scenarios, weighted according to their respective probabilities. It can be decomposed in premium provisions and claims provisions. The best estimate for premium provisions represents the expected

present value of future in- and out-going cash-flows originated from future claims, while the best estimate for claims provisions represents the expected present value of future in- and out-going cash-flows originated from outstanding claims.

Risk Margin

A 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.

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 an company's financial strength is sensitive to movements in their value.

The tables below provide an overview of the composition of the technical provisions per line of business, separately for the lines business of the segment non-life:

Non-Life technical provisions

Non-Life Technical Provisions						2022.12
	Premium provisions	Claims provision	Risk Margin	Recoverables from reinsurance	Solvency II	Local GAAP
in '000 EUR						
Medical expense insurance	-	-	-	-	-	-
Income protection insurance	-989.7	1,266.4	184.6	231.0	461.2	3,744.0
Workers' compensation insurance	-	-	-	-	-	-
Motor vehicle liability insurance	5,220.5	65,003.1	559.1	31,865.7	70,782.6	91,979.0
Other motor insurance	7,693.8	8,853.2	1,723.8	182.2	18,270.8	33,903.4
Marine, aviation and transport insurance	30.8	252.2	81.5	-10.5	364.6	395.6
Fire and other damage to property insurance	5,371.4	15,554.6	1,011.1	8,356.4	21,937.1	37,972.5
General liability insurance	3,024.1	35,964.6	1,069.5	15,534.2	40,058.2	56,782.6
Credit and suretyship insurance	-	-	-	-	-	-
Legal expenses insurance	-131.9	1,530.1	110.4	-12.2	1,508.6	4,392.1
Assistance	-	-	-	-	-	-
Miscellaneous financial loss	2,058.5	155.1	115.0	2,346.9	2,328.6	2,972.4
Non-proportional health reinsurance	-	-	-	-	-	-
Non-proportional casualty reinsurance	-	-	-	-	-	-
Non-proportional marine, aviation and transport reinsurance	-	-	-	-	-	-
Non-proportional property reinsurance	-	-	-	-	-	-
Total	22,277.6	128,579.1	4,855.1	58,493.8	155,711.8	232,141.6

Valuation of the best estimate and risk margin: methods and key assumptions

Best estimate

The Best estimate is calculated using a deterministic approach. It is calculated gross using a cash-flow basis with a separate explicit calculation for reinsurance, also using a cash-flow basis. Further to the minimum segmentation noted above, the best estimate is also split between claims and premium provisions for non-life business.

The cash-flows include future cash in-flows. Premium provisions are therefore net of future premium receipts which can make them negative.

The best estimates must not include margins for optimism or conservatism. Reserves held in excess of the best estimate must be excluded from the Best estimate calculation but may still be included for financial reporting purposes.

Cash flows must be discounted for the time value of money. The yield curves for major currencies to apply by currency are supplied by the supervisor and are fixed for each valuation date.

Reinsurance

The technical provisions are calculated gross, with reinsurance calculated separately under the same principles. Reinsurance recoveries will continue to allow for expected non-payment whether caused by default or dispute.

Expenses

Managing agents take into account all expenses that would be incurred in running-off the existing business, including a share of the relevant overhead expenses e.g. professional fees. This share should be assessed on the basis that the syndicate continues writing new business. Expense provisions under Solvency II include items such as administrative expenses, investment manager's costs, claims expenses, acquisition expenses and overhead expenses.

Risk Margin

A 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.

Where the best estimate and risk margins are calculated separately, which is the case for the vast majority of non-life business, risk margins are calculated using a cost of capital approach.

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.

Assumptions

Assumptions used within the calculation of Solvency II technical provisions are consistent both with financial market information and "generally available" insurance risk data.

No transitional measures are used.

Uncertainty

The best estimate corresponds 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.

Gross and reinsurance cash flows adequately recognize the uncertainty inherent within them, though not through the use of implicit or explicit prudence.

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 period needed to settle claims;
- Fluctuations in the amount of expenses;
- Changes in the value of an index/market value used to determine claim amounts;
- Changes in both entity and portfolio specific factors such as legal, social, or economic factors, where relevant;
- 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;
- For the standards claims, uncertainty mostly comes from the evaluation methodology. This is considered in the reserve risk. Another uncertainty can come from the choice of the methodology. Different methodologies are compared and the more adequate one based on expert judgement is used.

