



Solvency II

Solvency and Financial Condition Report 2020



Allianz Benelux

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A BUSINESS AND PERFORMANCE

A.1 Business and Performance

A.1.1 Business

A.1.1.1 Operations

Allianz Benelux offers non-life insurance, life/health insurance in 3 countries, Belgium, Netherlands and Luxembourg.

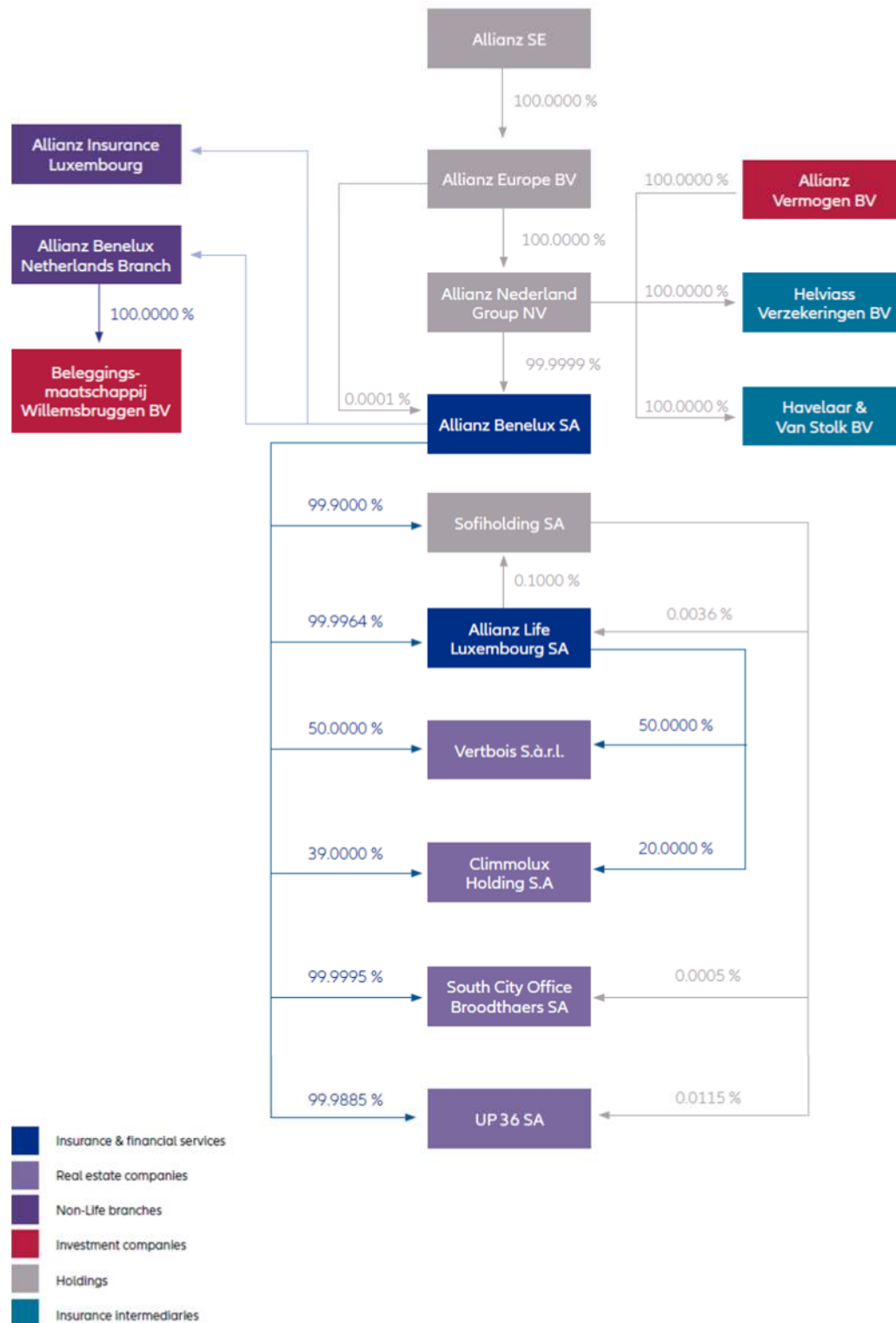
We offer a wide range of non-life and life/health insurance products to both retail and corporate customers.

Allianz SE, the parent company of the Allianz Group, has its headquarters in Munich, Germany and holds the legal form of a European company (Societas Europaea). Allianz SE offer non-life insurance, life/health insurance and asset management products and services in over 70 countries, with the largest of its operations in Europe. In addition, Allianz SE operates in the field of reinsurance, providing reinsurance protection for Allianz Group companies, in particular.

Key figures	2020	2019
Premium written	3.246.037.099	3.015.241.136
Technical result	225.840.020	264.190.736
Result from investments	399.639.045	657.832.637
Result from unit linked	152.078.084	224.484.084
Resultat net	149.805.902	174.833.682

A.1.2 Group Structure

Flow chart of shareholdings



A.2 Highlights of the 2020 financial year

A.2.1 General economic context

A year like no other, 2020 was marked by restrictions as the first and second waves of infection forced public authorities in many countries around the world to place their economies on life support and a considerable proportion of their labour forces on temporary financial assistance schemes thereby inflating public deficits in an unparalleled manner.

This was the price to be paid to avoid the overwhelming of health systems that were under particular strain and tested throughout the financial year. Some countries or parts of countries were unable to escape this tragedy, at least in the short term, such as the United States (New York State), Italy (Lombardy) and Brazil (Amazonas).

Europe suddenly withdrew into itself in a scattered response and imposed lockdown measures of varying strictness proportionate to the impacts of the pandemic. For the services sector, teleworking became, within a few days, the new operating mode for the management and development of commercial companies while accelerating the digitalisation of companies.

This event is not without serious consequences since a severe economic, social and psychological crisis can be expected with a certain time lag because governments have not skimped on public aid to keep entire swathes of the economy and sectors prohibited from operating afloat.

The European authorities have taken stock of this phenomenon and put in place a major recovery plan: EUR 750 billion. Alongside the national plans of the Member States, this is an invaluable injection to reduce as much as possible the disastrous effects of an unprecedented crisis and support the relaunching of economies, which might have to wait until the beneficial effects of vaccination campaigns are felt, which is likely to take slightly longer than expected.

A clearer picture should emerge in 2021, but COVID-19 will most definitely leave marks that will take several years to disappear and very probably one or two generations to cope with the financial implications.

Traditional economic parameters have been turned completely upside down: while the rate of inflation remained under control and even negative in the last four months of the financial year at 0.74%, the GDP of the eurozone contracted sharply.

Sectoral situation

In Belgium,

The insurance sector ultimately showed itself to be fairly resilient in 2020.

Admittedly, the consolidated turnover of Belgian insurers fell by 2.6% (from EUR 29.2 billion to EUR 28.4 billion), the result of a mixed trend combining a modest increase in Non-Life (+1%) and a more marked decline in Life (-5.4%).

Individual life insurance was the hardest hit by the pandemic, down by 9.6%, while group insurance did well with +2.2%.

Ultimately, this was quite positive in circumstances where Belgian insurers were keen to play their social role in the pan-European crisis by giving their customers a welcome break in the segments mortgage protection insurance, mortgage loans, comprehensive home insurance policies in which deferring premium payments made sense, particularly in cases where premium or annuity payers were placed in a precarious position by being prohibited from working.

In the Netherlands,

The figures relating to 2020 trends will only be known and available in May 2021.

A.2.2 Legislative changes in Non-Life insurance

In the more specific area of Non-Life insurance, the 2020 regulatory year was understandably not very productive. However, the following regulations were adopted.

On 4/02/20, a royal decree was adopted relating to the “Construction” Rating Bureau and to the Compensation Fund, which created the “Construction” Rating Bureau in the Common Guarantee Fund, thereby enabling architects, contractors, surveyors, health and safety coordinators and other providers in the construction sector who mainly perform services of an intangible nature, to submit an application for insurance to it in certain circumstances. This rating bureau will, among other things, set the premium and the conditions under which the person subject to the insurance obligation in question may request coverage from the bureau.

Furthermore, it should also be noted that the Royal Decree of 11/09/20 amending the Royal Decree of 13/02/91 giving effect to and implementing the Law of 21/11/1989 on mandatory liability insurance for motor vehicles has, since 01/10/20, allowed insurers to issue insurance certificates both electronically and in hard copy, while leaving the choice of medium to the policyholder. This change was particularly well received in the current context.

A.2.3 Legislative changes in Life insurance

There was also limited adoption of new life insurance regulations in 2020. The following regulations in particular have changed the business landscape.

The Law of 19/02/20 was adopted, amending the Law of 04/04/14 on insurance following the abolition of the death penalty, which since 9 November 2020 requires insurers to cover the death of the insured person when this results from the execution of a judicial sentence of capital punishment.

It is widely known that an unprecedented health crisis like the one in 2020 is also an open door to the risk of an upsurge in criminal activities. The NBB was relatively attentive in this regard and published, on 07/04/20, communication NBB_2020_14 aimed at encouraging financial institutions, including insurance companies, to focus their efforts on the prevention

tasks most necessary to maintain a high level of effectiveness of internal antimoney laundering and terrorist financing mechanisms. A communication was also published at the same time by the CTIF aimed, in particular, at raising awareness among the same financial institutions of the impact of the health crisis on certain forms of criminality underpinning money laundering, in particular in terms of fraud. A few months later, by adopting the law of 20/07/20, the Belgian legislator transposed European Directive 2018/843 of 30/05/18 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering (AML 5), which amends the current Law of 18/09/17 on the prevention of money laundering and terrorist financing and on the restriction of the use of cash. This transposition brings some changes to the current framework for money laundering, in particular concerning mandatory consultation of the register of beneficial owners, enhanced due diligence measures to be taken with regard to high-risk third countries, and the identification of politically exposed persons. The Royal Decree of 30/07/18 was amended by the Royal Decree of 20/09/20 to define the procedures for consulting said register and to expand the data to which insurers have access.

Finally, reference must also be made to the adoption in 2020 of the Programme Law of 20/12/20, which made certain changes to the Law of 08/07/18 on the organisation of a Central Point of Contact for accounts and financial contracts and extending access to the central database of notifications of attachment, delegation, transfer, collective debt settlement and protest, and now requires insurers to transmit to the NBB central point of contact, via Globalscope, the financial balance of insurance policies falling within the scope of this regulation, in addition to the other data that already has to be communicated. The first communications must take place no later than 31 January 2022.

A.2.4 Financial markets

2020 will be remembered as a unique and extraordinary year, full of twists and turns, which will have touched us all emotionally in some way.

Despite one of the fastest falls in history (which led to 4 trading halts in the US), the equity indices ultimately posted rather respectable performances over 2020 given the health context. In November, hopes of a vaccine helped the markets to take off, all against the backdrop of unprecedented monetary and fiscal support.

While the shock quickly faded globally, the geographical dispersion remained extremely significant. The S&P 500 gained 16.2% over the year with the MSCI Emerging up 15.8%. Europe lost out, with the Eurostoxx 50 down 3.5%, admittedly partly offset by the strong gain in the euro. Even after discounting the impact of exchange rates, the gap between the US and Europe still stood at 13% for the year. The MSCI World rose by 6.3% in euros, after a 34% fall in March and a historically rapid rebound.

Sectoral dispersion was particularly marked in 2020, with the tech stocks the big winner (like the Nasdaq which posted a record performance of 47.5% in 2020), while the energy and financial sectors were down in the US and Europe.

The index of Belgian Regulated Real Estate Companies, in which Allianz Benelux is heavily invested, fell by 0.53% but performed better than the Eurostoxx 50 which fell by 3.5%.

