Solvency and Financial Condition Report 2024

ERGO Insurance N.V.

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EXECUTIVE SUMMARY

ERGO Insurance NV/SA (hereafter "ERGO") is part of the ERGO Group that in turn is part of the Munich Re Group. ERGO provides life insurance products with a focus on pension savings and long term savings.

This document is the Solvency and Financial Condition Report ("SFCR") of ERGO. Munich Re prepares a consolidated SFCR at Group level. The published report for the 2024 financial year can be found at www.munichre.com/en/ir/result-center/index.html.

The purpose of this report is to assist policyholders and other stakeholders to understand the solvency and financial position of ERGO as at 31 December 2024 (i.e. reporting period is 1 January 2024 to 31 December 2024). Data contained in this report are subject to data quality monitoring performed in accordance with requirements expressed in ERGO's Data Quality Policy.

A. Business and Performance

ERGO closed its book to new policies and chose to focus fully on serving existing customers as from July 1st, 2017. ERGO manages the existing ERGO Pro portfolio as a direct insurer, whilst the existing portfolio of ERGO Life is still being serviced by the network of independent brokers.

ERGO's mission is to protect pension savings and financial health of existing customers for the full duration of their contracts.

During 2024, the following key developments occurred:

- **Gross Written Premium**: Overall, there was a 5% (10,1 Ml €) decline in the total Gross Written Premium 2024 (from 200,5 Ml € in 2023 to 190,4 Ml € in 2024).

- **Claims:** The overall claims incurred increased by 3% (+11 Ml €). This is mainly explained by the higher maturity payments (+10 Ml €).

- **Expenses:** Total expenses before cost allocation were 3,5 Ml € lower compared to 2023.

- **Net income from investments** (in BEGAAP values) increased from 77,3 Ml € to 81,8 Ml € in comparison to 2023, mainly driven by an increase in the extraordinary investment result from -1,5 Ml € in 2023 to +1,7 Ml € in 2024.

- **Solvency II capital position:** ERGO is strongly capitalised in terms of the level and quality of capital. The Solvency II ratio amounts to 208% at 31 December 2024.

B. System of Governance

The governing bodies in the system of governance include: the Board of Directors, the Audit and Risk Committee, the Nomination and Remuneration Committee, and the Management Committee.

During 2024, the Management Committee continued to reinforce the culture for sound risk management within ERGO. The management of Independent Control Functions remained largely unchanged, providing stability in actuarial controlling, risk and compliance controlling and audit oversight.

ERGO's risk management system is built to identify, assess and measure, steer as well as monitor and report risks. Continued focus remained on ensuring effective governance and further embedding an appropriate risk culture across the company, in line with the risk appetite set by the Board of Directors.

C. Risk Profile

Like other insurance companies, ERGO is exposed to risks of various sorts:

- Market risk is the major risk contributor to ERGO's risk profile. It is the risk of a loss that may be caused by fluctuations in the prices of the financial instruments in a portfolio. The main risk factors for ERGO are the interest rates, credit spreads and equity risk. The equity risk increased slightly, in line with the positive performance on the equity markets in 2024. Spread risk decreased slightly over 2024 following the lower market values of the exposed bonds. Interest rate risk remains limited and even decreased in 2024, reflecting the lower interest rate levels. The low interest rate risk position is the result of a good asset-liability matching.
- Underwriting risk represents the potential loss arising from entering into or underwriting insurance policies. Because of ERGO's business model and activities, its main underwriting risks are life risk and to a lesser extent health risk.
- Operational risk is defined as the risk of loss caused by failed internal processes, people, systems, or external drivers. The exposure to Operational Risk remains mostly controlled, following continued efforts to maintain and continuously improve control activities within the company.

The Risk Management Function maintains a comprehensive record of all risks on which it reports to the Management on a quarterly basis, pointing out new emerging risks, measuring progress on the mitigation actions and analysing behaviour of Key Risk Indicators to ensure the Management has at all times an accurate insight on its risk profile to enable corrective steering if needed. The Compliance Function reports as well regularly to the governing organs on its monitoring activities and its assessment on Compliance risks and linked operational controls in place.

Together with DKV Belgium NV/SA, ERGO has developed a local sustainability approach. The approach covers sustainability in terms of impact on the product portfolio, on the investments made, and on the working as a company.

D. Valuation for Solvency Purposes

ERGO's economic balance sheet, like that of other insurers, comprises assets, technical provisions and other liabilities. Technical provisions are reserves for claims and premiums plus a risk margin. Assets, technical provisions and other liabilities are valued on a 'fair value' basis according to Solvency II requirements, meaning that the company's financial strength is sensitive to market movements in terms of value.

The Solvency II technical provisions are defined as the sum of the Best Estimate Liabilities (BEL) and the Risk Margin. In 2024, the total technical provisions increased to 4,4 Bl € from 4,3 Bl € in 2023, due to the lower interest rates, the positive performance of the unit-linked funds and the annual update of the non-economic assumptions. The Risk Margin decreased slightly stemming from the lower capital requirements.

E. Capital management

The current capital management plan primarily aims to maintain the ERGO's financial bearing capacity by having a strong solvency position that aims to assure, at all times, that the company can respect minimum regulatory requirements and capital requirements.

Where possible, ERGO acts to further optimise its capital management. Relying on its strong financial bearing capacity and on a high Solvency II ratio, ERGO obtained the exemption to further accrue its 'flashing light reserves'[1] for 2024.

Solvency II ratio at 31 December 2024 is solid and amounted to 208%, it decreased compared to 2023 (253%).

Eligible own funds (EOF) decreased from 725,8 Ml € to 595,8 Ml € during the reporting period, mainly linked to the increase in bond spreads and the annual update of assumptions used in valuation of the technical provisions

[1] Flashing light reserves are additional provisions that can be required by the Belgian regulator to be set up, to cover the interest rate risk associated with insurance contracts with a guaranteed interest rate (NBB circular 2016/39).

Solvency Capital Requirement (SCR) remained quite stable (287,1 Ml € in 2023 compared to 286,6 Ml € in 2024).

ERGO performs an annual extensive and in-depth analysis of its solvency position and capital management implications in its Own Risk and Solvency Assessment (ORSA) report.

A BUSINESS AND PERFORMANCE

A.1 Business of ERGO Insurance NV/SA

A.1.1 Company profile

ERGO Insurance NV/SA ("ERGO" in the rest of this report) is a public limited company registered under the laws of Belgium, member of the Munich Re Group, with its registered office at 1000 Brussels, Loksumstraat 25, with company number 0414.875.829 and authorised by the National Bank of Belgium (NBB) under number 735 for branches 1a (accident), 21, 22, 23 and 26 (life insurances).

Until 30 June 2017, ERGO collaborated with (i) a network of independent brokers generally referred to as "ERGO Life" and (ii) its exclusive insurance agent ERGO Partners NV/SA generally referred to as "ERGO Pro" for the distribution of its insurance products. ERGO Partners NV/SA was a limited liability company registered under the laws of Belgium, with its registered office at 1000 Brussels, Loksumstraat 25, with company number 0424.611.164 and authorised by the Financial Services and Markets Authority (FSMA) under number 32985 – active until 31 December 2021 as a silent merger through which ERGO Partners NV/SA was absorbed by ERGO has been executed with effect from 1 January 2022.

After announcing that ERGO closed its book to new policies and will focus on fully serving existing customers as from 1 July 2017, ERGO terminated the agency agreement with its exclusive insurance agent ERGO Partners NV/SA and manages the existing ERGO Pro portfolio as a direct insurer, whilst the existing (closed book) portfolio of ERGO Life is still being serviced by the network of independent brokers.

ERGO also still manages its existing closed book portfolio in other countries:

- In Luxembourg, ERGO operates through a branch office constituted on the basis of freedom of establishment and through freedom of services. The Luxembourg branch office of ERGO is located at 55, Allée de la Poudrerie, L-1899 Kochelscheuer and is registered with the Luxembourg Commercial Register under the number B58.508, with Mr. Bernard Schacht as Branch Manager.

- In the Netherlands, ERGO operates through freedom of services. On 1 November 2018, ERGO constituted a representation office in the Netherlands providing back-office services. This representation office used to be a representation office of ERGO Partners NV/SA. Following the termination of the agency agreement with ERGO Partners NV/SA, this representation office was transferred to ERGO as from 1 November 2018. The activities of the Representation Office of ERGO mainly consist in the provision of back-office activities with respect to its Dutch run-off portfolio. These back-office activities are non-regulated activities under Dutch or Belgian law, i.e. the activities have a mere administrative nature and do not cover the distribution or actual management of the insurance contracts. The Representation Office of ERGO is located at Eemweg 7, 5215HM 's-Hertogenbosch and is registered with the Commercial Register ("*Kamer van Koophandel*") under the number 73947520.

In January 2024, ERGO concluded a Portfolio Transfer Agreement with the company Afi.Esca Luxembourg SA for the transfer of the Luxembourg and Netherlands' life insurance portfolios. The transaction was approved by the Management Committee of NBB on 29 October 2024 and the contemplated effective date for transfer would be 1 January 2026.

Supervisory Authority: The National Bank of Belgium, de Berlaimontlaan 14, B-1000 Brussels, Belgium is responsible for the prudential supervision of the company.

External Auditor: EY Bedrijfsrevisoren - Réviseurs d'Entreprises BV, De Kleetlaan 2, 1831 Diegem, Belgium, represented by Mrs. Christel Weymeersch.

A.1.2 Business activities and performance

Business activities

The core activity of ERGO is life insurance with a focus on pension savings and long-term savings with fiscal advantage (so-called 2nd Pillar for employees and self-employed persons and 3rd Pillar for private individuals). In addition to pension savings, the product range of ERGO also includes products without fiscal advantage (so-called 4th Pillar).

ERGO's historically sold product range allows customers to build up a supplementary income at retirement age. The coverage of biometric risks is integrated in these savings and within investment product solutions, thereby offering financial protection during the savings and investment period.

Business performance

For 2024, the total Gross Written Premium (GWP) is 190,4 Ml €, decreasing from 200,5 Ml € in 2023, following a decrease of contracts with recurrent premiums of -9,8 Ml € and contracts with single premiums of -0,3 Ml €.

GWP by Sales Channel	2024	2023	% Change
ERGO Pro	176,4	183,8	-4,0%
ERGO Life	14,0	16,7	-16,2%
Total	**190,4**	**200,5**	**-5,0%**

Table 1: GWP by Sales Channel in Ml €

A.1.3 Strategy and objectives

In 2024, the strategy of ERGO remained for all main principles unchanged. The company is operating in run-off modus with a focus on protecting the pension savings and financial health of existing customers for the full duration of their contracts. This is constantly our focus.

In July 2024, the Board of Directors of ERGO formally approved the new version of its Business Strategy, IT Strategy and Risk Strategy which follow the corresponding Strategies of ERGO International AG and ERGO Group AG applicable to all its subsidiaries.

The strategic statements of ERGO remain aligned with all Munich Re Group entities along the dimensions of "Scale – Shape – Succeed":

- Scale: ERGO intends to reach the objectives as envisaged in the run-off strategy. To achieve this, ERGO will continuously focus on the most important levers:
    - Risk-oriented management of the existing portfolio.
    - Continuation of cost discipline and increase in process efficiency.
- Shape: ERGO aims to be creator and innovator within the insurance sector. The most important levers to achieve these are:
    - Harmonization of platforms and introduction of digital technologies.
    - Leveraging transnational and national synergies in different areas.
- Succeed: ERGO intends to achieve lasting success for all stakeholders: shareholders, customers, employees, and communities.
    - Shareholders: ERGO aims to maintain profitability for the shareholders while implementing its strategic objectives.
    - Customers: ERGO provides an adequate level of services to its existing customers through innovative service solutions to assure their financial health for the full duration of their contracts.
    - Employees: ERGO considers itself to be an attractive employer in a local context that promotes existing talents and develops new talents for its core tasks.
    - Communities: As part of corporate social responsibility, ERGO engages itself in local social projects. A local sustainability approach together with DKV is in place since 2021 with several volunteering activities and social actions performed by the employees.

A.1.4 External Trends and Competitive Position

Insurance market structure

The Belgian pension system rests on four pillars:

- 1st Pillar: The statutory pension;
- 2nd Pillar: Supplementary employment related pensions;
- 3rd Pillar: Individual pension savings with tax incentives; and
- 4th Pillar: Non-fiscal individual savings plan.

ERGO's competitive position

Based on most recent available information at the time of writing (market data for 2023 as of 18 September 2024), ERGO holds a market share of total GWP of 1,16% (Belgian life insurance market, source: Assuralia).

Legal trends

ERGO has a regulatory watch process in place to systematically monitor and analyse changes in the regulatory environment. Several legislative and regulatory initiatives have impacted ERGO. The most significant recent initiatives that came into force or that were updated in 2024 include (non-exhaustive list):

- Act of 17 March 2024 on terms and sanctions regarding the payment of insurance benefits.
- Act of 3 May 2024 on various provisions concerning the economy, amending article 197/1 of the Insurance Act of 4 April 2014.
- Act of 18 May 2024 on private investigation.
- Act of 9 October 2023 simplifying the rules for cancelling insurance contracts.
- Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139, and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797, and (EU) 2020/1828 (Artificial Intelligence Act).
- Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (DORA), and related Regulatory Technical Standards (RTS) and Information Technical Standards (ITS).
- Etc.

Litigation

For all litigation matters, ERGO considers the likelihood of a negative outcome. If the likelihood of a negative outcome is deemed probable, and the loss amount can be reasonably estimated, ERGO establishes a reserve for the estimated loss, in accordance with IAS-37 accounting standard. However, it is often difficult to predict the outcome or estimate of a possible loss or range of losses because (i) the litigation is subject to inherent uncertainties, particularly when plaintiffs allege substantial or indeterminate damages, (ii) the litigation is in its early stages, or (iii) when the litigation is highly complex or broad in scope.

A.1.5 Events of Material Significance for ERGO

In January 2024, ERGO concluded a Portfolio Transfer Agreement with the company Afi.Esca Luxembourg SA for the transfer of the Luxembourg and Netherlands' life insurance portfolios. The transaction was approved by the Management Committee of NBB on 29 October 2024 and the contemplated effective date for transfer would be 1 January 2026.

Besides this, there were no new business events that had a material significance for the company.

Successful execution of the run-off strategy as a direct insurer continues to be at the heart of ERGO day to day management. The risk profile continues to be characterized by market risk and (Life) underwriting risk. The operational risks remain closely monitored.

A.2 Underwriting Performance

Since 1 July 2017, all product portfolios are closed for new business, as the underwriting cycle has been terminated.

A.2.1 Underwriting performance / Underwriting result

The underwriting performance is based on the premiums ERGO receives, the claims it has to pay out and the different expenses it has in order to administer the policies.

For 2024, the net underwriting result is established at -123,1 Ml € (compared to -156,7 Ml € in 2023). The difference is mainly to be found in the change in provision for future policy benefits, which is explained by the performance of equity markets in 2023 and in 2024, leading to a significant increase of the unit-linked provisions in 2023 and a lower increase in 2024. Accounting for the unrealized gains/losses unit-linked, the net underwriting result amounts to -9,2 Ml € in 2024, compared to -14,4 Ml € in 2023. The deviation is observed in the unit-linked segment on the one hand and the Classical life segment on the other hand.

Net underwriting results Q4 2024 comparison to Q4/2023 (BEGAAP)	Q4 2024	Q4 2023	Difference
Net Premiums	**132,0**	**137,5**	**-5,5**
Paid claims excl. claims handling costs	-249,3	-236,1	-13,2
Change in provision for claims	-2,1	-3,7	1,7
Change in life assurance provision	-2,7	-53,6	50,9
Change in provision for profit participation	-0,9	-0,1	-0,8
Change in other technical provisions	-0,2	-0,7	0,5
Benefits to clients	**-255,1**	**-294,2**	**39,1**
Underwriting result net	**-123,1**	**-156,7**	**33,6**
Underwriting result net without unrealized gains/losses unit-linked	**-9,2**	**-14,4**	**5,1**

Table 2: Net underwriting results Q4/2024 comparison to Q4/2023 (BEGAAP) in Ml €

Gross Written Premium

The decline in the total Gross Written Premiums (GWP) for 2024 was limited to 5,0% (10,1 Ml €, from 200,5 Ml € in 2023 to 190,4 Ml € in 2024), despite the run-off situation of the company as a result of which no new business was underwritten since 1 July 2017. GWP in 2023 were negatively impacted by a continuous RIZIV clean-up in 2023 (RIZIV contracts for which the company did not receive any payments anymore). Excluding the RIZIV impact, the decrease of GWP was 6,4%.

The table below summarises the premium performance per line of business in 2024 compared to 2023:

Premium written - Gross	2024			2023				
Line of business	**Home Country**	**Other EEA Countries**	**Total**	**Home Country**	**Other EEA Countries**	**Total**	**Difference**	
Income protection insurance	2,5	0,5	3,0	2,6	0,5	3,2	-0,1	-4%
Health insurance	5,6	0,2	5,7	6,0	0,2	6,2	-0,4	-7%
Insurance with profit participation	113,1	9,5	122,6	119,4	9,7	129,0	-6,4	-5%
Index-linked and unit-linked insurance	45,6	2,6	48,2	48,2	2,7	50,9	-2,7	-5%
Other life insurance	10,1	0,8	10,8	10,4	0,8	11,2	-0,4	-3%
Total	**176,9**	**13,5**	**190,4**	**186,6**	**13,8**	**200,5**	**-10,1**	**-5%**

Table 3: Premiums Gross of Reinsurance (source: QRT S.04) in Ml €

It should be noted that 93% of the portfolio of ERGO is underwritten in Belgium, while the remaining 7% is underwritten in EEA countries (e.g. in the Netherlands and Luxemburg).

Claims

The table below summarises the claims performance per line of business in 2024 compared to 2023:

Claims incurred - Gross	2024			2023				
Line of business	**Home Country**	**Other EEA Countries**	**Total**	**Home Country**	**Other EEA Countries**	**Total**	**Difference**	
Income protection insurance	0,1	0,1	**0,2**	0,0	0,0	**0,0**	+0,1	+660%
Health insurance	5,3	0,0	**5,3**	5,1	0,0	**5,1**	+0,2	+4%
Insurance with profit participation	248,8	8,7	**257,5**	257,0	9,4	**266,5**	-9,0	-3%
Index-linked and unit-linked insurance	80,4	1,8	**82,2**	60,1	1,5	**61,6**	+20,6	+33%
Other life insurance	3,0	0,2	**3,2**	3,9	0,2	**4,1**	-0,8	-21%
Total	**337,6**	**10,8**	**348,4**	**326,1**	**11,1**	**337,2**	**+11,1**	**+3%**

Table 4: Claims performance per Line of Business (source: QRT S.04) in Ml €

Key highlights of the claims performance are explained as follows:
- The overall gross claims incurred have increased by 3% (+11 Ml €).
- Gross paid claims have increased by 14,0 Ml €, which is mainly to be explained by the higher maturity payments (+10,0 Ml €). Paid surrenders have increased by 2,8 Ml €. Death payments have increased by 0,1 Ml €, disability payments by 0,2 Ml €. Annuity payments have decreased by 0,1 Ml €.
- The gross provision for outstanding claims has increased by 0,7 Ml € in 2024, compared to an increase by 3,6 Ml € in 2023, which is hence a 2,9 Ml € lower increase of the reserve comparing 2024 to 2023.

Commissions

The table below summarises the commissions per line of business in 2024 compared to 2023*:*

Commissions	2024			2023				
Line of business	**Home Country**	**Other EEA Countries**	**Total**	**Home Country**	**Other EEA Countries**	**Total**	**Difference**	
Income protection insurance	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0%
Health insurance	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-41%
Insurance with profit participation	0,4	0,0	0,4	0,7	0,0	0,7	-0,3	-41%
Index-linked and unit-linked insurance	0,1	0,0	0,1	0,3	0,0	0,3	-0,1	-47%
Other life insurance	0,0	0,0	0,0	0,1	0,0	0,1	0,0	-41%
Total	**0,6**	**0,0**	**0,6**	**1,0**	**0,0**	**1,0**	**-0,4**	**-42%**

Table 5: Commissions per line of Business (source: QRT S.04) in Ml €

The commission payments of ERGO, since the run-off strategy, only contain the brokerage fees. Amounts are therefore limited and reduced further in 2024 following a revision of the commission parameters.