For non-life reserves the amount of technical provisions is sensitive to changes in claims development.

Allowance for uncertainty does not suggest that additional margins should be included within the best estimate.

Changes since last reporting period

There were no material changes in the relevant assumptions made in the calculation of technical provisions during the reporting period.

D.2.2. Reconciliation to financial reporting

Statutory lines of business are classified in line with Solvency II lines of business.

Below the difference between the technical provisions of the statutory balance sheet is compared to the Solvency II evaluation. The presented results are net of reinsurance. Statutory figures are the sum of

the claims provision (provision for unallocated expenses included) and the unearned premiums provisions. Solvency II figures are the technical provision described above.

	2022.12	
	Local GAAP	Solvency II
in '000 EUR		
Medical expense insurance	-	-
Income protection insurance	3,744.0	461.2
Workers' compensation insurance	-	-
Motor vehicle liability insurance	91,979.0	70,782.6
Other motor insurance	33,903.4	18,270.8
Marine, aviation and transport insurance	395.6	364.6
Fire and other damage to property insurance	37,972.5	21,937.1
General liability insurance	56,782.6	40,058.2
Credit and suretyship insurance	-	-
Legal expenses insurance	4,392.1	1,508.6
Assistance	-	-
Miscellaneous financial loss	2,972.4	2,328.6
Non-proportional health reinsurance	-	-
Non-proportional casualty reinsurance	-	-
Non-proportional marine, aviation and transport reinsurance	-	-
Non-proportional property reinsurance	-	-
Total	232,141.6	155,711.8

The Solvency II calculations are based on statistics of historic data according to line of business. Resulting cash-flows are then discounted using the risk free curve provided by the supervisor.

The statutory approach according to the applicable local accounting principles is more prudent than best estimate calculations and does not take into account discounting. Moreover, the evaluation of the premium provisions in Solvency II is not similar to the principle of the unearned premiums. A gain results when moving from the local accounting standard to the valuation according to the Solvency II regulation, as the total premium provisions are below the unearned premiums. The risk margin calculated under Solvency II is not part of the statutory figures.

D.3. Other liabilities

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

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

	2022.12		
	Local GAAP	Solvency II	Delta
in '000 EUR			
Other liabilities	88,591.6	101,479.9	12,888.3
Provisions other than technical provisions	5,354.5	5,354.5	
Pension benefit obligations	461.3	461.3	

Deposits from reinsurers	53,267.5	53,267.5	
Deferred tax liabilities	0	12,888.3	12,888.3
Insurance & intermediaries payables	7,602.9	7,602.9	
Reinsurance payables	10,526.3	10,526.3	
Payables (trade, not insurance)	3,621.2	3,621.2	
Any other liabilities, not elsewhere shown	7,757.9	7,757.9	

With regards to the deposits from reinsurers the ceding company requires the reinsurers to cover their reinsurance commitments either fully or partially through cash deposit as required in the signed contracts. The remuneration of these deposits is determined on a yearly basis. It varies based on the yield of linear bonds issued by the European member states, depending on the weighted portfolio duration.

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 tax rate applied for deferred taxes is the income tax rate at 24.94%.

- 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 requires assumptions to be made about the probability, timing and amount of any outflows of resources embodying economic benefits. A provision is recognized if such an outflow of resources is probable and can be reliably estimated. The value of statutory accounts and Solvency II is identical;
- 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 accruals and deferred income stands for the other liabilities, not elsewhere shown, and are principally composed by premiums received in advance. The position is determined for year-end and not subject to revaluation, as the accruals are neutralizing the basis booked on the asset side and profit account by the accrual booked on the liability side and charge account.

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

No further relevant information is reported.

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

Baloise Assurances Luxembourg S.A.'s main objectives in capital management are the following:

- to fulfil the solvency requirements defined by the regulatory frameworks;
- to ensure business continuity and the capacity to develop its activity;
- to continue guaranteeing an adequate remuneration of shareholders' capital;
- to pursue the optimal ratio between equity and debt, by ensuring adequate remuneration of all capital and debt sources;
- to determine 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 and regulations and/or local supervisory authorities requirements regarding a minimum capital. 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 in place a Capital Management policy 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. The guidelines aim for an effective and optimized 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 covers 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 optimize the capital structure, composition and allocation of capital within the company, fund profitable growth and protect the viability and profitability of the insurer. 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 projected 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 funding business plans which meet strategic and performance objectives;
- Allocation takes into account optimizing expected value creation, risk and capital use.

