



Solvency and Financial Condition Report

Baloise Vie Luxembourg S.A.



2023

Legal Disclaimer

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

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List of abbreviations

| | |
|------------------|--|
| AEOI | Automatic Exchange of Information |
| AML | Anti-Money Laundering |
| ALM | Asset Liability Management |
| AOF | Ancillary Own Funds |
| ALCO-RICO | Asset Liability and Risk Committee |
| BOF | Basic Own Funds |
| CAA | Commissariat aux Assurances |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CFT | Countering Financing of Terrorism |
| CRF | Cellule de Renseignement Financier |
| DBO | Defined Benefit Obligation |
| DCF | Discounted Cash Flow |
| EIOPA | European Insurance and Occupational Pensions Authority |
| EPIFP | Expected profits included in future premiums |
| FATCA | Foreign Account Tax Compliance Act |
| FoS | Freedom of Service |
| GAAP | Generally Accepted Accounting Principles |
| ICRA | Investment Controlling and Risk Analysis |
| ICS | Internal Control System |
| IFRS | International Financial Reporting Standards |
| IIA | Institute of Internal Auditors |
| ITGC | IT General Control |

| | |
|----------------------------|---|
| LOB | Line of Business |
| LPS | Libre Prestation de Service (Freedom to provide services) |
| MCR | Minimum Capital Requirement |
| ORSA | Own Risk and Solvency Assessment |
| SCR | Solvency Capital Requirement |
| SLT | Similar to Life Techniques |
| SST | Swiss Solvency Test |
| Undertaking/Company | Baloise Vie Luxembourg S.A. |

Glossary

Ancillary Own Funds

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

Basic Own Funds

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

Best Estimate

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

Minimum Capital Requirement

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

Own Risk and Solvency Assessment (ORSA)

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

Own Funds

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

Reconciliation Reserve

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

Risk Margin

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

Risk-free Interest Rate

The Risk-free Interest Rate term structure is relevant for the calculation of liabilities by insurance and reinsurance undertakings. EIOPA is required to publish the Risk-free Interest Rate for Solvency II.

As a default approach, the Risk-free Interest Rate is primarily derived from the rates at which two parties are prepared to swap fixed and floating interest rate obligations. (EIOPA-BoS-15/035)

Solvency Capital Requirement (SCR)

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

Solvency II Ratio

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

Surplus Funds

Surplus Funds shall be deemed to be accumulated profits which have not been made available for distribution to policy holders and beneficiaries.

In so far as authorised under national law, Surplus Funds shall not be considered as insurance and reinsurance liabilities to the extent that they fulfil the criteria set out in Article 94(1). (Solvency II Directive 2009/138/EC, Article 91)

Technical Provisions

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

Volatility Adjustment

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

Executive Summary

Introduction

The company, reporting and disclosure

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

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

The European directive Solvency II serves to improve and harmonize EU insurance regulation to unify the European insurance market and strengthen consumer protection. This risk-based system is covering both quantitative and qualitative aspects to define the capital requirements of each company subject to the regulation. Solvency II is divided into three pillars representing financial requirements, governance and supervisory requirements and finally reporting and disclosure requirements.

Highlights

Focus on customers

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

Regulatory requirements under Solvency II are met

Baloise Vie Luxembourg S.A.'s SCR ratio in accordance with Solvency II was reported at a level of 122.2% at the end of 2023.

Macroeconomic situation

The macroeconomic situation in 2023 was characterized by a number of global challenges. The ongoing war in Ukraine, as well as the renewed conflict in the Gaza Strip, led to a tense geopolitical situation. Baloise's insurance business is not directly affected by the wars, but the indirect effects on the market environment are being closely monitored. It is clear that our customers, employees and investors can rely on us in this challenging market situation. Baloise's solid economic substance also endures in this environment.

In 2023, inflation rates declined globally but remained above target in major economies, while key interest rates rose for the most part. Due to the increased expectations of central banks in autumn 2023 to cut key interest rates again in 2024, the equity markets developed positively again towards the end of the year. However, investors remain confronted with uncertainties and risks. Despite these challenges, Baloise remains well positioned thanks to a solid capital base and a long-term investment strategy.

Business and Performance

Continuous profit has been achieved

As disclosed in the annual report, Baloise Vie Luxembourg S.A. generated a business profit amounting to EUR 11,813.2 thousand in 2023.

The result increased significantly compared to the previous year. The yield increase of the investment market and equity realization on the one hand and the higher unit linked result driven by profitability measures and higher assets under management due to the capital market recovery explain the evolution observed during 2023.

The company reports own funds amounting to EUR 258,324.7 thousand in 2023 (as measured under the solvency II based valuation principles) and complies with the Solvency II requirements with a Solvency ratio of 122.2% per year-end 2023.

In respect of revenue, the gross premium written decreased slightly by 3.7% from EUR 878,190.8 thousand in 2022 to EUR 845,408.8 thousand driven by the decrease in unit-linked business volume under the freedom to provide services directive.

System of Governance

We practice sound, responsible corporate governance

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

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

Risk Profile

All material risks are identified, assessed and managed

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

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

The key components of the solvency capital requirement continue to be the market risk and the Life underwriting risk. The most prominent risk within the market risk is the equity risk while the Life underwriting risk is driven by the lapse risk and expense risk.

During the reporting period both the loss-absorbing capacity for deferred taxes and the Life underwriting risk increased while the market risk decreased.

Valuation for Solvency purposes

Material differences between Solvency II and Local GAAP have been analyzed and explained

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

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

Capital Management

Solvency II quota reported at a level of 122.2%

The company's Solvency II quota was reported at a level of 122.2% at the end of 2023. The legal requirement to hold sufficient own funds to cover the solvency capital requirement has therefore been fulfilled.

Solvency Position

| | 2022 | 2023 |
|--|--------------|--------------|
| In '000 EUR | | |
| Total eligible own funds to meet the MCR | 169'334.9 | 206'076.2 |
| Minimum Capital Requirement | 74'138.1 | 88'757.0 |
| Ratio of Eligible Own Funds to Minimum Capital Requirement | 228.4 | 232.2 |
| Total eligible own funds to meet the SCR | 224'507.3 | 258'324.7 |
| Solvency Capital Requirement | 164'751.3 | 211'428.0 |
| Ratio of Eligible Own Funds to Solvency Capital Requirement | 136.3 | 122.2 |

The volatility adjustment is used to calculate the technical provisions and in this way has an impact on the company's Solvency Capital Requirement as well as its Solvency II quota. The Solvency II quota without volatility adjustment was reported at a level of 116.6% at the end of 2023. Transitional arrangements are not applied.

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

Post closing events

No post-closing events to mention.

Validation by the Board of Directors

On 29 March 2024, the Board of Directors has formerly validated this report by circular resolution.

A. Business and performance

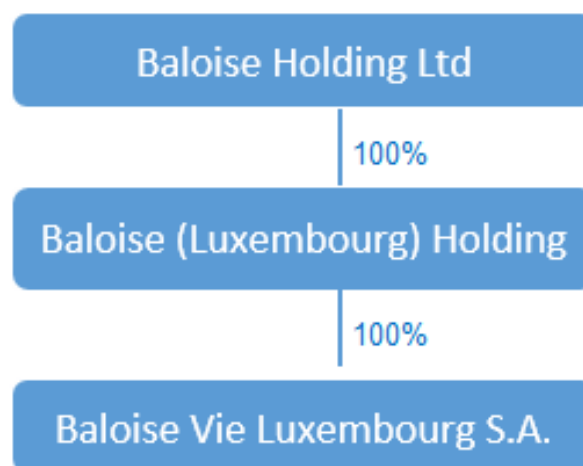
A.1. Business

A.1.1. General information

Baloise Vie Luxembourg S.A. (hereafter "the company") is an insurance company incorporated in the Grand Duchy of Luxembourg as a limited liability company (société anonyme) on 6 May 1996 and published in the Memorial, special publication for companies and associations, under number B54686. The company is regulated by the Luxembourgish supervisory authority, the Commissariat aux Assurances, situated at 11, rue Robert Stumper, L-2557 Luxembourg.

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

Baloise (Luxembourg) Holding S.A. is the sole shareholder of the company and a hundred percent subsidiary of the ultimate parent company Baloise Holding Ltd . A simplified structure chart of the company is shown hereafter.



Baloise Vie Luxembourg S.A. is included in the consolidated accounts of the Baloise Holding Ltd headquartered in Basel, Switzerland, whose registered office is at CH-4001 Basel, Aeschengraben 21 (Switzerland). At the end of 2023, in addition to its Swiss and Luxemburgish activities, the Group had significant foreign operations in Belgium, Germany and Liechtenstein.

An active interaction exists between the Baloise Group and its Luxembourgish subsidiary, based among others on the presence of Group representatives in Baloise Vie Luxembourg S.A.'s Board of Directors and on the comprehensive management reporting procedures. Important synergies exist among others in Information and Communication Technology (ICT), Asset Management and in Risk Management.

A.1.2. Significant business and geographical coverage

Main business lines and geographical areas

The main business lines of the company are index-linked and unit-linked insurance obligations and insurance obligations with profit participations. In 2023, Baloise Vie Luxembourg S.A. realized a gross premium volume of EUR 845,408.8 thousand, which represents a slight decrease of EUR 32,781.9 thousand compared to 2022. The 2023, with the majority realized in unit-linked business, and more particularly in Freedom of Services business is in decrease of 4,4%, the individual traditional life business decreased by 6,2%, whereas the collective life business increased by 7,7%. With respect to gross written premiums in the FoS business, the most important geographical areas within the European Union and which drive the business of the company are Portugal, France, Belgium, Luxembourg and Poland.

Contribution to the total premium written

| Country | 2022 | 2023 |
|------------|-------|-------|
| Portugal | 20,9% | 24,8% |
| France | 26,2% | 24,8% |
| Belgium | 29,3% | 20,2% |
| Luxembourg | 12,4% | 13,5% |
| Poland | 3,2% | 1,2% |

Significant business or other events

The year 2023 took place in a macroeconomic context marked by multiple challenges, including fluctuations in interest rates, persistent inflationary pressures and geopolitical uncertainties. These elements have significantly influenced the landscape in which we operate, requiring constant re-evaluation of our strategies to ensure the stability and growth of our business.

Furthermore, regulations affecting the insurance sector continue to evolve dynamically. Over the past year, we continued to expand our range of sustainable products, to work on our governance system, regulatory adaptations, as well as our ESG strategy. The move to our new Wooden building in Leudelange is fully in line with these sustainability ambitions. Wooden is not only the first wooden building of this size on the territory, but also a concept encouraging collaboration, communication and the well-being of our employees.

All these listed aspects guarantee the attractiveness of the insurance sector and the human resource needs are very important. We thus contribute to a strong job offer in Luxembourg and beyond our borders.

Our customers are at the center of our efforts. We are working on the profitability with deep-dive restructuring measures as well as more digitalization for the benefit of our customers.

In terms of inflows, direct insurance figures show a decline in the sector since the start of the year. This is particularly noticeable in unit-linked business, which is highly dependent on developments in the capital markets. In general investors' are hesitant and remain in "wait-and-see mode" and are making fewer investment structuring decisions in the volatile markets for the moment. The consequence is a lower premium volume specifically in the unit-linked business. Overall Life insurance premiums decreased by 17,5% compared to the collection of the previous financial year.

In life insurance, the decline is mainly attributable to unit-linked products (-19.0%), where the company shows a higher decrease compared to the market, which is explained by the exceptional high comparison basis of the previous year, which showed a higher increase above the market.

In general, the company showed a performance above the market. We are proud of the progress made this year and confident in our ability to continue on this path. Thanks to the strength of our business model and the commitment of our teams, we are well positioned to seize future opportunities and continue to prosper in the dynamic insurance ecosystem in Luxembourg. Individual guaranteed rate products, both in the domestic market and in border regions through our local network of agents and brokers, bring us a turnover of EUR 36.1 million, a decrease of 5.0% compared to 2022. The collective life business is again outperforming the market with a premium income increase in 2023 of 7.7% to reach EUR 55.0 million. Inflows increased as much in biometric risk insurance (+13.1%) as in savings products (+6.5%).