Expenses

Expenses are an important aspect of the underwriting performance of ERGO.

The total operational expenses before cost allocation are 3,5 Ml € lower compared to 2023.

A.2.2 Reinsurance Results (key risk mitigation technique)

As stated in the Reinsurance Policy, the goal of the reinsurance program is to guarantee the security and stability of the insurance portfolio of ERGO and mitigate underwriting risks. To achieve this, a combination of a quota share (financing), surplus (risk mitigation) and excess of loss (accumulation) reinsurance is in place.

The total amount of reinsurance premiums in 2024 was 58,3 Ml € which amounts to 30,6% of the gross premiums.

A.3 Investment Performance

The investment result amounts to 81,8 Ml € in 2024. The investment results are of importance, amongst others to be able to meet the liabilities to policy holders. The details of the investment performance on all investments are explained in this section.

A.3.1 Investment performance

In 2024, the BEGAAP investment result developed as follows compared to last year:

Figures in Ml €	2024	2023	2024 vs 2023
Investment result according to BEGAAP	**81,8**	**77,3**	**4,5**
Ordinary result	80,1	78,8	1,3
Extraordinary result	1,7	-1,5	3,2
Book value of assets	**4.066,3**	**4.226,9**	
Average yield	1,93%	1,86%	
Net yield	1,97%	1,82%	

Table 6: Investment results under BEGAAP in Ml €

The net income from investments has increased from 77,3 Ml € to 81,8 Ml € in comparison to 2023.

The ordinary result is 1,3 Ml € higher than in 2023, despite the decreasing portfolio with a lower book value of assets, given the run-off status of the company. The increase is due to a partial restructuring of the portfolio (in view of the transfer of ERGO’s Luxembourg and Netherlands’ life insurance portfolios to an external insurer) leading to a higher average portfolio yield.

The extraordinary result of +1,7 Ml € in 2024 is predominantly due to write-ups, while the extraordinary result of -1,5 Ml € in 2023 was predominantly the result of write-downs.

The average yield amounts to 1,93%.

A.3.2 Investment results by Asset categories

Income/gains and losses in the period per asset category (based on the BGAAP investment result)

Asset category	2024				2023			
	Dividends	Interest	Net gains and losses	Unrealized gains and losses	Dividends	Interest	Net gains and losses	Unrealized gains and losses
Government bonds	0,0	57,5	-0,4	-422,1	0,0	58,7	0,3	-403,4
Corporate bonds	0,0	23,9	0,6	-40,3	0,0	21,8	-0,2	-43,9
Equity	0,3	0,0	0,0	0,0	0,3	0,0	0,0	0,0
Collective Investment Undertakings	0,9	0,0	-0,3	0,6	0,7	0,0	0,7	-0,1
Structured notes	0,0	0,2	0,0	0,1	0,0	0,0	0,0	0,0
Cash and deposits	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Mortgages and loans	0,0	1,7	0,0	-11,7	0,0	1,6	0,0	-16,0
Property	0,0	0,0	0,0	0,1	0,0	0,0	0,0	0,1
Futures	0,0	0,0	0,1	0,0	0,0	0,0	0,0	0,1
Total	1,2	83,4	0,1	-473,4	1,1	82,1	0,7	-463,2

Table 7: Investment results per asset category (source: QRT S.09.01) in Ml €

Ordinary income (dividends and interests)

According to their qualification in the Solvency II economic balance sheet, the total investments (other than assets held for index-linked and unit-linked contracts) consist for 96% of bonds. Thereof 74% is related to sovereign debt and 23% to corporate bonds and covered bonds. Additionally, 3% of the portfolio is invested in mortgages and loans. That structure of the portfolio also explains the structure of the investment income, consisting mainly of interest payments. Dividends consist of the regular income from funds and from participations. Both together represent 1% of the total investments.

The total ordinary income from coupons and dividends amounts to 84,6 Ml €, which is 1,4 Ml € higher than in 2023, despite the decreasing portfolio given the run-off status of the company. The increase is due to a partial restructuring of the portfolio (in view of the transfer of ERGO's Luxembourg and Netherlands' life insurance portfolios to an external insurer) leading to a higher average portfolio yield.

It must be emphasized that in the income positions as mentioned in the above table, no investment expenses are included.

Extraordinary result (net gains and losses)

The net gain and losses amount to 0,1 Ml € in 2024, compared to 0,7 Ml € in 2023.

It must be emphasized that in the income positions as mentioned in the above table, no write-ups/write-downs are included.

A.3.3 Additional Information on Securitized Products

The company has no securitized products in its asset portfolio.

A.4 Performance of Other Activities

This section provides a description of the material income and expenses (not related to underwriting or investment). Under this position the company recognized the interest received from intragroup loans or the interest paid on intragroup loans.

	31/12/2024	31/12/2023
Expenses from other activities		
Intragroup loans[2]	0,9	2,2
Total expenses	**0,9**	**2,2**

Table 8: Income and expenses from other activities in Ml €

A.5 Any Other Information

No other relevant information is available

[2] Loan from ERGO International Aktiengesellschaft for an amount of 80 Ml €, completely reimbursed in 2024 (48 Ml € end of 2021 and 32 Ml € beginning of 2024)

B SYSTEM OF GOVERNANCE

B.1 Management Structure, Remuneration and Shareholdership

B.1.1 Management bodies

The system of governance is determined by the Board of Directors and its specialised committees. The most important organs in the system of governance include the Board of Directors, its subcommittees (the Nomination and Remuneration Committee and the Audit and Risk Committee), and the Management Committee.

Board of Directors

Composition

As per 31 December 2024, the Board of Directors of ERGO is composed of eight members: i.e. three Executive Directors (the CEO, the CFO and the COO and five Non-Executive Directors, of which two directors meet the independence criteria specified in articles 15.94° and 48 of the Solvency II Act.

The Chairperson of the Board of Directors is appointed by the members of the Board of Directors amongst the Non-Executive Directors and is not the same person as the Chairperson of the Management Committee or the Chairperson of the Audit and Risk Committee. If the Chairperson is unable to attend a meeting, he will appoint a Non-Executive Director to chair the meeting.

Organisation

The decisions are taken by majority of the votes if voting would be necessary. In case of equality of votes, the Chairperson of the Board of Directors has the casting vote.

Meetings of the Board of Directors will be held not less than four times a year and should correspond with ERGO's financial reporting cycle.

ERGO ensures that the Board of Directors is organised in such a way as to promote dynamic discussions by (i) the proportioned size of the Board of Directors, (ii) the necessary diversity within the Board of Directors and (iii) the avoidance of permanent guests sitting on the Board of Directors. The members of the Management Committee can however be invited to report on agenda points that concern their area(s) of responsibility. Furthermore, the presence of the CRO in the Management Committee does not lessen the collective expertise regarding risk management expected of the non-executive directors.

Roles and Responsibilities

The Board of Directors is authorised to undertake all actions necessary to achieve the objectives of ERGO, except for those acts for which by law only the General Assembly of Shareholders is competent. Besides exercising the powers prescribed by law or by the Articles of Association, the Board of Directors is in charge of (i) setting the general company strategy (including the implementation of the risk management system and integrity policy) and (ii) the supervision of the Management Committee.

The **general company strategy** includes:

The definition of the objectives and strategy of ERGO (commercial strategy and structures);
- The main lines of ERGO's organisational structures and internal control structures;
- The approval and validation of important policies on governance, such as the Integrity Policy (which establishes the company's fundamental ethical principles) and includes rules on conflicts of interest, the Fit & Proper Policy, the Compensation Policy, the Outsourcing Policy, the Internal Rules on External Functions, the Information Security related policies and Business Continuity Management Policy, the Charters of the Independent Control Functions holders, rules on whistleblowing, rules on the prevention of money laundering and terrorist financing, the code of conduct, etc.;
- The approval of important projects, reporting, budgets, structural reforms, etc., and;
- The reporting's intended for the public (particularly the Solvency and Financial Conditions Report (SFCR)).

In relation to the **Risk Profile**, policy and effectiveness of the risk management system responsibilities include:
- Setting ERGO's level of risk appetite and related risk tolerance levels for all areas of business (Risk Appetite Policy);

- Approving ERGO's general Risk Management Policy and specific risk management policies;
- Taking front-line strategic risk decisions and being closely involved with the ongoing monitoring of ERGO's Risk Profile (the Board of Directors and the Audit and Risk Committee will be in possession of relevant and comprehensive information on the risks ERGO faces);
- Approving the Regular Supervisory Report (RSR) and the Own Risk and Solvency Assessment (ORSA).

In relation to the **Supervisory function**:

In accordance with article 42, § 1 1° of the Solvency Act, there is a clear separation between the actual management of ERGO ("management function"), which is entrusted to the executive directors, and the supervision and monitoring of the management ("supervisory function"), which is entrusted to the non-executive directors and the independent non-executive directors.

The supervisory function is carried out through (i) the reporting of the Independent Control Functions holders, (ii) the effective use of the enquiry powers of the members of the Board of Directors, (iii) the reporting of the Management Committee and (iv) the minutes of the meetings of the Management Committee.

In addition to the aforementioned, the Board of Directors of ERGO will, in accordance with article 77 of the Solvency II Act:

- Assess and report on, at least once a year, the effectiveness of the system of governance and ensure that the Management Committee takes the necessary measures to remedy any shortcomings;
- Verify periodically, and at least once a year, the proper execution of the four independent Control Functions holders, through direct interactions and periodic reporting of the Independent Control Functions holders, but also through periodic reporting of the Management Committee, and supervising the measures taken by the Management Committee to mitigate shortcomings. In addition, the Board of Directors is required to annually submit a report on the assessment of the proper functioning of the Compliance Function to the NBB;
- Determine which actions need to be taken following Internal Audit findings and ensure that such actions are executed properly;
- Regularly, and at least once a year, assess the general principles of the Compensation Policy and assess its implementation;
- Assume the ultimate responsibility for reporting and disclosing information, and more in particular approve a policy that guarantees an adequate and correct reporting to the NBB, the approval and updating of the Solvency and Financial Conditions Report (SFCR) and the Regulatory Supervisory Report (RSR);
- Assume responsibility for the integrity of the financial accounting and reporting systems, including the systems for operational and financial controls;
- Assess the functioning of the Internal Control System at least once a year and ensure that it provides a reasonable degree of certainty regarding the reliability of the information reporting process;
- Monitor the activities of the Management Committee on important projects and change processes; and
- Supervise the Management Committee on the achievement of the objectives of ERGO, the implementation of the overall business strategy, the internal risk mitigation and control systems, the financial reporting process and integrity therein, compliance with laws, regulations, internal policies and industry standards, and in general the overall functioning of the Management Committee.

To enable the Board of Directors to fulfil its duty, both with regard to the overall business strategy (including the risk management and the Integrity Policy) and the supervisory function, the Management Committee will regularly report to the Board of Directors. The Board of Directors may also at any time, demand reports of the Management Committee, the Independent Control Functions holders or the statutory auditor on all aspects of the insurance business that could have a significant impact on ERGO. In general, the Board of Directors and its Chairperson may request any relevant information or documents of any relevant party or advisor and carry out any inspection.

Specialised subcommittees of the Board of Directors

In order to strengthen the effectiveness of the supervisory function of the Board of Directors, an Audit and Risk Committee and a Nomination and Remuneration Committee were established. These committees are responsible for preparing the decisions of the Board of Directors in the respective areas, without removing its powers.

ERGO ensures that the subcommittees are organised in such a way as to promote dynamic discussion by (i) the proportioned size of the relevant committee and (ii) avoiding permanent guests sitting on the relevant committees, except in duly justified situations. Independent Control Functions holders attend upon their own request and (certain) members of the Management Committee or Board of Directors, as well as Heads of or Managers (N-1) may however be invited to the subcommittees to report in their areas of responsibility.

Audit and Risk Committee

Composition

The Board of Directors nominates the Audit and Risk Committee members and the Chairperson of the Audit and Risk Committee.

ERGO combined the tasks of the Audit Committee and the Risk Committee in one single Audit and Risk Committee in compliance with the conditions of the Solvency II Act and the Overarching NBB Circular 2016_31 on System of Governance.

Currently, the Audit & Risk Committee comprises three members. All members of the Audit and Risk Committee are Non-Executive Directors and at least one of them fulfil the independence criteria in the meaning of the articles 15, 94° and 48 of the Solvency II Act. At least one member of the Audit and Risk Committee is a director with an individual skill in accountancy and/or auditing.

All the members of the Audit and Risk Committee individually have the necessary knowledge, expertise, experience and proficiency needed to enable them to understand and fully grasp the company's strategy and risk tolerance.

The Chairperson of the Audit and Risk Committee is not the same person as the Chairperson of the Board of Directors.

Organisation

The Audit and Risk Committee may only deliberate if three members are present or represented, it is understood that an Independent Director can only be represented by another Independent Director. The advice and recommendations are taken by a majority of the votes if voting should be necessary. In case of equality of votes, the chairperson has the casting vote. The advice and recommendations will, in any event, be subject to ratification by the Board of Directors.

Meetings are held at least four times a year and should correspond with ERGO's financial reporting cycle. Meetings of the Audit and Risk Committee precede the Board meetings. Special meetings may be convened as required.

Roles and Responsibilities

As specified in its Charter, the roles and responsibilities of the Audit and Risk Committee cover the following domains:
- Corporate-Financial reporting;
- Risk management;
- Internal control and actuarial matters;
- Compliance with laws, regulations, internal policies and industry standards;
- Internal audit; and;
- External audit.

These roles and responsibilities imply that the Audit and Risk Committee has, amongst others, the following tasks:

In relation to Audit:
- Notify the Board of Directors of the results of the statutory audit of the annual accounts, as well as clarifying the manner in which the statutory audit of the annual accounts contributed to the integrity of the financial reporting, and specifying the role of the Audit and Risk Committee in this process;
- Monitor the effectiveness of the Internal Control System and risk management system;
- Monitor the Internal Audit Function and its respective activities;
- Monitor the statutory audit of the annual accounts and consolidated annual accounts, including the follow-up of the recommendations by the statutory auditor and where appropriate, by the external auditor responsible for the statutory audit of the consolidated annual accounts;
- Assess and monitor the statutory auditors' independence, including in relation to the provision of non-audit services;
- Make recommendations to the Board of Directors with regard to the appointment of the statutory auditor and, where appropriate, of the external auditor responsible for the statutory audit of the consolidated annual accounts;
- Report regularly to the Board of Directors on the performance of its tasks, at least when the Board of Directors is establishing annual accounts, consolidated annual accounts and, where appropriate, summarised financial statements for publication purposes.

In relation to Risk Strategy:
- Give its opinion to the Board of Directors regarding the appropriate nature on the risk management measures put in place and the processes to monitor and report about risk (such as regarding the separation of the executive and controlling functions);
- Advise the Board of Directors on the current and future risk strategy and risk tolerance;
- Assists the Board of Directors when it is supervising the implementation of this strategy by the Management Committee;
- Ensure that the strategic decisions taken by the Board of Directors in the areas of the set-up of technical provisioning, the determination of transfers on the basis of reinsurance, the Investment Policy, the asset and liability management and the liquidity management, take into account the risks borne by ERGO given its business model and its risk strategy, in particular reputational risks likely to result from the types of products proposed to customers. The Audit and Risk Committee presents a plan of action to the Board of Directors when this is not the case;
- Determine the nature, volume, form and frequency of information on risks to pass on to the Board of Directors (Quarterly Risk Dashboard);
- Upon request of and in collaboration with the Nomination and Remuneration Committee, verify that the total amount of remuneration and performance objectives, provided for by the Compensation Policy, is in line with the risk profile of ERGO and is according to the principles in the Compensation Policy;
- Ensure that Management has appropriate processes in place for identifying, assessing and responding to risks in a manner that is in accordance with the risk appetite of ERGO and that those processes are operating effectively.

In relation to risk management:
- Examine the procedures by which ERGO organises the hedging of risks with respect to its assets, its operations and its liabilities as a consequence of amended insurance policies;
- Gather all information necessary (at least the annual report) from the Risk Management Function and stay informed about risk mitigation plans and the follow-up of this plan by the Risk Management Function;
- Hear the Chief Risk Officer, give advice to the Board of Directors about the organisation of the Risk Management Function and stay informed about its work programme;
- Request the Board of Directors, where appropriate, that the Risk Management Function carries out specific assignments.

In performing its role, the Audit and Risk Committee is responsible for assisting the Board of Directors in overseeing the implementation of the three lines of defence, and in monitoring the statutory audit. In this context, the Audit and Risk Committee interacts with the Independent Control Functions holders and with the Management Committee, and regularly reports to the Board of Directors.

Nomination and Remuneration Committee

Composition
The Nomination and Remuneration Committee is composed of four members. The members of the Nomination and Remuneration Committee are appointed by the Board of Directors and may be replaced at any time. All members shall be Non-Executive Directors and two meet the independence criteria.

Organisation
The Nomination and Remuneration Committee shall meet as often as needed in order to fulfil its functions.

The advice and recommendations are taken by a majority of the votes if voting should be necessary. In case of equality of votes, the Chairperson has the casting vote.

Roles and Responsibilities
The main task of the Nomination and Remuneration Committee is to act as advice committee to the Board of Directors by providing independent and competent opinions.

The Nomination and Remuneration Committee is responsible for:
- Making recommendations to the Board of Directors on appropriate Compensation and Benefit programs (in respect of both amounts and composition), and more in particular
    - Advising the Board of Directors on the Compensation Policy of ERGO as a whole;
    - Ensuring that the remuneration levels take into account the risks involved, demands and time requirements of each role, and relevant industry benchmarks;
    - Preparing the remuneration reporting to the stakeholders;

- Preparing decisions on remuneration, in particular decisions on remunerations that have an impact on the risk management of ERGO;
- Ensuring that the nomination of the members of the Board of Directors, Management Committee and Independent Control Functions holders meets the fitness and propriety criteria, is professional and objective;
- Assessing frequently the level of knowledge, involvement, availability and independence of future and existing directors and members of the Management Committee;
- Assessing and making recommendations to the Board of Directors on external mandates;
- Overseeing the search for appropriate candidates for appointment to the Board of Directors and Management Committee, including identifying the needs and appropriate profiles for the Management Committee and the Board of Directors, by taking into account, in addition to "fit & proper", certain other aspects such as the number of directors, their age, gender, combined number of mandates, the period and rotation of mandates, rules on conflicts of interest, etc.;
- Making recommendations to the Board of Directors in respect of recruitment or succession planning;
- Scheduling exit interviews with departing directors, members of the Management Committee or second line functions (to the extent appropriate and necessary);
- Reviewing the Annual Targets/Objectives for executive members of the Board of Directors and members of the Management Committee in order to finalise and approve the final Targets and Objectives of the Board of Directors;
- Advising the Board of Directors on the accomplishment of the targets set and consequently initiating a discussion in the Board of Directors, which eventually adjusts and/or approves the recommendations.

In performing its tasks, the Nomination and Remuneration Committee may interact with the Compliance Function or any other relevant person to provide an informed advice the Board of Directors. The Board of Directors can, in the interest of ERGO in general and the performance of the Nomination a Remuneration Committee in particular, amend the Charter of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee shall evaluate its performance on a periodic basis and shall, if needed, take the necessary steps to improve its effectiveness.

Management Committee

Composition
As per 31 December 2024, the Management Committee of ERGO is composed of five members: The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), Chief Operating Officer (COO) and Chief Information Officer (CIO).

On year-end, the CEO, CFO and COO are members of both the Management Committee and the Board of Directors, and the CRO and CIO are only members of the Management Committee and not members of the Board of Directors[3].

Organisation
The Management Committee forms a college and strives to decide by consensus. Collegiality does not prevent members from being allocated specific, non-exclusive areas of responsibility.