E.1.2. Own funds analysis

Own funds overview

Under Solvency II, own funds represent those funds of the entity that are available to compensate the financial impact of adverse scenarios for the insurer. An insurer needs to hold certain amounts of own funds covering specific capital requirements (SCR and MCR).

Own funds are categorized into three different “Tiers”: Tier 1 is the highest class, typically characterized 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, an insurer may only use Tier 1 own funds to cover capital requirements without restrictions, subject to certain limitations for specific instruments.

As last year, the own funds of Baloise Assurances Luxembourg S.A. entirely consist of unrestricted Tier 1 funds.

Own funds structure and composition

Solvency II guidance further distinguishes Own Funds by the way they are funded: Generally speaking, “basic own funds” are fully paid in, whilst “ancillary own funds” are only available by an insurer on demand. All own funds of the company are basic own funds.

As of year-end 2022, no ancillary own funds are presents and in this way a breakdown is obsolete. The basis own funds exclusively belong to the Tier 1 category.

Analysis of change for all tiers:

As the Basic Own Funds of the company only consist of Tier 1 capital, no further remarks are made.

Deductions and restrictions

As all capital is Tier 1, no deductions and restrictions are observed. No ring fenced funds are present.

Basic own funds (BOF)

As last year, the basic own funds are exclusively composed of reconciliation reserve and ordinary share capital.

Ordinary share capital

The subscribed capital of the company amounts to EUR 14,648.6 thousand divided into 36,634 shares without a designated nominal value.

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

Subordinated liabilities

As at 31 December 2022, the company has not issued subordinated liabilities.

Reconciliation reserve

The table below reconciles this amount with the own funds reporting for the figures year-end 2022.

S.23.01.01. Own funds: reconciliation reserve

		C0060
EUR '000		
Reconciliation reserve		
Excess of assets over liabilities	R0700	93,343.3
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	4,139.6
Other basic own fund items	R0730	14,648.6
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	74,555.1
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	3,011.9
Total Expected profits included in future premiums (EPIFP)	R0790	3,011.9

The figures represent the difference between local and Solvency II balance sheets: local own funds are the sum of the subscribed capital, the reserves and the profit brought forward. The addition of the reconciliation reserves results in the Solvency II available capital. The own funds are obtained by deducting foreseeable dividends and any own shares held as items used to reduce the reconciliation reserve.

Ancillary own funds (AOF)

Structure ancillary own funds

No ancillary own funds are present.

Methods of valuation AOF

Not relevant.

E.1.3. Transitional arrangements

No own fund items are subject to transitional arrangements.

E.1.4. Eligible amount of own funds to cover the SCR and MCR

Eligible Own funds

As already stated before, the capital structure of the company is very straightforward. The table and graph below confirm that the company more than meets its requirements.

Own funds: eligible own funds and capital requirements

	2021		2022				
	Total	Total	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
in '000 EUR							
Available and eligible own funds							
Total available own funds to meet the SCR	R0500	111,979.0	89,203.7	89,203.7	-	-	-
Total available own funds to meet the MCR	R0510	111,979.0	89,203.7	89,203.7	-	-	-
Total eligible own funds to meet the SCR	R0540	111,979.0	89,203.7	89,203.7	-	-	-
Total eligible own funds to meet the MCR	R0550	111,979.0	89,203.7	89,203.7	-	-	-
SCR	R0580	39,331.7	41,738.8				
MCR	R0600	17,699.3	18,533.4				
Ratio of Eligible own funds to SCR	R0620	285%	214%				
Ratio of Eligible own funds to MCR	R0640	633%	481%				

The available own funds decreased by EUR 22,775.3 thousand during the reporting period mainly driven by the local result and a partial repayment of reserves.