In life insurance, the unit-linked products are affected by a competitive market environment. The decrease from EUR 789.1 million in 2022 to EUR 754.3 million in 2023 (-4.4%) demonstrates the current trend from the investors regarding the uncertainties over the capital markets.

The traditional products generated a turnover of EUR 36,1 million, showing a decrease of 5,0% compared to 2022. These products are referring to individual guaranteed rate products, both in the domestic market and in border regions through our local network of agents and brokers,

The collective life business is outperforming the market with a premium income increase in 2023 of 7.7% to reach EUR 55.0 million. Inflows increased as much in biometric risk insurance (+13,1%) as in savings products (+6,5%).

A.2. Performance of underwriting activities

A.2.1. Underwriting performance against prior reporting period

In 2023, Baloise Vie Luxembourg S.A. continued to follow its selective and prudent underwriting approach.

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

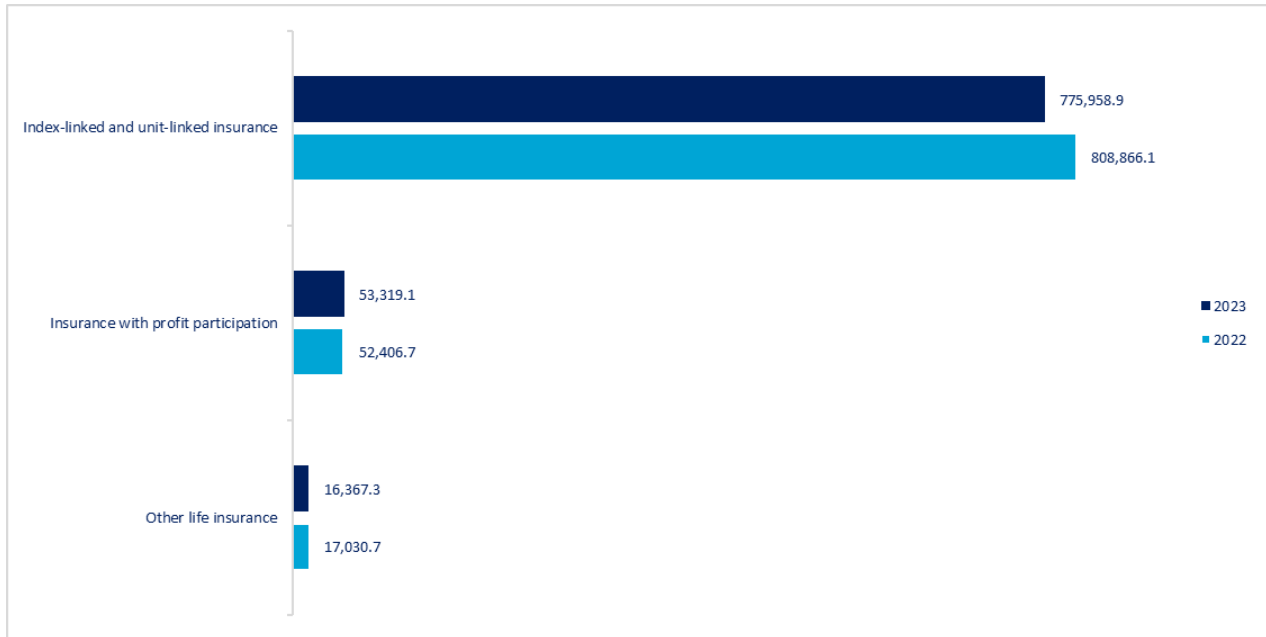
| Life Underwriting Performance | | | |
|--------------------------------------|-------------|-------------|------------------|
| | 2022 | 2023 | Variation |
| in '000 EUR | | | |
| Gross written premiums | 878,190.8 | 845,408.8 | -3.7% |
| Gross earned premiums | 878,303.5 | 845,645.2 | -3.7% |
| Gross claims expenses | -526,660.1 | -719,472.5 | 36.6% |
| Gross operating expenses | -63,224.4 | -65,936.5 | 4.3% |
| Reinsurance balance | -2,165.4 | -2,676.6 | 23.6% |
| Technical result life | 7,429.3 | 11,532.0 | 55.2% |

In 2023 the underwriting result amounts to EUR 11,532.0 thousand.

Gross written premium reached EUR 845,408.8 thousand, resulting in a decrease of 3.7% compared to EUR 878,190.8 thousand in 2022. Given the difficult economic situation, traditional products show a decrease amounting to 5.0% compared to 2022. In the unit-linked funds business the company recognized a decrease with earned premiums amounting to EUR 754,295.1 thousand (2022: EUR 789,090.4 thousand) especially in the markets Belgium, France, Portugal and Poland, resulting in a decrease of 4.4% compared to the previous reporting period.

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

The development of the gross premiums during the reporting period is presented in the following illustration.



The gross operating expenses remain stable compared to last year with a small increase of 4.3%. It is still highly affected by the cost related to the projects and IT expenses, especially the IFRS 17 project.

Baloise Vie Luxembourg S.A. delivered an overall business profit of EUR 11,813.2 thousand.

A.3. Performance from investment activities

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

Overview of the investment performance as per financial statements

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

| Investment performance | | 2023 | | | | | | |
|--------------------------------------|-----------|-----------|----------|----------|---------------------|----------------|---------------------------|-----------|
| | 2022 | Bonds | Equities | Property | Loans and mortgages | Participations | Cash and cash equivalents | Total |
| in '000 EUR | | | | | | | | |
| Recurring income | 12,733.6 | 11,315.8 | 3,239.0 | 128.7 | 64.1 | 112.2 | 1,065.7 | 15,925.6 |
| Realised gains | 4,370.8 | 69.0 | 2,064.4 | 0.0 | 0.0 | 0.0 | 0.0 | 2,133.4 |
| Realised losses | -901.5 | 0.0 | -263.3 | 0.0 | 0.0 | 0.0 | 0.0 | -263.3 |
| Appreciation in value | 43.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation in value | -709.4 | 0.0 | 453.4 | 0.0 | 0.0 | 0.0 | 0.0 | 453.4 |
| Cost of investment management | -1,138.3 | -941.0 | -101.7 | 0.0 | 0.0 | 0.0 | 0.0 | -1,042.7 |
| Operational profit | 14,398.2 | 10,443.8 | 5,391.8 | 128.7 | 64.1 | 112.2 | 1,065.7 | 17,206.4 |
| Average investment portfolio | 694,178.2 | 509,133.7 | 79,970.8 | 2,959.0 | 7,113.8 | 21,278.2 | 30,057.8 | 650,513.3 |
| Investment performance ¹⁾ | 2.1% | 2.1% | 6.7% | 4.4% | 0.9% | 0.5% | 3.5% | 2.6% |

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

The investment portfolio mainly consists of bonds, equities, and property exposures. During the reporting period the investment result was positively influenced by realized gains in bonds and equities.

Current income (compared to previous period)

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

Gains and losses recognized directly in equity

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

| | 2022 | 2023 | Variation |
|---|------------------|------------------|---------------|
| in '000 EUR | | | |
| Unrealized gain and losses from property (other than for own use) | 2,246.0 | 2,943.8 | 31.1% |
| Unrealized gain and losses from holdings in related undertakings incl. participations | 7,924.6 | 8,914.3 | 12.5% |
| Unrealized gain and losses from equities | 1,513.4 | 1,945.5 | 28.6% |
| Unrealized gain and losses from bonds | -89,415.7 | -61,229.6 | -31.5% |
| Unrealized gain and losses from real estate funds | 658.4 | 2,087.2 | 217.0% |
| Unrealized gain and losses from collective investments undertakings | 87.5 | 361.1 | 312.7% |
| Total | -76,985.8 | -44,977.7 | -41.6% |

Even if the bonds portfolio is still showing unrealized losses (due to high increase of the interest rates), the better market conditions were favorable and helped to start the recovery of the loss position compared to prior years (+28,186.1 thousand compared to financial year 2022). The real estate funds performed well during 2023 and showed a high increase in unrealized gain this year. There is also a good result in terms of unrealized gain from collective investments undertakings due to the performance of the Senior Secured Loan.

Investments in financial instruments based on repackaged loans

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

A.4. Performance of other activities

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

For year-end 2023 the other technical income and expenses amounting to respectively EUR 12,465.0 thousand and EUR 2,475.8 thousand, mainly stem from Freedom of Service Business. Other technical income decreased compared to the previous year (2022: EUR 12,109.4 thousand).

A.5. Other relevant information

No other relevant information.

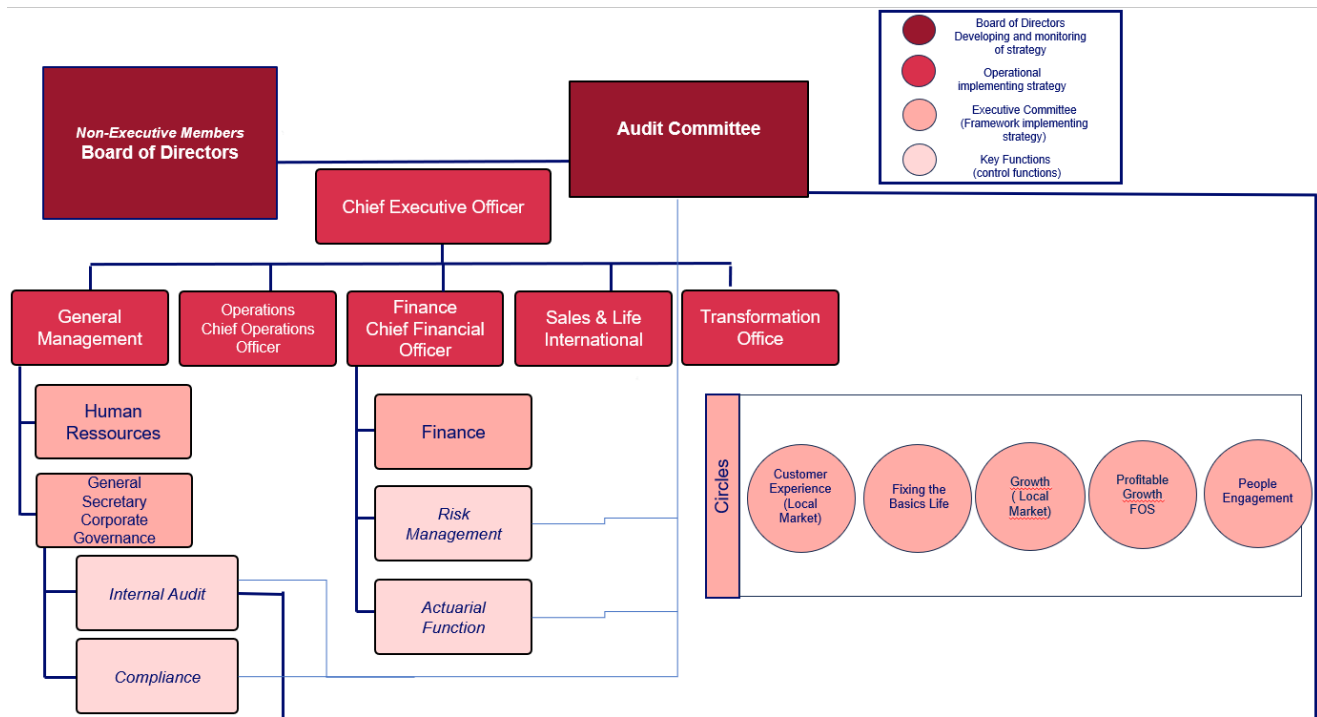
B. System of Governance

B.1. General information on the system of governance

B.1.1. Governance structure: overview and main changes

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

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



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

- The Board of Directors, which is responsible for defining general strategy and supervising the activities of the Executive Committee, as well as designating, amongst themselves, the members of that Committee and revoking them;
- The Executive Committee, which is responsible for managing the company's insurance activities and thereby implementing the strategy as laid out by the Board of Directors. The Executive Committee is responsible for the framework set up necessary for the implementation of the strategy;
- The effective implementation of the strategy is performed by the Executive Committee and the Circles whose tasks are concentrated on the integration of the strategy in every department throughout the company;

- As key functions, the Risk Management function, Actuarial function, Compliance Function and Internal Audit function carry out the oversight responsibilities. The Compliance and Internal Audit function are assigned to the Secrétaire Général assuring independency from the operational business through the direct access to the Executive Committee and Board of Directors. The actuarial function and the Risk Management are assigned to the Finance department which is functionally controlled by the Chief Financial Officer. Their independency is guaranteed via their direct access to the Board of Directors via the Audit Committee.