Meetings will generally be held twice a month. A quorum of any meeting will be four members. The decisions are taken by majority of the votes if voting should be necessary. In case of equality of votes, the Chairperson has the casting vote.

In case of absence of a member of the Management Committee (e.g. leave or resignation/end of mandate without immediate replacement), the following general deputizing arrangements shall apply:
- In case of absence of a member of the Management Committee (other than the CEO), the CEO shall act as deputy;
- In case of absence of the CEO, the CFO or, if not available, the most senior[4] Management Committee member shall act as Deputy CEO.

The Head of departments under the responsibility of the absent Management Committee member, shall directly report to, as the case may be, the CEO or the Deputy CEO.

A Management Committee Charter sets out all organisational aspects in detail, covering frequency of meetings, also representation, preparation and due circulation of agenda and minutes.

[4] Seniority based on the longest appointment within the Management Committee.

Roles and Responsibilities

The Management Committee enhances the effectiveness of the four-eye supervision and the collegiality in decision-making on managing the business activity and operations. This management is done without any outside interference, within the framework of the general company strategy set by the Board of Directors.

In particular, the Management Committee:

- The implementation of the strategy defined by, and the Policy Framework approved by, the Board of Directors by incorporating them into processes and procedures;
  - The management of ERGO’s activities in accordance with the strategic objectives determined by the Board of Directors and in line with the risk tolerance limits defined by the Board of Directors;
  - The supervision of line management and their compliance with the allocated competences and responsibilities;
  - The submission of proposals and opinions, and giving advice, to the Board of Directors with a view to shaping ERGO’s general policy and strategy;
- Implements the risk management system, including (without limitation):
  - The incorporation of the framework for Risk Appetite and the Risk Management Policy approved by the Board of Directors into processes and procedures;
  - The implementation of the necessary measures to manage the risks;
  - Ascertain, based on the reports of the Independent Control Functions holders, that all of the relevant risks to which ERGO is exposed (including financial risks, insurance risks, operational risks, sustainability risks and other risks) are identified, measured, managed, controlled and reported in an appropriate manner;
  - Supervise the development of ERGO’s Risk Profile and monitor the effectiveness of the risk management system;
- Implements, monitors and evaluates ERGO’s organisational and operational structure, including (without limitation):
  - The implementation of an organisational and operational structure designed to support the strategic objectives and ensure conformity with the framework for risk appetite defined by the Board of Directors, in particular by specifying the powers and responsibilities of each department within ERGO and by detailing reporting procedures and lines of reporting;
  - The implementation, steering and assessment (without prejudice to the supervision carried out by the Board of Directors) of appropriate internal control mechanisms and procedures at every level of the company and assess the appropriateness of these mechanisms;
  - The implementation of the framework necessary for the organisation and proper functioning of the Independent Control Functions holders and evaluate, based on the activities of these Control Functions, the efficiency and effectiveness of the processes determined by ERGO in the area of risk management, internal control and governance;
  - The implementation of the Policy Framework defined by the Board of Directors, including all Policies, Guidelines and Work Instructions;
  - Supervise the proper implementation of ERGO’s Compensation Policy;
  - Organise an internal control system that makes it possible to establish with reasonable certainty the reliability of internal reporting and financial disclosure in order to ensure that the annual accounts are in compliance with the applicable regulations;
- Implementing all applicable policies, guidelines and procedures, among which the Integrity Policy established by the Board of Directors (covering in particular conflicts of interest, whistleblowing, rules on the prevention of money laundering and terrorist financing) by translating them into concrete procedures and processes;
- Reports to the Board of Directors and the National Bank of Belgium, including:
  - Regular reporting to the Board of Directors (and as the case may be to one of the subcommittees of the Board of Directors) on relevant matters that are necessary to enable the Board of Directors to fulfil its tasks correctly, monitor ERGO’s activities and take informed decisions;
  - Informing the regulators and the statutory auditor about the financial position and the governance structure, organisation, internal controls and Independent Control Functions holders, as well as regarding any other relevant matters;
  - Providing the Board of Directors, the statutory auditor and the National Bank of Belgium a yearly report regarding the effectiveness of the system of governance.
- Evaluates its performance: the Management Committee’s own performance, its individual members and collectively, has to be evaluated on a regular basis, at least once a year. Compliance with the rules specified in the

charter of the Management Committee has to be assessed and the findings have to be reported to the Board of Directors.

B.1.2 Remuneration / Compensation

Overall Compensation Policy

The Compensation Policy for ERGO is set out to provide employees with a competitive overall level of compensation, relative to appropriate market benchmarks and reflective of the company's success. The policy seeks to support the overall business and risk strategy, risk profile, objectives, values and sustainable long-term business interests (ESG) and performance of the company and includes measures focused on avoiding conflicts of interest. It is formulated with the objective of attracting, motivating and retaining high potential and competent individuals of integrity.

Performance is expected and rewarded. ERGO strives to be an employer of choice, where our employees are rewarded, motivated, and committed to making a clear positive difference to the company, its clients, stakeholders and shareholders.

On the other hand, the Compensation Policy also contributes to a sound and effective risk management and discourages risk-taking that exceeds the level of tolerated risk established by the company.

Remuneration practice applicable to members of the Board of Directors

The mandate of the non-executive members of the Board of Directors is not remunerated, except for that of the independent Directors who receive a fixed amount per year and an amount per meeting they participate to.

Remuneration practice applicable to members of the Management Committee

The Compensation Policy is in accordance with the regulations and practices of the Belgian market and relies on the ERGO Group's Compensation Policy.
Concerning the remuneration of members of the Management Committee the compensation has as objective to:

- attract, develop, keep and motivate the best talents;
- encourage performance;
- align the levels of remuneration with the company's results in strict compliance with risk control.

It is guided by two governing principles:

- creating long-term (ESG) and risk aware value;
- internal equity, based on individual and collective performance.

The remuneration system for Executive Directors[5], members of the Management Committee and Independent Control Functions holders only includes a fixed component in line with the market practice. The annual objectives (among which ESG objectives) are no longer linked to any remuneration practices. They are linked to the individual level of performance and the realisation of objectives in relation to the member's area of responsibility; and finally, to the exemplary nature of the leadership behaviour as defined and required by the company's values.

Remuneration practice applicable to those in charge of Independent Control Functions holders

The Independent Control Functions holders (Risk Management Function, Actuarial Function, Internal Audit Function and Compliance Function) all receive a fixed remuneration and a fixed monthly premium.

Fringe Benefits

The Members of the Management Committee and the Independent Control Functions holders all receive benefits in kind. These benefits in kind are reported in the total amount of the fixed remuneration.

Termination payments

Executive Directors and members of the Management Committee
Termination payments for Executive Directors and members of the Management Committee are only foreseen in case of early termination of their management agreement by the company. These termination payments consist of the remuneration for the remaining term of the management agreement of the Executive Director or member of the Management Committee with a maximum of one year (12 months) remuneration. Termination payments are only paid

[5] The Executive directors still receive the deferred portion of the variable remuneration (MTI) that was awarded in previous years, before the introduction of the fixed remuneration system on January 1, 2021.

in case of early termination by the company for convenience, i.e. without just cause. Therefore, failures and/or cause are not remunerated, nor rewarded.

Independent Control Functions holders

Termination payments for Independent Control Functions holders are regulated by Belgian Labour Law.

Retirement plans

The retirement plan is an integral part of the remuneration strategy as it allows to create a long-term investment.

The non-executive members of the Board of Directors have no retirement plan provided by the company.

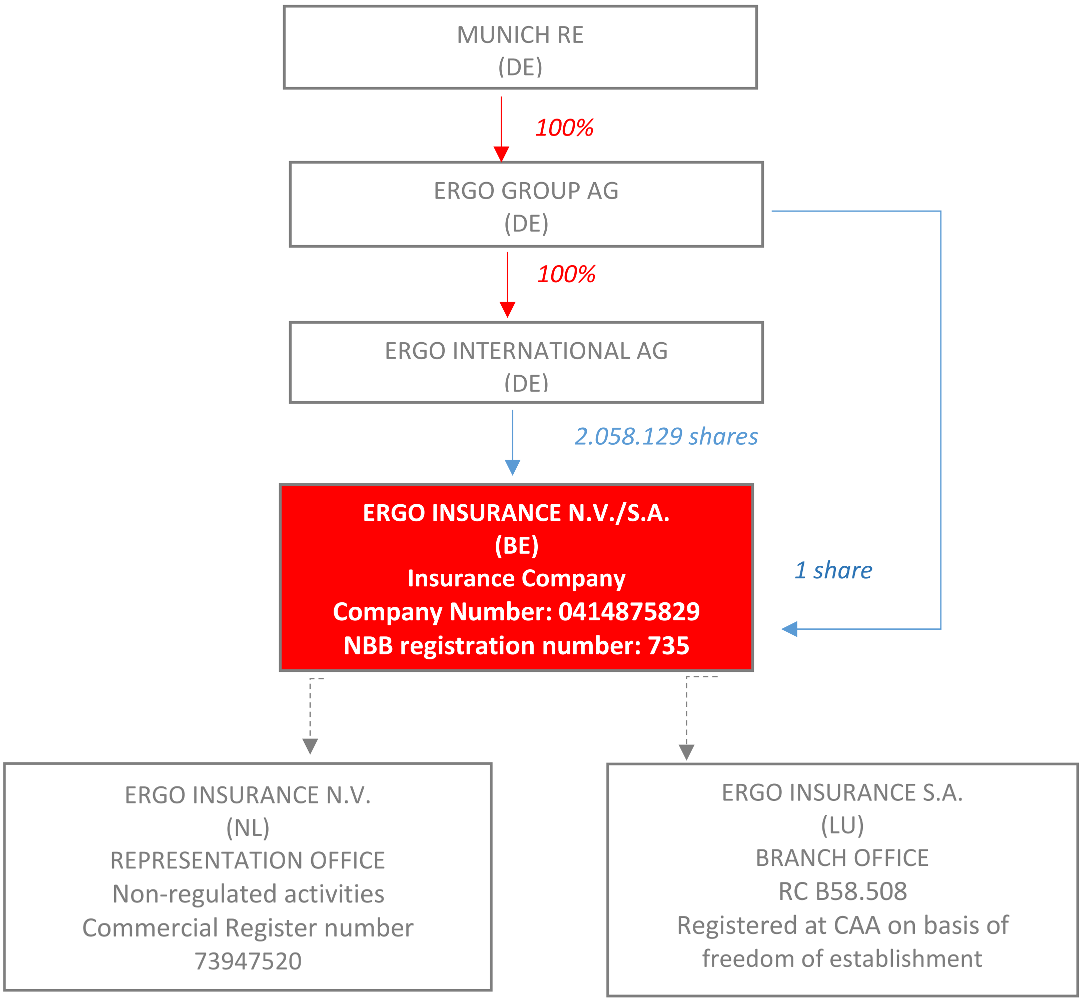
For the senior executives including the Independent Control Functions holders and the members of the Management Committee, the pension plan is a defined contribution plan where the monthly contribution is defined by a percentage of the fix gross salary.

There are no procedures of early retirement and/or complementary pension schemes for the members of the Board of Directors, members of the Management Committee nor for the Independent Control Functions holders.

B.1.3 Shareholdership

ERGO's capital is represented by 2.058.129 no-par value registered shares. These shares are held by ERGO Group AG, a German company, with registered office at ERGO-Platz 1, 40198 Düsseldorf, Germany, which holds one share (0,0001%) and ERGO International AG, a German company, with registered office at ERGO-Platz 1, 40198 Düsseldorf, Germany, which holds 2.058.128 shares (99,9999%) of ERGO.

The ownership structure of ERGO is illustrated as follows:



B.2 Fit and Proper, external functions and transactions with executives

B.2.1 Fit and Proper

Fit and Proper definition and application

The Fit and Proper Policy and the implementation framework of ERGO sets out the criteria and procedures that must be applied in order to ensure that all persons who conduct the management of ERGO, or who occupy Independent Control Functions, comply with the statutory and regulatory expertise and reliability requirements (in accordance with applicable Belgian legislation and regulation).

The framework ensures that the fit and proper requirements are applied when nominating members of the Board of Directors, members of the Management Committee, Branch Managers, as well as Independent Control Functions Holders.

The Independent Control Functions Holders within ERGO are:
- Risk Management Function - CRO: Dieter Bardyn;
- Compliance Function (Head of): Stefan Dura;
- Internal audit Function (Head of): Emmy Van Impe; and
- Actuarial Function (Head of): Paul den Hartog (WTW – critical outsourcing with Mr. Dieter Bardyn as relay person).

There is an appropriate governance in place through regular update of the Fit & Proper framework and review of the process and controls in place.

Fit and Proper Requirements

The following fit and proper requirements are applied at ERGO:

Expertise (Fitness) requirements: A person will be considered “fit” if they have the necessary (1) knowledge, (2) experience (including both theoretical knowledge and practical experience), and (3) skills to perform the tasks assigned to them with integrity and in an orderly manner.

As part of this assessment, the qualities attributed to the position in question, as well as other relevant insurance-related, financial, accounting, actuarial and management qualities are taken into account.

Directors, Management Committee members, branch managers and Independent Control Functions Holders must cover a sufficient diversity of qualifications, knowledge and relevant experience in order to ensure that ERGO is managed and controlled in a professional manner.

In order to operate such an assessment of the fitness requirements, ERGO implemented assessment criteria covering the requirements relating to:
- knowledge and experience (including collective qualification requirements for Directors and Management Committee members);
- skills (including collective qualification requirements for Directors and Management Committee members and specific individual criteria for the Independent Control Functions Holders);
- professional behaviour (including collective qualification requirements for Directors and Management Committee members),
- independence;
- avoidance of conflicts of interest;
- sufficient availability, the amount of time invested by the Person Concerned.

Professional integrity (Propriety) requirements: A person is deemed to meet propriety requirements if that person is reliable and honest, and if no facts indicating inadequate propriety are known.

Inadequate propriety is presumed if general experience of life indicates that personal circumstances justify the assumption that such circumstances could adversely affect the sound and prudent exercise of their mandate or function. Account is taken of the personal and professional conduct of the Person Concerned with regard to criminal, financial, proprietary and regulatory law. Of particular relevance are criminal or administrative offences, especially if in connection with corporate activities.

Professional disqualification aside, indications of inadequate propriety could include, for example:
- Regulatory action taken by the National Bank of Belgium now or in the past against the Person Concerned, or a company in which the Person Concerned was or is a director or member of the Management Committee;
- Criminal, civil or administrative convictions of any kind (in particular relating to money-laundering and terrorist financing);
- Etc.

It is also assumed that the Person Concerned shows the appropriate independence of mind (i.e. make their own decisions in a sound, objective and independent manner). In particular, the Person Concerned, wherever possible, avoids activities that might lead to (the appearance of) conflicts of interest. Persons Concerned are generally bound by the interests of ERGO. Consequently, they may not consider any personal interests in their decisions, nor may they make use of company opportunities based on their own interests. Each potential event is disclosed to the Compliance Function and a specific file is prepared by the Compliance Function on its assessment and presented for decision.

Persons Concerned will devote sufficient time to their function. An overall assessment of time commitment shall be made and shall be guided by (i) basic assumptions, (ii) a quantitative assessment of the number of external functions performed by the Person Concerned, and (iii) a qualitative assessment of the time required for the intended position.

ERGO has implemented different assessment criteria in terms of propriety for members of the Board of Directors, of the Management Committee and for the Independent Control Functions Holders.

Fit and Proper Policy

ERGO implements a Fit and Proper Policy that includes the following elements:
- a description of the functions that require a fitness and proprietary assessment and notification to the regulator;
- a detailed description of the full assessment of the fitness and propriety of the members of the Board of Directors, Branch Managers, the Independent Control Functions Holders and the "Senior Managers" ("the Persons Concerned") during their selection, i.e. prior to their appointment. In order to operate the assessment of the fitness of a Person Concerned, ERGO has implemented assessment criteria covering the three requirements (knowledge, experience and skills) as well as independence and conflicts of interest and the amount of time invested by the Person Concerned. As regards to the propriety requirements, ERGO has also implemented different assessment criteria. All of these assessment criteria are defined in the annexes to the Fit & Proper Policy;
- a description of the periodic reassessments of the Persons Concerned, where applicable, and the possibility for ad hoc cases that give rise to a re-assessment;
- a description of the annual self-declaration by the Persons Concerned as well as a description of the annual organ self-assessment performed by the governing bodies (Board of Directors, Audit and Risk Committee, Nomination and Remuneration Committee and Management Committee);
- etc.

Executive and Non-Executive Directors and members of the Management Committee

The Directors of ERGO at least collectively possess knowledge and experience in the following areas :
- insurance, reinsurance and financial markets;
- business strategy and business models;
- system of governance;
- financial and actuarial literacy;
- legal and regulatory context and requirements;
- internal model (risk model);
- planning, controlling and reporting;
- life and non-life insurance technical knowledge;
- asset management;
- accounting and auditing;
- internal controls and risk management, and compliance;
- remuneration;
- fitness and propriety;
- human resources and team management;
- anti-money laundering;
- information technology and security;
- climate and environmental risk.

Collective qualification requirements have also been developed in the Fit & Proper Policy in terms of skills and professional behaviour for the members of the governing bodies.

m-Members of the Management Committee in particular take appropriate decisions taking into account the business model, risk appetite and the markets in which ERGO operates. Members of the Board of Directors decide on strategy and are able to monitor the decisions taken by the Management Committee in a constructive manner.

The company ensures that there is appropriate diversity of qualifications, knowledge and relevant experience in place within each governing body. This will contribute towards the company being managed and led in an appropriate manner.

Independent Control Functions Holders

Independent Control Functions Holders have the theoretical and practical knowledge required for the position in question (Risk Management Function, Compliance Function, Internal Audit Function and Actuarial Function). The technical knowledge is standard, based on regulatory requirements and most of the time on sectorial certification and mandatory continuous training. The experience is an additional mandatory requirement and must be assessed in proportion to the nature, scope and complexity of the risks inherent to ERGO.

In case an Independent Control Function is outsourced (both within and outside the ERGO Group), as is currently the case with the Actuarial Function, the company ensures the outsourcing complies with the rules of Chapter 7 of the Overarching NBB Circular 2016_31 on System of Governance, updated in May 2020. In case of outsourcing, ERGO appoints an internal person (relay person) responsible for the outsourced Independent Control Function to monitor that the responsible person has sufficient knowledge and expertise of the outsourced function to be able to critically assess the work and performance of the service provider. The appointment of such relay person is notified to the NBB and he or she is subject to the NBB’s “fit & proper” evaluation, as provided by the Solvency II Act.

In case of such a critical outsourcing, the Independent Control Function keeps all its prerogatives and the functional reporting lines (direct report of the Independent Control Function to both the Executive Committee and the chairperson of the Board of Directors) remain available.

Fit and Proper Procedure

A Fit and Proper process is in place for ERGO, in line with the principles and legal and regulatory requirements as defined in the Fit and Proper Policy. The following aspects are organized by this process:

- Appointment of a new member of the Board of Directors, the Management Committee or the Independent Control Functions can only be organized through a defined cycle: a “full fit and proper assessment” is conducted with a review by the Compliance Officer and submission to the Nomination and Remuneration Committee, the Board of Directors and the National Bank of Belgium;
- In case of renewal of a mandate, a file is also constituted, reviewed by the Compliance Officer and submitted to the Nomination and Remuneration Committee, the Board of Directors and to the National Bank of Belgium;
- During the term of the mandates, a periodic fit and proper assessment is also conducted (every two years): this reassessment is an abridged version of the ‘full assessment’ that takes place on appointment. It allows a verification and confirmation that suitability requirements are met during the course of the mandate and for the reappointment/re-election;
- New elements with regards to a Concerned Person’s fit and proper status are tracked, assessed and kept as part of the documentation which could lead to a (partial) ad hoc reassessment of the fit and proper status/file.

B.2.2 External Mandates and Incompatibilities

ERGO implements the Solvency II required Policy[6] that sets out the legal and regulatory framework, restrictions, reporting process and governance for the exercise of External Mandates and Activities. It applies to Fit and Proper persons (Executive and non-executive members of the Board of Directors; Members of the Management Committee; Branch Managers; Independent Control Functions Holders[7]).