The first part of the year was marked by a particularly large increase in risk aversion linked to the outbreak of the health crisis. In this context, sovereign yields fell in the Eurozone for the best-rated issuers. More risky issuers in Europe suffered heavily in April, then, under the combined effect of the ECB's purchases via its Pandemic Emergency Purchasing Programme (PEPP) and the announcement of the EUR 750 billion European stimulus plan, risk premiums continued to fall, a sign of investors' renewed appetite. Italian debt benefited the most, reaching record lows. As regards the central banks, while the Fed acted more quickly with interest rate cuts and quantitative easing, the ECB caught up, mainly through long-term lending.

During the second half of the year, in Europe, attention focused on the ECB's actions, the pan-European issuance programme and the second series of lockdowns, which pushed government bond yields to record lows. In the United States, the major themes were the elections and the protracted discussions on the stimulus plan, resulting in a moderate rise in interest rates in the second half of the year. In November, the European Commission announced a historic agreement of

EUR 1,800 billion for a greener Europe. The health crisis will heighten the "climate dimension" in investments and, more broadly, the interest and demand for socially responsible investments.

In 2020, the 10-year swap rate in euros declined from 0.21% to a negative rate of

-0.26%. The German 10-year government rate went from -0.19% to -0.57%, while the Belgian 10-year rate ended the year at -0.38% compared with 0.09% at the end of 2019. The Belgian 10-year yield differential with Germany decreased over 2020, going from 0.28% to 0.19%.

At the end of the year, the majority of government bonds posted negative nominal interest rates, for periods of up to 30 years for certain countries.

Despite massive sell-offs in March-April, 2020 ended with a positive total return on credit. In Europe, investors' appetite for primary issues enabled them to absorb the record volume of euro corporate bond issues (488 billion versus 457 billion in 2019). 2020 also saw a greater divergence between market valuations and fundamentals as a result of a deterioration in credit quality (drop in ratings by the main agencies) in Q2 and Q3 2020.

In terms of exchange rates, the EUR/USD strengthened by 9% to 1.22 despite the ECB's highly accommodative monetary policy and the sharp rise in European public and private debt. Tensions surrounding the Brexit negotiations (agreement signed at the very last moment on 24 December) impacted the British pound, down by nearly 6% against the euro at 0.90.

The VIX, an indicator of US market volatility, reached an all-time high of 83% in mid-March and ended the year close to 25%, reaching its highest level since 1929 on the S&P 500.

Oil prices fell over 2020. This was due to the unprecedented demand shock following widespread lockdowns, which heavily impacted oil consumption, with kerosene being particularly affected. On the supply side, OPEC and third-country producers finally adapted to the new demand environment by reducing supply. OPEC's historic production cut agreement runs until 2022, while providing for a gradual increase in supply once demand recovers.

Lastly, gold was one of the year's top performers, benefiting greatly from the uncertainty created by the health pandemic and the resulting historical monetary and economic stimulus packages.

A.3 The Allianz Benelux sales policy

A.3.1 In Belgium

In commercial terms, the past year will remain a year marked by coronavirus, which has considerably impacted the commercial activity of our distribution partners. Indeed, since midMarch, sales teams, being keen to provide a high-quality service, have continued to be ambassadors for Allianz, no longer by having a physical presence in brokerage offices, but by staying in contact by telephone and email, and by organising virtual visits and digital information and training sessions. These unusual measures have had a significant impact: virtual meetings taking precedence over face-to-face meetings and accelerating the digitisation of our commercial activities.

This new way of working, dictated by circum-

stances, is, on the whole, appreciated by our distributors, even though the interpersonal relationship aspect of our activities remains essential. Going forward, we should retain the best practices observed during these periods of lockdown, by harnessing them to achieve our ambitions.

For Allianz Group, our country is a “key” market and we are aiming for growth in both Life and Non-Life.

During the past financial year, in Life insurance, we have therefore strengthened our pioneering role in branch 23. We also received a Decavi award for our recognising our investment fund Allianz Immo Invest as the best in the high-risk fund category. Launched in 2017, Allianz Immo Invest invests in listed Belgian regulated real estate companies (RRECs).

In April, we also added Allianz Invest, Alliance Excellence (Plan) and Plan for Life+, four new sustainable funds to our product ranges, in response to ESG (Environmental, Social and Governance) concerns. With the launch of these new funds in the middle of a health crisis, our objective was to offer a solution to customers wishing to opt for responsible and sustainable investments.

As regards our P&C activities, 2020 can be qualified as a year of transition.

We consciously took a new direction and made some major changes. For example, in July, we announced to brokers the updating of the P&C component of our partnership.

Reserved for brokers who in 2019 had an Allianz portfolio of at least 100 contracts and premium income of at least EUR 50,000, our P&C partnership now covers five segments. Membership of one of the five segments is determined by qualitative criteria and determines the level of authority to grant price reductions in Auto and Fire. This global approach to partnership will be scaled gradually over the coming months depending on the segment to which the broker belongs. This will affect operational management as well as initiatives relating to our constant search for high-quality portfolios.

At the same time, we adopted a new market approach by focusing on customers with a good risk profile to whom we can make even more competitive offers.

For our professional customers, we also worked on prevention, with tools such as WorkSafe, RoadSafe and CyberSafe. We even received awards for the latter two.

Alongside these improvements to our offering, in 2020, to continue to be a leading player in Belgium, we took other initiatives to remain competitive and relevant for both brokers and customers. These initiatives are aimed at simplifying things even further while offering high-quality products and ensuring the continuous improvement of our service.

Indeed, it is by focusing on this triple objective (service, simplicity and excellence of coverage) that the future growth of Allianz in Belgium will be achieved, in harmonious collaboration with brokers. This strategy warrants, today and in the future, that we sometimes consider selling certain closed portfolios or collaborating with more specialised external partners.

In August, by announcing the transfer of certain small portfolios, we therefore took a further step in implementing this strategy.

By communicating our intention to sell part of our “traditional Life” portfolio, closed in the early 2000s, as well as part of our mortgage loan portfolio, to Monument Assurance Belgium SA, we indicated our intention for this transfer, subject to approval by the NBB, not to impact contractual provisions and for the administrative transition not to cause any inconvenience to customers and brokers.

In line with this, given the limited number of policies and their requirement for an overly specific level of attention, we sold our Medical, Paramedical and Hunting Liability portfolios to AMMA, a leading company in the public liability market for the private and professional risks of medical care providers.

One thing is certain: all these decisions were motivated by our explicit desire to improve our activities in the Belgian market, hand in hand with our distribution partners.

Allianz in Belgium is now stronger than yesterday and is full of confidence for the future. We know, because they tell us, that our distribution partners appreciate having reliable and solid providers. This is precisely the case for Allianz, one of the world's top brands, which our distribution partners do not hesitate to promote to customers and potential customers.

A.3.2 In the Netherlands

In the Netherlands, the direct distribution channel for insurance for Individuals continued to grow in 2020. Allianz is particularly well positioned in this market thanks to its Allianz Direct brand and this is also reflected in the portfolio's growth.

The intermediaries market for insurance for Individuals remains under pressure. This is also reflected in the hyper-competitive development of the Allianz offering for insurance for Individuals, which is now managed entirely on the ABS platform. A strategic reorientation took place in order to ensure the future of this offering, on the one hand because of developments in the market due to COVID-19 and, on the other hand, thanks to the emphasis placed on Corporate insurance, a segment that showed good growth in 2020.

In addition, the increase in revenue and the improvement in customer satisfaction made it possible to consolidate Allianz's leading position in this segment. The Automotive Partnerships segment also showed a significant increase for Allianz in the Netherlands.

The growth of the MidCorp segment continued in 2020. Despite a tougher market with intensifying competition, Allianz managed to increase premiums, attract more new customers and retain its existing customers.

Allianz Direct continues to grow in the direct distribution channel

In late 2019, AllSecur became Allianz Direct. In addition to the Netherlands, Allianz Direct also includes the Allianz companies active in the same segment in Germany, Italy and Spain.

Allianz Direct is therefore a European direct insurance brand.

In 2020, Allianz Direct began to develop its brand image through advertising campaigns with Usain Bolt in Germany and the Netherlands. In addition, there was greater harmonisation of the products offered by these four countries. As a result, new Damage insurance products for Individuals were launched on the new platform.

The COVID-19 crisis presented us with major challenges. During the first lockdown, vehicle traffic fell sharply. It picked up again soon after, as a result of travel (holidays) and due to the avoidance of public transport. Despite the pandemic, both the Automotive portfolio and the Home portfolio increased. Allianz Direct was able to continue to offer attractive value for money for these two products, which means that Allianz Direct became an attractive alternative for customers who wanted to change insurer. Previous years saw growth in the Automotive damage segment. In 2020, it declined for the first time. The decrease in vehicle traffic due to the Coronavirus resulted in a decrease in car accidents. This, coupled with growth in our Automotive portfolio, had a positive impact on the results of Allianz Direct.

In 2020, we formalised our “Agile” organisation within the Customer Contact Center. Pilot projects in other Allianz Direct departments were also very positively received. In 2021, all departments will therefore work according to Agile principles, in order to be able to respond more quickly and more effectively to our customers’ wishes and react more quickly to market signals.

Growth in the professional segment

In 2020, Allianz posted significant growth in the corporate segment. More and more intermediaries are moving towards that market and less towards the Individuals market. We are therefore seeing an increase in the market share of intermediaries in this segment, in particular SME insurance offered online. This has the advantage of facilitating the selection and the taking out of insurance for both the intermediary and the end customer. Increasing numbers of customers are discovering Allianz through its website, and adjustments have enabled us to increase our sales in the SelfEmployed and SME segments.

Online growth is also being achieved in the direct subscription Life and Income segments (Leven en Inkomen), as well as in the direct insurance sales channel for which the customer, after an initial indication of the amount of the premium, receives an offer through an intermediary partnered with Allianz.

Positioning of the Allianz brand

In 2020, communication mainly focused on the Corporate segment. The positioning of the Allianz brand in this segment improved thanks to greater visibility and recognisable and distinctive positioning with regard to the Corporate target group. It is primarily via the online channel that Allianz distinguishes itself as the insurer for entrepreneurs in the Netherlands. Thanks to a targeted content strategy, we have demonstrated our SME expertise (“thought leadership”) and offer real added value to entrepreneurs.

We have noticed that the self-employed (zzp’ers), SMEs (mbk’ers) and majority shareholder directors (dga’s) are increasingly turning towards and getting their information on social networks. Allianz can therefore reach them increasingly effectively via, for example, Facebook and LinkedIn, by means of blogs, feature articles and survey results.

This approach, in which social media plays an increasing role, also strengthens our positioning in the intermediaries channel. Sales staff increasingly provide content and advice during sales via social media, a channel through which our intermediaries approach potential customers with relevant knowledge and messages to strengthen the relationship and increase customer contact points.

Increasing focus on “Customer Centricity” In 2020, numerous actions were implemented to improve the handling of complaints, make customer management processes more efficient and optimise internal processes. Our customers were the focus of our thinking, and we translated our knowledge of customers into concrete and visible actions for them.

The Allianz Blue Principles are also at the heart of everything we have undertaken at Allianz Benelux and guide us in making our company even more customer-oriented. This has enabled us to achieve concrete results in our communication, our interactions with customers and in our digital adaptations. In order to further embed consideration of customer interests in our organisation, our employees have received training in Customer Centricity as part of the Xcelerate Academy.

The first steps in the Voice of the Customer Program were also taken in 2020, which will result, in the coming years, in improved implementation of customer feedback in the Customer Journey, in order to increase customer satisfaction and which will provide us with better insight and greater transparency of how our customers evaluate our service.