Reconciliation with Financial Statement equity

The delta between the local own funds and the Solvency II available capital can be analyzed as

Reconciliation with Financial Statement Equity		2022.12	
	Local GAAP	Solvency II	Delta
in '000 EUR			
Subscribed capital	14,648.6	14,648.6	
Revaluation reserves		0	
Reserves	21,869.9	21,869.9	
Reconciliation to local results		38,789.0	38,789.0
		Adjustment reinsurance	-7,513.0
		Adjustment other assets	-17,239.5
		Adjustment technical provisions	76,429.8
		Adjustment other liabilities	-12,888.3
Benefit brought forward	104.5	104.5	
Result of the year	4,028.3	4,028.3	
Foreseeable dividends, distributions and charges			
Special item with an equity portion			
Own Funds	40,651.4	79,440.4	38,789.0

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

- 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 representation.
- The technical provisions are revaluated on best estimate basis resulting in a gain for the company;
- The change in position of the other liabilities concerns the effect of the set-up of a deferred tax liability compensated by the "postes spéciaux" that were not considered in Solvency II context (revaluation to zero).

E.1.5. Deferred Tax Assets

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

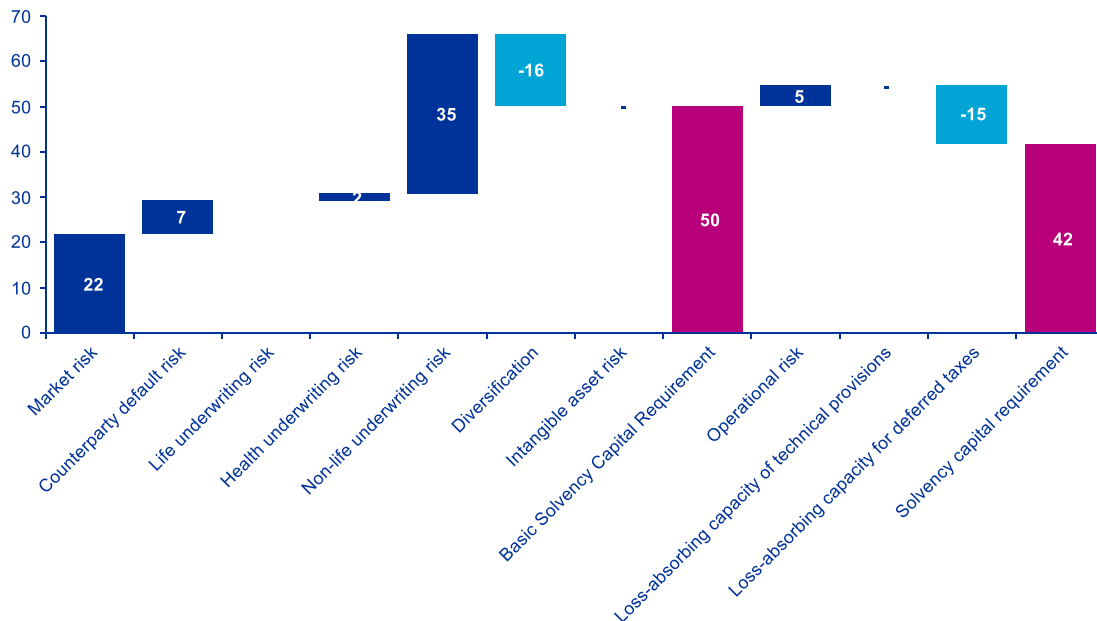
E.2. SCR and MCR

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

Solvency position

As of year-end 2022 the Solvency capital requirement of the company amounts to EUR 41,738.8 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 m EUR



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

Gross	2021	2022
in '000 EUR		

Market risk	26,098.4	21,815.1
Counterparty default risk	6,130.5	7,350.8
Life underwriting risk	-	-
Health underwriting risk	1,445.9	1,583.0
Non-life underwriting risk	31,398.7	35,119.8
Diversification	-15,959.4	-15,765.5
Intangible asset risk	-	-
Basic Solvency Capital Requirement	49,114.1	50,103.2
Calculation of Solvency Capital Requirement		
Operational risk	4,905.6	4,525.7
Loss-absorbing capacity of technical provisions	-	-
Loss-absorbing capacity of deferred taxes	-14,687.9	-12,890.2
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-	-
Solvency capital requirement excluding capital add-on	39,331.7	41,738.8
Capital add-on already set	-	-
Solvency Capital Requirement	39,331.7	41,738.8
Minimum Capital Requirement	17,699.3	18,533.4

The risk modules contributing the most to the Basic Solvency Capital Requirement before diversification are the non-life underwriting risk as well as the market risk.