[6] Article 83 of the Solvency II Law (legal basis for the development of this policy).

[7] In case the Independent Control Function is outsourced, this applies to the relay persons. The rules laid out by the policy related to conflicts of Interest and availability are extended to the Outsourced Independent Control Functions.

In principle, external mandates and activities, that a) do not negatively impact the necessary time and commitment to exercise the assigned function(s) within ERGO, b) avoid potential conflicts of interest, c) take into account a number of incompatibilities, and d) are adequately disclosed and assessed, are allowed.

The Policy on External Mandates and Activities includes the following elements:
- Definitions of external mandates and extension to include relevant impacting activities;
- Rules on Availability and Conflicts of Interest;
- Incompatibilities and Restrictions listed by law;
- Internal procedures on self-disclosure, controls performed, monitoring, approval process and requirements;
- Rules on reporting and publication.

B.2.3 Loans, credits or guarantees and insurance policies

During the year, there are no such material transactions to disclose.

B.3 Risk management system, ORSA Process, and Risk Management Function

B.3.1 Risk management system

Description of the risk management system

Risk management is a cornerstone of the system of governance of ERGO and is supported and overseen by the Risk Management Function. ERGO's mission is to take care of the pension savings and financial health of our existing customers for the full duration of their contracts. ERGO's customers can expect an adequate, reliable and efficient service by empowered and risk aware employees, working in a financially stable company.

The risk management system is designed with objectives to:
- Partner with the business to deliver on the business strategy while managing the related risks;
- Challenge the business by providing independent feedback and suggesting appropriate risk mitigation and ways forward;
- Drive the risk culture of the company;
- Maintain the Solvency II framework across its three Pillars.

The risk management organization and the Risk Management Function are detailed in the section B.3.3. below.

Risk management cycle

Risk identification
The risk identification process is facilitated through the Risk Inventory, quarterly update of the Quarterly Risk Dashboard (QRD), the Operational Risk Events Database (ORED), the Internal Control System (ICS) and annual assessment, as well as the annual Own Risk and Solvency Assessment (ORSA). In addition, risk identification is facilitated by an ad-hoc risk reporting process and the collection of other reports e.g. fraud case investigations, audit findings, regulatory findings, and ad-hoc risk assessments.

Risk assessment & measurement
The qualitative risk assessments are documented both before and after risk mitigation and tested against the companies risk appetite. On a quarterly basis the company determines it's capital requirements. Together with risk takers, the Risk Management Function assesses the impact of risks on the overall risk profile. During this phase, the Solvency Capital Requirement (SCR) is measured and calculated both locally under the Standard Formula and by ERGO Group IRM via its internal model.

Risk steering
Risk owners ensure that the chosen measures are in line with the risk strategy and related risk policies. The Risk Management Function is actively involved in steering processes which affect the overall Risk Profile.

Risk monitoring and reporting
For each of the risks identified, ERGO has defined risk indicators and established reporting processes to monitor and report risks to senior management, as well as to the NBB. Specifically, risk limits and triggers are in place at ERGO. Escalation occurs when a risk is assessed to be outside of defined risk appetite limits. In such cases, remedial measures are taken to mitigate the risk back to the desired level of risk appetite.

A number of reports are required by European and national legislation including, for example:
- Quantitative Reporting Templates (QRTs);
- ORSA Report;
- Report on the Efficiency of the system of governance (RESOG);
- Solvency and Financial Condition Report (SFCR); and
- Regular Supervisory Report (RSR).

In addition to these, following reports are presented to governing bodies and delivered to ERGO Group:
- KPI Dashboard monitoring, including key company objectives and management summary.
- The quarterly update of Solvency II closing process: This reporting includes the quarterly update of Solvency II coverage ratio reported by the Risk Management Function to governing bodies. This report contains an update on all modelled risks calculated according to the Standard Formula. Data contained in this report are subject to data quality monitoring and are eventually used to populate quarterly QRT's.

- The Quarterly Risk Dashboard: This reporting focuses mostly on the qualitative assessment of non-modelled (under Solvency II) risks and their developments in the past quarter. This report also includes a view on the current state of identified risks based on evolution of their related mitigation actions. Also the relevant limits and triggers from quantitative side are reported on.
- The Internal Control System report: This annual report is the output from the annual ICS assessment process in which the effectiveness of the design and performance of the Internal Control System is assessed. The ICS report is submitted to the Board of Directors on an annual basis (see also section B.4 on the Internal Control System).

Further information on each risk category and the specific processes and reporting procedures by risk type, as well as information on relevant significant and material risks are provided in Chapter C.

Embedding of risk management

The risk management system is defined as an entity-wide activity, meaning that every person in the organization has a role to play in ensuring that risks are actively identified, assessed, mitigated and monitored. This is ensured by integrating risk policies and practices into specific steering and business processes and decision making including (non-exhaustive list):

- Strategic planning process;
- Capital management;
- Product review process;
- Strategic Asset Liability Management;
- Profitability calculations;
- Solvency II closing and reporting;
- Regular Own Funds / SCR calculations;
- Reinsurance risk mitigation decisions;
- Project launch and execution; and
- New (critical) outsourcing arrangements.

The embedding of the risk management system within the organization relies on a network of decentralized employees appointed in a role of Business Risk Officers (BRO) towards the 2nd line of defence. Their role consists in deploying 2nd line of defence activities including the risk management system in their respective departments within the 1st line of defence.

Sustainability

As part of the updated groupwide strategy, Munich Re and ERGO Group have expressed their ambitions in terms of sustainability through a group-wide initiative. Together with DKV Belgium NV/SA, ERGO manages multiple initiatives in Belgium aimed at ensuring ESG factors are managed, both in the way they affect ERGO as on how ERGO affects the people and environment. All sustainability related initiatives are aligned with the groupwide approach. These cover sustainability, in terms of impact on the product portfolio, on the investments made, and on the working as a company.

B.3.2 Own Risk and Solvency Assessment (ORSA)

Overview of the ORSA

The ORSA is a key element of the risk management system of ERGO and is a fundamental contributor to the embedding of risk and capital implications into key decisions. The ORSA is the process in which everything comes together. The ORSA spans all processes and procedures used to identify, assess, monitor, manage and report risks and provides a forward looking assessment on the Own Solvency Needs (OSN). It covers all pillars of Solvency II and brings the business strategy together with the risk strategy and capital management for current and future reporting dates, in line with the business planning horizon.

The basis of the ORSA process is the ORSA Policy, which stipulates the key elements of the ORSA process itself.

Assessment of the Overall Solvency Needs (OSN) and Own Funds

The term “Own Funds” refers to the Own Funds eligible to cover the regulatory Solvency Capital Requirement under Solvency II. The Overall Solvency Needs (OSN) takes into account all risks, as well as the strategy and forward looking considerations. The OSN assessment considers the following steps:

- Identification of risks
- Measurement of the Risk Profile

- Link between the Business Strategy and the Risk Profile
- Risk Strategy as the basis for OSN considerations
- Stress testing

Frequency

The ORSA is performed on an annual basis. Under certain circumstances specified in the ORSA Policy and in case of significant changes impacting the risk profile of the company, a non-regular "ad-hoc" ORSA may be triggered. During the past year, no ad-hoc ORSA process was executed as no triggers were identified.

Roles and responsibilities regarding the ORSA process

The overall responsibility for the ORSA within ERGO lies with the Board of Directors that assigns the role of ORSA Process Owner to the Risk Management Function, hence it is responsible for the coordination and implementation of the ORSA within ERGO.

In addition, the Audit and Risk Committee ensures the effectiveness of the overall ORSA process as well as its underlying processes. The Management Committee reviews the ORSA report before it is submitted to the Audit and Risk Committee and the Board of Directors.

Other contributors to the ORSA report include Strategy Department, Legal Department, Compliance Function, Planning and Controlling Department, and Actuarial Function.

Embedding of the ORSA

The ORSA process is set up to ensure that there is sufficient discussion and deliberation on the available risk information and that an adequate assessment of the Own Solvency Need (OSN) can be made, for the respective year and for the next years.

B.3.3 **Risk Management Function**

Description of the Risk Management Function

The Risk Management Function is led by the Chief Risk Officer (CRO). The CRO directly reports to the Chief Executive Officer (CEO) and is a member of the Management Committee. The CRO has a functional reporting line to the ERGO Group CRO. Besides the aforementioned, the Risk Management Function has a direct and independent reporting line to the Audit and Risk Committee and the Board of Directors, to which the Risk Management Function reports at least on a quarterly basis.

The Risk Management Function in itself is composed of three departments: the Risk Governance and Reporting department, the Risk Modelling and Valuation department, and the Information Security department. The sub departments are reporting to the CRO. The independent Actuarial Function and Data Protection Officer (DPO) are not considered as part of Risk Management Function, but report hierarchically to the CRO as well. A clear separation of duties and people is foreseen, to avoid any conflict in assuring independence of the role. In addition, the Actuarial Function and DPO have a direct reporting line to the Audit and Risk Committee and the Board of Directors.

B.4 Internal Control System (ICS)

B.4.1 Overview of Internal Control System

The ICS covers all business processed of ERGO, including outsourced areas and is built based on the Three Lines of Defence model

To ensure the effective implementation of roles and responsibilities and appropriate expertise, an ICS training is given during the kick-off of the yearly ICS exercise or during the quarterly BRO meetings.

The Norm Framework includes all norms required to embed proper governance as well as support the management and control of risks by ensuring compliance with legal and regulatory requirements.

B.4.2 Overview of the Compliance Function

The Compliance Function is an Independent Control Function within ERGO, aiming to monitor and manage compliance with all relevant laws and regulations, including internal norms, assess compliance risks and promote integrity of activities and appropriate conduct.

The responsibility of ERGO to comply with laws and regulations cannot be outsourced.

Compliance Function Tasks

The core activities of the Compliance Function determined at a regulatory level, including (non-exhaustive list):

(1) Design and execute an annual Compliance Action Plan;
(2) Maintain oversight of legal & regulatory developments;
(3) Provide advice and act as second line reviewer;
(4) Maintain oversight on policies and procedures;
(5) Carry out Compliance Risk Assessments;
(6) Carry out Compliance monitoring (supervision and testing);
(7) Perform Compliance training to enhance staff awareness;
(8) Perform all Compliance regulatory reporting and internal reporting or escalations.

The key domains within direct scope of the Compliance Function include the following:

(1) Ethics and Integrity;
(2) Good governance;
(3) Licenses and direct distribution;
(4) Anti-Money Laundering;
(5) Privacy and IT compliance;
(6) Fiscal-related domain (CRS FATCA; Tax conformity; Special mechanisms);
(7) Anti-Fraud;
(8) Anti-trust, Market Abuse.

Compliance Charter

A Compliance Charter is in place within ERGO and integrates ERGO Group standards and local requirements. It outlines the key principles of the Compliance Function, its status, its core domains, its objectives and responsibilities and the organization of its activities. It is reviewed annually and approved by the Board of Directors.

Independence

The Compliance Function is independent from the operational activities of ERGO. This is guaranteed on the basis of the following elements:

(1) The Compliance Function has a formal status within the company. This status is set out in the Compliance Charter.
(2) A Head of the Compliance Function is appointed, more specifically the Compliance Officer.
(3) The Compliance Officer and his/her staff members must be kept separate from possible conflicts of interest between their responsibilities regarding compliance and other responsibilities, in particular operational activities.

(4) The staff members of the Compliance Function have access to all information and employees required to carry out their assignment.
(5) The Head of Compliance/Compliance Officer directly reports to the CEO and to the Chairperson of the Board of Directors.

Status and Organization

As one of the Independent Control Functions, the Compliance Function belongs to the second line of defence and is set-up and appropriately staffed as an integral part of the organization and governance system.

The Compliance Function falls under the responsibility of the registered Compliance Officer.

Competence, Staffing and Integrity

Personal competence, integrity and discretion of each employee involved in the Compliance Function is essential for its proper functioning. ERGO also ensures that the Head and the staff of the Compliance Function execute their tasks discretely and with integrity.

High expertise and knowledge of legal and regulatory requirements as well as business processes are also key in order to allow the Compliance Function to operate effectively. The capabilities of each employee are assessed taking into account the technical complexity and the domains under its supervision.

Reporting by the Compliance Function

The key reporting undertaken by the Compliance Function includes the following:

- CEO: The Compliance Function updates the CEO regularly about all relevant Compliance topics amongst which the most important compliance risks identified, as well as the measures to mitigate those risks and the progress of the annual compliance plan.

- Group Compliance: There is a dotted reporting (technical reporting) line to the Regional Compliance Manager of ERGO Group Compliance. On a quarterly basis and on request, Group Compliance including Group AML (Anti-Money Laundering) team, are informed about compliance risks and updates, major litigations and reputational risks, fraud cases, and the status of the Compliance Minimum Standards. In addition, Group Compliance challenges and supports the Compliance Function for reporting purposes.
  Compliance also informs Group AML Compliance on AML specific risks, controls and any relevant local developments. A dedicated yearly report on the overall risk assessment of the ERGO is performed and share with Group AML.

- Management Committee: Where relevant the Compliance Officer attends the Management Committee meetings to present compliance matters and provide an update on its Activity Plan, Monitoring and Risk assessment activities, new legal or regulatory requirements and Regulatory reportings. The Compliance Officer attends on an ad hoc basis or proactively upon request of the Management Committee for all relevant topics for Compliance.

- Audit and Risk Committee and Board of Directors: Every quarter, the Compliance Function gives the Audit and Risk Committee an update on its activities and specifically on its Compliance Risk Assessments for all its domains. The Compliance Function reports to the Board of Directors directly about its annual activities and details the main findings and/or developments that constitute a significant risk of a legal, administrative or regulatory change or sanction.

- External Auditor: On a regular basis the Compliance officer meets and updates the external auditor on compliance activities and findings.

- Regulators: On a regular basis or when needed or requested, the Compliance Function provides its mandatory reporting or updates regulators.

Report on the Effectiveness of the System of Governance

The Report on the Effectiveness of the System of Governance (here after "RESOG") describes the governance framework in place within ERGO and provides an assessment on the design and performance of the related requirements. Similar to previous years, the RESOG methodology was executed using the NBB Circular on the System of Governance as a benchmark and as a structure for its methodological approach to make the assessment. Control functions are consulted and provide to the management their conclusions.

During Q1 2025, ERGO carried out its RESOG assessment for the reporting year 2024.

B.5 Internal Audit Function

Internal Audit is one of the four Independent Control Functions. The Internal Audit Charter states the position of the Internal Audit Function within ERGO and defines its rights, duties and authorities. The Internal Audit Function for ERGO is being executed by an audit HUB, which is also providing services for DKV Belgium NV/SA and DAS Belgium through an outsourcing agreement. The Head of the Audit HUB is the official Internal Audit function of ERGO and DKV Belgium NV/SA.

B.5.1 Mission, Tasks and Methodology

The Internal Audit Function of ERGO supports the Board of Directors in carrying out its monitoring tasks. In particular, it is responsible for examining the system of internal governance. This includes the Risk Management System (RMS), the Internal Control System (ICS) and the three Independent Control Functions: Compliance, Risk Management and Actuarial Function.

The core tasks of Internal Audit include:

<u>Audit Performance</u>: The Internal Audit Function audits the Governance System, consequently the entire business organization, and in particular the Internal Control System in terms of appropriateness and effectiveness. The auditing work of the Internal Audit Function must be carried out objectively, impartially and independently at all times. The audit area of the Internal Audit Function covers all activities and processes of the Governance System, and explicitly includes the other Governance Functions. The audit assignment includes the following areas in particular:
- Effectiveness and efficiency of processes and controls;
- Adherence to external and internal standards, guidelines, rules of procedure and regulations;
- Reliability, completeness, consistency and appropriate timing of the external and internal reporting system;
- Reliability of the IT systems;
- Nature and manner of performance of tasks by the employees.

<u>Reporting tasks</u>: A written report must be submitted promptly following each audit by the Internal Audit Function. At least once per year, the Internal Audit Function shall prepare a report comprised of the main audit findings for the past financial year. Within the follow-up process, the Internal Audit Function is also responsible for monitoring the rectification of deficiencies.

<u>Consulting tasks</u>: The Internal Audit Function can provide consulting work, for example within projects or project-accompanying audits, and advise other units concerning the implementation or alteration of controls and monitoring processes. The prerequisite is that this does not lead to conflicts of interest and the independence of the Internal Audit Function is ensured.

Internal Audit’s work is based on a comprehensive risk-oriented audit plan updated annually. The audit plan must be developed by applying a uniform risk-based approach used within the ERGO Group. The planning is then reviewed on an ongoing basis during the year and, if necessary, adapted to the risk. As part of the planning discussions, the audit topics prioritized by Internal Audit are discussed with the responsible members of the Management Committee and selected executives. The Board of Directors may, at any time, request additional audits within the framework of existing statutory or supervisory regulations.

ERGO Group Audit may request additional audits, in particular topics that are to be audited by all the ERGO Group's key companies based on the ERGO Group's responsibility to the Management Board of Munich Re.

B.5.2 Independence and objectivity

The Head and employees of Internal Audit are aware and adhere to the national and international standards for the professional practice of Internal Audit.

This also applies to the principles and rules for safeguarding the independence and objectivity of Internal Audit. Numerous measures (adequate positioning in the organizational structure, consistent segregation of duties, and comprehensive quality assurance during the audit) ensure that the independence and objectivity of the Internal Audit Function is adequately ensured.

The Head of Internal Audit is directly subordinated administratively to the CEO of ERGO. She has direct and unrestricted access to the Board of Directors of ERGO. She is independent from all other functions of the company.

In order to ensure independence, the employees of the Internal Audit department do not assume any non-audit-related tasks. Employees who are employed in other departments of the company may not be entrusted with Internal Audit tasks. This does not exclude the possibility for other employees to work for Internal Audit temporarily on the basis of their special knowledge or personal development measures.

When assigning the auditors, attention is paid to the fact that there are no conflicts of interest and that the auditors can perform their duties impartially. In particular, it is ensured that an auditor does not audit any activities for which he himself was responsible in the course of the previous twelve months.

Internal Audit is not subject to any instructions during the audit planning, the performance of audits, the evaluation of the audit results and the reporting of the audit results. The right of the Board of Directors to order additional audits does not impair the independence of Internal Audit.

According to the statement of the Head of Internal audit, the department has sufficient resources (4,6 FTE) and conducts the audits on its own responsibility, independently and impartially (objectively). The Head of Internal Audit contributes to the independence and objectivity of the auditing function by her behaviour.

During the reported period the independence and objectivity of the Internal Audit department was not impaired at any time.

B.5.3 **Organization**

The Internal Audit department is an independent division. However, it operates within the framework of the standards applicable throughout Munich Re Group. The Head of Internal Audit is directly subordinated administratively to the CEO of ERGO, and also has a "dotted reporting line" to the Head of ERGO Group Audit.

The audit mandate of Internal Audit covers all units of ERGO.

The Head of Internal Audit fulfils the following fit and proper requirements:
- Her professional qualifications, knowledge and experience is adequate to enable sound and prudent management (fit); and
- She is of good reputation and integrity (proper).

ERGO shall notify the NBB of any changes to the identity of the members of the internal audit, along with all information needed to assess whether any new persons appointed to manage the company are fit and proper.

ERGO shall notify the NBB if any of the persons referred to above have been replaced because they no longer fulfil the fit and proper requirements.

Regular meetings are held with other Independent Control Functions to ensure frequent communication between the different Independent Control Functions of ERGO. The results of audits are also shared with the Risk Management Function and the Compliance Function. In addition, Internal Audit is a member of the Governance Committee, which is the formal forum where all Independent Control Functions interact and communicate.

As a whole, the staff of Internal Audit must have the requisite skills and knowledge for effective and efficient audit work. In terms of the staffing of the Audit HUB Belgium the diversity of knowledge as well as the professional experience was taken into account. The Head and staff of the Audit HUB have had training in insurance, economy, accounting, law and commercial science. The Audit Hub currently includes 4,6 FTE. No budget limitations occurred in 2024, the financial resources were sufficient to perform the audit activities.