Board of Directors

Composition of the Board of Directors

The company is led by independent Non-Executive Directors and an Executive Director. The latter is also the Managing Director. The company refers to the definitions set out by the Commissariat aux Assurances in Circular 22/15 of the Board of Directors of insurance and reinsurance companies.

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

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

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

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

Functioning of the Board of Directors

As foreseen in the company's Articles of incorporation, the Board of Directors meets at least three times a year. Additional meetings can be requested by the chairman, Vice chairman or two directors at any time it is required in the interests of the company. The majority of meetings must be held in Luxembourg. The company may organize, if necessary and appropriate, meetings of the Board of Directors by means of video, telephone or internet, in compliance with the articles of association. The considerations are collected in the minutes.

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

Main roles and responsibilities of the Board of Directors

The Board of Directors is responsible for the following tasks:

Determination of the general policy and strategy, goals and values of the company;

- The approval and regular evaluation of the policy structure, the organization, internal controls and independent control functions of the company;
- Regularly checking whether the company has effective internal controls with respect to the financial reporting;
- The approval and regular evaluation of the rights and obligations of general policy and strategy of the company with respect to:
 - o Commercial policy and structure;
 - o Risk profile, policy and management;
 - o Capital adequacy;
 - o Outsourcing;
 - o Business Continuity;
 - o Integrity and acceptance policy;
 - o Conflicts of interest.
- Supervision of management;
- Taking notice of the important findings of independent control functions of the company, of the Statutory Auditor, of the CAA, or of specialized committees set up by the Board, supervision on the Executive Committee to prevent short-comings.

Decisions are taken by absolute majority of all members.

Main changes related to the Board of Directors

During the reporting period significant changes related to the Board of Directors occurred. Two directors resigned and were replaced by two other directors.

Board level Committees

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

The company's Board of Directors put an Audit Committee in place.

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

Audit Committee

Composition of the Audit Committee

The Board of Directors appoints the members and the Chairman. The majority of the Audit Committee members are independent of the controlled company under the law of July 23, 2016 on the audit profession. The Chairman of the Audit Committee is appointed by the Board of Directors and is independent of the audited entity. The Chairman of the Audit Committee is not the Chairman of the Board of Directors.

The Committee is collectively expert in the area of finance, financial management and financial reporting, accounting and controlling. The members of the Audit Committee must have experience in the field of insurance and/or finance and accounting.

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

Functioning of the Audit Committee

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

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

Roles and responsibilities of the Audit Committee

The Audit Committee has the following missions¹:

- Communication of the audit results on annual accounts to the Board of Directors;
- Monitoring of the annual accounts elaboration process;
- Checking of the efficiency of internal controls related to the annual accounts;

¹ Law of 23 July 2016 on audit profession, Article 52 §6

- Monitoring of the implementation of any finding expressed by the regulator;
- Checking of the external auditor independence (i.e. supply of non-audit services);
- Responsibility of the external auditor selection process (rotation rule).

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

- Checking that the company has effective internal control systems, Risk Management and independent control functions;
- Monitoring the activities of the Internal Audit: approval of the audit plan, resources used, activity reports, audit reports issued and measures put in place to remedy any deficiencies discovered by the Internal Auditors.

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

Main changes related to the Audit Committee

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

Executive Committee

Composition

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

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

A responsible for Compliance is appointed at this level. He has a sufficient knowledge of the company's exposure to the risk of money laundering and terrorist financing.

Functioning of the Executive Committee

The Executive Committee normally meets weekly. Minutes are taken. The Secrétaire Général is invited to attend the meetings on a permanent basis.

Roles and responsibilities of Executive Committees

The Executive Committee has the following tasks:

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

The circles are the steering bodies for the operational parts of the business.

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

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

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

Main changes related to the Executive Committee

The composition of the executive committee has changed. A new CEO, Licensed Manager was appointed.

The finance and risk management departments have merged, the Chief Financial Officer takes over Chief Risk Officer RO roles.

Key Functions

The company has appropriate control functions.

- The board ensures their functioning and uses their conclusions and advices to create a stronger policy structure, organization and internal control system;
- They have an adapted statute with the necessary privileges, resources, expertise and access within the organization;
- They are independent of the operational activity that they control;
- They report to the Managing and Non-Executive Directors with respect to the prescribed procedures;
- Their remuneration related to the results of the company is not material.

The following key control functions are in place at Baloise Vie Luxembourg S.A.:

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

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

Composition key functions

Internal Audit

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

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

Internal Audit works following the standards of the IIA (Institute of Internal Auditors) and the Baloise Group Internal Audit Manual. For the execution of specific tasks, cooperation with external and specialized auditors is required.

The Internal Audit area covers the systematic assessment of the adequacy and effectiveness of the quality of the internal control system. On the one hand, the Internal Audit ensures that the processes take place as intended and supports the

achievement of the company's objectives. On the other hand, recommendations are made to improve the efficacy, efficiency and profitability of these processes.

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

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

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

Internal Audits by Group Internal Audit are also authorized. The audit and Compliance Functions are also judged by the Statutory Auditor, who reports to the Audit Committee.

Compliance

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

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

The Compliance Officer is also responsible for monitoring Compliance with AML/CFT obligations. The Compliance Officer, under his/her own responsibility, may delegate this function to an AML Officer.

The Compliance Officer and the AML Officer are the contact persons with respect to information related to money laundering towards the CRF or CAA.

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

The Compliance function includes:

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

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

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

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

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

The main tasks of the Compliance Officer are

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

Risk Management

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

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

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

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

- Advising the Executive Committee with respect to the strategic set up of the risk policy;
- Executing concretely and watching over a proactive risk policy;

- The implementation of an integrated Risk Management model;
- The practice of risk controls;
- Awareness and training of employees regarding Risk Management aspects;
- Reporting to ALCO-RICO, Chief Risk Officer, Board of Directors, Audit Committee and Baloise Group Risk Management.

Actuarial Function

The Actuarial Function assists the management by

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

The actuarial function requires good qualification and necessary knowledge and experience of the applicable standards.

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

Main changes related to key functions

The Risk Management key function is now part of the Finance department, Chief Financial Officer also took the role of Chief Risk Officer.

Sustainability

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

B.1.2. Remuneration policy

Remuneration principles and objectives

Principles

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

Objectives

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

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

Remuneration components

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

Basic salary

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

Sustainable remuneration and short-term variable remuneration

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

Performance pool

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

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

Long-term variable remuneration

In addition, Baloise grants performance share units (PSUs) to the members of the executive committee as a form of long-term variable remuneration. The PSU program enables the top management level to benefit even more from the company's performance and helps Baloise to retain high performers in the long run.

Pension schemes

The company offers its employees an attractive pension solution in form of defined contributions as part of the 2nd pillar, which fulfils the following objectives:

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

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

B.1.3. Material transactions

Over the reporting period, there were no material transactions with shareholders, or with persons exercising a significant influence on the company or with members of the Board of Directors and the Executive Committee.

B.2. Fit and proper requirements

B.2.1. Fit and proper: Policy and process

Fit and proper principles and objectives

The company has a Fit and Proper Policy in place which defines the procedure for assessing the fitness and propriety of persons who are effectively running the company or have a key function.

The critical function holders which are in scope of the policy include the members the Board of Directors and the Executive Committee, as well as the key function holder Risk Management, Compliance, Actuarial and Internal Audit. Other functions subject to notification to the supervisory authority are also covered here.

Assessment process of key personnel

Fitness Check

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

It is ensured that the management body has the breadth of expertise and experience to understand and continually challenge the company's business operations, strategic initiatives and major transactions.

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

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

For external recruits and internal persons promoted to a position in scope of the Fit and Proper Policy, superiors and Human Resources assess their fitness according to the specific requirements set out in the job description. The superior makes the final decision on a person's required fitness.

Propriety Check

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

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

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

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

The Fit and Proper Policy requires an initial and yearly assessment. They include a self-declaration, a sample of the criminal record, a copy of the passport and a Curriculum Vitae. For the members of the Board of Directors, it is also planned to send a self-assessment file every three years concerning the skills and knowledge in insurance market, financial market, governance system, financial analysis, actuarial analysis, risk management and regulatory requirements. The company continuously assesses the competence of key functions.

Adequacy of Administrative and Supervisory Body

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

B.3. Risk Management system including the ORSA

B.3.1. Risk Management system overview

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

Risk Management is independent and functionally attached to the Finance Department. The independency, guaranteed by law and group requirements allows direct access to the whole departments and services, to the Chief Risk Officer, the Audit Committee and to the local Board of Directors. It is amongst others responsible for:

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

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

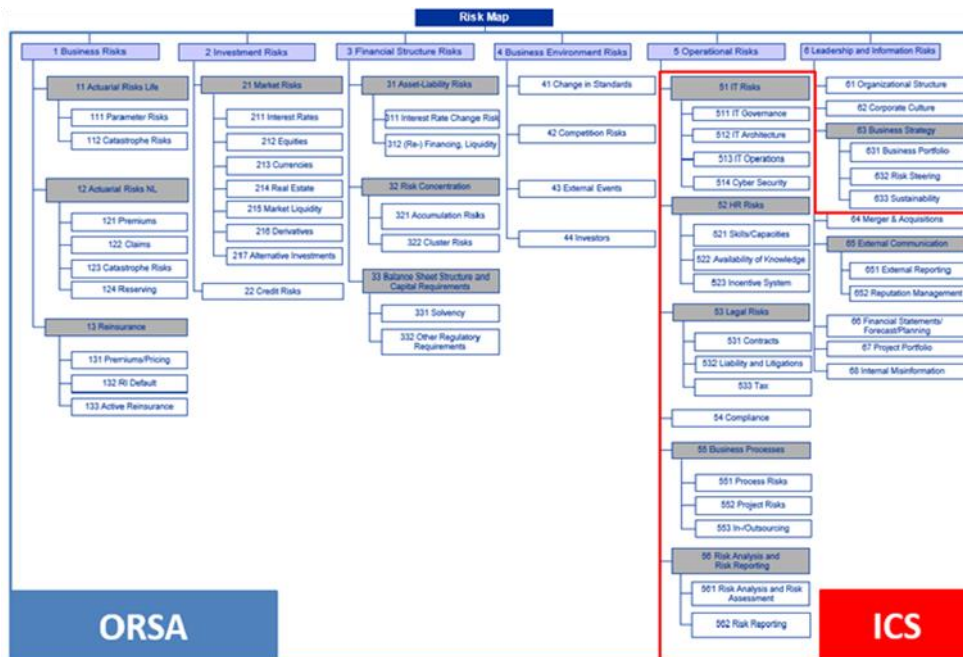
Risk Strategy

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

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

Risks considered as relevant for the company are classified along the so-called "Risk Map" of the Baloise Group. The categorization is performed on three levels:

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



In order to monitor and steer the risks listed in the Risk Map, Baloise has implemented an extensive group-wide Risk Management. A holistic approach of an integrated Risk Management in order to identify, administer and assess risks in the areas internal control, compliance and Risk Management as well as risk steering is pursued. In addition to purely financial risks, operational as well as strategic and reputational risks are captured and quantified. In this manner, Risk Management is consistently embedded in the decision making process. The effectiveness of the Risk Management becomes visible through amongst others the occurred risks and the effectiveness of the measures taken. The Risk Management and the respective systems and processes are further developed and revised on a continuous basis in order to guarantee long-term efficiency and continuous improvement.