Material changes in SCR and MCR

The MCR and the SCR increased by less than 10% during the reporting period due to the change of the Basic Solvency Capital Requirement driven by the increase of the non-life underwriting risk and the counterparty default risk, offset by the decrease of the market risk.

Information on the inputs used by the company to calculate the MCR

The Minimum Capital Requirement (MCR) as of year-end 2022 is EUR 18,533.4 thousand.

The information used to calculate the MCR based on the standard formula are the following:

- Technical provisions without a risk margin by line of business after deduction of the amounts recoverable from reinsurance contracts with a floor equal to zero;
- Premiums written for insurance obligations by line of business during the last 12 months, after deduction of premiums for reinsurance contracts, with a floor equal to zero.

E.2.2. Simplified calculations and entity specific parameters

No simplified calculations or specific parameters have been used by the company for the MCR and SCR calculations.

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 undertaking 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

Baloise Assurances Luxembourg 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 in addition to the information previously disclosed is considered material.

Annex

S.02.01.02. Balance sheet: assets

EUR '000		<u>Solvency II value</u>
		C0010
Assets		
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	4,902.8
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	226,048.2
Property (other than for own use)	R0080	982.0
Holdings in related undertakings, including participations	R0090	7,113.6
Equities	R0100	30,026.1
<i>Equities - listed</i>	R0110	17,165.3
<i>Equities - unlisted</i>	R0120	12,860.8
Bonds	R0130	159,494.4
<i>Government Bonds</i>	R0140	89,855.8
<i>Corporate Bonds</i>	R0150	69,638.7
<i>Structured notes</i>	R0160	-
<i>Collateralised securities</i>	R0170	-
Collective Investments Undertakings	R0180	26,978.8
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	1,453.3
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	6,964.6
<i>Loans on policies</i>	R0240	-
<i>Loans and mortgages to individuals</i>	R0250	-
<i>Other loans and mortgages</i>	R0260	6,964.6
Reinsurance recoverables from:	R0270	58,493.8
Non-life and health similar to non-life	R0280	58,493.8
<i>Non-life excluding health</i>	R0290	58,262.8
<i>Health similar to non-life</i>	R0300	231.0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
<i>Health similar to life</i>	R0320	-
<i>Life excluding health and index-linked and unit-linked</i>	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	15,408.4
Reinsurance receivables	R0370	7,120.7
Receivables (trade, not insurance)	R0380	7,647.3
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	21,123.2
Any other assets, not elsewhere shown	R0420	2,820.3
Total assets	R0500	350,529.4

S.02.01.02. Balance sheet: liabilities

EUR '000		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	155,704.3
Technical provisions – non-life (excluding health)	R0520	155,243.0
<i>Technical provisions calculated as a whole</i>	R0530	-
<i>Best Estimate</i>	R0540	150,580.1
<i>Risk margin</i>	R0550	4,662.9
Technical provisions - health (similar to non-life)	R0560	461.3
<i>Technical provisions calculated as a whole</i>	R0570	-
<i>Best Estimate</i>	R0580	276.6
<i>Risk margin</i>	R0590	184.7
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
<i>Technical provisions calculated as a whole</i>	R0620	-
<i>Best Estimate</i>	R0630	-
<i>Risk margin</i>	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
<i>Technical provisions calculated as a whole</i>	R0660	-
<i>Best Estimate</i>	R0670	-
<i>Risk margin</i>	R0680	-
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	0
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	5,354.5
Pension benefit obligations	R0760	461.3
Deposits from reinsurers	R0770	53,267.5
Deferred tax liabilities	R0780	12,890.2
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	7,602.9
Reinsurance payables	R0830	10,526.3
Payables (trade, not insurance)	R0840	3,621.2
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	7,757.9
Total liabilities	R0900	257,186.1
Excess of assets over liabilities	R1000	93,343.3