B.6 Actuarial Function

The Actuarial Function is one of the Independent Control Functions at ERGO. The Actuarial Function works in the second line of defence in close collaboration with the Risk Management Function and the Actuary & Reserving Department. It is a legal requirement for insurance companies to have an Actuarial Function within their organization.

B.6.1 Mission of the Actuarial Function

As stated in the local Actuarial Function Policy, the mission of the Actuarial Function is to ensure that methodologies and processes to identify inconsistencies and weaknesses with respect to the calculation of technical provisions, the underwriting process, the reinsurance programs and quantitative components of the risk management framework are in place.

B.6.2 Principles applied

The following principles are followed when implementing the role of the Actuarial Function within ERGO:
- Principle 1: The tasks of Actuarial Function are performed independently (Independence).
- Principle 2: The Actuarial Function is embedded in daily business operations and validation processes within ERGO (Embedding).
- Principle 3: The Actuarial Function staff fulfils Fit and Proper requirements (Fit and Proper).
- Principle 4: Delegation of authority and escalation process is in place from the Board of Directors (Responsibility). The Actuarial Function receives its mandate from the Board of Directors.
- Principle 5: Findings and recommendations are addressed and reported in a transparent manner (Transparency).
- Principle 6: The Actuarial Function is effective and adequate (Effectiveness and Adequacy).
- Principle 7: The Actuarial Function is in line with the proportionality principle (Proportionality).

B.6.3 Actuarial Function Organization

The Actuarial Function within ERGO is outsourced to WTW. Because it concerns an outsourcing of a critical function, the CRO was designated as relay person with overall responsibility of the independent control function. Hence, the Actuarial Function is part of the Risk Management department, but separated from the Risk Management Function. In order to guarantee full compliance with the Solvency II Directive and the Overarching NBB Circular on System of Governance, a clear distinction is made regarding the activities and role of the Actuarial Function and other teams within the Risk Management Department.

The Actuarial Function reports hierarchically to the CRO, as well as the unit (Risk Modelling and Valuation) that carries out the calculations relating to technical provisions.

Moreover, the Actuarial Function has a coordination, controlling and advisory role within the Risk Management Department towards first line of defence departments of ERGO. This guarantees the implementation of a four eyes principle and a sound segregation of duties. The cooperation within the Risk Management department ensures that relevant information channels are in place towards the Actuarial Function.

To fulfil its tasks and responsibilities, the Actuarial Function (or one of the team members) is a member or can at any time be invited to or attend relevant committees.

B.6.4 Actuarial Function Charter and tasks performed

ERGO has a local Actuarial Function Policy in place which is equivalent to an Actuarial Function Charter. It outlines the Actuarial Function strategy, objectives, principles and governance within ERGO. Furthermore, the local Actuarial Function Guideline describes the concrete implementation of the Actuarial Function Policy. It describes the set-up of the team, the reporting lines and requirements, the classification and monitoring of findings, the presence in committees and meetings, the distribution of tasks within the Actuarial Function team and the practical implementation.

The local Actuarial Function Policy and Guideline are reviewed annually and, in case of changes, presented for approval to the Management Committee, as well as the Board of Directors.

The Actuarial Function builds its knowledge on information available within ERGO. In order to achieve this knowledge, experience within the company is needed as well as being involved in an interactive way. In the yearly Actuarial Function Report, the Actuarial Function activities are described.

The Actuarial Function processes established in the local Actuarial Function Policy and Guideline are documented, in line with internal documentation standards.

B.7 Outsourcing

ERGO has the objective to ensure that any outsourcing arrangement is properly managed and controlled. This means that all risks related to outsourcing, the outsourcing party and the offered services of the outsourced party need to be known, followed up and assessed on a regular basis. In this context, the Outsourcing Policy refers to the organisational requirements and processes in place to actively manage all outsourcing arrangements.

B.7.1 Outsourcing Policy

The Outsourcing Policy describes the objectives, principles and processes in place to ensure that outsourced activities are properly managed and that the risks are known and properly monitored.

The Outsourcing Policy is built on the following principles:

- **Maintaining responsibility:** At all times the final responsibility for any outsourcing contract is retained at ERGO. Even if processes are outsourced, the responsibility for the risks remains with ERGO. Furthermore, the business owner of ERGO shall only consider outsourcing if the advantages outweigh the risks associated with the outsourcing. The business owner is responsible for managing the relationship with the service provider. He/She shall ensure compliance with the Outsourcing Policy within his/her area of business responsibility. As part of this, he/she prepares an assessment of the risks related to the outsourcing. The consequences of the outsourcing are also examined by the CRO/Risk Management Function which will carry out an independent outsourcing risk assessment of the proposal, indicating that the outsourcing is harmless/problematic/not justifiable. The full outsourcing report is kept at the Procurement Department and at the disposal of the Independent Control Functions Holders. The Compliance Function is responsible for the ongoing and ex-ante monitoring of all outsourcings (second line of defence). For each new critical or important outsourcing the Compliance Officer issues a compliance opinion on:
    a) the compliance with the general governance requirements relating to the outsourcing and its different stages: pre-contractual stage, contractual stage and post-contractual stage ; and
    b) the compliance with the requirements for documentation and reporting to the NBB.

  In addition, the Internal Audit Function may monitor compliance with the Outsourcing Policy. In particular, the audit plan and program should include the review of the outsourcing arrangements of critical or important functions. With regard to the outsourcing process, the Internal Audit Function should at least ascertain:
    a) that the insurance company's framework for outsourcing, including the Outsourcing Policy, is correctly and effectively implemented and is in line with the applicable laws and regulations, the risk strategy and the decisions of the management bodies;
    b) the adequacy, quality and effectiveness of the assessment of the criticality or importance of the functions or activities concerned;
    c) the adequacy, quality and effectiveness of the risk assessment for critical or important outsourcing arrangements and that the risks remain in line with the company's risk strategy;
    d) the appropriate involvement of governance bodies; and
    e) the appropriate monitoring and management of outsourcing arrangements.

- **Selection and evaluation:** A process is in place to ensure a proper evaluation of the outsourced party has been made in due process at RFP stage, and through KPIs/SLAs during the effective collaboration. Selection is done on an objective basis, and such process further ensures that the selection of the outsourced party is done in compliance with applicable laws, guidelines and internal rules;

- **Process:** Outsourcing proposal and dossier is constituted, advice from Independent Control Function Holders where required is included in the dossier (including the opinion of the Compliance Function in case of critical outsourcing), decision of the Management Committee on the outsourcing dossier and terms and conditions of the outsourcing, decision of the Board of Directors on the outsourcing dossier and terms and conditions of a critical outsourcing, notification to the NBB in case of a critical outsourcing or the outsourcing of an Independent Control Function. Regular evaluation by the business owner and annual assessment to ensure that all (technical) requirements are included and abided to;

- **Written agreement:** A written agreement is in place before any outsourced activities can be started and a signed version of the agreement is retained by the Procurement Department;

- **Business continuity:** Business continuity requirements are included in the contractual arrangements and with the selection of the provider;
- **Security:** Security requirements are included in the contractual arrangements and with the selection and onboarding of the provider;
- **Processing of personal and confidential data:** The service provider must take the appropriate commitment in terms of processing of personal and confidential data (notably in accordance with the applicable data protection laws) in the written agreement.

During every selection process, the above-mentioned principles are applied. Additionally, ERGO has standard selection criteria that apply. These criteria include amongst others the financial strength of the provider, its reputation, reliability, its technical capabilities and the absence of conflict of interests.

The Outsourcing Policy sets the criteria to ensure that the selection decision of a service-provider is duly documented. Supporting documentation including the “Outsourcing Proposal” and “Checklist” are processes that ensure that each outsourcing activity has a clear scope (i.e. a detailed description of the functions or activities to be outsourced) and provide details on the expected consequences of the outsourcing and on an estimation of the risks and on safeguards to ensure compliance with the applicable laws, guidelines and internal rules.
In addition, the Outsourcing Policy implements processes to ensure that outsourcing activities are at all times duly logged and monitored in accordance with applicable laws, guidelines and internal rules.

B.7.2 Outsourcing of critical or important functions or activities (Critical Outsourcing)

Critical or important functions or activities are defined as functions which are of essential importance for ERGO to operate, in the sense that without this function or activity, it would not be able to provide its services to its customers.

To determine whether a function or activity is critical or important, the Outsourcing Policy foresees to consider the impact of the potential financial risks in case of contract breach, the level of disruption of key processes, a significant increase in operational risk, the impact on the customers’ trust and the reputation of ERGO. Examples of critical or important functions and activities are non-exhaustively listed in the Outsourcing Policy.

Additionally, the outsourcing of Independent Control Functions is allowed under the guiding regulatory requirements. As the case may be, ERGO ensures that the outsourcing of Independent Control Functions is done in a controlled manner in which key responsibilities and accountabilities are retained by the company.

B.8 Any Other Information

No other relevant information is available.

C RISK PROFILE

The Risk Profile as defined in the Risk Management Policy is broken down in the following risk categories, aligned with the Solvency II Framework:

- Modelled Risks:
  - Underwriting Risks:
    - Life Underwriting Risks;
    - Health Underwriting Risks;
  - Financial Risks:
    - Market Risks;
    - Credit Risks, of which counterparty default risk; and
  - Operational Risks.
- Non Modelled Risks:
  - Liquidity Risks;
  - Strategic Risks; and
  - Reputational Risks.

Within ERGO, identified risks are assessed and mitigated with the means the company has at its disposal. This includes reinsurance, hedging or other means where available. In order to ensure effective decision making, risks are made transparent through risk reporting and monitoring. Risk reporting provides management with a view on the levels of risks, comparing those to applicable risk appetite limits.

For the following risks, a risk capital was identified based on the Standard Formula under Solvency II (referred to as "Solvency Capital Requirements" or "SCR"), amounting to 286,6 Ml € at year-end 2024 compared to 287,1 Ml € at year-end 2023. For more details see section E.2.

	Risk value	
	2023	**2024**
SCR as a risk measure		
Life underwriting risk	137,4	128,9
Health underwriting risk	19,1	18,6
Non-life underwriting risk	0,0	0,0
Market risk	192,1	197,4
Counterparty default risk	4,6	5,3
Diversification	-82,5	-80,7
Intangible asset risk	0,0	0,0
Operational risk	16,3	16,6
Solvency Capital Requirement	**287,1**	**286,6**

Table 9: Risk Profile: Identified risks per main risk type (source: QRT S.25.01) in Ml €

C.1 Underwriting Risk

The underwriting risk is defined as the risk of a change in value due to a deviation of the actual claims payments from the expected amount of claims payments (including expenses). Underwriting risk is divided into three modules, depending on the type of policy: life, non-life and health.

In life and health (SLT) insurance, the underwriting risk is defined as the risk of insured benefits or expenses payable in life or health insurance business being higher than expected. Of particular relevance are the biometric, expense and lapse risks.

In non-life insurance (including health NSLT), the underwriting risk is defined as the risk of insured actual losses being higher than expectations. In terms of non-life, ERGO's exposure is limited to the health NSLT segment.

The underwriting risk is measured by the application of instantaneous shock scenarios. Each risk category is sub-divided into sub-modules according to the Solvency II Standard Formula.

- **Life Underwriting risk sub-modules**: Mortality, Longevity, Morbidity/disability, Expenses, Lapse, Catastrophe.

- **Health Underwriting risk sub-modules**: Mortality, Longevity, Morbidity/disability, Expense risk, SLT Lapse, NSLT underwriting risk (Lapse, Premium and Reserve) and Catastrophe.

C.1.1 Management of underwriting risks

Underwriting risks are managed at the various stages of the insurance product life-cycle. This ensures that underwriting risks are recognized early in and managed throughout the cycle.

Product characteristics and their terms and conditions were accepted during product approval processes and are assessed afterwards, through the embedded review process. This includes profit testing in accordance with the Actuarial Guidelines of ERGO Group. Profit testing results are reviewed by ERGO's Risk Management Function and ERGO Group Integrated Risk Management.

Product performance and underwriting risk indicators are reviewed after contract issue (e.g. claim and lapse rates). The sufficiency of reserves and technical provisions is assessed by the Actuary & Reserving department and independently monitored by the Actuarial Function.

C.1.2 Underwriting risk position

Because of ERGO's business model and nature of activities, its Life underwriting risk is more prominent than the Health part.

The most material risk with respect to the quantification in the Standard Formula is (Life) lapse risk, where the "mass lapse" risk (i.e. the risk of a sudden and temporary spike in lapse rates) is the relevant lapse risk for the company (unchanged compared to last year). In this mass lapse scenario, the lapse rates are increased by 40% (absolute increase) for the first years, yet only for those contracts which are assumed to generate profits for the company in the future.

Expense risk in Life business represents the second important underwriting risk. Expense risk is calculated by applying a 10% upward shock on the projected expenses and in addition a higher inflation rate.

Health underwriting risk is driven by disability-morbidity risk, which is stemming from the disability riders in the Universal Life portfolio (UL3). It reflects the risk from a higher future claims experience than currently assumed.

C.1.3 Risk concentration

Risk concentration, mainly driven by the mortality risk exposure, is measured by the catastrophe risk module in the Standard Formula. This risk is assessed to be immaterial, partly by mitigation through reinsurance agreements.

C.1.4 Risk mitigation

As a means of risk mitigation, reinsurance treaties are used by the company, especially to mitigate the risk of mortality and morbidity.

C.2 Market Risk

ERGO considers market and credit risks as components of financial risks. The market risk is defined as the risk of a loss that may be caused by fluctuations in the prices of the financial instruments in a portfolio. The various risk factors are the interest rates, exchange rates, equity prices or real estate prices. Movements in these asset classes form the foundation of market risk. Other factors of market risk are spread movements and concentration of assets/investments in the portfolio.

The various risk factors/sub-modules according to the Solvency II Standard Formula include the following:

- **Equity risk** exposure has two different components. The main equity risk corresponds to the equity exposure of unit-linked funds. Although the direct risk of a decrease in the equity value is borne by the policyholder, in case of an equity price decrease, the future fee income for ERGO will decrease as well. Direct equity investments of the company (for the traditional portfolio) constitute the second component. At 31 December 2024, such investments are very limited.
- **Interest rate risk** mainly arises from past distribution of products offering high guaranteed interest rates at long durations. These products strongly impact the investment strategy since appropriate assets have to be selected to earn the guaranteed interest rates. The duration mismatch between assets and liabilities of the company is well managed, leading to limited interest rate risk.
- **Spread risk** covers both the widening and narrowing of credit spreads as well as changes in the credit rating transition. The Standard Formula assumes no spread risk on government bonds of EU member states in the currency of that member. The majority of the two asset portfolios backing traditional liabilities consists of such government bonds. The remaining part is invested mostly in highly rated corporate bonds (and a limited part in infrastructure debt) which are the main contributors to the spread risk exposure. Spread risk is consistently an important risk driver (see section C.2.5).
- **Real estate risk** is a limited contributor to the market risk module since ERGO has very low exposure to real estate assets.
- **Currency risk** exposure is mainly situated within the unit-linked funds, similarly to equity risk as ERGO has no direct exposure to currency risk.
- **Concentration risk** results from potential large investments in assets from a single counterparty. For ERGO it is typically low or even zero, in line with its risk appetite.

C.2.1 Application of the prudent person principle

Within the context of market risks, investments play an important role. Within its investment management, the prudent person principle is applied as explained in section B.3.4. In this case, the Investment Management Agreement (IMA) between ERGO and Group Investment Management (GIM), as the key provider of investment services, notes that investments are subject to the constraints in the agreement, aiming to maximize return within a predefined risk appetite. Moreover, GIM together with MEAG (the Munich Re entity responsible for (most of the) asset management throughout the Group) constantly monitors and reports on the exposures and the underlying risks and ensures that these remain within the boundaries set in the IMA.

C.2.2 Market risk position

Market risk is the largest risk contributor to ERGO’s Risk Profile. The spread risk and equity risk are the largest contributors to the current market risk module, while currency risk also materially contributes

C.2.3 Risk mitigation

ERGO’s mitigation efforts with respect to interest rate risk are primarily focused on achieving an investment portfolio with diversified maturities that have a weighted average duration close to the duration of the liability cash flows. For the (very limited) equity risk exposure no hedging is in place at 31 December 2024.

C.2.4 Overview of sensitivity and scenario analysis

The company monitors its risks via sensitivity and scenario analysis:

- Scenario analysis and stress testing regarding the Solvency II capital position is extensively covered by the Own Risk and Solvency Assessment (ORSA) process. The scenario analysis within ORSA not only covers potential adverse market developments but also scenarios with other risks materializing.
- The general conclusion in the 2024 ORSA report was that, considering existing mechanisms in place (VA and symmetric adjustment) and additional mitigation actions taken, the company's solvency position is sufficiently comfortable to withstand all considered adverse developments. However, in terms of market risk in particular, it was concluded that the company remains vulnerable to external drivers such as the interest rates environment and potential spread increases, which are partially mitigated by a reasonable asset-liability matching and by the application of the VA.
- On a regular basis, several sensitivities are calculated, based on approximative methods:
    - Interest rates +100bps/-100bps: (risk-free) interest rates directly impact both the market value of assets (at least bonds) and the valuation of the technical provisions.
    - Bond spreads +150bps: spreads directly impact the asset market values, yet only indirectly impact the liabilities side.
    - Equity -25%/+25%: the equity market performance impacts the value of the (limited) direct equity investments, but it primarily impacts the liabilities side through the unit-linked technical provision.
    - Expense +10%: increase of the recurrent expenses for the company with 10% (reported here with market sensitivities while actually an underwriting risk).

In all sensitivities for year-end 2024, the Solvency II coverage ratio remains substantially above the legal requirement of 100%.

C.3 **Credit Risk**

Counterparty default risk is created by the uncertainty regarding the ability of a debtor to meet its obligations. It is composed of the following sub-modules:
- The default risk: any failure or delay in paying the principal and/or interest that results in a loss for the financial institution;
- The uncertainty regarding the amount to be recovered in the event of default.

The worsening of the credit rating, and the subsequent increase of the spread, is included in spread risk (under market risk).

ERGO is exposed to counterparty default risk on a number of different levels:
- Cash at banks;
- Loans to individuals and companies;
- Transactions with derivative products (none are currently in portfolio); and
- The non-collateralized share of reinsurance recoverables.

Investments to be considered and related counterparty default risk are in line with requirements expressed in the Counterparty Risk Policy of ERGO.

C.3.1 **Counterparty default risk position**

The counterparty default exposure of ERGO is mainly driven by the amount of cash at banks and by receivables to policyholders. The counterparty risk from reinsurers is negligible as the deposits generally exceed the reinsurance recoverables and serve as collateral.

The default risk of bond issuers is measured under spread risk.

C.3.2 **Risk mitigation**

ERGO uses a counterparty limit system that is applied throughout the Munich Re Group, to monitor and control credit risks for all balance-sheet positions. The limits for each counterparty are based on its financial situation as determined by the results of fundamental analyses, ratings and market data, and the risk appetite defined by the Board of Directors.

C.4 Liquidity Risk

Liquidity risk is defined as the risk that the company, though still solvent from a regulatory point of view, cannot meet its operational, strategic, and/or sudden liquidity requirement within a reasonable amount of time.

As an insurance company, ERGO has a requirement for financing and liquidity. Premiums paid by policyholders are invested in the long term, to guarantee the insured capital and associated interest rate on the due date of the policy. Various indicators regarding risk appetite and regulatory requirements imply that ERGO retains sufficient liquid asset at all times to cover its commitments on the liabilities' side.

Liquidity risk is considered as a non-modelled risk meaning that it is neither included in the internal model nor modelled in the Standard Formula. Liquidity risk arises when there are interdependencies with other risks such as underwriting risks (particularly with large claim payments) and it is subject to liquidity management (liquidity buffer, liquidity criteria, etc.) in line with requirements expressed in the Liquidity Risk Policy ESA.

C.4.1 Liquidity risk position

As specified in the liquidity risk policy of ERGO, the liquidity risk position is monitored by the Planning and Controlling department against budget and plans, based on monthly figures. Yearly forecasts are used to predict liquidity needs and plan inflows/outflows, which are integrated into the liquidity plan.