B.3.2. ORSA process

ORSA compliance

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

ORSA Governance

The executive management has the overall responsibility for the execution of the ORSA and has to ensure that results are taken into account in the management of the company. In addition, the Board of Directors is responsible to ensure and verify that the ORSA process is appropriately developed and implemented. After the approval of the ORSA by the Risk Committee, the Board of Directors receives and approves the ORSA report before it is submitted to the regulator.

ORSA process

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

The own risk assessment is developed by risk controllers who determine in collaboration with risk owners the risk's probability of occurrence and the potential loss caused by a specific risk. The risk is then classified according to established limits. A risk grid ("Heat map") maps the standalone risks in connection with the limit system. Should a corresponding threat result, according measures are defined.

Documentation

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

Review and approval

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

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

The ORSA report is also presented to the Audit Committee, which propose the approval to the Board of Directors.

The submission of the ORSA supervisory report to the regulator is required within two weeks after the approval by the Board of Directors.

Interaction Capital management and Risk management system

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

B.4. Internal control system

B.4.1. Internal control system overview

The company's internal control system is established as a key component of the integrated risk management framework. Effectiveness, traceability and efficiency of the implemented measures as well as concentration on the relevant risks are considered as important principles for the design and application of internal control. The company's internal control system covers the financial reporting as well as Compliance and Operational risks.

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

- Internal controls on Solvency calculation requirements: After the major problem identified in the Solvency 2 calculation model, an audit is highly recommended in the methodology and controls of the solvency II calculations by the actuarial department (not an audit of the models used).
- Escheated contracts: New law implemented which obliges Baloise Lux to identify and take contact with Life clients which are very old and have not taken contact with us for a long time ensures an appropriate monitoring regarding the efficiency of the internal control system by the local Executive Committee and receives a regular reporting.

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

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

B.4.2. Compliance function

The company's essential compliance themes are displayed in the Compliance Standards as referred to in the Baloise Group Compliance Policy. The Compliance Standards include specifications and control objectives for twelve different key topics (data protection and data security, insider trading, prevention of money laundering, embargo/sanctions, anti-trust law/competition law, fraud (including code of conduct), advisory services, corruption/bribery, cross-border services, US persons and AEOI/FATCA, supervisory law, Invest rules) that constitute the basis for controlling and regular compliance reporting.

Objectives

The Compliance Function aims to ensure the company's compliance with the laws and rules relating to the integrity of company insurance including the Baloise Code of Conduct. It is the Compliance Officer's task to examine, assess and encourage this compliance.

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

Roles and responsibilities

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

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

The Executive Committee develops a Compliance policy and updates it regularly. This policy defines the company's objectives and identifies and analyses the risks that the company runs in this domain.

The Compliance Officer is responsible for implementing the Compliance policy. It is the Compliance Officer's duty to examine, assess and encourage the observance of the Compliance policy.

The Compliance Officer reports to the Executive Committee and provides a regular explanation about the implementation of the compliance policy to the Executive Committee. The Compliance Officer's tasks include proceeding from his expert and advice function, implementing the Compliance policy, reporting to third parties on compliance topics as well as reporting to the Executive Committee, as well as the Board of Directors and the Baloise Group Compliance Officer regularly.

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

- drawing up an annual action plan;
- assessing internal guidelines and procedures;
- raising awareness among all employees about the compliance policy and training them in this area;
- supervising and testing observance of the compliance rules; formulating compliance recommendations;
- investigating and following up infringements of laws, regulations and deontological codes; the observations are derived from random checks and when the occasion arises in collaboration with Internal Audit;
- fulfilling the duties to report to third parties on compliance topics;
- reporting to the Executive Committee, Board of Directors and Baloise Group Compliance Officer (at least once a year).

Main activities of Compliance Function

The Compliance Officer works under the instruction of and is authorized by the Management and Board of Directors (Audit Committee). In order to guarantee the function's independence, the Compliance Officer has direct access to the Executive Committee, the Chairman of the Board of Directors and the Statutory Auditor, without needing to give justification.

Functioning

Organization chart:

The Compliance Function is administratively accommodated in the Corporate Governance division which is overseen by the CEO.

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

Reporting:

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

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

B.5. Internal audit function

B.5.1. Internal audit: organization and governance

Internal audit objectives and policy

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

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

Internal audit organizational structure

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

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

Internal audit functioning, main roles and responsibilities

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

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

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

B.5.2. Independence of Internal Audit

Independence principles / criteria

Primarily the “independence” of control functions means that:

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

Internal Audit function position within the organization

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

Reporting arrangements

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

B.6. Actuarial function

B.6.1. Organization and key responsibilities

Actuarial policy and objectives

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

Key objectives of the Actuarial function are to:

- ensure proper data, models and processes to calculate the technical provisions in accordance with Solvency II;
- comment on the appropriateness of an insurer's underwriting and pricing policy;
- comment on the appropriateness of an insurer's reinsurance program, and to
- a risk assessment in compliance matters that highlights the strengths and the weaknesses
- regarding general rules; risk management.

Organization structure

In 2023, the Actuarial function reported to the Managing and Non-Executive Directors with respect to the prescribed key objectives as stated above. The Actuarial function holder fulfils all fit and proper criteria including the internal criteria regarding necessary knowledge and experience of the applicable standards.

Roles and responsibilities

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

B.7. Outsourcing

B.7.1. Outsourcing policy and key aspects

Overview of the outsourcing policy

The outsourcing policy defines principles and procedures which have to be adhered to before and after the contract with an external service provider has been signed. It ensures that the interests of all relevant stakeholders are considered by prohibiting outsourcing in case one of the following occurs:

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

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

The policy further demands that several pre-defined stages have to be completed for any function to be outsourced. First, the current state has to be analysed on whether the function or process is legally and economically viable to be provided by a second party. After the decision has been made in favour of outsourcing, a formal tender begins. After the most suitable bidder is chosen and the contract signed, the outsourcing has to be integrated in the governance framework of the company. The business relationship has to be actively managed in line with its nature and scope. This includes the monitoring and control of the services provided, the data safety and the risk situation as well as the evaluation whether the external service provider has implemented adequate emergency plans.

Critical and important outsourced services

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

| Outsourced Activity | Location of Service Provider | Internal / External |
|----------------------------|-------------------------------------|----------------------------|
| Investment advice | Switzerland | Internal |
| Data center harmonization | Luxembourg, Switzerland | External and Internal |
| Printing and external Mail | Luxembourg | External |
| Scanning and archiving | Luxembourg | External |
| Physical data storage | Luxembourg | External |

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

B.8. Any other information

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

C. Risk Profile

C.1. Underwriting risk

For Baloise Vie Luxembourg S.A., life underwriting risk covers the risk from providing life insurance coverage, such as mortality, longevity and disability / morbidity risk, catastrophe risk representing the risk of an instantaneous increase of the mortality, the risk of higher or lower than expected termination of contracts by the policyholders (referred to as “lapse risk”) and the risk that the expenses for the ongoing management of the business exceed the expected amounts.

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

As of year-end 2023 Baloise Vie Luxembourg S.A.'s gross capital requirements for life underwriting risk amount to EUR 105,947.0 thousand as measured by the Solvency II standard formula. It has increased by EUR 41,923.2 thousand during the reporting period mainly driven by a methodology change in the biometric and lapse sub-modules. The selection of the capital requirements was previously done at the product level now selected at the policy level in accordance with EIOPA delegated acts.

C.1.1. Risk exposure

The underwriting risk exposure of Baloise Vie Luxembourg S.A. is mainly driven by lapse risk and expense risk the company is exposed to. Other sub risks include mortality, longevity, catastrophe and disability/morbidity risk and are described in the following.

Life underwriting risk

Mortality risk

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

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

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

Mortality risk, also including Catastrophe risk, weights 9.1% of the underwriting solvency capital requirement before any diversification effect.

Longevity risk

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

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

Longevity risk weights 0.6% of the underwriting solvency capital requirement before any diversification effect.

Lapse risk

The company's lapse risk exposure stems from the policyholder's option to cancel the contract or to withdraw partial rights and obligations at any time during the contract's period. Lapses may have a favorable or adverse effect on the solvency position of a life insurer, depending on the nature of the business.

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

Baloise Vie Luxembourg S.A. analyses the effect of lapses to determine whether higher or lower than expected lapse rates pose a risk, or whether a shock lapse scenario – i.e. a scenario where a substantial amount of policyholders lapse their policies at almost the same point in time – is of most relevance from a solvency perspective.

Lapse risk weights 58.8% of the underwriting solvency capital requirement before any diversification effect.

Disability-morbidity risk

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

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

Disability-morbidity risk weights 0.4% of the underwriting solvency capital requirement before any diversification effect.

Expense risk

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

Expense risk weights 31.1% of the underwriting solvency capital requirement before any diversification effect.

C.1.2. Risk concentration

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

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

C.1.3. Risk mitigation

In addition to the natural diversification effects between the different risk exposures (such as mortality and longevity risk) as well as diversification effects between the different lines of business underwritten, the company uses the following risk mitigation techniques.

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

The management of insurance contracts with profit sharing allow for additional risk mitigation. A possible course of action upon a changed risk situation could for example be to adapt the profit sharing to the new conditions in line with the stipulations of local regulation. The breakdown of the surplus to the policy holder and the company considers not only local regulation but also market demands.

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

The company mitigates expense risk by clear and effective processes as well as ongoing expense analysis.

C.1.4. Risk sensitivity

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

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

C.2. Market risk

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

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

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

- Assets held for index-linked and unit-linked funds : 91.4% of the total Solvency II value of our assets;
- Own assets : 8.6% of the total Solvency II value of our assets.

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

As of year-end 2023, the gross Solvency Capital Required to back the market risk amounts to EUR 144,406.2 thousand. It is mainly driven by the equity risk and the currency risk.

Gross SCR Market Risk

| | 2023 |
|---------------------------------|------------------|
| In '000 EUR | |
| Interest rate risk | 8'734.4 |
| Equity risk | 85'610.8 |
| Property risk | 23'036.9 |
| Spread risk | 24'308.4 |
| Currency risk | 40'601.4 |
| Diversification | -37'885.6 |
| Risk-Module level values | 144'406.2 |

As of year-end 2023, the capital requirement for market risk was EUR 115,082.4 thousand. The increase during the reporting period is mainly due to the significant increase of all sub-modules. The main driver for higher market risk sub-modules is the higher volume of our unit-linked asset under management. Also to be mentioned, the equity risk is increasing because of a higher symmetrical adjustment and the property risk is higher following investments in real estate funds during the year 2023.

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

C.2.1. Risk exposure

Interest rate risk

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

As of year-end 2023 the interest rate sensitive exposure of our own assets as well as unit-linked assets amounts to EUR 3,755,918.0 thousand under the Solvency II framework.

Interest rate risk weights 4.8% of the market solvency capital requirement before any diversification effect.

Foreign currency risk

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

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

As of year-end 2023 the currency sensitive exposure of our own assets as well as unit-linked assets amounts to EUR 4,485,689.3 thousand.

Currency risk weights 22.3% of the market solvency capital requirement before any diversification effect.

Equity risk

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

It stems principally from:

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

As of year-end 2023 the equity risk exposure of our own assets as well as unit-linked assets amounts to EUR 5,757,218.1 thousand.

Equity risk weights 47.0% of the market solvency capital requirement before any diversification effect.

Spread risk

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

As of year-end 2023 the spread sensitive exposure of our own assets as well as unit-linked assets amounts to EUR 3,772,611.8 thousand.

Spread risk weights 13.3% of the market solvency capital requirement before any diversification effect.

Property risk

The property risk arises from direct investments in real estate, as well as indirect investments through real estate funds, due to negative developments with respect to the level or the volatility of market prices. Investment property is valued at fair value by the company by using the Discounted Cash Flow (DCF) method. In addition, the real estate property is evaluated by external experts. The total exposure on the company's own assets and on unit-linked assets as of year-end 2023 amounts to EUR 341,662.3 thousand.

Property risk weights 12.6% of the market solvency capital requirement before any diversification effect.

C.2.2. Risk concentration

Market risk concentration risks can stem either from lack of diversification in the asset portfolio or from large exposures to default risk by a single issuer of securities or a group of related issuers. When assessing the company's market risk concentration as of year-end 2023² according to the Solvency II standard formula, no relevant risk concentration is reported. All own assets from the equity, spread risk and property risk sub-modules are considered.