Digital optimisation in the value chain In 2020, we made great strides in our “Paperless” programme. This resulted in increased digitisation of documents for intermediaries and customers, requiring them to be sent in digital form only. This has contributed to greater efficiency in our collaboration with our distribution partners through the acceleration of processes, and has enabled Allianz to substantially reduce its costs.

For intermediaries in corporate insurance, there have been new developments in the “Allianz Entreprises” SME portal. The digital acceptance process has improved thanks to a wider offering of standardised solutions. As a result, we have been able to significantly improve the integrated IT management ratios (STP) on “Quote”, “Application” and “Policy” transactions.

In 2020, as part of the Digital Interaction and Portal Strategy, we also started building the Unified Broker portal. This portal for intermediaries will, thanks to single point access to Allianz portals, make it possible to better understand and manage customer insurance, thereby providing a significant improvement in the digital value chain.

A.4 Activities and outlook

Premium written	2020	2019	variation
Total	3.246.037.099	2.306.880.149	40,7%
Non-Life	1.536.484.067	1.409.144.107	9,0%
Accident	266.166.710	258.340.664	3,0%
Legal	18.390.532	17.037.872	7,9%
Liability	101.956.139	98.376.844	3,6%
Motor other	295.067.097	281.478.234	4,8%
Motor TP	452.118.331	416.797.500	8,5%
Other	5.492.890	5.473.123	0,4%
Property	335.968.402	274.011.415	22,6%
Transport	46.486.239	46.232.108	0,5%

Assumed	14.837.727	11.396.347	30,2%
Life	1.709.553.032	897.736.042	90,4%
Individual	1.355.655.952	630.224.467	115,1%
Employee benefit	352.898.816	266.666.363	32,3%
Assumed	998.264	845.212	18,1%

A.4.1 Individual insurance

A4.1.1 Individual Life Business

There was a slight increase in premium income in 2020: up 2.9% compared to 2019. Total revenue came to EUR 710 M in 2020 compared with EUR 690 M in 2019.

This increase was mainly due to growth in branch 23 production (which now accounts for 70% of total production) compared to that of branch 21. The drop recorded in branch 21 continued following the repositioning by both Allianz and the market in branch 23 products in Individual Life, and low interest rates in the market.

The production in branch 23 of investment fund products amounted to EUR 420 million, representing an increase of 8.8% compared to 2019. Low interest rates continued to encourage investors to turn to investments with a slightly higher level of risk for a higher potential return.

The collaboration established two years ago with Crelan Bank again contributed significantly to this growth and largely offset the decrease in production achieved by certain brokers, in particular IFA brokers.

Production in "Protection" products with periodic premiums was lower than in 2019 (-6%). This can be explained by a decrease in periodic premium production in 2nd pillar activities, as the 3rd and 4th pillar activities grew by 3%. However, single premium production linked to the financing of the back service for 2nd pillar contracts remained stable. This is a very good performance. It was achieved in an unprecedented health context that most certainly weakened major sectors of activity for the self-employed and small companies. Even in this context, Allianz continued to grasp all opportunities in this "Protection" market.

Overall, the premium income realised across the portfolio in recurring premium contracts was higher than in 2019 (+8.2%).

In Life Investments, Allianz wishes to accommodate brokers who are looking for investment products that meet their customers' diverse needs: more dynamic investment and a higher potential return. This was done via Allianz ActiveInvest and Allianz Excellence which, thanks to the wide range of investment funds on offer, offer brokers room for discretion and to provide advice in line with their customers' personal situation and wishes.

For the branch 23 component, in 2020 Allianz capitalised on the expansion of its offering carried out in 2019 with new funds from new partners (MainFirst, DNCA and JPMorgan and Allianz GI Defensive Mix), which was developed with one of our current partners, Allianz Global Investors.

The analysis that began last year and resulted in the extension of the offering, with a focus on ESG funds, continued in 2020 and is expected to take effect during the first quarter of 2021.

As regards branch 21, marketing for investment products is still suspended.

In October 2020, we launched a new solution for reinvesting 8-year policies linked to the branch 21 Invest for Life (Dynamic) 3A range that have reached maturity: the Allianz Opportunity. These four products are a combination of the Invest for Life (Dynamic) 3A funds and one or two branch 23 funds, depending on the desired level of risk.

Production in 2020 was successfully supported by several commercial actions at different times. These actions applied to both new policies and additional premiums on existing policies.

The ProLink Life Investment software enables the broker to input all data, including the information necessary for anti-money laundering, FATCA and CRS checks, and to issue the offer or contract. In order to continuously improve the brokerage service, Allianz decided three years ago to fundamentally “redesign” this tool. It will offer more user-friendliness and new functionalities such as improved versions of the “Relative risk limitation” and “Gradual transfer of savings” management options and a much faster rate of arbitrage processing. This new version has been in the testing phase since late 2020 with three brokers. Its launch date is scheduled for the third quarter of 2021.

In Life Protection, Allianz introduced a new concept within the Plan for Life + product: LifeCycle. The life cycle offers the customer peace of mind thanks to the automated reduction in risk exposure according to a deadline while being transparent on asset allocation: it offers three risk profiles (Growth Moderate Defensive). This new approach will certainly meet the needs of consumers who are always looking for specialist and reliable advice. To do this, the insurance broker remains best placed to offer his or her added value in this area. This new development, introduced into the Allianz range, gives brokers an additional asset to meet this demand.

LifeCycle offers the possibility of splitting the payments between the guaranteed rate branch 21 component and different “Unit Linked” investment funds while grouping several tax statuses together in a single file. The investment fund offering is broad and the death and incapacity for work cover solutions are very attractive, both in terms of rates and cover, and conditions of acceptance.

The concept was implemented in the ProLink Life Plan software that enables the broker to draw up offers very quickly and then to very easily turn them into contracts. The various changes all aim to allow greater flexibility and autonomy for the broker.

A.4.2 Individual P&C Business

We recorded solid results in this particular year, which was characterised by the health, social and economic consequences of the COVID-19 pandemic. However, the turnover of the Individuals portfolio in Belgium amounted to only EUR 158.8 M, below our expectations.

The results of the portfolio developed positively, and the combined ratio reached 93.7% thanks to cost reduction measures.

With more than 90% of our employees teleworking, our priority was their well-being and that of their families. We nevertheless succeeded in improving the level of service for our distribution partners.

In recent years, we have taken many essential measures to improve our portfolio. The brokers who accompanied us on this journey have made significant efforts in this joint endeavour. Our objective now is to use the positive indicators of this quality improvement and to ensure our customers benefit from it. These benefits will be redistributed in the form of more segmented pricing based on an individual risk profile. This pricing will be regularly reviewed on the basis of new possibilities.

This was already the case in 2020, when we conducted a commercial campaign to reduce the price of insurance for cars equipped with a security system. In the near future, we will introduce a new, more attractive rate for specific segments.

In 2020, we have also made our Fire insurance more attractive for leased properties. In December, owners were able to benefit from improvements. In the future, we will continue to explore how to select groups of customers in order to give them a more attractive rate.

A.4.3 Life & Health Operations

IN BELGIUM

Turbulent year in our service offering to individual customers (including the self-employed)

Service level results were put under pressure in this “COVID” year.

The lockdown imposed on 15 March and its direct consequence of mandatory teleworking was a real challenge for our operational departments.

The transition towards an operational and fully digital control environment as well as the redistribution of tasks within the various teams placed our services under considerable pressure.

The level of service of our Contact Center Life (availability and 1st line reception) was placed under severe strain due to the growth in Life, but also as a result of the impact on the level of service of the back office. During the second half of the year, this pressure remained constant due to the deployment of the new V201 version of PLP, which required increased support to brokers.

The correct handling of new business has been and will remain a priority in both Investment and Protection. With regard to liquidations, we are committed to continuous improvement of our level of service in order to better meet our customers' expectations.

We are continuing to invest in improving the monitoring of Compliance rules (AML Risk Grading, Economic Sanctions, compliance points in integrated IT management (STP)) and anti-fraud rules in order to optimise the quality and security of our processes. On these points,

we have made additional investments by hiring managers dedicated to supporting operational activities in this area.

It was also a difficult and turbulent year for our services in Health:

- The Individuals (Healthcare) portfolio was migrated (along with its technical component) on 01/07/20 to our partner Promut via its specialist manager Medexel, for both management and for claims. In this case, Promut acts as a service provider.
- We have adapted our organisation by linking company-related claims management to the department in charge of all services for employees.

Action plans

In 2020, the action plans of the operational departments mainly focused on:

- heightened attention on the efficiency of our processes and working methods by implementing the LEAN methodology in all our Life departments
- the optimisation of teleworking possibilities
- support for intensive collaboration between departments

Particular attention was also paid to optimising the efficient use of our tools, with a view to fully automated management (Straight Through Processing or STP) given the strong 2nd and 3rd pillar growth in Protection.

In Employee Benefits, the use of our @line-tool online tool (management platform with employers) has been optimised through increased digitisation.

Special attention has also been given to declarations to Sigedis, the federal pension management platform, to fulfil our obligations in an optimal manner.

Finally, we have given a lot of attention to the implementation of the internal audit recommendations and to increasing our controls in the area of Privacy Protection.

Projects

The SAAS-Life project (new management platform for Individual Life) was successfully launched in Q4 2020. We have started a pilot phase with two brokers for new Investment policies.

A larger-scale deployment is planned in Q1 2021.

Our Protection platform was given a new look (PLP V201) and was deployed in Q4 2020.

In this version, we are focusing on a range of products tailored to customer needs through the Life Cycle approach, and on increasing the opportunities for the broker to obtain a better overview of progress in policy handling and STP options.

We have also invested a great deal in operational reporting to enable us to monitor and adjust workloads, to maintain the expected level of quality (SLA) and to increase the productivity of the different teams.

We have continued to develop “paperless” initiatives, enabling us to increasingly communicate digitally not only with our brokers but also with our customers.

Finally, we have paid particular attention to action plans aimed at increasing the satisfaction of our employees with the positive outcome of a significant increase of 20% in our results during the annual AES staff satisfaction survey.

IN THE NETHERLANDS

General information

2020 was an exceptional year obviously due to COVID-19. The impact on our corporate life has been (and still is) enormous. This is also the case for our customers, our brokers and our teams. It should be noted that the implementation of widespread teleworking has gone well and that we have been able to continue to secure our services, both for our existing customers and for new ones. Teleworking has been quickly integrated and has become the most normal thing in the world. In order to maintain our networks and ensure good communication, each team has made numerous efforts to implement a daily digital start-up meeting using a digital board. There is a rotating chair for this daily meeting and its purpose is to discuss performance (individual and collective), service levels, communications, NPS and ongoing actions in a predetermined format. For greater connectivity, everyone switches their camera on. The experience has proved to be very positive.

2020 was also a year of success. All product lines, whether in Retail or SME/Midcorp, experienced strong growth. We were able to accommodate this by optimising and digitising our processes via various projects. This growth did not have a negative impact on the quality of our service. On the contrary, we were able to further improve our customers' satisfaction. Our brokers demonstrated their appreciation via the annual Adfiz awards. We won three Adfiz awards and were a runner-up in two other categories. These awards were for all the production lines, which enabled us to end the year in style. In addition to this recognition from brokers,

our NPS scores from customers were also very positive. The number of complaints continued to fall in 2020, as has been the case for several years. To end on a high note, the level of satisfaction of our employees also increased in 2020, reaching a record EEI score of 91. We therefore look back at 2020 with pride and are committed to doing everything possible in 2021 to continue to earn this trust and improve the quality of our service with regard to our customers and our brokers. Here is how these results were achieved by production line.