In the course of 2024, no specific liquidity events were identified.

The assets of ERGO are invested primarily in liquid government bonds. Thus, the liquidity position of the company is considered as very strong.

C.4.2 Risk mitigation

Liquidity risk is mitigated and managed throughout daily operations and a liquidity plan, as indicated above.

C.4.3 Information on the expected profits included in future premiums

The expected profits included in future premiums at year-end 2024 amounted to 93 Ml € (compared to 142 Ml € at year-end 2023).

C.5 Operational Risk

Operational risk is defined as the risk of loss caused by failed internal processes, people, systems, or external drivers. It includes compliance risk (i.e. legal and regulatory risks).

C.5.1 Operational risk processes and procedures

The framework for managing the operational risk is built on a strong governance with clearly defined tasks and responsibilities. The Management Committee regularly analyses developments to the Operational Risk Profile of the various business areas of ERGO and takes the necessary decisions on mitigation actions accordingly. Furthermore, the Management Committee performs an annual self-assessment of the effective design and performance of the Internal Control Systems, which is the cornerstone of risk mitigations against the occurrence of operational risks.

The responsibility to manage operational risks lies with business departments as first line of defence. Business Risk Officers (BROs) are appointed in each department to assist in managing the risks for their area of activity. They coordinate the collection of operational risk data, their identification and assessment, the control measures associated to them, and implement required corrective actions following occurrence of Operational Risk events, in cooperation with Risk Management and the Compliance Functions, as second line of defence.

A self-evaluation of the risks and associated controls is carried out each year for the various activities of ERGO. Ad hoc risk assessments are also performed on outsourced activities, or to investigate emerging risks (e.g. fraud cases) or risks within projects. Additionally, Compliance Risk Assessment documentation and the Compliance monitoring plan approved by the Board of Directors aims at assessing, monitoring and reporting on compliance risks.

The quantification of operational risk is based on the Standard Formula methodology. This quantification is additionally underpinned by a qualitative assessment. In this respect, operational risk scenario analyses are performed annually to stress, assess and measure potential operational risks. Regarding Compliance risks, their assessment by the Compliance function is performed both on the proper identification of legal and regulatory requirements and the assessment of internal control measures from a design and implementation perspective. Risk scenarios per domain are developed and tested against operational processes.

Operational risks are identified and reported as part of the Risk Inventory and Quarterly Risk Dashboard prepared by the Risk Management Function. More specifically, inputs for this dashboard are provided by the risk owners, analysed by the Risk Management Function and consolidated in the Quarterly Risk Dashboard, which highlights all significant events taking place and developments impacting the Risk Profile of ERGO. The Compliance function provides on a quarterly basis an update to the Management Committee on its monitoring activities and its assessment on Compliance risks and linked operational controls in place. Major operational events are thoroughly investigated and are allocated a specific action plan and appropriately followed up. Moreover, operational risks that cause an actual loss are collected with their respective losses in the Operational Risk Events Database.

C.5.2 Operational Risk developments

In 2024, the qualitative exposure to Operational Risk remains mostly controlled, following continued improvements to control activities within the company, the continuous developments of system functionalities to automate processes, and actions taken to mitigate identified risks. To note in particular, the ongoing initiatives taken to further increase cyber security and GDPR maturity as well as the anti-fraud framework robustness. Continued actions were undertaken as well to mitigate risks related to money laundering and financial sanctions, stemming from previous Entity Wide Risk Assessment (EWRA) exercise (such as the screening of premium payers) and insurance distribution related in particular with regards to the outpayment process timeframe and related delayed interests. Most of the Operational risks are assessed as Significant or Not Significant. However, some risks are still presenting higher exposures and are subject to specific mitigating action plans.

In this context, the Risk Management and Compliance Functions maintain a holistic view on the company’s risk profile on which they report to the Management on a quarterly basis, pointing out new risks, measuring progress on the mitigation actions and analysing behaviour of KPI’s and KRI’s to ensure the company has at all times a good view on its risk profile to enable corrective steering as needed.

On an annual basis, the Compliance Function performs a full scope EWRA regarding the AML and Sanction list risks of the company. The results of the assessment are reported and approved by the Board of Directors and reported to NBB in the context of the various AML reporting. Furthermore, the AML Compliance Officer provides its independent qualitative assessment of the AML framework to the Board of Directors and to the NBB.

As reflected in the risk inventory, around 60 risks have been identified and managed in 10 different risk categories. Risk appetite statements have been defined for each risk and each risk has been assessed by Risk owner.

Operational risks reported in the QRD and ORED are subject to mitigation actions, monitored on a continuous basis and reported to the Management Committee and ERGO Group on a quarterly basis, in accordance with risk management norms in place. Risk monitoring is done until effective implementation of the risk mitigation actions by Risk Owners (in first line of defence).

C.6 Other Material Risks

The monitoring and management of other non-modelled risks (the main risks being strategic risk and reputational risk) are included within the risk management system, ensuring that these types of risks are discussed and, if necessary, escalated to the relevant Committees. Reporting of these risks is carried out through the Quarterly Risk Dashboard and the Compliance risk assessments reports, and discussed and acted upon by the Management Committee.

C.6.1 Strategic risk

In line with the ERGO Group Risk Strategy, strategic risk is defined as the risk that can result from wrong business decisions and the inadequate implementation of decisions already made. A lack of adaptability to changes in the company's environment (e.g. changes in the legal framework) is also reflected in the strategic risks.
ERGO considers strategic risk via the following sub-categories:

- **External**: Products; Competitor; Customer; Insurance market and
- **Internal**: Achievement of strategic objectives; Business strategy; Business model.

C.6.2 Reputational risk

As defined in the ERGO Group Risk Management Policy, reputational risk is defined as the risk of damage to the reputation of the company as a consequence of a negative perception in the public. Reputational risks may arise from the realisation of other risks (e.g. operational risk, strategic risk, or concentration risk) and / or in conjunction with other risks, hence, reputational risks are controlled indirectly through the control of the respective risks and risk types.

A Reputation and Integrity Committee is established at ERGO Group AG level, in which compliance, audit, risk management, legal affairs and corporate communications work closely together. Any reputational risk is objectively assessed, and recommendations are made as to what measures should be taken to adequately manage the respective reputational risk. In addition, compliance and risk management assess the impact of primary business risks on reputation.

In Compliance domains, related reputational risks are included in its performed risks identification and assessments and reported upon on a quarterly basis to the Management Committee and the Audit and Risk Committee.

Reputational risk towards regulators or investors is mitigated by regulatory norms compliancy, regular contact, timely reporting and a transparent and sound communication.

The Human Resources Department monitors the level of satisfaction of employees via KPIs such as employee surveys, monitoring of absenteeism, number of resignations and exit interviews. The Complaints Department monitors and tracks customer complaint KPIs, and customer surveys are also executed. On a quarterly basis, these elements are reported to the Management Committee and where necessary improvement actions undertaken.

C.6.3 Sustainability risk

Sustainability risks are defined as all events or conditions in the environmental, social or corporate governance areas (ESG) whose occurrence could have an actual or potential significant negative impact on the net assets, financial position, results of operations or reputation of a company. This definition includes climate-related risks in the form of physical risks and transition risks as well as the interdependencies between the two risks. ERGO sees sustainability risks as an aspect of known risk types rather than a separate risk type because they affect all risk types, and demarcation as a separate risk type would thus be virtually impossible.

As detailed in section B.3, together with DKV Belgium NV/SA, ERGO manages multiple ESG related initiatives, aligned with the groupwide approach. This covers sustainability, in terms of impact on the product portfolio, on the investments made, and social aspects, like volunteering, from within the company. Furthermore, developments were made during 2024 on preparing, under the Munich Re group report, for the requirements from the Corporate Sustainability Reporting Directive (CSRD).

C.7 Any Other Information

There is no other relevant information that has not already been disclosed in Chapter C.

D VALUATION FOR SOLVENCY PURPOSES

Valuation of both assets and liabilities is based on Solvency II guidelines. For the valuation of insurance liabilities there is a Stochastic Valuation Methodology in place which details the valuation approach. The methodology defined includes references to the homogeneous risk groups, assumptions made, contract boundaries and other important elements influencing the overall valuation. It also includes the process and procedures in place to do the valuation and to have the valuation tested and approved (including the role of the Actuarial Function). The technical provisions as a means of valuating the liabilities is independently checked by the Actuarial Function. The final outcome of the checks are included in the Actuarial Function Report. Additionally, the external auditor tests the process and formulates an external opinion. These elements support the statement that the valuation of liabilities is under control.

For assets, the valuations are done on the basis of the Solvency II guidelines. The valuation basis is documented and covers in place checks and controls for the statutory valuations, extended where necessary in case Solvency II guidelines differ. ERGO uses BEGAAP for statutory valuations and IFRS for ERGO Group reporting valuations. Finally, all Solvency II valuations are included in the QRTs, which are assessed and validated by the different stakeholders involved. The valuation is executed at a regular basis within the reporting processes (statutory and QRTs for example) and the underlying assumptions and results are shared with both the Management Committee and the Board of Directors, with appropriate variation analysis.

D.1 Assets

D.1.1 Methodology and basic principles used

Under Solvency II, assets are in principle recognised at their fair value in contrast to BEGAAP where generally assets are recognised at historical cost.

Investments: Financial instruments carried at fair value

A fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Listed market prices are used to assess fair values when there is an active market (such as an official stock exchange). These market prices are basically the “best estimates” of the fair value of a financial instrument.

Financial instrument in an active market are financial instruments for which reliable market prices are available. If the market is active, this means that there are bid-ask prices representing effective transactions concluded under normal market conditions between parties. These market prices are the best evidence of fair value and will therefore be the ones used for valuation purposes.

Financial instrument in an inactive market are financial instruments for which there are no reliable market prices available. In other words, these financial instruments are not listed on active markets, though are valued on the basis of valuation techniques.

Other assets:

- Property, plant and equipment held for own use are recognised at its cost less any accumulated depreciation and any accumulated impairment losses;
- Participations are based on the IFRS equity method;
- Deposits, cash and cash equivalents are recognised at their nominal value;
- Mortgage loans are recognised using the historical cost measurement method (minus impairments if required);
- Policy loans are recognised at their fair value;
- Assets held for unit-linked contracts are recognised at their fair value;
- Reinsurance recoverables valuation is covered in detail in section D.2.15;
- Receivables are recognised using the historical cost measurement method (minus impairments if required); and
- Any other assets: are measured using the historical cost method. These typically include the deferred tax assets, which are recognised in accordance with IAS 12 using the prevailing tax rate at the end of the reporting period. They are also netted with the deferred tax liability position.

D.1.2 Valuation of Assets and differences between Solvency II and BEGAAP

The asset valuations are as follows:

	Solvency II value	Statutory accounts value
Assets	*2024*	*2024*
Investments (other than assets held for unit-linked contracts)	3.537	3.960
Other assets: Property, plant & equipment held for own use, cash and cash equivalents, Loans on policies, Loans & mortgages to individuals and other loans & mortgages (other than index-linked and unit-linked contracts)	168	178
Assets held for index-linked and unit-linked contracts	1.416	1.416
Reinsurance recoverables	1.146	1.210
Deposits to cedants, insurance and intermediaries' receivables and reinsurance receivables	8	8
Any other assets	6	43
Total assets	**6.281**	**6.815**

Table 2: Assets (source: QRT SE.02.01) in Ml €

Investments valuation

Under BEGAAP, bonds are carried at amortised cost and shares (equity instruments) at cost (acquisition value minus impairments, if required). Under Solvency II valuation, all investments are carried at their fair value. Assets held for index-linked and unit-linked contracts are valued at fair value in both BEGAAP and Solvency II.

The table below summarises the portfolio composition and corresponding Solvency II values (both Investments and Assets held for index-linked and unit-linked contracts) at year-end 2024 and 2023:

Portfolio composition	Total Solvency II amount		
	2024	**2023**	**% change**
Government bonds	2.677	2.800	-4%
Corporate bonds	808	861	-6%
Equity	3	4	-25%
Investment funds/Collective Investment Undertakings	1.459	1.386	+5%
Structured notes	5	5	-
Cash and deposits	71	44	+61%
Mortgages and loans	95	89	+7%
Property	0	0	-
Total	**5.118**	**5.189**	**-1%**

Table 3: Portfolio composition (source: QRT SE.02.01) in Ml €

The largest part of the portfolio is invested in government bonds. To ensure a balanced portfolio and an adequate return, other investments are made in corporate bonds. This is done in line with the approved asset allocation and the investment management agreement approved by the Board of Directors.

The decrease in both the government and the corporate bond position is predominantly stemming from a further decrease of the amortized cost value of the portfolio, given the run-off status of the company on the one hand and a sale of bonds on the other hand. The evolution of interest rates on the bond markets only had a limited impact on the market value of the portfolios in 2024.

The equity position consists of a participation in an ERGO Group entity investing in solar energy.

The position Mortgages and loans contains beside the policy loans, infrastructure debt positions issued in a loan format. The increase in 2024 is predominantly stemming from an increase of the market value of the policy loans.

The Investment funds/Collective Investment Undertakings are mainly composed by the assets backing unit-linked policies. The assets backing unit-linked policies have increased by 74 Ml € in 2024, given the increase of the equity markets. For the part backing unit-linked positions, this is largely mirrored on the liability side of the balance sheet. The Collective Investment Undertakings furthermore contain infrastructure debt fund investments. A small position in an emerging markets bond ETF was sold in 2024 and reinvested in direct emerging market bonds.

The increase of cash is the result of a steering to optimize the cash position in view of the operational needs.

Other Assets valuations

Further differences in valuation between Solvency II and BEGAAP are the following:
- **Reinsurance recoverables:** The reinsurance recoverables are valued at their best estimate value, in line with the technical provisions.
- **Any other assets:** in BEGAAP accrued interest of investments is reported under other assets while for Solvency II it is recognised as part of the investments themselves.

The following table provides an overview of the methods used to measure the value of investments.

Assets	1 - quoted market price in active markets for the same assets	2 - alternative valuation methods	3- Adjusted equity method	4 - IFRS equity methods (applicable for the valuation of participations)	Total
Government bonds	2.511	166	0	0	**2.677**
Corporate bonds	563	245	0	0	**808**
Equity	0	0	0	3	**3**
Investment funds Collective Investment Undertakings	1.459	0	0	0	**1.459**
Structured notes	5	0	0	0	**5**
Cash and deposits	0	71	0	0	**71**
Mortgages and loans	0	95	0	0	**95**
Property, plant & equipment for own use	0	3	0	0	**3**
Total	**4.538**	**580**	**0**	**3**	**5.121**

Table 4: Asset valuation methods in Ml €

D.2 Technical provisions

D.2.1 Technical provision methodology and assumptions

The Solvency II technical provision (TP) are defined as the sum of the Best Estimate Liabilities (BEL) and the Risk Margin, which are described in detail below.

The following table gives an overview of the technical provisions for Solvency II split into the relevant lines of business as of year-end 2024 and 2023.

Line of business	2024	2023
Technical provisions – non-life	**-0,3**	**-0,4**
BEL non-life	-0,5	-0,5
Risk Margin	0,1	0,1
Technical provisions – life (excl. unit-linked)	**3.192,9**	**3.164,1**
BEL life	3.143,2	3.112,8
Risk margin	49,7	51,3
Technical provisions – unit-linked	**1.249,3**	**1.171,1**
BEL Unit-linked	1.220,6	1.140,0
Risk Margin	28,7	31,1
Technical provisions – Total	**4.441,8**	**4.334,8**
BEL Total	4.363,3	4.252,3
Risk Margin	78,5	82,5

Table 5: Technical provisions per Line of Business (source: QRT SE.02.01) in Ml €

The BEL has increased in 2024 compared to 2023, due a variety of effects: the positive performance of the unit-linked funds, the decrease of the interest rates and the annual update of the non-economic assumptions. The Risk Margin decreased slightly stemming from the lower capital requirements (especially lower SCR lapse).

Best Estimate Liabilities

The BEL corresponds to the probability-weighted average of the present value of future cash-flows, taking into account the time value of money, using the relevant risk-free interest rate term structure.

Methodology

The company uses a stochastic cash-flow valuation model for the derivation of the BEL under Solvency II. The model is regularly validated by the Actuarial Function.

For the derivation of the BEL, expected future cash-flows are projected for the remaining lifetime of the contracts. The relevant projected cash-flows are the following:

- future premiums from existing business;
- all expenses that will be incurred in servicing insurance obligations (with allowance for expense inflation);
- all payments to policy holders and beneficiaries, including future discretionary bonuses, which the company expects to make, whether or not those payments are contractually guaranteed.

An immaterial part of the liabilities is not modelled explicitly in the stochastic valuation model. For these liabilities, no cash flows are projected. In this case, BEGAAP mathematical reserves are used as an approximation of the best estimate liabilities and added to the discounted cash-flows of the explicitly modelled liabilities. At year-end 2024, the liabilities approximated using BEGAAP mathematical reserves amounted to 3% of the total best estimate liabilities.

Assumptions

The following gives an overview of the relevant assumptions underlying the calculation of the technical provisions:

Economic assumptions

- Risk-free rate and expense inflation: With respect to the risk-free rate, the rates published by EIOPA are used with the Volatility Adjustment. The expense inflation is set in line with the expectations as defined by Munich Re.

- Interest rate and equity volatility: The volatility parameters for the stochastic valuation are calibrated to implied volatilities of respective market instruments at the valuation date.

These assumptions are used as input for an Economic Scenario Generator that derives scenarios for the stochastic valuation.

Non-economic assumptions

- Mortality, Longevity, Disability:
  The mortality/longevity and disability assumptions specify the portion of the insured population to die (or survive, in case of longevity) or experience disability in the course of the projection.

- Lapse:
  Persistency assumptions determine probabilities of remaining in force and, for premium paying policies, the likelihood of the continuation of premiums being paid.

- Expenses (incl. Investment expenses):
  The expense assumption covers all future expenses that will be required to service the existing portfolio.

- Management rules:
  - The estimates of the future profit participation within the technical provisions are derived in the projection model on a basis of asset performance, i.e. with consideration of development of capital markets and the company's investment strategy.
  - The determination of the guaranteed interest rate of the universal life portfolio at times where it is reset is also included as management rule.

- Policyholder's behaviour:
  Where material, policyholder's behaviour is taken into consideration in the calculation of technical provisions. When determining the likelihood that policyholders will exercise contractual options, including lapses and surrenders, an analysis of past policyholder behaviour and a prospective assessment of expected policyholder behaviour are conducted.

The non-economic assumptions are "best estimate assumptions", i.e. they represent the expected outcome from a range of possible future experience, are realistic and do not include any margins for prudence. The non-economic assumptions are where possible derived from own past experience of the company and consider expected future experience. If no sufficient data history is available, external data or expert judgment is used to help deriving realistic assumptions.

Risk Margin

The Risk Margin under Solvency II ensures that the value of 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 obligations. The Risk Margin calculates the cost of providing an amount of eligible Own Funds necessary to support the insurance obligations over the lifetime thereof. The rate used in the determination of the cost of providing that amount of eligible Own Funds (Cost-of-Capital rate) is the prescribed rate according to Commission Delegated Regulation (EU) 2015/35, while the required amount of eligible Own Funds is based on the Solvency Capital Requirement.

The company believes that its approach to calculate the Risk Margin, based on projecting the future capital requirements by using appropriate drivers for each risk sub-module, is in line with the nature, extent and complexity of the risks.

D.2.2 **Uncertainty associated with the amount of the technical provisions**

The assessment of the BEL under Solvency II is largely based on the actuarial models and assumptions derived from available data, when needed in conjunction with expert judgement.

For example, there is a risk that the actual pay-out of insured benefits is higher than expected. Of particular importance are the biometric and lapse risks.

Random annual fluctuations in insurance benefits or lapse behaviour can lead to short-term falls in the value of the portfolio. This applies particularly to mortality claims, which can rise as a result of exceptional one-off events such as a pandemic. Changes in client biometrics or lapse behaviour are risks that have a long-term effect on the value of the portfolio, making it necessary to adjust the actuarial assumptions. Regular monitoring of the key relating metrics, regular reviews of the actuarial assumptions and the validation of the technical provisions ensure that risks and processes are effectively controlled.