C.2.3. Risk mitigation

In order to limit and monitor the company's exposure to market risk, several mitigating measures are in place.

A conservative policy on asset allocation is applied. Regular reporting on the evolution of the company's assets allows for a close monitoring of the risk exposure.

As part of the Baloise Group-wide Risk Management Standards, investment planning and appropriate asset and liability management ensure that any divergence in maturities and the interest-rate risk incurred are managed within the risk capacity available. Stress tests are also designed and run for this purpose on a regular basis acting as an early warning system.

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

The company manages its equity risk as part of the overall investment risk management process, and applies limits as expressed in policies and guidelines. Specifically, the risk is mitigated by a meaningful diversification of risks across countries, industries and companies.

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

C.2.4. Risk sensitivity

Very similar to the processes for analyzing underwriting risk, the company applies various sensitivity and scenario analyses to those parameters that influence the market risk. These analyses comprise various stress levels to each parameter according to Solvency II and the SST, respectively.

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

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

C.3. Counterparty default risk

C.3.1. Risk exposure

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

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

The counterparty default risk takes into account the following components:

Type 1: Counterparty default risk exposures where diversification is low and the counterparty is likely to be rated. For the company the exposure is driven by its reinsurance balance as well as the cash account balance.

Type 2: All remaining counterparty default risk exposures, such as insurance receivables arising from policyholders and intermediaries.

The default risk on counterparties for the unit-linked business is moderate for the company as the risk is borne by the policyholders; there remains only indirect exposure for Baloise Vie Luxembourg S.A. via a reduction in fees (see Market Risk section for further details).

As of year-end 2023, the gross solvency capital requirements for counterparty default risk amount to EUR 18,174.3 thousand. The counterparty risk increased by 6,747.3 thousand during the last reporting period mainly driven by higher cash exposure in the balance sheet and worst ratings of custodians.

C.3.2. Risk concentration

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

C.3.3. Risk mitigation

In order to account for the significance of credit risk stemming from spread and counterparty default risk, the company tracks counterparty exposure at all times and monitors credit risk from a global point of view.

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

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

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

C.3.4. Risk sensitivity

Overall, in terms of the capital position of Baloise Vie Luxembourg S.A., measured according to the standard formula applicable according to Solvency II, the gross solvency capital requirements for counterparty default risk amounts to EUR 14,217.4 thousand for Type 1 exposure and EUR 4,889.2 thousand for Type 2 exposure. The sensitivities considered do not result in a Solvency II ratio below 100%.

C.4. Liquidity risk

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

C.4.1. Risk exposure

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

Nonetheless, the company is exposed to liquidity risk through the portfolio of traditional life insurance. A liquidity strain might not be sufficiently offset by the sale of assets or an alternative refinancing might not be in place sufficiently fast.

The company's liquidity risk remained stable during the reporting period.

As of year-end 2023 the expected profit included in the future premium amounts to EUR 61,764.5 thousand.

C.4.2. Risk concentration

The company is not exposed to significant liquidity risk concentration.

C.4.3. Risk mitigation

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

C.4.4. Risk sensitivity

Because liquidity risk is already captured in its material parts by counterparty default risk and operational risk, no sensitivities for liquidity risk are calculated in addition.

C.5. Operational risk

C.5.1. Risk exposure

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

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

The increase in operational risk exposure during the reporting period was driven by the change in unit-linked expenses.

C.5.2. Risk concentration

Baloise Vie Luxembourg S.A. has not identified any risk concentration with respect to operational risk during the reporting period. Nonetheless, a large part of the business stems from the unit-linked business through the Freedom of Services provisions. Regulatory changes are closely monitored in the countries where the company operates.

C.5.3. Risk mitigation

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

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

C.5.4. Risk sensitivity

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

As of year-end 2023 the capital requirements for operational risk amount to EUR 6,644.2 thousand as measured by the Solvency II standard formula. The considered sensitivity does not result in a Solvency II ratio below 100%.

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

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

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

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

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

D. Valuation for solvency purposes

D.1. Assets

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

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

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

Assets under Local GAAP and Solvency II Valuation

| | Local GAAP | Solvency II | Difference |
|--|---------------------|---------------------|------------------|
| In '000 EUR | | | |
| Intangible assets | 1'583.5 | - | -1'583.5 |
| Property, plant & equipment held for own use | 22.8 | 22.8 | - |
| Property (other than for own use) | 356.2 | 29'181.3 | 28'825.1 |
| Holdings in related undertakings, including participations | 36'278.2 | | -36'278.2 |
| Equity | 8'709.2 | 27'856.0 | 19'146.8 |
| Government Bonds | 444'175.3 | 395'488.2 | -48'687.1 |
| Corporate Bonds | 156'872.0 | 144'329.4 | -12'542.5 |
| Collective Investments Undertakings | 138'677.4 | 139'993.5 | 1'316.1 |
| Deposits other than cash equivalents | 26.4 | 210.3 | 183.9 |
| Assets held for index-linked and unit-linked contracts | 10'029'304.8 | 10'029'304.8 | - |
| Loans & mortgages | 1'087.6 | 1'499.5 | 411.9 |
| Reinsurance recoverables from: | 3'964.2 | -185.5 | -4'149.7 |
| Insurance and intermediaries receivables | 13'567.6 | 13'567.6 | - |
| Reinsurance receivables | 380.8 | 380.8 | - |
| Receivables (trade, not insurance) | 11'943.8 | 8'920.3 | -3'023.6 |
| Cash and cash equivalents | 116'176.3 | 118'176.8 | 2'000.6 |
| Other | 8'317.2 | 8'479.9 | 162.7 |
| Total assets | 10'971'443.3 | 10'917'225.7 | -54'217.6 |

*Including the proportional consolidation method of the participation

Intangible assets

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

In the Solvency II balance sheet the intangible assets are presented with a value of zero as none of the items listed above meet the strict Solvency II requirements for recognition as an asset.

Property, plant and equipment held for own use

The statutory value of tangible assets consists of the acquisition values deducted by the accumulated regular amortizations. The position is composed of hardware, machines, furniture and installations.

The tangible assets consist of hardware, machines, furniture and installations. In Solvency II balance sheet as well as in statutory balance sheet values are acquisition values deducted by the accumulated regular amortizations. Hardware and machines are amortized over 4 years, furniture and installations are amortized over 10 years.

Property (other than for own use)

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

The real estate's market values have been recalculated on the basis of the discounted cash flow method, in the following referred to as DCF method. The DCF-calculation has been prepared by an external appraiser for the property "St. Esprit" in December 2023.

Participations

The company is holding 66,7% of a participation in the company BALOISE LUXEMBOURG REAL ESTATE S.A.

The statutory value of the participation consists of the acquisition value amounting to EUR 36,278.2 thousand. . In the Solvency II balance sheet, the proportional consolidation method is used for the valuation of the participation, meaning that the assets and liabilities from the participation is included in each section of the Solvency II balance sheet of Baloise Vie Luxembourg S.A.

Participations

| | | | | | 2023.12 |
|-------------------------------------|--------------|-----------|--------------------|-------------------------|-------------------------------------|
| | % of holding | Own funds | Result of the year | Seat | Solvency II value of participations |
| in '000 EUR | | | | | |
| BALOISE LUXEMBOURG REAL ESTATE S.A. | 66.7% | 60,080.8 | 391.1 | Leudelange (Luxembourg) | 0.0 |

Financial assets

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

The statutory value of bonds consists of acquisition value and depreciations based on the „scientific amortized cost“-method. The bond's market values are obtained by an external source and compared to the ones provided by the custodians. The majority of the bond portfolio is held in EUR.

Baloise Vie Luxembourg S.A. is holding granted loans which refer to policy loans. At the beginning of the life of each contract, an initial calculation is performed, and then for following years, only the transaction of the current year is considered. This procedure is confirmed by external audit.

As of year-end 2023 Baloise Vie Luxembourg S.A. is holding term deposits which are held exclusively in EUR. Term deposits were not subject to revaluation

Additionally it can be stated that no derivatives can be found in the company's own assets.

Assets held for index-linked and unit-linked funds

The investments for the benefit of life insurance policy-holders who bear the investment risk are presented with the market value.

Reinsurance recoverable and receivables

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

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

Deferred tax assets

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

Any other assets

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

D.1.2. Reconciliation to financial reporting

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

D.2. Technical provisions

D.2.1. Technical provisions valuation

Technical provisions by line of business: overview

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

The tables below provide an overview of the composition of the company's technical provisions per line of business based on the valuation for solvency purposes:

Life technical provisions

Overview Life Technical Provisions

| | Insurance with profit participation | Index-linked and unit-linked insurance | Other life insurance | Life reinsurance | Total |
|--|-------------------------------------|--|----------------------|------------------|---------------------|
| In '000 EUR | | | | | |
| Total Best Estimate (Gross of Recoverables) | 532'640.9 | 9'877'528.3 | 12'996.2 | | 10'423'165.4 |
| Risk Margin | 9'931.3 | 52'374.7 | 6'930.4 | | 69'236.4 |
| Total Provisions incl. Risk Margin (Gross of Recoverables) | 542'572.2 | 9'929'903.1 | 19'926.6 | | 10'492'401.9 |
| Recoverables | -37.5 | -757.0 | 609.0 | | -185.5 |
| Total Provisions (Net of Recoverables) | 542'609.7 | 9'930'660.0 | 19'317.7 | | 10'492'587.4 |

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

Best estimate

The methodology to calculate Best Estimate of technical provisions is defined according to the following documentation:

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

The Best Estimate is determined as the expected future cash flows taking into account the time value of money. Most of the company's cash flows are modelled deterministically so that a single risk free yield curve is used combined with a set of deterministic assumptions to obtain the present value of the expected future cash flows. The technical provisions are calculated gross using a cash flow basis with a separate explicit calculation for reinsurance, also using a cash flow basis. Life insurance obligations are segmented according to minimum requirements.

The risk free yield curve used for determining the Best Estimate does contain a Volatility Adjustment. The impact of a change to zero of the volatility adjustment on the technical provisions amounts to EUR 11,847.5 thousand.

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

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

Recognition of contracts

The majority of the company's portfolio is recognized until the relevant maturity dates to determine the expected future cash flows. However, future premiums related to collective insurance business are out of the boundary of recognized contracts as only future cash-flows associated to recognized obligations should be included in the best estimate according to Solvency II regulation.

Reinsurance

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

Expenses

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

Risk Margin

The risk margin increases the overall value of the technical provisions from the discounted best estimate to an amount equivalent to a theoretical level needed to transfer the obligations to another insurance company.

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

Assumptions

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

Uncertainty

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

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

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

Changes since last reporting period

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

Modelling changes implemented during the year 2023 have also contributed to the increase of Technical Provisions.

In 2023, the review of the unit-linked contracts pricing with the introduction of fixed fees has also strongly and positively impacted the Technical Provisions.

D.2.2. Reconciliation to financial reporting

Technical provisions for solvency purposes are EUR 156,164.8 thousand lower than the technical provision provided in the financial statements. The main difference between those valuation methods is the recognition from the Solvency II provision of the present value of future profit. The remaining differences stem from the other financial statements that need to be reported on market-value basis.

The reconciliation of the technical provision from the financial statements to the solvency position is done by deducting unrealized gains on own assets and undisclosed assets Solvency II positions from the own funds (see the table below).