Death insurance

In 2020, we experienced strong growth in new business which exceeded the plan. This growth mainly occurred in May, following a rate adjustment. Distribution via both our brokers and our DiY channel contributed to this. In order to be able to accommodate this new business as effectively as possible, we launched a Medical Acceptance test with Sedgwick. In this way, we created a flexible shell, which allows us to offer a fast, high-quality service. This test went so well that we have now integrated it into our structure. For the technical acceptance component, we invested mainly in optimising correspondence.

Occupational disability insurance

New business in this production line experienced uneven growth in 2020, mainly due to COVID-19. We concluded a significant amount of new business in the first quarter, but this figure fell sharply in the second quarter as a result of the pandemic. Fortunately, the curve rose after the summer to reach highs in Q4.

The fourth quarter was marked by a significant increase, which largely offset the declines recorded in Q2 and Q3. Both distribution channels contributed to this strong growth.

The collaboration with Sedgwick in terms of Medical Acceptance was positive and was extended to Occupational Disability Insurance.

Individual Life

Service levels in our semi-closed portfolio also performed well in 2020. Since 01/01/17, these activities have been outsourced to our partner Infosys. They are in charge of the Service and Claims activities for this portfolio. This collaboration has worked perfectly for years, both qualitatively and quantitatively. For this reason, since May, they have also been in charge of Information Requests, to our great satisfaction.

The legal projects were also successfully completed. The Ruijter models and reference letters were issued on time and the workload was well distributed thanks to phased dispatches. Investment insurance was also followed-up on time.

Pension insurance

Via our network of brokers, we recorded strong growth in the group insurance segment. Over the last two years, we have also concluded a number of Midcorp contracts, in addition to the usual SME contracts. Our platform encountered some quality problems in the first few months of the year, which we were able to remedy during the second half of the year, in collaboration

with our partner Keylane. The legal aspects, such as the identification of beneficial owners (UBO), were completed and sent on time.

Payment of annuities

This concerns the Direct Ingaande Lijfrente and Direct Ingaand Pensioen production lines. This segment also showed growth in both distribution channels. Service levels and customer satisfaction remained stable.

Group Revenue

This mainly concerns the WIA and Verzuim lines. COVID-19 resulted in us recording a significant decrease in new policies. Service levels remained positive and stable.

A.4.4 P&C Operations

In 2020, the Damage Operations division in Belgium and the Netherlands focused on improving service, which was not always easy during this COVID period. For nine months, more than 90% of our colleagues worked continuously from home. Despite this, we have made significant progress in terms of accessibility, case handling speed and quality of service.

The other Operations priorities were as follows:

- the improvement of working processes and methods through implementation of the LEAN methodology
- the optimisation of teleworking opportunities
- regular (digital) contacts with employees to stay connected
- increased accessibility of control and management information
- the development of "Paperless" initiatives to communicate more and better with our brokers and customers
- the building awareness of internal audit and controls, and privacy protection and security

All action plans also resulted in greater employee satisfaction.

The organisation in Retail BE was completely overhauled. We were able to maintain a stable workload throughout the year despite call volumes that were just as large as in 2019. The critical contribution to achieving this was performance management and daily meetings with the teams. This allowed us to clarify the day's priorities and the cases to be dealt with, and to create a spirit of constructive dialogue within the teams.

We have also experienced adjustments in Retail NL organisation. The Customer Contact Center Policy was transferred to the department Policy P&C NL on 01/01/20. In addition, Policy P&C NL was reorganised and reduced from 6 to 3 departments. These departments are dedicated to the customer segment in order to be able to offer a better service.

All the actions taken are aimed at improving accessibility, speed and quality of service. In addition, we ask our brokers to make good use of our applications, which enables us to increase the added value of our contacts with them. In 2021, we expect to make further progress in automation.

Affinity retail BE has experienced a year of growth. Overall, the policy conversion rate is increasing, and it has been possible to conclude more business than in 2019, despite COVID-19. The internal processes were reviewed in the last quarter. The workforce-related challenges have been identified.

Affinity & Automotive Retail NL also experienced a year of growth. The headcount of the Automotive teams was revised upwards in the second half of the year in order to be able to continue to sustain growth and service.

The SME BE department displayed good stability over the past year, both in terms of incoming calls and for the work carried out by the back office. Efficiency remained high despite the departure of some experienced colleagues. These departures were offset by the hiring of a number of people with substantial experience in insurance, as well as people with less experience who got to grips with their work very quickly. COVID-19 resulted in a significant increase in work in the Workplace Accidents department.

The NL SME portfolio also remained stable in 2020. The implementation of the new telephone system also helped to significantly improve our service. This should enable us to increase the satisfaction level (NPS) of our brokers, and will remain a priority in 2021.

The workload was significant in 2020, mainly due to adjustment and update applications in non-Auto insurance for 2018 and 2019. The work for these two years arrived in one go in 2020, the result of the digital transition of processes at our brokers.

In Midcorp servicing BE, our challenge was to keep the number of requests to be processed under control and to implement the actions necessary to achieve this, which we succeeded in doing during the year.

Midcorp servicing NL also experienced an increase in its workflow. Almost all expiring policies were adjusted and/or renewed. An action plan enabled us to manage this influx and maintain a good level of service.

In Payment collection (BE & NL), everything remained under control. The team had to perform additional tasks in order to comply with sectoral measures relating to the deferral of premium payment.

Telefonie BE experienced a stable year. The team, made up of internal and external staff, is working very well.

A.4.5 Corporate insurance

A.4.5.1 Highlights

Premium income in Midcorp Belgium in 2020 was impacted by the COVID-19 crisis and this effect was mainly felt in the Workplace Accidents portfolio.

We note the following regarding profitability:

As expected, the price stabilisation measures taken in 2019 in Automobile Fleet took effect in 2020. Profitability (loss ratio) improved from “double digits” to a multiple of this in late 2020. Results also improved considerably from the second quarter, as a result of the situation due to COVID-19. The flipside of the coin was the negative impact on revenue.

In Workplace Accidents, the market continued to harden in the upper segment. We also implemented price stabilisation measures in this segment in 2020. The crisis has had an impact on premium income that will only be visible in the months following the accounts.

In Property, we recorded 4% growth. We saw a strengthening in the market and we expect this to continue in 2021. In terms of profitability, Property recorded poorer results than last year, due to certain major claims and natural disasters (storms and floods).

With regard to Technical Insurance, the portfolio continued to grow, mainly driven by the “Decennial Liability Peeters Law” product.

With regard to other products, the Revenue (or premie-inkomen) segment remained stable or increased slightly. Results improved, mainly in ABR.

In MidCorp liability, premium income remained stable, despite the necessary restructuring of a certain number of dossiers in this portfolio in Belgium. Profitability even slightly improved, confirming the trend that began in 2016. The portfolio remains under constant observation. The effect of the expected payroll and turnover should be felt during the third quarter of 2021.

The technical results have therefore remained stable overall for the Midcorp department.

A.4.5.2 Employee Benefits

Group insurance

The year was marked by 23.3% growth in premium income. This growth was mainly due to the takeover of GBL's pension fund (€ 49 million), in addition to 5% structural growth.

The turnover of Allianz Benelux SA amounted to € 328.8 million.

Recurring premiums increased sharply by 2.8% (from € 193.6 million in 2018 to € 197.5 million in 2019).

In recent years, Allianz Benelux SA has worked hard to develop solutions via branch 23 in order to offer both employers and employees attractive alternatives to fixed income products. In 2019, this strategy was further strengthened with the focus on the Allianz Target Duration

Plan product, a DC plan coupled with a Lifecycle Glide Path, which is a unique combination in the Belgian market. Furthermore, in October 2019, due to the persistence of low interest rates in the financial markets, it was decided to reduce the interest rate paid on the existing portfolio in branch 21 to 0% from 1 January 2020. All new production in this branch 21 ceased from 1 October 2019.

Alongside unit-linked solutions in DC plans, we are developing an attractive Cash Balance and Defined Benefit offering for larger “midcorp” companies and international clients, based on a diversified range of funds with an exceptional track record. The expertise and flexibility gained in creating solutions tailored to each client, combined with our fund offering, has led to significant successes in several major pension fund takeover cases. Those takeovers had an impact on 2019 figures and offer good prospects for 2020. Our expertise and the reputation we have gained in the market should provide us with great opportunities in future years.

The requirements of the supervisory authorities relating to the uploading of data to the 2nd pillar Database (DB2P) increase each year. The deadline for declarations to the DB2P was brought forward by one month to 31 August. Thanks to strict monitoring and optimal coordination between the various departments, Allianz achieved almost full compliance with those requirements, with nearly 100% of the required declarations made on time.

In the course of 2019, we made the significant adjustments to our portfolios necessary to comply with the Laws of 14 May 2014 and 18 December 2015 as well as the so-called Portability Law of 21 June 2018.

Finally, in 2019, we paid particular attention to optimising our management processes, in particular through the digitalisation of information exchanges with employers and the use of so-called robot technology. We also adapted some of our processes to the business requirements in branch 23.

After a successful 2019, the increase in premium income continued in 2020, with growth of 7.3%. Structural growth in recurring premiums was limited, mainly due to the pandemic crisis. This was mainly reflected in the figures for new business. The impact on the existing portfolio remains limited. Growth was due, as in 2019, to the takeover of several pension funds (ABN AMRO, AXUS and Alken Maes) for a total of EUR 52.4 million.

The turnover of Allianz Benelux SA amounted to EUR 352.9 million. Recurring premiums increased by 2% (EUR 197.6 million in 2019 to EUR 201.5 million in 2020).

In recent years, Allianz Benelux SA has worked hard to develop solutions via branch 23 in order to offer both employers and employees attractive alternatives to branch 21. In 2019, this strategy was further enhanced with the focus on the Allianz Target Duration Plan product, a DC plan coupled with a Lifecycle Glide Path, which is a unique combination in the

Belgian market. Furthermore, in October 2019, due to the persistence of low interest rates in the financial markets, it was decided to reduce the interest rate paid on the existing portfolio in branch 21 to 0% from 1 January 2020. All new production in this branch 21 ceased from 1 October 2019.

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The launch of the first phase of the EB Portal was the highlight of 2020. Thanks to this new platform, we are in direct contact with members and pension statements are made available to customers digitally, which increases the satisfaction of our customers.

Despite the difficult working conditions, both for our customers and internally, linked to sanitary measures, we are again achieving very good results in terms of DB2P declarations: more than 99% of the declarations were made within the prescribed deadline, i.e. end of August.

On the other hand, quality of service was under severe pressure and a series of measures were taken to remedy this.

Finally, we launched a major “reengineering” project for the business, the objective of which is to develop, sustain and accelerate EB activities. This is an end-to-end project concerning both organisation, processes and our IT systems.

Health

In 2020, we recorded a 6.2% increase in our premium income in disability insurance. Due to the loss of a major hospitalisation insurance policy, overall recovery has remained steady in the health insurance branch.

The policies and claims in our individual hospitalisation portfolio are fully managed on the Medexel service platform, belonging to Promut since 1 July 2020. An outsourcing contract was concluded with Promut in 2019, with a processing agreement as an annex in which Allianz was assigned the status of controller and Medexel that of processor, with all the legal and regulatory consequences resulting therefrom.

In October 2020, we started with Allianz Medical Plan v2.0, a version updated with the addition

of the Comfort Plus package. This new package covers all medical expenses both inside and outside the hospital with unlimited reimbursement of expenses without hospitalisation.