The uncertainty in the technical provisions with respect to non-economic and economic assumptions is estimated in the respective risk capital and sensitivities. See Section C.1.2, C.1.3, and C.2 for details.

D.2.3 **Improvements of internal procedure in relation to data quality**

The data quality monitoring in place within ERGO is primarily based on the identification of data objects used for the production of financial and prudential reporting.

The data quality framework aims to embed data quality controls that confirm the appropriate level of data adequacy. The data quality framework covers all data used in the calculation of the technical provisions and in the financial reporting process leading to the production of the QRT's.

Data objects are defined within a data repository (also called "data dictionary") in which attributes are listed including the nature of data and their expected business values (business rules).

On a quarterly basis, for the purpose of performing the Solvency II financial closing process, business rules are applied by primary data owners on data extracted from Contract Management Systems (i.e. source systems). These technical checks are designed to confirm that values are appropriate for use in the financial closing process.

Alongside the closing process, additional functional checks are performed by secondary data owners (i.e. actuaries, model users, and accounting experts) to ensure a reliable financial reporting. A sign-off is provided by the CFO based on a statement of accountability.

Following the introduction of the circular NBB_2017_27, new dimensions of data adequacy were added in the scope of the data quality monitoring (i.e. timeliness of reporting, reliability and plausibility of figures).

ERGO reviews the data quality framework regularly and assesses it against regulatory guidance (for example circular NBB_2017_27).

In 2023, the data quality governance was improved further by expanding and harmonizing the scope of plausibility checks using the improved plausibility framework as introduced in 2021. In 2024, some further improvement was achieved by revising inadequate business rules.

The data quality reporting process is almost fully automated since 2022. This automation and integration of the data quality monitoring process further strengthened the data governance at ERGO and increased the operational efficiency.

D.2.4 **Comparison of BEGAAP to Solvency II**

The following table gives an overview of the technical provisions under Solvency II in comparison to the liabilities under BEGAAP for year-end 2024:

Line of business	Solvency II	BEGAAP
Technical provisions – non-life	-0,3	0,4
Technical provisions – life (excl. unit-linked)	3.192,9	3.607,1
Technical provisions – unit-linked	1.249,3	1.424,3
Technical provisions – Total	**4.441,8**	**5.031,8**

Table 6: Comparison of for BEGAAP and Solvency II (source: QRT SE.02.01) in Ml €

The different value between Solvency II and BEGAAP results mostly from the following items:

Technical provisions non-life
- Under Solvency II, the company calculates the technical provisions based on a loss ratio model, while BEGAAP uses premium reserves.
- The claims reserves are also under Solvency II taken to be the BEGAAP reserves as an approximation and thus do not differ.

Technical provisions life (excluding unit-linked)
- Under Solvency II, realistic mortality assumptions without any safety margin are used for the derivation of the technical provisions. BEGAAP reserves are based on the tariff actuarial parameters which are generally more prudent than realistic (best estimate) assumptions.
- Under Solvency II, risk-free interest rates are used for discounting. The discount rates for BEGAAP for the Classical Life portfolio are the guaranteed interest rates used for the premium calculation.
- No future profit participation is taken into account under BEGAAP, while it is under Solvency II – making Solvency II technical provisions more conservative.
- Additional reserves (so-called flashing light reserves) are set up under BEGAAP, originally introduced as an additional reserve required when risk free rates (OLO in this case) are materially lower than the guaranteed rates. Under Solvency II, any deficiency in earning the necessary return to finance the interest guarantee is implicitly captured in the economic assumptions underlying the calculation. The obligation to constitute this reserve was adapted into an exemption procedure when Solvency II became in force.

Technical provisions for unit-linked business
- Under BEGAAP, the technical provisions are calculated as the number of units multiplied with the unit price at the moment of the calculation.
- Under Solvency II, the amount of the BEGAAP reserves which represent the current market value of the fund is reduced/augmented by the future profits/losses arising from expense profits.

Risk margin under Solvency II
- Under Solvency II, an explicit risk margin is calculated which is not required under BEGAAP, making Solvency II provisions more conservative.

D.2.5 Application of the Matching Adjustment

ERGO does not apply the matching adjustment as referred to in Article 77b of Directive 2009/138/EC.

D.2.6 Application of the Volatility Adjustment

ERGO applies the Volatility Adjustment (VA) as referred to in Article 77d of Directive 2009/138/EC.

The table below summarises the impact of the VA on the technical provisions as well as other Solvency II measures (Basic Own Funds, SCR, MCR). Next to the impact on the technical provisions, there is a small impact on reinsurance positions and on the SCR. The total impact on Eligible Own Funds to meet SCR is -81 Ml € when setting the VA to zero.

Item	With VA	Without VA	Impact of VA set to zero
Technical provisions	**4.441,8**	**4.521,2**	**+79,4**
Basic Own Funds	457,7	376,3	-81,4
Excess of assets over liabilities	466,1	384,7	-81,4
Eligible Own Funds to meet SCR	595,8	514,4	-81,4
Tier 1	*457,7*	*376,3*	*-81,4*
Tier 2 (capped)	*138,1*	*138,1*	*0,0*
Tier 3	*0,0*	*0,0*	*0,0*
SCR	286,6	285,3	-1,3
Eligible Own Funds to meet MCR	457,7	376,3	-81,4
Minimum Capital Requirement	82,9	86,0	+3,1

Table 7: Impact of Volatility Adjustment (source: QRT S.22.01.01) in Ml €

D.2.7 Application of Transitional Measures

ERGO does not apply any transitional measures as referred to in Article 308c or 308d of Directive 2009/138/EC.

D.2.8 Reinsurance Recoverables

The following table shows the reinsurance recoverables, compared to last year.

Item	2024	2023
Reinsurance recoverables Non-Life	0	0
Reinsurance recoverables Life excluding Unit-Linked	1.146	1.309
Reinsurance recoverables Unit-linked	0	0

Table 8: Reinsurance Recoverables (source: QRT SE.02.01) in Ml €

The calculation of the reinsurance recoverables is performed under the same principles as the technical provisions. This means that they are calculated in a forward-looking way considering the present value of future payments between ERGO and the reinsurers.

Future payments to the insurer include the ceded premiums and the claw-back on the commissions received from the reinsurer in case of lapse. The interests on deposits are not taken into account under the reinsurance recoverables (they are part of the deposits from reinsurers). The future payments by the reinsurer cover the payments for the claims, possible profit participation and increase in the ceded BEGAAP reserves.

As for gross technical provisions, these cash-flows are produced by the stochastic valuation model of the company in which also the relevant reinsurance treaties are modelled. The discount curve is the same as used for the gross cash-flows and also includes the VA. Further adjustment is made to take into account the default risk of the reinsurer. Note that a default adjustment is also applicable to intra-group reinsurance. Since the claims reserves are not explicitly modelled in the cash flow models, the ceded part thereof equals the BEGAAP results. The impact of the VA on the reinsurance deposits is also taken in the reinsurance recoverables item, in line with regulation.

D.3 Other Liabilities

This section is concerned with liabilities not included in the previous chapter. The values attributed to these liabilities are valued at fair value where possible and deemed appropriate. When valuing liabilities, no adjustment to take account of the own credit standing of the insurance or reinsurance undertaking shall be made.

D.3.1 Deferred tax liabilities

The balance sheet item concerning deferred tax liabilities is discussed together with deferred tax assets in section D.1.

D.3.2 Pension benefit obligations

ERGO entered into commitments to its staff in form of defined contribution plans or defined benefit plans. The type and the amount of the obligation are determined by the conditions of the respective pension plan. In general, they are based on the staff members' length of service and salary.

For Solvency II purposes, obligations for employee benefits are measured in accordance with IAS 19. The calculation not only includes the pension entitlements and current pensions known on the balance sheet date but also their expected future development.

The interest rate at which these obligations are discounted is based on the yields for high quality bonds (commercial or government bonds). The currency and term of the bonds correspond to the currency and estimated term of the obligations.

Actuarial gains or losses from obligations for employee benefits result from the deviation of actual risk experience from estimations used. As ERGO recognises actuarial gains and losses directly in the period in which they occur for the general purposes of IFRS financial statements, there is no difference to Solvency II.

Under BEGAAP the obligations in respect of pension benefits are not taking into account their expected future development, liabilities only reflect obligations accrued at the measurement date.

D.3.3 Deposits from reinsurers

For Solvency II purposes, the reinsurer deposits are calculated with the stochastic valuation model, aligned to the reinsurance recoverables, and hence implying a forward-looking approach. The value consists of the discounted value of the changes in ceded provisions and the interests paid on the deposits. In the discount curve, the Volatility Adjustment is not considered (in fact, the impact of the Volatility Adjustment on the deposits is calculated, but subsequently posted under reinsurance recoverables).

Some non-modelled deposits are not part of the stochastic valuation model (such as the ceded disability reserves) and are therefore added under their BEGAAP value. Note that these are analogously added to the reinsurance recoverables and hence have no impact at all on the Own Funds.

D.3.4 Off Balance Sheet Items

At year-end 2024 ERGO reported the following off-balance sheet items:
- Bank guarantee; and
- Loan commitment.

Reinsurance liabilities and lease contracts are reported in statutory annual account disclosure 17, but in Solvency II it is recognized on the face of the balance sheet. Loan commitment is a commitment in infrastructure debt projects in the near future and the bank guarantee is to guarantee future rental payments for our office building in Brussels.

D.4 Alternative Methods for Valuation

There are currently no alternative measures used for the valuation of assets or liabilities.

D.5 **Any Other Information**

There is no additional material information not already covered in the other sections of Chapter D.

E CAPITAL MANAGEMENT

Capital management and deployment is defined in line with Solvency II requirements. Monitoring on the capital, quality of capital and the level of capital are in place and are executed on a continuous basis. A Capital Management Policy is in place to ensure that the processes and strategies in respect of capital management are appropriate to ensure compliance with the regulatory requirements and ensure an adequate capitalization of ERGO. Moreover, the contractual elements of equity capital are checked in order to ensure that they are sufficient and up-to-date. A capital management plan is also in place to ensure that the effective needs for capital over the planning period are identified and can be planned and provided for. The results of the ORSA are reflected in the overall capital management plan. Finally, capital management takes into account the overall position of Own Funds and the required capital under Solvency II. In the very unlikely case that capital drops below pre-defined level, actions are triggered to ensure that capital measures can be taken.

E.1 Own Funds

E.1.1 Capital management

The capital management plan for the company is defined in line with the strategic path that the company is on. In that sense, the plan reflects the run-off strategy of the company. The current capital management plan primarily aims to stabilize the company's strong solvency position and to assure that, at all times, the company can respect regulatory requirements and capital requirements expressed by ERGO Group. Next to this, the company aims to continue to retain a strong financial bearing capacity in future years as well, in order to continue to have the possibility to obtain the exemption from having to accrue additional flashing light reserves. Key elements of the plan are the Solvency II coverage ratio limits and triggers.

E.1.2 Tiering and Position of Own Funds

The table below details the capital position of ERGO at year-end 2023 and 2024. With respect to the capital position, Solvency II requires ERGO to categorize Own Funds into the following tiers with differing qualifications as eligible available regulatory capital:

- Tier 1 capital consists of ordinary share capital, the surplus fund and the reconciliation reserve; and
- Tier 2 capital consists of ancillary Own Funds and basic Tier 2 capital. Ancillary Own Funds consist of items other than basic Own Funds which can be called up to absorb losses. Ancillary Own Funds items require the prior approval of the supervisory authority and for ERGO concern unpaid capital. The company until 2023 in addition had subordinated debt classified as Tier 2 capital, which concerned a subordinated loan from ERGO International AG.

ERGO does not have any Tier 3 capital. In particular, no allowance for an excess of deferred tax assets over liabilities is made as the excess amount is capped at the level of deferred tax liabilities.

The Eligible Own Funds to meet SCR/MCR are detailed below:

Own fund components and tiering	2023	2024	Absolute Change	% Change
Tier 1 capital - unrestricted	**582,2**	**457,7**	**-124,5**	**-21%**
Ordinary share capital (gross of own shares)	336,9	336,9	0,0	0%
Surplus fund	11,8	14,8	+3,0	+25%
Reconciliation reserve	233,5	106,0	-127,5	-55%
Tier 2 capital	**170,1**	**138,1**	**-32,0**	**-19%**
Subordinated debt	32,0	0,0	-32,0	-100%
Ancillary Own Funds (unpaid capital)	138,1	138,1	0,0	0%
Total	**752,3**	**595,8**	**-156,5**	**-21%**
Available to meet SCR	752,3	595,8	-156,5	-21%
Available to meet MCR	614,2	457,7	-156,5	-25%
Eligible to meet SCR	725,8	595,8	-130,0	-18%
Eligible to meet MCR	597,2	457,7	-139,5	-23%

Table 9: Own Funds and its components (source: QRT S.23.01) in Ml €

The resulting Solvency II coverage ratios at year-end 2024 are 208% of the SCR and 552% of the MCR. At year-end 2023, these ratios were 253% and 795%, respectively.

Available Own Funds

Whereas all Own Funds (596 Ml € at year-end 2024) are available to meet the SCR, ancillary Own Funds (unpaid capital of 138 Ml €) cannot be used to cover the MCR.

Eligible Own Funds

The full amount of Tier 1 capital (i.e. 458 Ml € at year-end 2024) is eligible to cover the SCR. The Tier 2 capital (i.e. 138 Ml € at year-end 2024) is also fully eligible to cover the SCR, as the amount is less than the maximum of 50% of SCR. Eligible Own Funds to cover the MCR are equal to the Tier 1 capital of 458 Ml €.

See the next section for comments on the comparison to 2023. Note further that no transitional measures are in place.

Comparison between statutory capital and Solvency II Own Funds

To derive the Solvency II Own Funds from the statutory capital, the subordinated debt and ancillary Own Funds (unpaid capital) are added as Tier 2 capital (see table above). Tier 1 capital is further adjusted by the reconciliation reserve, which mainly results from the revaluation of liabilities and unrealized asset reserves.

E.1.3 Position and changes to Own Funds during 2024

The focus in 2024 has been on maintaining the strong solvency position which the company enjoyed by year-end 2023. The solvency position in 2024 is lower than in 2023, with the SCR ratio decreasing from 253% to 208% (decrease mainly explained by the increase of government bond spreads and updated assumptions within the technical provisions). The capital strength nevertheless remains strong and comfortably in line with the target ratio.

Where possible the company continuously looks for actions to further optimise its solvency position. In particular, this includes monitoring and analysing of options for changes in the asset portfolio, and continued monitoring of costs as well as policyholder behaviour and measures to improve client retention.
The Solvency II Available Own Funds to meet the SCR have decreased from 752 Ml € at year-end 2023 to 596 Ml € at year-end 2024. This decrease is mainly linked to the increased bond spreads, the repayment of the subordinated loan and the annual update of assumptions). Since the SCR remained stable, the Solvency II coverage ratio decreased.

Exemption from flashing light reserves

In 2024, the company obtained an exemption from the requirement to set up special reserves for 2024 (the so-called flashing light reserves, also known as Knipperlicht provisions, see section D.2.11). Our understanding of the NBB's flashing light exemption policy at the end of 2024 is that, if the solvency position of the insurer as determined under the Solvency II regime is sufficiently high, then the NBB can grant exemption from this requirement. This was the case for the company in 2024 (as well as in previous years since 2017).

E.2 Solvency Capital Requirements and Minimum Capital Requirements

E.2.1 Solvency Capital Requirement

The Solvency Capital Requirement (SCR) is a level of financial resources that enables insurers to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due. The SCR is calculated using the Standard Formula as defined by the Solvency II regulation (EIOPA Directive 2009/138/EC).

SCR position and developments

SCR position and developments at year-end 2024 compared to 2023 were as follows:

	Q4 2023	Q4 2024	Absolute Change	% Change
Market risk	192,1	197,4	+5,3	+3%
Counterparty Default risk	4,6	5,3	-0,7	+16%
Life Underwriting risk	137,4	128,9	-8,6	-6%
Health Underwriting risk	19,1	18,6	-0,5	-3%
Non-life Underwriting risk	0,0	0,0	-	-
Diversification	-82,5	-80,7	+1,8	-2%
Operational risk	16,3	16,6	+0,2	+1%
LAC[8] of Deferred taxes	0,0	0,0	-	-
SCR	**287,1**	**286,6**	**-0,5**	**-0%**
MCR	**75,1**	**82,9**	**7,8**	**+10%**

Table 10: SCR Development in 2023 and 2024 (source: QRT S.25.01) in Ml €

The total SCR remained quite stable (287,1 Ml € in 2023 compared to 286,6 Ml € in 2024). The small increase of market risk was offset by the decrease of life underwriting risk (see section C.1.2).

Solvency II coverage ratios

The Solvency II coverage ratio for SCR at year-end 2024 amounted to 208%. The following table shows the SCR/MCR coverage:

	2023	2024
Ratio of Eligible Own Funds to SCR	253%	208%
Ratio of Eligible Own Funds to MCR	795%	552%

Table 11: Coverage of SCR and MCR by Own Funds (source: QRT S.23.01.01) in Ml €

In fact, ERGO is targeting to stabilize its strong Solvency II coverage ratio in future years. This testifies to the company's strong solvency and financial bearing capacity and its commitment to take good care of the pension savings and financial health of existing customers.

The company is not applying any optional transitional measures.

E.2.2 Minimum Capital Requirement

The Minimum Capital Requirement (MCR) is a lower, minimum level of security below which the amount of insurers' financial resources should not fall, otherwise supervisory authorities may withdraw authorization (EIOPA Directive 2009/138/EC).

Relevant input for the Minimum Capital Requirement is as follows:
- The technical provisions without risk margin for guaranteed benefits for life insurance obligations with profit participations;
- The technical provisions without risk margin for future discretionary benefits for life insurance obligations with profit participation;
- The technical provisions without risk margin for unit-linked life insurance obligations;

[8] Loss Absorbing Capacity

- The technical provisions without risk margin for all other life insurance obligations;
- The technical provisions without risk margin for income protection insurance; and
- The capital at risk of these contracts.

At year-end 2024, the final MCR is driven by the volumes of the technical provisions. As the technical provisions (net of reinsurance) have increased compared to year-end 2023, the MCR has also increased (+8 Ml €).

E.3 Use of Duration-based Equity Risk Sub-module in the Calculation of the SCR

Currently there is no use of duration-based equity sub-module.

E.4 Differences between the Standard Formula and any Internal Model used

Currently there is no internal model used for reporting purposes of ERGO.

E.5 Non-compliance with the MCR and SCR

There is a full compliance with the MCR and the SCR.

E.6 Any Other Information

All information about capital management has already been covered in the other sections of Chapter E.

ANNEX: QRTs

S.02.01.02: Balance sheet
S.05.01.02: Premiums, claims and expenses by line of business
S.05.02.01: Premiums, claims and expenses by country
S.12.01.02: Life and Health SLT Technical Provisions
S.17.01.02: Non-Life Technical Provisions
S.19.01.21: Non-Life insurance claims
S.22.01.21: Impact of the long term guarantees and transitional measure
S.23.01.01: Own Funds
S.25.01.21: Solvency Capital Requirement - for undertakings on Standard Formula
S.28.02.01: Minimum capital Requirement - Both life and non-life insurance activity

In the QRTs as disclosed on the following pages, all figures are in EUR thousands (in line with regulation). The figures in preceding sections are in EUR millions as detailed in the report itself.