S.05.01.02. Premiums, claims and expenses by line of business: non-life & accepted non-proportional reinsurance (part 1 of 3)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	C0020	C0030	C0040	C0050	C0060
EUR '000							
Premiums written							
Gross - Direct Business	R0110	-	5,097.6	-	29,192.3	50,203.5	940.8
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	-	272.4	-	3,743.5	831.6	14.0
Net	R0200	-	4,825.2	-	25,448.8	49,371.9	926.8
Premiums earned							
Gross - Direct Business	R0210	-	5,082.0	-	29,090.3	49,855.7	932.3
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	-	272.8	-	3,743.5	831.6	22.1
Net	R0300	-	4,809.2	-	25,346.8	49,024.1	910.2
Claims incurred							
Gross - Direct Business	R0310	-	582.7	-	23,378.2	25,329.9	755.6
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	-	1.9	-	3,665.8	-3.3	2.7
Net	R0400	-	580.8	-	19,712.4	25,333.2	752.9
Changes in other technical provisions							
Gross - Direct Business	R0410	-	-14.9	-	-44.7	-114.4	-0.0
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440	-	-	-	-	-	-
Net	R0500	-	-14.9	-	-44.7	-114.4	-0.0
Expenses incurred	R0550	-	2,222.9	-	12,016.1	24,314.7	435.9
Other expenses	R1200						
Total expenses	R1300						

S.05.01.02.Premiums, claims and expenses by line of business: non-life & accepted non-proportional reinsurance (part 2 of 3)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0070	C0080	C0090	C0100	C0110	C0120
EUR '000							
Premiums written							
Gross - Direct Business	R0110	35,007.3	12,218.4	-	3,076.8	-	5,359.6
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	6,211.2	4,087.1	-	16.1	-	3,796.0
Net	R0200	28,796.2	8,131.3	-	3,060.7	-	1,563.6
Premiums earned							
Gross - Direct Business	R0210	37,200.2	11,688.7	-	3,026.7	-	3,080.3
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	8,964.0	4,102.0	-	16.1	-	1,396.2
Net	R0300	28,236.3	7,586.7	-	3,010.6	-	1,684.1
Claims incurred							
Gross - Direct Business	R0310	10,315.3	4,602.7	-	623.9	-	684.9
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	1,564.9	1,967.0	-	-	-	-42.2
Net	R0400	8,750.3	2,635.8	-	623.9	-	727.1
Changes in other technical provisions							
Gross - Direct Business	R0410	-48.4	-2.9	-	-4.5	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440	-	-	-	-	-	-
Net	R0500	-48.4	-2.9	-	-4.5	-	-
Expenses incurred	R0550	16,381.7	6,399.0	-	1,491.4	-	1,724.3
Other expenses	R1200						
Total expenses	R1300						

S.05.01.02.01 Premiums, claims and expenses by line of business: Non-Life & Accepted non-proportional reinsurance (part 3 of 3)

		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
EUR '000						
Premiums written						
Gross - Direct Business	R0110	-	-	-	-	141,096.2
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-
Reinsurers' share	R0140	-	-	-	-	18,971.8
Net	R0200	-	-	-	-	122,124.5
Premiums earned						
Gross - Direct Business	R0210	-	-	-	-	139,956.2
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-
Reinsurers' share	R0240	-	-	-	-	19,348.1
Net	R0300	-	-	-	-	120,608.1
Claims incurred						
Gross - Direct Business	R0310	-	-	-	-	66,273.2
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-
Reinsurers' share	R0340	-	-	-	-	7,156.7
Net	R0400	-	-	-	-	59,116.4
Changes in other technical provisions						
Gross - Direct Business	R0410	-	-	-	-	-229.8
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-
Net	R0500	-	-	-	-	-229.8
Expenses incurred	R0550	-	-	-	-	64,986.0
Other expenses	R1200	-	-	-	-	1,137.8
Total expenses	R1300	-	-	-	-	66,123.7

S.05.02.01. Premiums, claims and expenses by country: non-life obligations

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

S.12.01.02.01 Life and Health SLT Technical Provisions

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

S.17.01.02. Non-Life Technical Provisions (part 1 of 3)