Since 1 January 2020, Allianz Benelux has been the direct reinsurer for Justitia. Justitia is an insurance company founded in 1948 by Vanbreda Group, the sister company of Vanbreda Risk & Benefits, specialising in healthcare (Medical Care, Income Care).

This approach has enabled us to successfully apply the speciality principle, which enables us to entrust performance of specialist management to a service provider, over which we retain control within the framework of highly structured sub-contracting.

A.4.6 Ceded reinsurance

Results 2020

On a like-for-like basis, the volume of business underwritten in the Benelux excluding that ceded to the “Pan European QS P&C” reinsurance treaty increased slightly for 2020 in the major residential and commercial risks segment in the Netherlands.

Natural events such as storms, hail or flooding did not affect reinsurance cover in 2020.

The reinsurer’s overall result amounted to EUR 42.2 M, in line with our level of optimisation given the changes in our portfolios.

The “Pan Eur QS P&C” treaty maintained its structure compared with 2019, with a cession at 45%. However, the rate of commission was revised in accordance with the benchmark procedure to 31.1% for the 2020 financial year and 30.25% for the 2021 financial year.

Disposal: market and renewal 2021

P&C renewal was in line with recent years, with prices relatively stable compared to the previous year, at constant scope, or even very slightly higher in natural disaster cover.

Following the optimisation that occurred in 2020, which increased the priorities of our non-proportional Fire/Technical Risks and Natural Disasters treaties, no change to them was envisaged for 2021. The strategy remains the optimal stabilisation of our income in the face of natural perils given the qualitative aspect of our fire risk portfolio. The retention of accumulations-focused CATNAT cover was adjusted downwards to provide better protection of our income in order to offset the effects of climate change.

The placement of reinsurance treaties in 2021 continues to be based on the Group’s “Rio Completion” strategy launched in September 2014 and extended in 2016. Allianz Re remains our main reinsurer with a 100% stake. The retrocession and risk capital management strategy is optimised by and in complete synergy with Allianz Group.

The “facob” reinsurance structure assumed by Allianz Re replaces all fire insurance investments, which simplified and optimised the management and assumption of quality risks. An appropriate carve-out structure called a Single Risk Facility is also provided to limit high exposure commitments.

The 2021 renewal of our Life/Health treaties was established on the same basis as in 2020 without change to our retentions. Reinsurance rates were maintained in both Belgium and the Netherlands. However, there was a negative impact linked to the COVID-19 situation, the extent of which we will not really be able to measure until 2021 at the earliest.

Allianz Benelux has been a member of the TRIP and NHT pools for Belgium and the Netherlands respectively since their origin and is maintaining its membership of them with the aim of providing optimal terrorism cover for its portfolios and customers.

Reinsurance accepted

The number of treaties under Run-off management was 18 as at 31 December 2020 compared with 25 at the end of 2019.

Reserves and IBNR at the end of 2020 amounted to EUR 92,683.49 and EUR 672,201.75 respectively, the latter representing 725.27% of reserves.

Investment policy

2020 was a roller-coaster year due to the major immediate impact of the COVID-19 pandemic on both equities and the bond market, with a spectacular fall in interest rates. In a period of turmoil in the markets in the first quarter of 2020, investment opportunities arose following a rise in interest rates associated with an extraordinary widening in credit spreads due to fears of default and the absence of liquidity in the market. More specifically, the widening in financials, in which we were strongly underweighted, enabled us to partly reduce this imbalance via either direct investments or funds. However, the absence of real sellers in the market at these depreciated levels did not allow us to fully offset our underweighting.

With regard to equities, we initiated hedging positions at the end of 2019 which we increased as soon as the crisis broke out. These positions enabled us to partially offset the quarterly accounting impact of the fall (particularly at the end of March) involving significant impairments. In this crisis, mortgage loans, particularly Dutch ones in which we invest heavily, were virtually unaffected, as payment delays/postponements were minimal.

Our investments in listed real estate stocks were particularly affected in the retail and office sectors, leading to significant writedowns. Furthermore, logistics (WDP, Montea) and healthcare (Aedifica, Cofinimmo) stocks also enabled us to offset a large portion of these losses. In this challenging environment, our solvency ratio held up well, supported in the first

quarter by our strong underweighting in financials and the symmetric adjustment in equities while our opportunistic investments in the crisis and the market recovery in the second quarter helped offset the inverse effect of the first quarter, i.e. a significant narrowing of credit spreads.

ESG (Environment, Social, Governance) concerns have become increasingly important in our investments and we have endeavoured to raise the teams' awareness of this theme with ambitious targets defined at group level.

At the end of the year, an agreement was signed with the reinsurer Monument Re to sell part of the high-guaranteed-rate activities in individual life. This sale, which has been approved by the regulator in early 2021, represents approximately EUR 1.5 billion in transferred assets, mainly consisting of Belgian bonds and mortgage loans.

We have continued to partially hedge the spread widening risk associated with our overexposure to Belgian bonds via the spread lock technique, compared with the German Bund, which is considered to be a better measure of the risk-free rate than the swap rate.

Nevertheless, the good performance of the Belgian compared to the German spread gave us a boost, as our hedging was only partial, and the Belgian government bonds in our portfolios therefore benefited.

In terms of our branch 23 activity, we focused on the sustainability aspect of investments by introducing three new funds that meet ESG criteria: an AGI ESG fund on global equities (Global Sustainability), an ESG fund from our partner Degroof Petercam on emerging market bonds (Bond Emerging Market Sustainable) and an ESG fund focused on climate protection from Nordea (Nordea Global Climate & Environment ESG). Alongside these funds, we launched an Opportunity product with both a defensive and a moderate version. This product is an opportunity for investors in branch 21 products maturing in 8 years (Invest For Life 3A and Invest For Life Dyn 3A) to renew their investment for 8 years in a combination of 50% branch 21 and 52% branch 23 by granting a loyalty bonus of 2% on the branch 23 component.

A.4.7 General Life & Health portfolio

The general portfolio made maximum use of available cash, which entails a cost if it is not invested. This was favourable for ring-fenced funds rich in cash because a significant proportion of them are in the repayment phase (end of the 8-year guaranteed rate period).

Thanks to this flexibility, we were able to achieve the revenues provided for in our plan despite the significant fall in interest rates.

We slightly increased the duration adversely affected by the sharp fall in interest rates by investing in very long maturities following the slight rise in interest rates. The regulatory changes provided for by EIOPA are also consistent with longer asset duration.

A.4.8 P&C excluding Occupational Accidents

Benelux P&C excluding Workplace Accidents, by combining the Belgian and Dutch business, we focused on the significant acquisition of bond funds managed by Pimco. Since P&C excluding Workplace Accidents did not have any equity exposure, we continued to increase the share of real estate equities, which still offered attractive returns.

A.4.9 Ring-fenced funds

The outstanding amount of interest-rate or guaranteed capital products, mainly from the Invest For Life 3A range, fell by EUR 300 M in 2020 to reach EUR 1.9 billion following the transfer of many policies no longer having guaranteed rates to branch 23 products, or to our Opportunity product offering a branch 44 alternative to policies reaching their 8-year maturity.

A.5 Mortgage loans

A.5.1 Activity

Highlights of the mortgage market (source: NBB).

During the 2020 financial year, 411,584 new mortgages were registered. This represents a decrease of 17.8% compared to 2019.

Nevertheless, this figure still indicates an increase compared to the figures for 2018 and 2017, which were marked by decreases (2018: 5% lower than 2017; 2017: 29% lower than 2016) resulting from a fall in the number of refinancing operations.

Faced with the economic and social consequences of the health crisis, as early as April, the financial sector, in collaboration with government authorities, implemented support measures for, among others, individuals.

The moratorium for mortgage loans helped more than 144,000 households, amounting to more than EUR 13 billion, by offering the possibility of deferring repayment of the principal and interest for up to nine months, including the extension decided afterwards. The people most affected financially by the government's health measures even benefited from an exemption from interest payments for the deferral period.

Less than 3% of households with an Allianz mortgage have used this measure.

The measures taken by the National Bank of Belgium (NBB) on 01/01/20 on the ratios of mortgage loans have been effective. There was a decline in high-ratio loans, with the proportion of loans with ratios ranging from 90% to 100% decreasing from 28% to 20% of all loans. Conversely, loans with a ratio lower than 80% increased significantly in a few months,

from 49% to 55% over the same period.

Allianz had anticipated these measures from August 2019, limiting the maximum intervention ratio to 90% on all its mortgage products.

The trend towards external refinancing seen in 2019 remained steady in 2020 after rates remained particularly low in the market.

As regards the duration of new mortgage loans granted, the continual fall in rates in the market confirmed the decreasing trend in the average duration, which began in 2019.

A.5.2 Structure, organisation and IT

The transposition of the European Mortgage Credit Directive by the Law of 22/04/2016 took effect on 01/04/2017 and ensured a fundamental overhaul of the regulatory framework in the area of loans to individuals.

Allianz Benelux has since complied with these new requirements, in particular as regards refresher training related to the additional obligations required to retain the accreditation obtained from the FSMA in August 2017.

Our subcontractor, Stater Belgium, collaborated in particular to complete the follow-up of the legal changes with regard to this fairly technical matter.

Allianz Belgium's aim was to maintain its mortgage loan portfolio at approximately EUR 750 million. Taking into account contractual and early repayments, this resulted in an 46.05% decrease in production in 2020 compared to production in 2019.

The composition of the portfolio is characterised by particularly low credit risk and a low LTV. Thanks to excellent management, 2020 also ended with a very low loss rate as was the case in previous years.

A.6 Real estate

2020 was hit hard by the COVID-19 pandemic, and all sectors of the economy were heavily affected, including real estate.

The number of rental transactions in the Brussels office market reached the lowest level in 20 years. However, the vacancy rate has not yet increased in 2020 (7.20%) despite the significant use of teleworking. 2021 is more likely than not to see an increase in this vacancy rate due to the reductions in surface area requested by tenants and the addition of approximately 200,000 m² of new surface area to be delivered very soon.

The vacancy rate in the City Centre remains close to 3%, while in the Northern Quarter it is now close to 5%.

It should be noted that investments reached record levels, and that the best transactions were carried out with a yield of 3.5%.

MAIN COMMENTS ON THE PORTFOLIO

The market value of investment properties increased by 2% at constant scope; 2020 saw the sale of the historic head office of Allianz Benelux, generating a capital gain of EUR 17.3 million, and the purchase of the new head office for EUR 116.3 million. Investment properties adjacent to the former head office were also sold, for a capital gain of EUR 2.65 million.

As regards the allocation to real estate via investment funds and platforms, in 2020, Allianz Benelux invested EUR 12 million via the new NewRep group structure and EUR 2 million in the Rheingold fund (notably in logistics assets).

The new Allianz tower in the Northern Quarter was delivered in late February 2020 but, due to the pandemic, it is so far only sparsely occupied by Allianz Benelux staff and the other Belgian entities in the Group.

The four vacant floors are still being marketed. Several potential tenants have shown interest but for the moment no lease has been signed.

B GOVERNANCE MEMORANDUM

B.1 INTRODUCTION

This memorandum is intended to satisfy the requirement stipulated by the overarching circular NBB_2016_31 revised in September 2018 and May 2020 and relating to the prudential expectations of the National Bank of Belgium in terms of governance system for both the insurance and reinsurance sectors ("PEGS circular" in short), which calls on the financial operators regulated by it to outline, evaluate and justify their internal control and corporate governance to be compliant with the Solvency II principles and guidelines including the Delegate Act 2015/35 of the European Commission.

The nine and current version of the Allianz Benelux sa ('AzBNL') Governance Memorandum was approved by the plenary session of the Board of Directors on 01/04/2021.