02.01.02.01: Balance sheet

					Solvency II value
					C0010
Assets	Goodwill			R0010	
	Deferred acquisition costs			R0020	
	Intangible assets			R0030	0
	Deferred tax assets			R0040	0
	Pension benefit surplus			R0050	0
	Property, plant & equipment held for own use			R0060	2.499
	Investments (other than assets held for index-linked and unit-linked contracts)			R0070	3.536.546
	Investments (other than assets held for index-linked and unit-linked contracts)	Property (other than for own use)		R0080	71
		Holdings in related undertakings, including participations		R0090	3.320
		Equities		R0100	0
		Equities	Equities - listed	R0110	0
			Equities - unlisted	R0120	0
		Bonds		R0130	3.489.541
		Bonds	Government Bonds	R0140	2.676.510
			Corporate Bonds	R0150	807.769
			Structured notes	R0160	5.263
			Collateralised securities	R0170	0
		Collective Investments Undertakings		R0180	43.604
		Derivatives		R0190	10
		Deposits other than cash equivalents		R0200	0
		Other investments		R0210	0
	Assets held for index-linked and unit-linked contracts			R0220	1.416.000
	Loans and mortgages			R0230	94.621
	Loans and mortgages	Loans on policies		R0240	48.044
		Loans and mortgages to individuals		R0250	0
		Other loans and mortgages		R0260	46.577
	Reinsurance recoverables from:			R0270	1.145.786
	Reinsurance recoverables from:	Non-life and health similar to non-life		R0280	0
		Non-life and health similar to non-life	Non-life excluding health	R0290	0
			Health similar to non-life	R0300	0
		Life and health similar to life, excluding health and index-linked and unit-linked		R0310	1.145.786
		Life and health similar to life, excluding health and index-linked and unit-linked	Health similar to life	R0320	0
			Life excluding health and index-linked and unit-linked	R0330	1.145.786
		Life index-linked and unit-linked		R0340	0
	Deposits to cedants			R0350	0
	Insurance and intermediaries receivables			R0360	7.960
	Reinsurance receivables			R0370	0
	Receivables (trade, not insurance)			R0380	5.537
	Own shares (held directly)			R0390	0
	Amounts due in respect of own fund items or initial fund called up but not yet paid in			R0400	0
	Cash and cash equivalents			R0410	70.739
	Any other assets, not elsewhere shown			R0420	1.172
	Total assets			R0500	6.280.860

Liabilities	Technical provisions - non-life			R0510	-338
	Technical provisions - non-life	Technical provisions - non-life (excluding health)		R0520	0
		Technical provisions - non-life (excluding health)	Technical provisions calculated as a whole	R0530	0
			Best Estimate	R0540	0
			Risk margin	R0550	0
		Technical provisions - health (similar to non-life)		R0560	-338
		Technical provisions - health (similar to non-life)	Technical provisions calculated as a whole	R0570	0
			Best Estimate	R0580	-459
			Risk margin	R0590	120
	Technical provisions - life (excluding index-linked and unit-linked)			R0600	3.192.858
	Technical provisions - life (excluding index-linked and unit-linked)	Technical provisions - health (similar to life)		R0610	41.514
		Technical provisions - health (similar to life)	Technical provisions calculated as a whole	R0620	0
			Best Estimate	R0630	32.769
			Risk margin	R0640	8.745
		Technical provisions - life (excluding health and index-linked and unit-linked)		R0650	3.151.344
		Technical provisions - life (excluding health and index-linked and unit-linked)	Technical provisions calculated as a whole	R0660	0
			Best Estimate	R0670	3.110.390
			Risk margin	R0680	40.954
	Technical provisions - index-linked and unit-linked			R0690	1.249.276
	Technical provisions - index-linked and unit-linked	Technical provisions calculated as a whole		R0700	0
		Best Estimate		R0710	1.220.608
		Risk margin		R0720	28.668
	Other technical provisions			R0730	
	Contingent liabilities			R0740	0
	Provisions other than technical provisions			R0750	73.770
	Pension benefit obligations			R0760	14.572
	Deposits from reinsurers			R0770	1.241.881
	Deferred tax liabilities			R0780	0
	Derivatives			R0790	169
	Debts owed to credit institutions			R0800	0
	Financial liabilities other than debts owed to credit institutions			R0810	1.963
	Insurance & intermediaries payables			R0820	5.545
	Reinsurance payables			R0830	13.965
	Payables (trade, not insurance)			R0840	21.020
	Subordinated liabilities			R0850	0
	Subordinated liabilities	Subordinated liabilities not in Basic Own Funds		R0860	0
		Subordinated liabilities in Basic Own Funds		R0870	0
	Any other liabilities, not elsewhere shown			R0880	58
	Total liabilities			R0900	5.814.737
Excess of assets over liabilities				R1000	466.122

S.05.01.02: Premiums, claims and expenses by line of business
Non-Life & Accepted non-proportional reinsurance

			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	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
			C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120
Premiums written	Gross - Direct Business	R0110	0	3.030	0	0	0	0	0	0	0	0	0	0
	Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0	0	0	0	0
	Gross - Non-proportional reinsurance accepted	R0130												
	Reinsurers' share	R0140	0	0	0	0	0	0	0	0	0	0	0	0
	Net	R0200	0	3.030	0	0	0	0	0	0	0	0	0	0
Premiums earned	Gross - Direct Business	R0210	0	3.030	0	0	0	0	0	0	0	0	0	0
	Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0	0	0	0	0
	Gross - Non-proportional reinsurance accepted	R0230												
	Reinsurers' share	R0240	0	0	0	0	0	0	0	0	0	0	0	0
	Net	R0300	0	3.030	0	0	0	0	0	0	0	0	0	0
Claims incurred	Gross - Direct Business	R0310	0	165	0	0	0	0	0	0	0	0	0	0
	Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0	0	0	0	0
	Gross - Non-proportional reinsurance accepted	R0330												
	Reinsurers' share	R0340	0	0	0	0	0	0	0	0	0	0	0	0
	Net	R0400	0	165	0	0	0	0	0	0	0	0	0	0
Expenses incurred		R0550	0	859	0	0	0	0	0	0	0	0	0	0
Balance - other technical expenses/income		R1210												
Total technical expenses		R1300												

S.05.01.02: Premiums, claims and expenses by line of business
Non-Life & Accepted non-proportional reinsurance (continued)

			Line of business for: accepted non-proportional reinsurance				Total
			Health	Casualty	Marine, aviation, transport	Property	
			C0130	C0140	C0150	C0160	C0200
Premiums written	Gross - Direct Business	R0110					3.030
	Gross - Proportional reinsurance accepted	R0120					0
	Gross - Non-proportional reinsurance accepted	R0130	0	0	0	0	0
	Reinsurers' share	R0140	0	0	0	0	0
	Net	R0200	0	0	0	0	3.030
Premiums earned	Gross - Direct Business	R0210					3.030
	Gross - Proportional reinsurance accepted	R0220					0
	Gross - Non-proportional reinsurance accepted	R0230	0	0	0	0	0
	Reinsurers' share	R0240	0	0	0	0	0
	Net	R0300	0	0	0	0	3.030
Claims incurred	Gross - Direct Business	R0310					165
	Gross - Proportional reinsurance accepted	R0320					0
	Gross - Non-proportional reinsurance accepted	R0330	0	0	0	0	0
	Reinsurers' share	R0340	0	0	0	0	0
	Net	R0400	0	0	0	0	165
Expenses incurred		R0550	0	0	0	0	859
Balance - other technical expenses/income		R1210					0
Total technical expenses		R1300					859

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

			Line of Business for: life insurance obligations						Life reinsurance obligations		Total
			Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
			C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written	Gross	**R1410**	5.731	122.577	48.202	10.845	0	0	0	0	187.355
	Reinsurers' share	**R1420**	530	57.313	0	520	0	0	0	0	58.363
	Net	**R1500**	5.201	65.264	48.202	10.325	0	0	0	0	128.992
Premiums earned	Gross	**R1510**	5.731	122.577	48.202	10.845	0	0	0	0	187.355
	Reinsurers' share	**R1520**	530	57.313	0	520	0	0	0	0	58.363
	Net	**R1600**	5.201	65.264	48.202	10.325	0	0	0	0	128.992
Claims incurred	Gross	**R1610**	5.301	257.519	82.165	3.208	0	0	0	0	348.192
	Reinsurers' share	**R1620**	0	96.904	0	85	0	0	0	0	96.988
	Net	**R1700**	5.301	160.615	82.165	3.123	0	0	0	0	251.204
Expenses incurred		**R1900**	1.348	14.008	9.701	2.335	0	0	0	0	27.392
Balance - other technical expenses/income		**R2510**									-20.594
Total expenses		**R2600**									6.798
Total amount of surrenders		**R2700**	0	80.322	47.731	1.504	0	0	0	0	129.557

S.12.01.02: Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance	Index-linked and unit-linked insurance		Other life insurance	Other life insurance		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
Technical provisions calculated as a whole		0	0			0			0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole		0	0			0			0	0	0
Technical provisions calculated as a sum of BE and RM	**Gross Best Estimate**	3.033.502		0	1.220.608		0	76.888	0	0	4.330.998
	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	1.144.203		0	0		0	1.583	0	0	1.145.786
	Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	1.889.299		0	1.220.608		0	75.305	0	0	3.185.212
	Risk Margin	32.523	28.668			9.348			0	0	69.622
Technical provisions - total		3.066.025	1.249.276			76.886			0	0	4.400.620

S.12.01.02: Life and Health SLT Technical Provisions (continued)

		Health insurance (direct business)	Health insurance (direct business)		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole		0			0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole		0			0	0	0
Technical provisions calculated as a sum of BE and RM	**Gross Best Estimate**		0	32.769	0	0	32.769
	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		0	0	0	0	0
	Best estimate minus recoverables from reinsurance/SPV and Finite Re - total		0	32.769	0	0	32.769
	Risk Margin	8.745			0	0	8.745
Technical provisions - total		41.514			0	0	41.514

S.17.01.02: Non-Life Technical Provisions

					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	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
					C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole				R0010	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole				R0050	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM	Best estimate	Premium provisions	Gross	R0060	0	-1.096	0	0	0	0	0	0	0	0	0	0
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	0	0	0	0	0	0	0	0	0	0
			Net Best Estimate of Premium Provisions	R0150	0	-1.096	0	0	0	0	0	0	0	0	0	0
		Claims provisions	Gross	R0160	0	637	0	0	0	0	0	0	0	0	0	0
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to	R0240	0	0	0	0	0	0	0	0	0	0	0	0

			counterparty default													
			Net Best Estimate of Claims Provisions	R0250	0	637	0	0	0	0	0	0	0	0	0	0
	Total Best estimate - gross			R0260	0	-459	0	0	0	0	0	0	0	0	0	0
	Total Best estimate - net			R0270	0	-459	0	0	0	0	0	0	0	0	0	0
	Risk margin			R0280	0	120	0	0	0	0	0	0	0	0	0	0
Technical provisions - total	Technical provisions - total			R0320	0	-338	0	0	0	0	0	0	0	0	0	0
	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total			R0330	0	0	0	0	0	0	0	0	0	0	0	0
	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total			R0340	0	-338	0	0	0	0	0	0	0	0	0	0

S.17.01.02: Non-Life Technical Provisions (continued)

					Accepted non-proportional reinsurance		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
Technical provisions calculated as a whole				R0010	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole				R0050	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM	Best estimate	Premium provisions	Gross	R0060	0	0	0	0	-1.096
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	0	0	0
			Net Best Estimate of Premium Provisions	R0150	0	0	0	0	-1.096
		Claims provisions	Gross	R0160	0	0	0	0	637
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	0	0	0	0
			Net Best Estimate of Claims Provisions	R0250	0	0	0	0	637
	Total Best estimate - gross			R0260	0	0	0	0	-459
	Total Best estimate - net			R0270	0	0	0	0	-459
	Risk margin			R0280	0	0	0	0	120
Technical provisions - total	Technical provisions - total			R0320	0	0	0	0	-338
	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total			R0330	0	0	0	0	0
	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total			R0340	0	0	0	0	-338

S.19.01.21: Non-Life insurance claims

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											24
N-9	R0160	77	120	85	287	16	0	23	5	16	0	
N-8	R0170	64	62	115	87	53	30	0	0	0		
N-7	R0180	22	79	171	175	51	85	0	2			
N-6	R0190	18	20	44	140	7	0	34				
N-5	R0200	20	14	106	41	0	1					
N-4	R0210	11	199	168	224	4						
N-3	R0220	4	35	28	15							
N-2	R0230	2	22	55								
N-1	R0240	2	24									
N	R0250	7										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	24	24
N-9	R0160	0	629
N-8	R0170	0	411
N-7	R0180	2	584
N-6	R0190	34	262
N-5	R0200	1	181
N-4	R0210	4	606
N-3	R0220	15	82
N-2	R0230	55	79
N-1	R0240	24	27
N	R0250	7	7
Total	R0260	164	2.891

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											43
N-9	R0160	380	524	415	81	52	49	34	24	16	16	
N-8	R0170	233	294	165	73	72	34	21	31	17		
N-7	R0180	267	340	178	213	127	68	55	47			
N-6	R0190	106	211	187	28	32	42	23				
N-5	R0200	179	85	37	40	39	37					
N-4	R0210	264	156	438	210	143						
N-3	R0220	52	78	79	27							
N-2	R0230	19	83	69								
N-1	R0240	66	93									
N	R0250	124										

		Year end (discounted data)
		C0360
Prior	R0100	43
N-9	R0160	16
N-8	R0170	17
N-7	R0180	47
N-6	R0190	23
N-5	R0200	37
N-4	R0210	143
N-3	R0220	27
N-2	R0230	69
N-1	R0240	93
N	R0250	124
Total	R0260	637

S.22.01.21: Impact of the long term guarantees and transitional measure

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	**C0030**	**C0050**	**C0070**	**C0090**
Technical provisions	**R0010**	4.441.795	0	0	79.449	0
Basic own funds	**R0020**	457.684	0	0	-81.405	0
Eligible own funds to meet Solvency Capital Requirement	**R0050**	595.826	0	0	-81.405	0
Solvency Capital Requirement	**R0090**	286.607	0	0	-1.346	0
Eligible own funds to meet Minimum Capital Requirement	**R0100**	457.684	0	0	-81.405	0
Minimum Capital Requirement	**R0110**	82.879	0	0	3.100	0

S.23.01.01: Own Funds, including basic own funds and ancillary own funds

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Ordinary share capital (gross of own shares)	R0010	336.903	336.903		0	
	Share premium account related to ordinary share capital	R0030	0	0		0	
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
	Subordinated mutual member accounts	R0050	0		0	0	0
	Surplus funds	R0070	14.800	14.800			
	Preference shares	R0090	0		0	0	0
	Share premium account related to preference shares	R0110	0		0	0	0
	Reconciliation reserve	R0130	105.981	105.981			
	Subordinated liabilities	R0140	0		0	0	0
	An amount equal to the value of net deferred tax assets	R0160	0				0
	Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions	Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0
Total basic own funds after deductions		R0290	457.684	457.684	0	0	0
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300	138.142			138.142	
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
	Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	

	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
	Other ancillary own funds	R0390	0			0	0
Total ancillary own funds		R0400	138.142			138.142	0
Available and eligible own funds	Total available own funds to meet the SCR	R0500	595.826	457.684	0	138.142	0
	Total available own funds to meet the MCR	R0510	457.684	457.684	0	0	
	Total eligible own funds to meet the SCR	R0540	595.826	457.684	0	138.142	0
	Total eligible own funds to meet the MCR	R0550	457.684	457.684	0	0	
SCR		R0580	286.607				
MCR		R0600	82.879				
Ratio of Eligible own funds to SCR		R0620	207,890%				
Ratio of Eligible own funds to MCR		R0640	552,229%				

S.23.01.01: Own Funds, including basic own funds and ancillary own funds (continued)

			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	466.122
	Own shares (held directly and indirectly)	R0710	0
	Foreseeable dividends, distributions and charges	R0720	8.438
	Other basic own fund items	R0730	351.703
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve		R0760	105.981
Expected profits	Expected profits included in future premiums (EPIFP) - Life business	R0770	92.096
	Expected profits included in future premiums (EPIFP) - Non-life business	R0780	1.096
Total Expected profits included in future premiums (EPIFP)		R0790	93.192

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

		Gross solvency capital requirement	Simplifications
		C0110	**C0120**
Market risk	**R0010**	202.933	
Counterparty default risk	**R0020**	5.329	
Life underwriting risk	**R0030**	133.658	
Health underwriting risk	**R0040**	18.583	
Non-life underwriting risk	**R0050**	0	
Diversification	**R0060**	-82.914	
Intangible asset risk	**R0070**	0	
Basic Solvency Capital Requirement	**R0100**	277.589	

			Value
			C0100
Operational risk		**R0130**	16.569
Loss-absorbing capacity of technical provisions		**R0140**	-7.552
Loss-absorbing capacity of deferred taxes		**R0150**	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC		**R0160**	0
Solvency Capital Requirement excluding capital add-on		**R0200**	286.607
Capital add-on already set		**R0210**	0
Capital add-on already set	of which, capital add-ons already set - Article 37 (1) Type a	**R0211**	0
	of which, capital add-ons already set - Article 37 (1) Type b	**R0212**	0
	of which, capital add-ons already set - Article 37 (1) Type c	**R0213**	0
	of which, capital add-ons already set - Article 37 (1) Type d	**R0214**	0
Solvency capital requirement		**R0220**	286.607
Other information on SCR	Capital requirement for duration-based equity risk sub-module	**R0400**	0
	Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	0
	Total amount of Notional Solvency Capital Requirements for ring-fenced funds	**R0420**	0
	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	**R0430**	0
	Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

S.25.01.21: Solvency Capital Requirement for undertakings on Standard Formula (continued)

		USP
		C0090
Life underwriting risk	R0030	None
Health underwriting risk	R0040	None
Non-life underwriting risk	R0050	

		Yes/No
		C0109
Approach based on average tax rate	R0590	3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable). See EIOPA Guidelines on loss-absorbing capacity of technical provisions and deferred taxes

		LAC DT
		C0130
LAC DT	R0640	0
LAC DT justified by reversion of deferred tax liabilities	R0650	0
LAC DT justified by reference to probable future taxable economic profit	R0660	0
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	0

S.28.02.01: Minimum Capital Requirement for insurance undertakings engaged in both life and non-life insurance activity
MCR components

		MCR components	
		Non-life activities	Life activities
		MCR(NL, NL) Result	MCR(NL, L)Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	258	0

Background information

		Background information			
		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	0	0	0	0
Income protection insurance and proportional reinsurance	R0030	0	3.030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0	0	0
Other motor insurance and proportional reinsurance	R0060	0	0	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	0	0	0	0
General liability insurance and proportional reinsurance	R0090	0	0	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	0	0	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0	0	0
Assistance and proportional reinsurance	R0120	0	0	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0	0	0
Non-proportional health reinsurance	R0140	0	0	0	0
Non-proportional casualty reinsurance	R0150	0	0	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0	0	0
Non-proportional property reinsurance	R0170	0	0	0	0

Linear formula component for life insurance and reinsurance obligations

		Non-life activities	Life activities
		MCR(L, NL) Result	MCR(L, L) Result
		C0070	**C0080**
Linear formula component for life insurance and reinsurance obligations	**R0200**	0	82.622

Total capital at risk for all life (re)insurance obligations

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	**C0100**	**C0110**	**C0120**
Obligations with profit participation - guaranteed benefits	**R0210**	0		1.881.747	
Obligations with profit participation - future discretionary benefits	**R0220**	0		7.552	
Index-linked and unit-linked insurance obligations	**R0230**	0		1.220.608	
Other life (re)insurance and health (re)insurance obligations	**R0240**	0		108.074	
Total capital at risk for all life (re)insurance obligations	**R0250**		0		3.679.956

Overall MCR calculation

		C0130
Linear MCR	R0300	82.879
SCR	R0310	286.607
MCR cap	R0320	128.973
MCR floor	R0330	71.652
Combined MCR	R0340	82.879
Absolute floor of the MCR	R0350	6.700
Minimum Capital Requirement	R0400	82.879

Notional non-life and life MCR calculation

		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	258	82.622
Notional SCR excluding add-on (annual or latest calculation)	R0510	891	285.716
Notional MCR cap	R0520	401	128.572
Notional MCR floor	R0530	223	71.429
Notional Combined MCR	R0540	258	82.622
Absolute floor of the notional MCR	R0550	2.700	4.000
Notional MCR	R0560	2.700	82.622