Technical Provisions

| | 2023.12 |
|---|--------------|
| In '000 EUR | |
| Technical Provisions (Financial Statement) | 10'648'566.7 |
| Own Funds (Financial Statement) | 112'313.5 |
| Basic Own Funds (Solvency II) | -188'324.7 |
| Deferred Tax Liabilities | -25'256.1 |
| URG on own assets | -48'035.9 |
| Profit on Reinsurance Recoverables | -4'149.7 |
| Profit Non Insurance Receivables | -3'023.6 |
| Not Disclosed assets under SII (Intangible Assets & Goodwill) | -1'583.5 |
| Residual (*) | - |
| Technical Provisions (Solvency II) | 10'492'401.9 |

D.3. Other liabilities

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

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

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

Other liabilities

| | Local GAAP | Solvency II | Difference |
|--|------------|-------------|------------|
| In '000 EUR | | | |
| Other liabilities | 140'563.1 | 166'499.1 | 25'936.0 |
| Provisions other than technical provisions | 14'540.5 | 14'540.5 | - |
| Pension benefit obligations | - | - | - |
| Deferred tax liabilities | - | 25'256.1 | 25'256.1 |
| Debts owed to credit institutions | 23.8 | 23.8 | - |
| Insurance & intermediaries payables | 116'975.3 | 116'975.3 | - |
| Reinsurance payables | 2'582.7 | 2'582.7 | - |
| Payables (trade, not insurance) | 5'663.5 | 6'048.8 | 385.3 |
| Any other liabilities, not elsewhere shown | 777.3 | 1'071.9 | 294.6 |

*Including the proportional consolidation method of the participation

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

The pensions benefits obligations are determined annually by the actuary and recalculated with the DBO method for IFRS group reporting. In calculating its defined benefit obligations towards its employees, the company makes assumptions about the expected return on plan assets, the economic benefits embodied in assets, future increases in salaries and pension benefits, the discount rate applicable and other parameters. The most important assumptions are derived from past experience of making estimates.

The other provisions are determined in detail for each year-end. They are composed by all quantified risks, which are already known, and charges known but not yet invoiced. The measurement of provisions requires assumptions to be made about the probability, timing and amount of any outflows of resources embodying economic benefits. A provision is recognized if such an outflow of resources is probable and can be reliably estimated. The value of statutory accounts and Solvency II is identical. The deferred tax liabilities contain the total net deferred taxes on the differences between all statutory balance sheet positions and the Solvency II value.

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

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

The other liabilities, not elsewhere shown, are principally composed by tax liabilities to the Italian tax authority. As the company is acting as an intermediary advancing the tax charges for the policy holders, the position is also booked as debtor on the asset side. The position is determined for year-end and not subject to revaluation, whereas the booking entries on asset side are discounted based on the maturities of the contracts.

The proportional consolidation method in the participation of BALOISE LUXEMBOURG REAL ESTATE S.A. has an effect in the categories “payables (trade, not insurance)” and “any other liabilities, not elsewhere shown”.

D.3.2. Reconciliation to financial reporting

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

D.4. Other relevant information

For the purpose of Solvency II, the balance sheet is prepared using the proportional consolidation method in the participation of BALOISE LUXEMBOURG REAL ESTATE S.A. as already mentioned in the sections above. This method considers that the Solvency II balance sheet includes the assets and liabilities in proportion to the percentage of participation in BALOISE LUXEMBOURG REAL ESTATE S.A..

E. Capital Management

E.1. Own funds

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

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

Objectives

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

- to fulfil the solvency requirements defined by the regulatory frameworks;
- to ensure business continuity and the capacity to develop its activity;
- to continue guaranteeing an adequate remuneration of shareholders' capital;
- to pursue the optimal ratio between equity and debt, by ensuring adequate remuneration of all capital and debt sources;
- to determine impact on pricing policies which are consistent with risk levels of each activity sector and,
- to create value to shareholders.

The company has to comply with local laws and regulations and/or local supervisory authorities requirements regarding a minimum capital. This minimum capital should be maintained as per local legislative framework in order to fulfil its insurance obligations. This minimum level of capital has been continuously maintained during the reporting period.

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

Policy

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

In addition, the document displays the governance structure that supports capital management. This policy will cover the roles and responsibilities and reporting requirements needed to support the previously mentioned objectives.

For the specific situations when capital sufficiency levels could be breached, then recovery can come from retained profits or other actions.

Processes

The main goal of the capital management process is to optimize the capital structure, composition and allocation of capital within the company. Additionally, the company aims at a profitable growth and protecting its viability and profitability dividends of the company. The process also ensures continued eligibility of own fund items through close monitoring of the eligibility criteria.

Capital management planning takes into account the following:

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

Capital allocation is performed based on the following principles:

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

E.1.2. Own funds analysis

Own funds overview

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

Own funds are categorized into three different “Tiers”: Tier 1 is the highest class, typically characterized by unconditional availability of the funds in case of losses by the insurer. Funds in Tier 2 and Tier 3 respectively generally have limitations as to the amount of funds available, the conditions for availability or the period during which they are available. Accordingly, an insurer may only use Tier 1 own funds to cover capital requirements without restrictions, subject to certain limitations for specific instruments.

The own funds of Baloise Vie Luxembourg S.A. consist of unrestricted Tier I funds and limited Tier 2 funds.

Own funds structure and composition

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

As of year-end 2023, no ancillary own funds are present and in this way a breakdown is obsolete. With exception of the subordinated loan, belonging to Tier 2 category, the basic own funds exclusively belong to the Tier 1 category.

Analysis of change for all tiers:

During the reporting period no changes were observed.

Deductions and restrictions

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

No ring fenced funds are present.

Basic own funds (BOF)

The basic own funds are composed of the following items which are explained below in more detail:

Own funds: basic own funds

| | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|--|------------------|--------------------------|------------------------|-----------------|--------|
| In '000 EUR | | | | | |
| 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) | 32'680.3 | 32'680.3 | | | |
| Share premium account related to ordinary share capital | | | | | |
| Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | | | | | |
| Subordinated mutual member accounts | | | | | |
| Surplus funds | | | | | |
| Preference shares | | | | | |
| Share premium account related to preference shares | | | | | |
| Reconciliation reserve | 155'644.4 | 155'644.4 | | | |
| Subordinated liabilities | 70'000.0 | | | 70'000.0 | |
| An amount equal to the value of net deferred tax assets | | | | | |
| Other own fund items approved by the supervisory authority as basic own funds not specified above | | | | | |
| 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 | | | | | |
| Deductions | | | | | |
| Deductions for participations in financial and credit institutions | | | | | |
| Total basic own funds after deductions | 258'324.7 | 188'324.7 | | 70'000.0 | |

Ordinary share capital

The subscribed capital of the company amounts to EUR 32,680 thousand divided into 54,790 shares without a designated nominal value.

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

Reconciliation reserve

For Baloise Vie Luxembourg S.A. the reconciliation reserve essentially represents the total of

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

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

Own funds: Reconciliation reserve

| | 2023 |
|---|------------------|
| In '000 EUR | |
| Excess of assets over liabilities | 188'324.7 |
| Own shares (held directly and indirectly) | |
| Foreseeable dividends, distributions and charges | |
| Other basic own fund items | 32'680.3 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds | |
| Reconciliation reserve | 155'644.4 |
| Expected profits | |
| Expected profits included in future premiums (EPIFP) | 61'764.5 |
| Expected profits included in future premiums (EPIFP) – Non-life business | |
| Total Expected profits included in future premiums (EPIFP) | 61'764.5 |

Subordinated liabilities

The subordinated loan, granted by Baloise Holding Ltd for an amount of EUR 70 Mio, is classified as Tier 2 own funds.

Ancillary own funds (AOF)

Structure ancillary own funds

No ancillary own funds are present.

Methods of valuation AOF

Not relevant.

E.1.3. Transitional arrangements

No own fund items are subject to transitional arrangements.

The volatility adjustment is used by the company to calculate the technical provisions and has an impact on the company's financial positions. It therefore impacts the Solvency Capital Requirement and the eligible own funds to cover the Solvency Capital Requirement.

The table below shows the impact of a change to zero of the volatility adjustment on the company's financial positions at 31.12.2023.

Impact of long term guarantees measures and transitional

| | 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 |
|---|--|---|---|--|--|
| In '000 EUR | | | | | |
| Technical provisions | 10'492'401.9 | - | | 11'847.5 | |
| Basic own funds | 258'324.7 | - | | -8'939.2 | |
| Eligible own funds to meet Solvency Capital Requirement | 258'324.7 | - | | -8'939.2 | |
| Solvency Capital Requirement | 211'428.0 | - | | 2'383.4 | |
| Eligible own funds to meet Minimum Capital Requirement | 206'076.2 | - | | -8'837.4 | |
| Minimum Capital Requirement | 88'757.0 | - | | 508.8 | |

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

Eligible Own funds

The company's capital structure is explained in the previous sections. The table below confirms that the company meets its capital requirements.

Own funds: eligible own funds and capital requirements

| | 2022 | 2023 | | | | |
|---|------------------|------------------|-----------------------|---------------------|----------|--------|
| | Total | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
| In '000 EUR | | | | | | |
| Available and eligible own funds | | | | | | |
| Total available own funds to meet the SCR | 224'507.3 | 258'324.7 | 188'324.7 | | 70'000.0 | |
| Total available own funds to meet the MCR | 224'507.3 | 258'324.7 | 188'324.7 | | 70'000.0 | |
| Total eligible own funds to meet the SCR | 224'507.3 | 258'324.7 | 188'324.7 | | 70'000.0 | |
| Total eligible own funds to meet the MCR | 169'334.9 | 206'076.2 | 188'324.7 | | 17'751.4 | |
| SCR | 164'751.3 | 211'428.0 | | | | |
| MCR | 74'138.1 | 88'757.0 | | | | |
| Ratio of Eligible own funds to SCR | 136.3% | 122.2% | | | | |
| Ratio of Eligible own funds to MCR | 228.4% | 232.2% | | | | |

The Solvency II quota decreased from 136.3% to 122.2% during the reporting period. The total available own funds to meet the Solvency capital requirement increased by 15.1% during the reporting period whereas the Solvency capital requirement increased by 28,3%.

Reconciliation with Financial Statement equity

The difference between the local own funds and the Solvency II available capital is illustrated below.

| | Local GAAP | Solvency II | Delta |
|--|------------------|------------------|-----------------|
| in '000 EUR | | | |
| Subscribed capital | 32,680.3 | 32,680.3 | 0.0 |
| Revaluation reserves | 0.0 | 0.0 | 0.0 |
| Reserves | 6,268.0 | 7,377.3 | 1,109.3 |
| Reconciliation to local results | 0.0 | 70,295.5 | 70,295.5 |
| - Adjustment reinsurance | 0.0 | -4,149.7 | -4,149.7 |
| - Adjustment other assets | 0.0 | -50,067.9 | -50,067.9 |
| - Adjustment technical provisions | 0.0 | 156,164.8 | 156,164.8 |
| - Adjustment other liabilities | 0.0 | -31,651.7 | -31,651.7 |
| Benefit brought forward | 51,658.8 | 57,734.4 | 6,075.6 |
| Result of the year | 11,813.2 | 10,344.0 | -1,469.2 |
| Foreseeable dividends, distributions and charges | 0.0 | 0.0 | 0.0 |
| Own Funds | 102,420.4 | 178,431.6 | 76,011.2 |

*Including the proportional consolidation method of the participation

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

- The adjustment in reinsurance is linked to the transfer from local reserves to best estimate;
- The adjustment of other assets concern bonds, property and equities which are valued at a lower market value than the local book values;
- The technical provisions are revaluated on best estimate basis resulting in a gain for the company;
- The adjustments of the other liabilities concern the deferred tax liabilities.
- The adjustments in reserves, benefit brought forward, and result of the year are linked to the proportional consolidation method of BALOISE LUXEMBOURG REAL ESTATE S.A..