For the sake of convenience, the document follows the structure of the memorandum template provided in the annex to the aforementioned circular.

A glossary of the main acronyms, initials and abbreviations used in this document and/or specific to AzBNL is included after this introduction.

We added some comments or conclusions to point out whether each part of the Governance structure is subject or not to improvement.

We refer to the GEAR, the Governance Efficiency Assessment Report 2020, to summarize and consolidate the current situation of the execution of the action plan 2020 and the actions to be taken in 2021.

This document will be uploaded on eCorporate by April, 2021.

B.2 MANAGEMENT STRUCTURE, REMUNERATION & SHAREHOLDERS

B.2.1 Company's bodies

B.2.1.1 Missions and responsibilities

Az BNL is a company managed and controlled by 2 main official bodies subject to a partial¹ two tier system.

a) Board of Directors

This body is the main controlling structure of the company where (i) a dialog between non-executive directors including independent ones and some members of the Board of management is regularly organised and (ii) any significant project or initiative is challenged, validated, followed and controlled.

This body is fed by an ongoing reporting coming from first its advisory committees and secondly, directly from BoM members and independent control functions.

The Board of Directors has the broadest powers to accomplish all the useful or needed actions required to serve the company's social interest.

All what is not reserved to the general shareholder's assembly by the law or the articles of association and bylaws (Internal regulations) of the insurance company is a matter for the Board of Directors or according to a delegation of powers for the Board of Management.

Besides the exercise of the powers and responsibilities reserved for it by the law or the articles of association, it is the task of the Board of Directors, on the one hand, to define the general strategy of the company as well as the risk policy and, on the other hand, to exercise effective supervision over the activities and the management of the firm by the Board of Management.

The Board of Directors defines this general strategy and this risk policy of the company either at its own initiative or at that of the Board of Management, which may make relevant proposals.

The general strategy includes defining the direction of development and the objectives of the company, including the firm's commercial policy.

The Board of Directors adopts plans and budgets, and it approves the key points of the company's organizational structure and its major reforms as well as the relationship between the company and its shareholders.

The Board of Directors determines the powers of the Board of Management, regulates its functioning and manages the remuneration of its members through its Remuneration Committee.

In its monitoring role, the Board of Directors has a broad right to oversee, challenge and investigate.

The Board of Directors sets up specialist advisory committees from among its members, which are responsible for looking into specific matters and advising it accordingly.

To this end, the Board has an Audit Committee, a Risk Committee and a Remuneration Committee.

In its Internal Regulations reviewed on 18 December 2020, the Board determines its internal regulations and the ones of each committee, specifying its role, composition and functioning.

¹ Only 4 members of the Board of Management are members of the Board of Directors

The powers of the Boards were deeply reviewed by the SGM of the company on 15/03/17. The aim was to take into consideration the new risk approach developed by the aforementioned overarching circular dated 05/07/16 and reviewed by NBB in September 2018 and May 2020.

In the framework of the division of tasks between the Board of Directors and the Board of Management, the Board of Directors, either directly or through its specialist advisory committees, is in particular responsible for the following activities:

Defining the company's objectives and values;

Approving and evaluating the management structure, organization, internal control mechanisms and independent control functions of the company on a regular basis;

Verifying on a regular basis whether the company has effective internal control in terms of the reliability of the financial information process;

Approving and evaluating the main aspects of the company's general policy and strategy on a regular basis;

Supervising effective management through effective use of the powers of investigation vested to the directors and through reporting by the management on developments in the company's activity;

Taking note of the main findings made by the company's independent control functions, the auditor and the supervisory authority, if applicable via its specialist committees, and ensuring that the Board of Management takes appropriate measures to remedy any shortcomings.

Listening to the heads of independent control functions when each of them reports on a yearly basis in April, and challenging their conclusions.

With regard to the risk policy, with the assistance of its specialist advisory committees, the Board of Directors:

sets the risk appetite level and the general risk tolerance limits for all the firm's activities;

Approves the general risk management policy, including specific aspects thereof: subscription, provisioning, operational risk, asset/liability management, investments, capital management and liquidity risk;

Makes strategic decisions regarding risk and is involved in continuously monitoring developments in the firm's risk profile;

Approves the 12 Solvency II BNL policies forming the overall framework of the governance system and other significant compliance or governance policies (e.g integrity policy, compliance charter, internal rules, conflict of interest policy, etc.).

b) Board of Management

Tasks performed by the Board of Management are governed by the Internal Regulations and its functions as a collective body.

All decisions are taken by consensus. The Chairman of the Board of Management has a casting vote, where necessary.

Certain specific powers are delegated to the Board of Management by the Board of Directors:

-
- Via the articles of association of the company (article 17);
 - Via the notarised delegation of powers, granted by the Board of Directors and reviewed once per year (as a rule, in December) by a notarial deed published in the appendices to the Belgian Official Gazette in January;
 - Via the delegation of so-called “reserved” powers by the Board of Directors (obligation of prior approval for certain matters once certain thresholds are exceeded) based on art.15 of the articles of association.

Article 17 of the articles of association specifies the following:

Effective management of the company is entrusted to the Board of Management which exercises this responsibility in a collective manner within the framework of the general policy defined by the Board of Directors.

However, the Internal Regulations of the Board of Management, contained a section 2 that emphasises the duty of mutual information for any important issue.

Effective management of the company is entrusted to the Board of Management which exercises this responsibility in a collective manner within the framework of the general policy defined by the Board of Directors.

Nevertheless, the Board of Management may distribute its duties among its members.

Its method of operation is defined by the Board of Directors.

At least three members of the Board of Management have the status of directors (currently 4 of which 3 CEOs (Regional, Belgium and Netherlands) and the Regional CFO).

The Chairman and members of the Board of Management are appointed and removed by the Board of Directors on a proposal from the Board of Management.

Their remuneration and the duration of their mandate are determined by the Board of Directors via the Remuneration Committee.

Under the supervision of the Board of Directors, the members of the Board of Management exercise real influence over the general conduct of the company propose strategic guidelines, policies and priorities to the Board of Directors and ensure their implementation; they also present the business plans and annual budget for the company to the Board of Directors. This list is not exhaustive.

The Board of Management also:

- Implements the strategy and the policy defined and validated by the Board of Directors by transposing them in processes and procedures;
- Manages the activity of the company according to the set strategic objectives and by respecting the limits of risk tolerance defined by the Board and the development of the management structure;
- Supervises line management and compliance with the powers and responsibilities granted
- Formulates proposals and opinions for the Board of Directors with a view to defining general policy and the strategy of the company
- Implements the Risk Management system by translating the Risk appetite and the Risk Management policy defined by the BoD in procedures and processes
- Implements the needed measures to control risks, especially by a sound oversight of the risk profile evolution and by controlling the Risk Management system.
- Takes care that, on the grounds of the Independent Control functions' reports, all the relevant and material risks (financial, insurance, operational and others) the company has to cope with, are adequately identified, measured, managed, controlled and declared.

- Set up an operational and organizational structure which is able to sustain the strategic objectives and comply with the Risk appetite defined by the Board of Directors, in particular through a clear definition of competences and responsibilities for each company's segment by determining procedures and reporting lines.
- Organizes an adequate internal control system (ICS) at each company's level and evaluate the adequate character of the mechanisms of this ICS.
- Takes care of the correct implementation of the remuneration policy.
- Organises an internal control system as well as a communication process of financial information that ensures that the annual accounts comply with the applicable accounting regulations, and that permits the reliability of the financial information and prudential reporting;
- Reports to the Board of Directors on the financial position of the company and on all aspects required to properly carry out its duties;
- Communicates to NBB the prudential reports and certifies the comprehensive and accurate status of the transmitted information in accordance with provisions 312 à 316 of the Supervisory Act of 13/03/16 as well as the compliance with legal and regulatory rules (NBB instructions) of the aforementioned information according to provision 80 of the same Act.
- Discloses the Governance Efficiency Assessment Report (GEAR) to the Board of Directors, authorised auditor and NBB.
- Manages the activity of the company and the development of the management structure;
- Supervises line management and compliance with the powers and responsibilities granted as well as financial information;
- Formulates proposals and opinions for the Board of Directors with a view to defining general policy and the strategy of the company and communicates all relevant information and data to enable the Board of Directors to make fully informed decisions;
- Without prejudice to the control exercised by the Board of Directors, ensure the organisation, orientation and assessment of internal control mechanisms and procedures, in particular independent control functions;
- Organises an internal control system that permits the reliability of internal reporting and of the financial information communication system to be established with reasonable certainty so as to ensure that the annual accounts comply with the applicable accounting regulations;
- Reports to the Board of Directors on the financial position of the company and on all aspects required to properly carry out its duties;
- Informs the regulatory authority and auditor, in accordance with applicable procedures, on the financial situation and management structure, the organisation, control and independent control functions.

Management establishes in writing the powers, duties and responsibilities of all the company's entities and significant activities and assigns them to employees of the company.

The Board of Management, which has all necessary powers for carrying out the effective management and day-to-day management of the company, is assisted in this task by senior managers (Executives) who have received and regularly receive, by special delegation of the Board of Directors, specific powers⁴ to carry out on a daily basis the activities reserved for them in the speciality(ies) in which each of them has the recognised expertise.

Reference is made to the notarised general delegation of powers which is reviewed by the Board of Directors on average once per year, with the last review having been carried out on 18/09/2020.

⁴ Including subdelegation powers (power 9 of the annual notarized delegation of powers)

Insofar as *reserved powers* are concerned, the Board of Directors has reserved full powers in relation to 7 matters pursuant to article 15() of the articles of association:

- a) Powers not able to be delegated pursuant to law and the articles of association;
- b) Any disputes with an international component or which exceed EUR 6,200,000, without taking into account the disputes resulting from insurance operations;
- c) All real estate transactions with a value exceeding EUR 20,000,000;
- d) Any creation of companies, sale of controlled companies or acquisition of control of a company;
- e) Any purchase, sale, or disposal of securities or any other type of asset (except within the context of the day-to-day management of the company's investment portfolio) where the value exceeds EUR 20,000,000;
- f) Any project where expenditures will exceed EUR 15,000,000, particularly relating to the large-scale hiring or dismissal of personnel, fees owed to external consultants, IT equipment and systems and data processing, advertising;
- g) Any subscription operations (except for operations carried out under the freedom to provide services) or financial operations outside Belgium.

This collective responsibility in no way precludes each member of the Board of Management from exercising specific powers which purposely incorporate, for each of them apart from the CEO, at least one individual operational power.

c) Audit Committee

The Audit Committee, set up in 2000, is one of the 3 advisory committees of the BoD and a key element in the control of accounts and independent functions.

Powers:

- Right to require the production of any relevant information or document;
- Conduct or arrange for the carrying out of any investigation;
- Use the services of the Internal Audit Department without taking its place;
- Seek any opinion, declaration or comment from the approved auditor appropriate to its mission;
- Report to the Board of Directors on any matter, activity or issue that it wishes to address or on any department or process that it intends to audit;
- Verify the validity, completeness and accuracy of draft annual or six-monthly accounts;
- Verify the validity of intragroup transactions that come within its remit and ensure that they are of an arm's length nature;
- Examine and approve resources, both in terms of manpower and equipment/software provided to the Internal Audit Department, the compliance unit and the person in charge of the actuarial function to carry out its missions;
- Familiarize itself with reports on the activities of some independent control functions (Internal Audit), excluding Risk Management which reports to the Risk Committee, and the heads of the actuarial function (HAF), Compliance (CCO) and Risk Management (CRO) who submit their reports to the plenary session of the Board of Management,⁶;
- Approve any change to the audit charter and make suggestions as to the content of the integrity policy and the compliance charter;
- Monitor progress of Internal Audit recommendations;

⁶ Without prejudice of the duty of each Head of Control function (except the Head of IA reporting to the Audit committee) to directly report to the plenary session of the Board of Directors at least once a year, in accordance with art. 54 §1, par.3 of the Belgian Supervisory Law.