		Direct business and accepted proportional reinsurance					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0020	C0030	C0040	C0050	C0060	C0070
EUR '000							
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross	R0060	-	-989.7	-	5,220.5	7,693.8	30.8
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-198.5	-	-126.1	62.7	-14.2
Net Best Estimate of Premium Provisions	R0150	-	-791.2	-	5,346.6	7,631.1	45.1
Claims provisions							
Gross	R0160	-	1,266.4	-	65,003.1	8,853.2	252.2
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	429.5	-	31,991.9	119.6	3.7
Net Best Estimate of Claims Provisions	R0250	-	836.8	-	33,011.2	8,733.6	248.5
Total Best estimate - gross	R0260	-	276.6	-	70,223.6	16,547.0	283.0
Total Best estimate - net	R0270	-	45.6	-	38,357.8	16,364.7	293.5
Risk margin	R0280	-	184.7	-	551.6	1,725.1	81.6
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-
Technical provisions - total							
Technical provisions - total	R0320	-	461.3	-	70,775.2	18,272.1	364.6
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	231.0	-	31,865.7	182.2	-10.5
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	230.3	-	38,909.5	18,089.8	375.1

S.17.01.02. Non-Life Technical Provisions (part 2 of 3)

		Direct business and accepted proportional reinsurance					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0080	C0090	C0100	C0110	C0120	C0130
EUR '000							
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross	R0060	5,371.4	3,024.1	-	-131.9	-	2,058.5
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	380.6	-2,396.0	-	-12.2	-	2,183.7
Net Best Estimate of Premium Provisions	R0150	4,990.8	5,420.1	-	-119.7	-	-125.2
Claims provisions							
Gross	R0160	15,554.6	35,964.6	-	1,530.1	-	155.1
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	7,975.8	17,930.2	-	-	-	163.2
Net Best Estimate of Claims Provisions	R0250	7,578.7	18,034.3	-	1,530.1	-	-8.1
Total Best estimate - gross	R0260	20,926.0	38,988.7	-	1,398.2	-	2,213.6
Total Best estimate - net	R0270	12,569.6	23,454.4	-	1,410.4	-	-133.3
Risk margin	R0280	1,011.0	1,068.4	-	110.5	-	114.8
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-
Technical provisions - total							
Technical provisions - total	R0320	21,937.0	40,057.0	-	1,508.7	-	2,328.4
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	8,356.4	15,534.2	-	-12.2	-	2,346.9
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	13,580.6	24,522.8	-	1,520.9	-	-18.5

S.17.01.02. Non-Life Technical Provisions (part 3 of 3)

		Accepted non-proportional reinsurance				Total Non-Life obligation
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	C0180
EUR '000						
Technical provisions calculated as a whole	R0010	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross	R0060	-	-	-	-	22,277.6
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-	-	-	-120.1
Net Best Estimate of Premium Provisions	R0150	-	-	-	-	22,397.6
Claims provisions						
Gross	R0160	-	-	-	-	128,579.1
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	-	-	-	58,613.9
Net Best Estimate of Claims Provisions	R0250	-	-	-	-	69,965.2
Total Best estimate - gross	R0260	-	-	-	-	150,856.7
Total Best estimate - net	R0270	-	-	-	-	92,362.9
Risk margin	R0280	-	-	-	-	4,847.6
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-
Technical provisions - total						
Technical provisions - total	R0320	-	-	-	-	155,704.3
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	-	58,493.8
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	-	-	-	97,210.5

S.19.01.21. Non-life insurance claims: gross claims paid by accident year

Total non-life business

Accident year

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year										In current year	Sum of years		
		0	1	2	3	4	5	6	7	8	9	10 & +			
in EUR '000		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0160	C0170	C0180	
Prior	R0100											82,168.5	R0100	1,198.7	82,168.5
N-9	R0160	25,805.1	10,699.2	1,837.6	969.2	2,361.2	179.0	325.3	494.7	-23.3	35.0		R0160	35.0	42,683.1
N-8	R0170	25,216.1	12,385.0	2,064.6	1,518.1	394.7	37.0	68.2	96.9	99.8			R0170	99.8	41,880.5
N-7	R0180	27,554.4	13,273.2	4,086.7	602.0	1,188.5	489.1	743.2	386.4				R0180	386.4	48,323.5
N-6	R0190	31,318.3	12,054.8	1,808.4	865.5	661.1	818.1	506.3					R0190	506.3	48,032.4
N-5	R0200	31,878.3	10,759.4	1,777.8	811.5	741.7	746.5						R0200	746.5	46,715.2
N-4	R0210	33,575.6	14,540.1	2,805.4	1,170.6	704.9							R0210	704.9	52,796.5
N-3	R0220	36,914.2	17,207.7	3,158.1	1,114.3								R0220	1,114.3	58,394.3
N-2	R0230	30,258.5	11,254.5	1,326.8									R0230	1,326.8	42,839.9
N-1	R0240	43,303.2	18,237.1										R0240	18,237.1	61,540.3
N	R0250	31,446.9											R0250	31,446.9	31,446.9
Total	R0260												R0260	55,802.7	556,820.9