E.1.5. Deferred Tax Assets

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

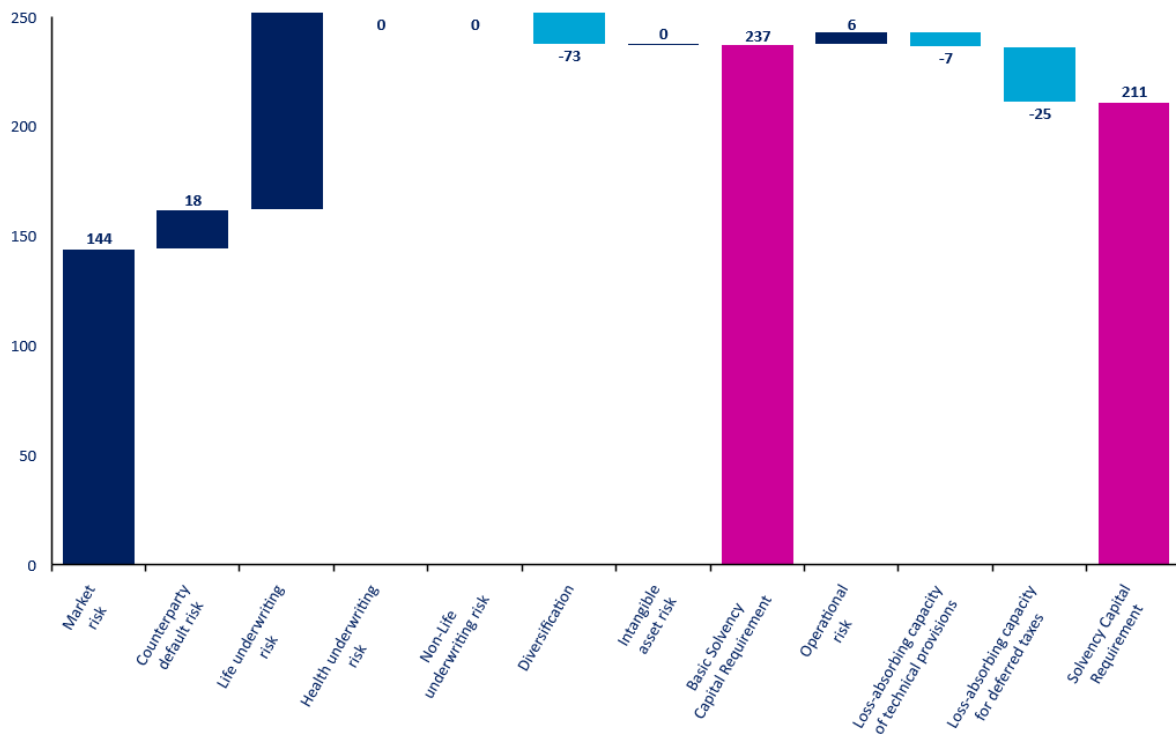
E.2. SCR and MCR

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

Solvency position

As of year-end 2023 the Solvency capital requirement of the company amounts to EUR 211,428.0 thousand. This amount is split over the different risk modules of the Solvency II standard formula as illustrated in the waterfall diagram below.

Gross Solvency Capital Requirement - Composition in m EUR



During the reporting period the company's Solvency Capital Requirements evolved as illustrated in the table below.

Solvency Capital Requirement for undertakings on Standard Formula

| | 2022 | 2023 |
|--|------------------|------------------|
| In '000 EUR | | |
| Total market risk | 115'082.4 | 144'406.2 |
| Total counterparty default risk | 11'427.1 | 18'174.3 |
| Total capital requirement for life underwriting risk | 105'947.0 | 147'870.2 |
| Total health underwriting risk | | |
| Non-life underwriting risk | | |
| Diversification | -53'687.1 | -73'002.4 |
| Intangible asset risk | - | |
| Basic Solvency Capital Requirement | 178'769.4 | 237'448.3 |
| Calculation of Solvency Capital Requirement | | |
| Operational risk | 6'132.4 | 6'644.2 |
| Loss-absorbing capacity of technical provisions | -2'205.8 | -7'408.6 |
| Loss-absorbing capacity of deferred taxes | -17'944.7 | -25'256.1 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | - | - |
| Solvency Capital Requirement calculated on the basis of Art. 336 (a) of Delegated Regulation (EU) 2015/35, excluding capital add-on | 164'751.3 | 211'428.0 |
| Capital add-ons already set | - | |
| Solvency Capital Requirement | 164'751.3 | 211'428.0 |
| Minimum Capital Requirement | 74'138.1 | 88'757.0 |

The Minimum Capital Requirement as of year-end 2023 is EUR 88,757.0 thousand. The inputs used to calculate it are:

- The Best Estimate per Line of Business, net of reinsurance as presented in the valuation chapter (D.2. technical provisions per LoB) and linearly combined along with the Capital at Risk of EUR 1,790,999.0 thousand. The linear coefficients used are defined in Article 251 of the Delegated Acts.
- The upper bound of the MCR is defined as 45% of the SCR above.
- The lower bound of the MCR is defined as 25% of the SCR above.

The volatility adjustment is applied in the calculation of the technical provisions. At year-end 2023 the impact of a change of the volatility adjustment to zero on the Solvency Capital Requirement amounts EUR 2,383.4 thousand and on the Minimum Capital Requirement amounts to EUR 508.8 thousand.

Material changes in SCR and MCR

The SCR significantly increased during the last reporting period and the trend is shared by all the main risk modules i.e. market, counterparty and life risks.

The increase in life risk is mainly the consequence of a change in methodology applied to the biometric and lapse sub-modules. The selection of the capital requirements was previously done at the product level, implying that compensation effects were taken between onerous and profitable policies. The selection is now done at the policy level.

The increase in market risk is mainly driven by the higher unit-linked asset under management, a higher symmetric adjustment and investments in real estate funds.

The increase in default risk is the consequence of a higher cash exposure combined with worse custodian ratings.

E.2.2. Simplified calculations and entity specific parameters

No simplifications are used.

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

Use and Supervisor approval (Art. 304)

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

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

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

Baloise Vie Luxembourg S.A. makes full use of the standard formula. This section is therefore currently not applicable.

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

E.5.1. Amount of non-compliance

Not relevant.

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

Not relevant.

E.6. Other relevant information

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

Annex

S02.01.02 - Balance Sheet: Assets

| | | Solvency II value |
|--|--------------|---------------------|
| EUR '000 | | |
| Assets | | |
| Goodwill | R0010 | - |
| Deferred acquisition costs | R0020 | - |
| Intangible assets | R0030 | - |
| Deferred tax assets | R0040 | - |
| Pension benefit surplus | R0050 | - |
| Property, plant & equipment held for own use | R0060 | 22.8 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 737'058.8 |
| Property (other than for own use) | R0080 | 29'181.3 |
| Holdings in related undertakings, including participations | R0090 | - |
| Equities | R0100 | 27'856.0 |
| Equities - listed | R0110 | 10'654.8 |
| Equities - unlisted | R0120 | 17'201.2 |
| Bonds | R0130 | 539'817.7 |
| Government Bonds | R0140 | 395'488.2 |
| Corporate Bonds | R0150 | 144'329.4 |
| Structured notes | R0160 | - |
| Collateralised securities | R0170 | - |
| Collective Investments Undertakings | R0180 | 139'993.5 |
| Derivatives | R0190 | - |
| Deposits other than cash equivalents | R0200 | 210.3 |
| Other investments | R0210 | - |
| Assets held for index-linked and unit-linked contracts | R0220 | 10'029'304.8 |
| Loans and mortgages | R0230 | 1'499.5 |
| Loans on policies | R0240 | 1'087.6 |
| Loans and mortgages to individuals | R0250 | - |
| Other loans and mortgages | R0260 | 411.9 |
| Reinsurance recoverables from: | R0270 | -185.5 |
| Non-life and health similar to non-life | R0280 | - |
| Non-life excluding health | R0290 | - |
| Health similar to non-life | R0300 | - |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | 571.5 |
| Health similar to life | R0320 | - |
| Life excluding health and index-linked and unit-linked | R0330 | 571.5 |
| Life index-linked and unit-linked | R0340 | -757.0 |
| Deposits to cedants | R0350 | - |
| Insurance and intermediaries receivables | R0360 | 13'567.6 |
| Reinsurance receivables | R0370 | 380.8 |
| Receivables (trade, not insurance) | R0380 | 8'920.3 |
| Own shares (held directly) | R0390 | - |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | - |
| Cash and cash equivalents | R0410 | 118'176.8 |
| Any other assets, not elsewhere shown | R0420 | 8'479.9 |
| Total assets | R0500 | 10'917'225.7 |

S02.01.02 - Balance sheet: liabilities

| | | Solvency II value |
|---|--------------|---------------------|
| EUR '000 | | |
| Liabilities | | |
| Technical provisions - non-life | R0510 | - |
| Technical provisions - non-life (excluding health) | R0520 | - |
| Technical provisions calculated as a whole | R0530 | - |
| Best Estimate | R0540 | - |
| Risk margin | R0550 | - |
| Technical provisions - health (similar to non-life) | R0560 | - |
| Technical provisions calculated as a whole | R0570 | - |
| Best Estimate | R0580 | - |
| Risk margin | R0590 | - |
| Technical provisions - life (excluding index-linked and unit-linked) | R0600 | 562'498.8 |
| Technical provisions - health (similar to life) | R0610 | - |
| Technical provisions calculated as a whole | R0620 | - |
| Best Estimate | R0630 | - |
| Risk margin | R0640 | - |
| Technical provisions - life (excluding health and index-linked and unit-linked) | R0650 | 562'498.8 |
| Technical provisions calculated as a whole | R0660 | - |
| Best Estimate | R0670 | 545'637.1 |
| Risk margin | R0680 | 16'861.7 |
| Technical provisions - index-linked and unit-linked | R0690 | 9'929'903.1 |
| Technical provisions calculated as a whole | R0700 | - |
| Best Estimate | R0710 | 9'877'528.3 |
| Risk margin | R0720 | 52'374.7 |
| Other technical provisions | R0730 | - |
| Contingent liabilities | R0740 | - |
| Provisions other than technical provisions | R0750 | 14'540.5 |
| Pension benefit obligations | R0760 | - |
| Deposits from reinsurers | R0770 | - |
| Deferred tax liabilities | R0780 | 25'256.1 |
| Derivatives | R0790 | - |
| Debts owed to credit institutions | R0800 | 23.8 |
| Financial liabilities other than debts owed to credit institutions | R0810 | - |
| Insurance & intermediaries payables | R0820 | 116'975.3 |
| Reinsurance payables | R0830 | 2'582.7 |
| Payables (trade, not insurance) | R0840 | 6'048.8 |
| Subordinated liabilities | R0850 | 70'000.0 |
| Subordinated liabilities not in Basic Own Funds | R0860 | - |
| Subordinated liabilities in Basic Own Funds | R0870 | 70'000.0 |
| Any other liabilities, not elsewhere shown | R0880 | 1'071.9 |
| Total liabilities | R0900 | 10'728'901.0 |
| Excess of assets over liabilities | R1000 | 188'324.7 |

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

| | | Home country | Top 5 countries: life and health SLT | | | | |
|-------------------------|-------|-----------------|--------------------------------------|-------------|--------------|------------|--------------------|
| | | Luxembourg (LU) | Portugal (PT) | France (FR) | Belgium (BE) | Italy (IT) | Liechtenstein (LI) |
| | | C0030 | C0040 | C0040 | C0040 | C0040 | C0040 |
| R1010 | | Luxembourg (LU) | Portugal (PT) | France (FR) | Belgium (BE) | Italy (IT) | Liechtenstein (LI) |
| Gross Written Premium | R1020 | 118'127.2 | 217'903.4 | 217'733.7 | 177'028.4 | 58'298.5 | 12'742.4 |
| Gross Earned Premium | R1030 | 118'404.6 | 217'903.4 | 217'574.7 | 177'569.6 | 58'260.4 | 12'742.4 |
| Claims incurred | R1040 | 89'539.4 | 179'596.0 | 134'223.3 | 159'226.4 | 61'661.9 | 588.8 |
| Gross Expenses Incurred | R1050 | 16'636.3 | 3'407.3 | 12'026.0 | 29'294.2 | 424.5 | 31.1 |