- Examine the quality of the work of the Approved Auditor, his or her independence and remuneration;
- Monitor the internal control process (ICOFR⁷ for the financial component and continuous control for the non-financial component) and draw the right lessons from the results of the annual tests;
- In charge of following up questions and recommendations formulated by the Approved Auditor;
- Ensure the independence of the Approved Auditor, particularly in relation to the provision of additional services to the company;
- In charge of monitoring the process for preparing financial information, monitoring the effectiveness of internal control systems and monitoring the effectiveness of the Internal Audit function;
- Verify the appropriateness of the annual audit plan to facilitate its approval by the Board;
Validate the appropriateness of the annual compliance plan.

d) Remuneration Committee

The Remuneration Committee is a second advisory committee of the BoD set up in 2010, exclusively dedicated to the management of the remuneration of members of the Board of Management and (Senior) executives.

Powers:

- Its powers do not extend to the remuneration of Allianz non-executive directors as it was agreed in 1998 (non-executive directors working in Allianz group are not compensated for their director's activity).
- The Remuneration Committee is responsible for
- making recommendations concerning both the principles and execution of the remuneration policy (including fix and variable remuneration) and control that the policy does not contain incentives that push officers & managers to take excessive risks or to defend other interests than the ones of the company.
- controlling and validating of the fix remuneration and attending fees of non-Allianz non-executive directors are also part of its competence.
- Assessing the performance of the members of the Board of Management
- The examination of the conditions of remuneration of employees (Executives) 'who directly report to a members of the Board of Management including persons in charge of independent control functions and other relevant members of personnel (EIOPA category) as set out in the principles of the company's remuneration policy.

Details of the powers of the Remuneration Committee are contained in section 3.3 of the **Internal Regulations** of the Board of Directors.

a) Risk Committee (RiCo)

The Risk Committee is the third key-component of the BoD committees control activity set up in March 2006.

Powers:

⁷ And the ICRS, new risk control and reporting process of the company aligned with Allianz group

The role of the Risk Committee is to evaluate and control the management of Risk Management activities and the Actuarial function within the company.

This role also consists in advising the Board of Management on issues of strategy and the level of tolerance in terms of current and future risks and assisting it in monitoring implementation of this strategy within the company.

This work includes:

Giving its opinion to the Board of Management regarding the adequacy (i) of the organisation of resources and competencies put in place to identify, measure, manage and declare their main risks to which the company is exposed, and (ii) of the process for monitoring risks depending on the company's concerns in its different areas of business and, in particular, in relation to the separation of the implementation and control functions;

Advising the Board of Management in respect of all aspects relating to tolerance of current and future risks and the company's strategy for managing risks;

Ensuring that corporate decisions and policies in terms of underwriting, technical provisions, definition of reinsurance transfers, investments, management of assets and liabilities, and management of cash are in line with the risk strategy adopted and the corporate model chosen, without losing sight of the reputational aspect associated with the sale of products to customers ;

Establishing a well-defined risk and solvency profile for the company (including stress tests);

Examining Risk Management reports submitted to it by the Statutory CRO;

Promoting a risk prevention culture within the company via transparent communication and a shared understanding of the company's risk profile;

Evaluating and contributing to the development of the "risk/return" strategy;

Ensuring the development and monitoring of Risk Management as a whole and its control framework;

Analysing and approving calculations of risk capital;

Ensuring that Risk Management and its control framework satisfy regulatory requirements;

Discussing and deciding on any methodology-related questions concerning the management and quantification of risks;

Providing the framework required for any decision-making or any recommendations in order to ensure an appropriate response to any problem and a proactive reduction in risk;

Highlighting any issues relating to corporate risks that warrant the attention of the Board of Directors;

Retaining documentation relating to its work, meetings, decisions and managing their follow-up;

Cooperating with the Remuneration committee to ensure that the global budget allocated to variable remuneration and the performance targets defined in the remuneration policy are compatible with the company's risk profile.

Promoting and enhancing the risk management culture within the company and developing the expertise to positively impact corporate behaviour;

Defining an appropriate risk management policy and determining the limits and guidelines applicable to the company beyond the rules defined by the Group in that area;

Defining limits by ensuring regular monitoring and taking action where these limits are exceeded.

The Risk Committee is responsible for the supervision of requirements in terms of organisation, infrastructure, control and the process of managing risks for the company. It ensures that the company acts in accordance with the policies, limits and guidelines established by the Group and develops a strong culture of risk management.

Any third party, whether internal or external to the company, may be invited in relation to a specific item on the agenda. At least one representative from Group Risk (GR), Allianz SE's centre of competence, is always invited.

Reporting to the Board of Directors

Risk Management, in all its aspects, is one of the primary duties of the Board of Management, which reports to the Board of Directors.

The Risk Committee has both the right and duty to directly report to the Board of Directors through its chairman and submits, for approval, recommendations relating to risk management and acts, within the context of this delegation of authority from the Board of Directors, as a decision-making and control entity with regard to risk capital, the solvency of the company, assessment of the company's Top Risks and any specific issue relating to the risks defined by the Board of Directors.

Decisions relating to risks which have, in principle, a cross-sectorial impact continue to come within the direct remit of the Board of Directors.

Decision-making process

Decisions are taken by consensus (unanimity of views). If no consensus can be reached, the issue is raised by the Board of Directors.

The Internal Regulations of the Risk Committee are contained in section 3.2 of the Internal Regulations of the Board of Directors which defines the role, composition, operation, powers and relationships with the company's internal and external bodies, as well as the duties of the Chairman and the Secretary .

B.2.1.2 Composition and running

a) Board of Directors

AzBNL is managed by a Board of Directors of **13** members which meets at least **4** times per year¹² and whenever required by the interests of the company, sometimes by conference call when social interest and urgency require and allow it. Its current composition is as follows:

Chairman of the Board of Directors

Directors who are not members of the Board of Management

Chairman of the Board of Management

Directors who are members of the Board of Management

Other members of the Board of Management who are not directors

¹² An average of 6 to 7 meetings/calls per year

The presence and involvement of shareholders via the company's management bodies takes place as follows:

The Board of Directors is, with respect to the supervisory directors, composed of one representative from Allianz SE Group Centres who monitors and supervises company management on behalf of Allianz Group. The structure has therefore been simplified.

In August 2016¹³, the composition of the Board of Directors has been adapted to take into account the opportunity to reduce the numbers of executive directors offered by provision 45 §1, par.2 of the new Belgian Supervisory Law.

Only the Regional CEO, CEOs Belgium & Netherlands & CFO are still members of the Board of Directors. This is a change with the previous organization valid since 04/2017.

The regulatory rule obliging to have more non-executive directors than executive ones is always fully respected (7 v/4).

The SGM of 15 May 2020 adapted the composition of the Board of Directors to take into account the quota of 1/3 of female directors required by art. 7.86 of the new Code of Companies and Associations.

Independent directors

Four members of the Board of Directors are independent directors who fulfil all the conditions of article 7: 87 §1 of the new Belgian Code for Undertakings and Associations (including criteria of independence defined in art.3.5 of the Governance code 2020 for Belgian undertakings). One of the company's secretaries is in charge to verify whether the conditions applicable to a non-executive director candidate to become independent and be considered as such by the Board of Directors are adequately met.

The composition of the Audit committee was adapted in 2017 to comply with the rule that obliges this body to have a majority of independent directors among its members (Act of 7 December 2016).

Working Rules & Decision Process.

The Board of Directors has established a single set of Internal Regulations for itself and its advisory committees, as well as for the Board of Management, which is contained in **annex 13** of this memorandum.

The Board of Directors only conducts its work when a majority of either executive or non-executive members are present or represented. The Chairman leads discussions and decisions are mainly taken by consensus. Detailed minutes record the work and any elements of decisions.

a) Board of Management

The Board of Management is the highest structure in charge of supervising the company and controlling its risk management.

¹³ Approved by the Board of Directors during its meeting of June 20, 2016.

As a rule, meetings of the Board of Management are held on a weekly basis: on Tuesday unless inconvenient. All members are required to attend, and in fact it is quite rare for any of the members to be absent.

Minutes of meetings are drawn up on a systematic basis and signed by the Chairman and the BoM Secretary.

Administrative duties are taken up by the Az BNL Secretaries.

b) Audit Committee

- c) **Composition:** 4 members of the Board of Directors, all directors who are not members of the Board of Management and are therefore supervisory (#1) or independent (#2) directors. So the new rule enacted by the provisions 48 and 49 of the law dated 07/12/16 and enhanced by the rule 1.5.2 of the NBB Overarching Circular of 2016_31 of 2016 reviewed in September 2018 and May 2020 is fully respected.
- d) The Committee is chaired by an experienced supervisory director, specialising in financial management, business ethics and good governance, who is independent and not chairman of the Board of Directors.

Guests: Regional CEO, CEO BE, Regional CFO, Head of Accounting & Financial consolidation, Head of Internal Audit, CRO, Chief Compliance Officer (Committee secretary).

The **Internal Regulations** of the Audit Committee comprise section 3.1 of the Internal Regulations of the Board of Directors, the Board of Management and the advisory committees.

Each meeting (at least 4 per year) is documented, preceded by a notice of meeting and the subject of minutes signed by all members of the Committee.

The Chairman of the Audit Committee reports to the Board of Directors on a systematic basis on the major elements of the work of the Audit Committee.

The minutes of meetings are provided to the other members of the Board of Directors.

c). Remuneration Committee

Composition: 3 members of the Board of Directors ((including 1 independent director); the Chairman of the Board of Management and the CEO Belgium participate in work relating to the situation of people who report directly to them.

This committee is held at least twice a year (as a rule, in Q2 and Q4).

d). Risk Committee (RiCo)

Composition: 5 supervisory directors whose 1 independent one,
Guests: Chairman of the Audit committee, CEOs BE & NL, CFO, member of the Board in charge of risk management, CRO, Head of Corporate Actuarial, head of Actuarial function BE, head of RM NL, + 2 Group Risk representatives.

Meetings of the Committee are held each quarter. Any member of the Risk Committee may also request a meeting at short notice for the purpose indicated in the notice of meeting.

B.2.2 Remuneration

The remuneration policy of Az BNL was reviewed again by the Board of Directors on 18 December 2020. This policy shall be updated each year as required by the SII rules and the chapter 8 of the NBB Overarching circular about governance dated 05/07/16 reviewed in 09/18 and 05/20.

Widely conceived by the group in its fundamentals, the regime is perfectly aligned with the European principles brought by the Solvency II and developed by EIOPA. The overall conception of this policy aims at aligning individual targets of Az BNL employees with the protection of company's interests on a long-term basis.

Az BNL is considered by the group as a SOE (Significant Operating Entity¹⁸), what means that a strict follow-up process and reporting duty to Allianz Group is required.

The policy is based on 4 categories of employees:

A. Allianz Global Executives

People occupying a position, having an Allianz grading level from 18 to 22 are in scope. In Az BNL, members of the Board of management.

B. Allianz Senior Executives

In this category, we find positions having an Allianz grading level of 16 or 17 out of the head of independent control functions.

In Az BNL, 6 persons are in scope: Chief Transformation Officer, Chief Corporate Services, Chief Information Officer, Chief Risk Officer, Chief Investment Officer, , Head of Claims **Key Function Holders**

- On top of categories A&B belonging to the KFHs, the head of 5 independent control functions: Chief Risk officer (Sr. Exec), Chief Compliance Officer, Head of Actuarial Function Head of (Internal) Audit also in cat. B).
- Heads of Legal NL & BE, Head of Accounting.