S.22.01.21.01 Impact of long term guarantees measures and transitionals

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

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						
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	14,648.6	14,648.6		-	
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	74,555.1	74,555.1			
Subordinated liabilities	R0140	-		-	-	-
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	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	
Total basic own funds after deductions	R0290	89,203.7	89,203.7	-	-	-

S.23.01.01. Own funds: ancillary own funds

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

S.23.01.01. Own funds: eligible own funds and capital requirements

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
EUR '000						
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	89,203.7	89,203.7	-	-	-
Total available own funds to meet the MCR	R0510	89,203.7	89,203.7	-	-	-
Total eligible own funds to meet the SCR	R0540	89,203.7	89,203.7	-	-	-
Total eligible own funds to meet the MCR	R0550	89,203.7	89,203.7	-	-	-
SCR	R0580	41,738.8				
MCR	R0600	18,533.4				
Ratio of Eligible own funds to SCR	R0620	213.7%				
Ratio of Eligible own funds to MCR	R0640	481.3%				

S.23.01.01. Own funds: reconciliation reserve

		C0060
EUR '000		
Reconciliation reserve		
Excess of assets over liabilities	R0700	93,343.3
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	4,139.6
Other basic own fund items	R0730	14,648.6
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve	R0760	74,555.1
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	3,011.9
Total Expected profits included in future premiums (EPIFP)	R0790	3,011.9

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

		Gross solvency capital requirement	USP		Simplifications
			C0110	C0090	C0120
EUR '000					
Market risk	R0010	21,815.1			
Counterparty default risk	R0020	7,350.8			
Life underwriting risk	R0030	-			
Health underwriting risk	R0040	1,583.0			
Non-life underwriting risk	R0050	35,119.8			
Diversification	R0060	-15,765.5			
Intangible asset risk	R0070	-			
Basic Solvency Capital Requirement	R0100	50,103.2			
Calculation of Solvency Capital Requirement		C0100			
Operational risk	R0130	4,525.7			
Loss-absorbing capacity of technical provisions	R0140	-			
Loss-absorbing capacity of deferred taxes	R0150	-12,890.2			
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-			
Solvency capital requirement excluding capital add-on	R0200	41,738.8			
Capital add-on already set	R0210	-			
Solvency capital requirement	R0220	41,738.8			
Other information on SCR					
Capital requirement for duration-based equity risk sub-module	R0400	-			
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	-			
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-			
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-			
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-			
Approach to tax rate					
Approach based on average tax rate	R0590	Yes	C0109		

S.28.01.01. Minimum Capital Requirement: MCRNL result

Linear formula component for non-life insurance and reinsurance obligations

EUR '000		C0010
MCRNL Result	R0010	18,533.4

S.28.01.01. Minimum Capital Requirement: background information

Background information

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
EUR '000			
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	45.6	4,825.2
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	38,357.8	25,448.8
Other motor insurance and proportional reinsurance	R0060	16,364.7	49,371.9
Marine, aviation and transport insurance and proportional reinsurance	R0070	293.5	926.8
Fire and other damage to property insurance and proportional	R0080	12,569.6	28,796.2
General liability insurance and proportional reinsurance	R0090	23,454.4	8,131.3
Credit and suretyship insurance and proportional reinsurance	R0100	-	-
Legal expenses insurance and proportional reinsurance	R0110	1,410.4	3,060.7
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	1,563.6
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

S.28.01.01. Minimum Capital Requirement: Overall MCR calculation

Overall MCR calculation

EUR '000		C0070
Linear MCR	R0300	18,533.4
SCR	R0310	41,738.8
MCR cap	R0320	18,782.4
MCR floor	R0330	10,434.7
Combined MCR	R0340	18,533.4
Absolute floor of the MCR	R0350	4,000.0
Minimum Capital Requirement	R0400	18,533.4

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.