S05.01.02 - Premiums, claims and expenses by line of business: Life

| | | Line of Business for: life insurance obligations | | | | Life reinsurance obligations | | | | Total |
|--|--------------|--|-------------------------------------|--|----------------------|---|--|--------------------|------------------|------------------|
| | | Health insurance | Insurance with profit participation | Index-linked and unit-linked insurance | Other life insurance | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Health reinsurance | Life reinsurance | Total |
| EUR '000 | | | | | | | | | | |
| Premiums written | | | | | | | | | | |
| Gross | R1410 | - | 53'130.6 | 775'958.9 | 16'319.3 | - | - | - | - | 845'408.8 |
| Reinsurers' share | R1420 | - | - | 67.7 | 5'681.2 | - | - | - | - | 5'748.9 |
| Net | R1500 | - | 53'130.6 | 775'891.2 | 10'638.2 | - | - | - | - | 839'660.0 |
| Premiums earned | | | | | | | | | | |
| Gross | R1510 | - | 53'319.1 | 775'958.9 | 16'367.3 | - | - | - | - | 845'645.2 |
| Reinsurers' share | R1520 | - | - | 67.7 | 5'678.0 | - | - | - | - | 5'745.7 |
| Net | R1600 | - | 53'319.1 | 775'891.2 | 10'689.3 | - | - | - | - | 839'899.5 |
| Claims incurred | | | | | | | | | | |
| Gross | R1610 | - | 38'054.0 | 671'048.8 | 7'995.8 | - | - | - | - | 717'098.7 |
| Reinsurers' share | R1620 | - | - | - | 2'408.0 | - | - | - | - | 2'408.0 |
| Net | R1700 | - | 38'054.0 | 671'048.8 | 5'587.8 | - | - | - | - | 714'690.6 |
| Expenses incurred | R1900 | - | 7'664.8 | 52'878.2 | 2'855.2 | - | - | - | - | 63'398.1 |
| Balance - other technical expenses/income | R2510 | - | - | - | - | - | - | - | - | 2'469.3 |
| Total technical expenses | R2600 | - | - | - | - | - | - | - | - | 65'867.4 |
| Total amount of surrenders | R2700 | - | 8'640.6 | 668'307.4 | 766.1 | - | - | - | - | 677'714.1 |

S12.01.02 - Life and Health SLT Technical Provisions (part 1 of 4)

| | | Index-linked and unit-linked insurance | | | | Other life insurance | | |
|---|--------------|--|--|-------------|--------------------------------------|--|-------|--------------------------------------|
| | | Insurance with profit participation | 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 |
| EUR '000 | | | | | | | | |
| Technical provisions calculated as a whole | R0010 | - | - | | | - | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | R0020 | - | - | | | - | | |
| Technical provisions calculated as a sum of BE and RM | | | | | | | | |
| Best Estimate | | | | | | | | |
| Gross Best Estimate | R0030 | 532'640.9 | | 9'875'063.4 | 2'464.9 | | - | 12'996.2 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0080 | -37.5 | | -757.0 | - | | - | 609.0 |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total | R0090 | 532'678.4 | | 9'875'820.4 | 2'464.9 | | - | 12'387.2 |
| Risk Margin | R0100 | 9'931.3 | 52'374.7 | | | 6'930.4 | | |
| Technical provisions - total | R0200 | 542'572.2 | 9'929'903.1 | | | 19'926.6 | | |

S12.01.02 - Life and Health SLT Technical Provisions (part 2 of 4)

| | | Annuitants stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations | Accepted reinsurance | Total (Life other than health insurance, including Unit-Linked) |
|---|--------------|--|----------------------|---|
| | | C0090 | C0100 | C0150 |
| EUR '000 | | | | |
| Technical provisions calculated as a whole | R0010 | - | - | - |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | R0020 | - | - | - |
| Technical provisions calculated as a sum of BE and RM | | | | |
| Best Estimate | | | | |
| Gross Best Estimate | R0030 | - | - | 10'423'165.4 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0080 | - | - | -185.5 |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total | R0090 | - | - | 10'423'350.9 |
| Risk Margin | R0100 | - | - | 69'236.4 |
| Technical provisions - total | R0200 | - | - | 10'492'401.9 |

S12.01.02 - Life and Health SLT Technical Provisions (part 3 of 4)

| | | Health insurance (direct business) | | |
|---|--------------|---|-------|--------------------------------------|
| | | Contracts without options and guarantees | | Contracts with options or guarantees |
| | | C0160 | C0170 | C0180 |
| EUR '000 | | | | |
| Technical provisions calculated as a whole | R0010 | - | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | R0020 | - | | |
| Technical provisions calculated as a sum of BE and RM | | | | |
| Best Estimate | | | | |
| Gross Best Estimate | R0030 | - | | - |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0080 | - | | - |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total | R0090 | - | | - |
| Risk Margin | R0100 | - | | |
| Technical provisions - total | R0200 | - | | |

S12.01.02 - Life and Health SLT Technical Provisions (part 4 of 4)

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

S.17.01.02.01 Non-Life Technical Provisions

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

S.19.01.21.01: Non-life insurance claims

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

S22.01.21 - Impact of long term guarantees measures and transitionals

| | | 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 |
| EUR '000 | | | | | | |
| Technical provisions | R0010 | 10'492'401.9 | - | - | 11'847.5 | - |
| Basic own funds | R0020 | 258'324.7 | - | - | -8'939.2 | - |
| Eligible own funds to meet Solvency Capital Requirement | R0050 | 258'324.7 | - | - | -8'939.2 | - |
| Solvency Capital Requirement | R0090 | 211'428.0 | - | - | 2'383.4 | - |
| Eligible own funds to meet Minimum Capital Requirement | R0100 | 206'076.2 | - | - | -8'837.4 | - |
| Minimum Capital Requirement | R0110 | 88'757.0 | - | - | 508.8 | - |

S23.01.01 - Own funds: basic own funds

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|--|--------------|------------------|--------------------------|---------------------|-----------------|----------|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| EUR '000 | | | | | | |
| Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35 | | | | | | |
| Ordinary share capital (gross of own shares) | R0010 | 32'680.3 | 32'680.3 | | - | |
| Share premium account related to ordinary share capital | R0030 | - | - | | - | |
| Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | R0040 | - | - | | - | |
| Subordinated mutual member accounts | R0050 | - | | - | - | - |
| Surplus funds | R0070 | - | - | | | |
| Preference shares | R0090 | - | | - | - | - |
| Share premium account related to preference shares | R0110 | - | | - | - | - |
| Reconciliation reserve | R0130 | 155'644.4 | 155'644.4 | | | |
| Subordinated liabilities | R0140 | 70'000.0 | | - | 70'000.0 | - |
| An amount equal to the value of net deferred tax assets | R0160 | - | | | | - |
| Other own fund items approved by the supervisory authority as basic own funds not specified above | R0180 | - | - | - | - | - |
| Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | | | | | | |
| Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | R0220 | | | | | |
| Deductions | | | | | | |
| Deductions for participations in financial and credit institutions | R0230 | - | - | - | - | - |
| Total basic own funds after deductions | R0290 | 258'324.7 | 188'324.7 | - | 70'000.0 | - |

S.23.01.01. Own funds: ancillary own funds

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

S23.01.01 - Own funds: eligible own funds and capital requirements

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|--------------|------------------|-----------------------|---------------------|----------|--------|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| EUR '000 | | | | | | |
| Available and eligible own funds | | | | | | |
| Total available own funds to meet the SCR | R0500 | 258'324.7 | 188'324.7 | | 70'000.0 | |
| Total available own funds to meet the MCR | R0510 | 258'324.7 | 188'324.7 | | 70'000.0 | |
| Total eligible own funds to meet the SCR | R0540 | 258'324.7 | 188'324.7 | | 70'000.0 | |
| Total eligible own funds to meet the MCR | R0550 | 206'076.2 | 188'324.7 | | 17'751.4 | |
| SCR | R0580 | 211'428.0 | | | | |
| MCR | R0600 | 88'757.0 | | | | |
| Ratio of Eligible own funds to SCR | R0620 | 122.2% | | | | |
| Ratio of Eligible own funds to MCR | R0640 | 232.2% | | | | |

S23.01.01 - Own funds: Reconciliation reserve

| | | C0060 |
|---|--------------|------------------|
| EUR '000 | | |
| Reconciliation reserve | | |
| Excess of assets over liabilities | R1000 | 188'324.7 |
| Own shares (held directly and indirectly) | R0710 | - |
| Foreseeable dividends, distributions and charges | R0720 | - |
| Other basic own fund items | R0730 | 32'680.3 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds | R0740 | - |
| Reconciliation reserve | R0130 | 155'644.4 |
| Expected profits | | |
| Expected profits included in future premiums (EPIFP) - Life Business | R0770/R0780 | 61'764.5 |
| Expected profits included in future premiums (EPIFP) - Non- life business | R0770/R0780 | - |
| Total Expected profits included in future premiums (EPIFP) | R0790 | 61'764.5 |

S25.01.21 - Solvency Capital Requirement for undertakings on Standard Formula

| | | Gross solvency capital requirement | USP | Simplifications |
|---|--------------|------------------------------------|-------|-----------------|
| | | C0110 | C0090 | C0120 |
| Market risk | R0010 | 144'406.2 | | |
| Counterparty default risk | R0020 | 18'174.3 | | |
| Life underwriting risk | R0030 | 147'870.2 | | |
| Health underwriting risk | R0040 | | | |
| Non-life underwriting risk | R0050 | | | |
| Diversification | R0060 | -73'002.4 | | |
| Intangible asset risk | R0070 | | | |
| Basic Solvency Capital Requirement | R0100 | 237'448.3 | | |

Calculation of Solvency Capital Requirement

| | | C0100 |
|---|--------------|------------------|
| Operational risk | R0130 | 6'644.2 |
| Loss-absorbing capacity of technical provisions | R0140 | -7'408.6 |
| Loss-absorbing capacity of deferred taxes | R0150 | -25'256.1 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | R0160 | - |
| Solvency Capital Requirement excluding capital add-on | R0200 | 211'428.0 |
| Capital add-ons already set | R0210 | |
| of which, capital add-ons already set - Article 37 (1) Type a | R0211 | - |
| of which, capital add-ons already set - Article 37 (1) Type b | R0212 | - |
| of which, capital add-ons already set - Article 37 (1) Type c | R0213 | - |
| of which, capital add-ons already set - Article 37 (1) Type d | R0214 | - |
| Consolidated Group SCR | R0220 | 211'428.0 |

Other information on SCR

| | | |
|---|-------|---|
| Capital requirement for duration-based equity risk sub-module | R0400 | - |
| Total amount of Notional Solvency Capital Requirements for remaining part | R0410 | - |
| Total amount of Notional Solvency Capital Requirements for ring-fenced funds | R0420 | - |
| Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios | R0430 | - |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | - |

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

Calculation of loss absorbing capacity of deferred taxes

| | | LAC DT |
|--|-------|---------------|
| | | C0130 |
| LAC DT | R0640 | -25'256.1 |
| LAC DT justified by reversion of deferred tax liabilities | R0650 | -25'256.1 |
| LAC DT justified by reference to probable future taxable economic profit | R0660 | - |
| LAC DT justified by carry back, current year | R0670 | - |
| LAC DT justified by carry back, future years | R0680 | - |
| Maximum LAC DT | R0690 | -62'724.4 |

S.28.01.01 - Minimum capital requirement: MCRL Result

| | | Life activities |
|-------------|-------|------------------------|
| | | C0040 |
| MCRL Result | R0200 | 88'757.0 |

S28.01.01 - Minimum capital requirement: Total risk capital

| | | Life activities | |
|---|--------------|---|--|
| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk |
| | | C0050 | C0060 |
| EUR '000 | | | |
| Obligations with profit participation - guaranteed benefits | R0210 | 514'544.8 | |
| Obligations with profit participation - future discretionary benefits | R0220 | 18'133.6 | |
| Index-linked and unit-linked insurance obligations | R0230 | 9'878'285.3 | - |
| Other life (re)insurance and health (re)insurance obligations | R0240 | 12'387.2 | - |
| Total capital at risk for all life (re)insurance obligations | R0250 | - | 1'790'999.0 |

S28.01.01 - Minimum capital requirement: Calculation MCR

| | | C0070 |
|------------------------------------|--------------|-----------------|
| EUR '000 | | |
| Linear MCR | R0300 | 88'757.0 |
| SCR | R0310 | 211'428.0 |
| MCR cap | R0320 | 95'142.6 |
| MCR floor | R0330 | 52'857.0 |
| Combined MCR | R0340 | 88'757.0 |
| Absolute floor of the MCR | R0350 | 4'000.0 |
| Minimum Capital Requirement | R0400 | 88'757.0 |

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

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