C. Risk Takers

Under this concept, the policy aims people with a level of at least Executive (AGS level: 13+) taking professional risk which could have a material impact on the Az BNL profile. This list, subject to annual evolution, is managed (together with Legal) and reported by Az BNL HR function.

The remuneration process and incentive programs are controlled and validated by a Compensation Committee which is chaired by a non executive director assisted by 3 other non-executive directors. It meets at least twice a year.

Except these 4 categories, the employees get in general a fixed remuneration which is linked to an annual evaluation process. Roughly 215 employees (certain functions) get a variable remuneration in a range of 10 to 15%.

Categories A to D are considered/identified as identified Staff' as defined by art.275 §1 of the EU delegated Ac 2015/35 (as mentioned in the PEGS circular).

¹⁸ Entity participating to the diversification of the group risk capital for more than 3%

a) Governance principles

The remuneration awards must be clear, transparent and effective, and not threaten the adequacy of the Az BNL capital base.

The remuneration appropriateness is regularly benchmarked by the group or local HR to control pay levels, base salaries, benefits and variable components.

Remuneration packages are conceived to avoid some risks or key performance indicators, among them:

Risks avoided:

- excessive risk taking
- conflicts of interest
- risks which exceed the risk limits of the company

Sound KPIs:

- appropriate reflection of the material risks and time horizon
- respect for the overall success of the group and the company
- sound balance between fixed and variable remunerations (1 for 1 principle)
- evaluation of individual performance on financial and non-financial criteria
- performance exclusively evaluated on non-financial criteria for independent control functions
- avoid compensation failure.

b) Board of Directors

BoD members are not remunerated as such (qualitate qua) when they get wages as Az Group entity or Az BNL employee. A specific remuneration is only reserved to non-executive directors who are external to the group or not working for Allianz as employee anymore.

This remuneration package is based on 2 principles:

- fixed wage for remunerating control risk and exposure to media and personal responsibility
- moderated attendance fees to encourage assiduity.

Chairmanship is more remunerated than membership.

Remuneration as BoD chair/member and Advisory committee chair/member may be consolidated but the total per member will not exceed a gross amount of 80.000 EUR per accounting year.

The global count for the attendance fees is done in December for a payment in January of the year X+1 while fixed wage is paid each semester of the year X.

c) Other functions

For employees in an Executive position (AGS 13 and above), the remuneration package is a sound mix of fixed and variable remuneration.

The level of variable remuneration depends on the nature and the level of the position.

The highest function within Az BNL is the Regional CEO who has a mix of F39/V61.

Other BoM members and the Chief Information Officer have a mix depending of the grade (F55/V45). Some sales employees have a variable exceeding their fix salary.

Other Key function holders have a lower level with a fixed remuneration higher than the variable one.

Independent control functions have a variable remuneration limited to 20% (except for Head of Internal Audit at 38%), with a 100% weighting on individual targets (no financial KPIs).

The variable compensation is designed to incentivise performance but also to avoid risks which might be incompatible with the risk profile of Az BNL and Group Risk limits. Clawback clauses exist to prevent too much risk appetite and sanction negative behaviours (see § of Deferral below). In case of compliance breach, the variable remuneration may not be paid or can be restricted.

Severance payments are admitted but limited to defined projects and only paid after their full achievement. The variable remuneration regime might be subject to downwards adjustment to reflect Az BNL exposure to current for future risks, taking into account risk profile and cost of capital.

Remunerate failure is not tolerated and therefore, it is not admitted to hedge a variable remuneration.

The variable remuneration for AGS 16 to 20 includes Group Incentive plans (ASPP²¹ + 2 components (Annual Bonus & AEI).

d) Control process

The variable remuneration aims to manage the performance and risk taking of 3 categories of Executives: Allianz Global Executives, Key Function Holders and Risk Takers of a Significant Operating Entity as Allianz Benelux.

An annual performance management process is organized to consider quantitative and qualitative aspects of individual performance including behaviours.

The variable remuneration of Control Function Holders (including staff, understood as direct report or back up of a Head) is totally independent of the performance of the company they have to control. Qualitative targets form the full basis of the evaluation process.

e) Deferral

A substantial part of the variable remuneration of Top Managers (at least Senior Executives, AGGS level 16+) is deferred irrespective of the form in which it is to be paid. In Az BNL, this minimum percentage is equal to 20% (no deferral of variable is applied in case the variable is less than 20% of the fixed salary).

The deferral period depends on the respective Compensation program and is correctly aligned with the nature of the business, risks at stake and activities under exposure.

This deferral will not be less than 4 years (AEI) and concerns 19 employees (4 in Luxembourg) in AGS 13+.

To control or adapt this remuneration process, some key functions are involved at Group and Az BNL level. Risk management, Legal and Compliance, Corporate Finance, Accounting and of course HR.

²¹ Allianz Sustained Performance Plan

Each of them has to check whether the regime is adequate according to the rules they have to comply with.

The internal audit, in its quality of 3rd line of defence has the right to verify the sound application of this regime.

Other employees have a right to benefit from a pure fixed remuneration that does not exclude a limited year-end bonus (exceptional cash bonus).

f) Pension schemes

There is a pension regime for executive Belgian BoM members.

BoM members being admitted on the Belgian payroll and Senior Executives with a level of at least 17 have access to a specific pension scheme based on an employer contribution of 8% of the fixed remuneration and 30% of the variable one (AG Insurance scheme).

As for independent control functions, they participate to the general pension scheme of the company being in the generally admitted limits of such agreements.

Each employee is automatically covered by this EB scheme if this one is 25 year old.

This scheme is in 2 parts:

- a guarantee on survival (in case of life) at the end of the contract.
- a capital to be paid in case of death before end of contract

The employees' contribution is equal to 1% of the yearly remuneration + 7,5% of the difference between annual salary (T) and the limit of the pension amount as set in plan T1, € 66.586,49 (2020). The employer's allotment is equal to 6,39% of the yearly remuneration + 15% of the difference between annual salary (T) and the limit of the pension amount applicable by the Social security (T1), € 60.026,75 (2021).

g) Compensation Committee

Az BNL entrusts the Remuneration Committee with the overall duty to monitor the legal and fiscal compliance of the regime, review and approve the local remuneration strategy, control adherence to the requirements of the policy, report the identified Risk Takers to the Group HR.

All Allianz executives are required to have a portion of TTDC (Target Total Direct Compensation) in the form of variable compensation.

50% of the target variable compensation is linked to individual performance assessment and 50% is linked to OE performance (except independent control functions).

By grade level the allocation of variable compensation into the eligible Group components is determined.

- **Annual Bonus (short-term)**

A cash payment that rewards annual achievement of assessed performance targets and overall job contribution

Eligibility: All Allianz Executives (AGS13+)

Eligibility: Az BNL selected employees as from AGS8+

- **Allianz Equity Incentive (long-term)**

- the virtual share award in the form of “Restricted Stock Units” RSU
- the RSU vest after 4 years following the grant
- the RSU payout based on share performance at time of vesting and limited to an increase of the grant price by 300% (cap)

Eligibility: Allianz Senior and Global Executives and Risk Takers positions

B.2.3 Shareholders

AzBNL is a composite insurance company and a wholly owned subsidiary of Allianz Group since 17/08/11 held by two holding companies, mainly by Allianz Nederland Groep BV, a company incorporated under Dutch law, and secondarily (for one share) by Allianz EuropeNV, a company also incorporated under Dutch law, which are in turn wholly owned by Allianz Group, through the parent company Allianz SE.

Hereafter under item 2, a diagram shows this shareholdings structure next page.

AzBNL is therefore a public limited company.

As regards the listing of the Group, only Allianz SE shares are currently listed on the German stock exchange (Xetra).

It should be noted that the holding company Allianz SE was delisted from the New York Stock Exchange (NYSE) on 23/10/2009.

a) Ways of controls

First, the shareholder is represented into the governance bodies of the company by one main delegate, Dr Thomas Loesler, Head of Business Division Western Southern Europe (H5), who is non-executive director of the company, permanent guest of the Audit committee, member of the Risk committee and Compensation committee.

Second, the controls performed by the group are also driven by 2 main processes and meetings, the Strategic dialogue yearly held in May/June and the Planning dialogue yearly held in November.

Both are strong structured processes obliging the management to analyse company's strategy and budget with strictly defined targets and objectives. But recommendations of those meetings are subject to Board approval in June and December.

Third, in addition of those moments of truth, all the functions of the company are significantly influenced by the mirroring Group Centers which bring knowledge and experience to open ways of improvement, exchange of best practices and implementation of policies or standards to push the operating entity to the best.

As a rule, new regulations and project can be also be implemented with their useful support.

Those interactions do not jeopardize the competence and oversight powers of the Boards because each new policy of project must be validated by the Board of Management or the Business committees steered by a member of the BoM.

Allianz has always favoured supervision of local subsidiaries such as AzBNL via international directors in charge of a region (specifically, H5 (Business development) Europe II) who ensure consistency in the monitoring of these companies.

The shareholder has also endeavoured to promote a healthy complementarity of competencies in shareholder representation.

It is not different today with the current composition of the Board of Directors:

- a chairman that is strictly non-executive and particularly well versed in all managing, financial actuarial and risk matters with an experienced capacity to challenge the figures;
- at least one specialist in the supervision of subsidiaries, with particular expertise in accounting and operational reporting;
- an independent director retired from public regulatory institutions but with extensive experience in the areas of sound governance, compliance, regulatory risks and legal issues;
- an independent director, CEO of a major group, well versed in investment-related issues, particularly real estate-related;
- another director experienced in Insurance companies management.
- another director specialised in complex risk management and governance issues.
- another independent director having a strong experience in the oversight of financial undertakings.

This configuration is not set in stone. It will, inevitably, change in line with the requirements and opportunities of the company.

Mandates with a maximum term of 6 years are spread out over time. 1 mandate expired at the General Meeting (GM) of 2021, 1 other at the GM of May 2022, 1 in 2023, 1 in 2024, 5 in 2025 and finally 4 in 2026.

b) Significant transactions concluded with shareholders

In 2020, there was one transaction concluded with Allianz group or other OEs of the group. The sale of the building Cortenbergh 150. The audit committee controlled the at arm's length ' dimension of the project.

On top, we want to mention the following existing or future agreements:

1- the quota share treaty between Az BNL and Allianz Re

According to this agreement, Az BNL cedes 20% of the non-life activities to the company's reinsurer, Az Re, who has to assume the risks of this part of the portfolio. The deal was signed on 20/12/16 and is effective since 01/01/16. Extension of this deal to 45% was decided in 2017, with an entry into force date on 01/01/18.

This transfer is only justified by the need to optimize the risk capital diversification in the frame of Solvency II. The Belgian Tax administration validated the deal on 13/10/15.

2- the ongoing treasury account open between Az BNL and Az SE.

This is a pure treasury account offering to Az BNL some interests paid by Allianz SE, the top parent company.

3- Outsourcing of our main IT services

The company entrusted Allianz Technology, an Az Group specialised company delivering IT services, with the obligations to manage a wide part of our main IT environment (mainframes, servers, devices, etc...). The Master Service Agreement between parties was reviewed and signed on 09/12/16. It will be completed and extended to a broader cooperation with Az Tech

Allianz Real Estate company is the specialized group entity in charge of RE investments. In 2017, the company decided to entrust Az RE with outsourcing of RE portfolio management including future investments.

4- Allianz Direct collaboration agreement

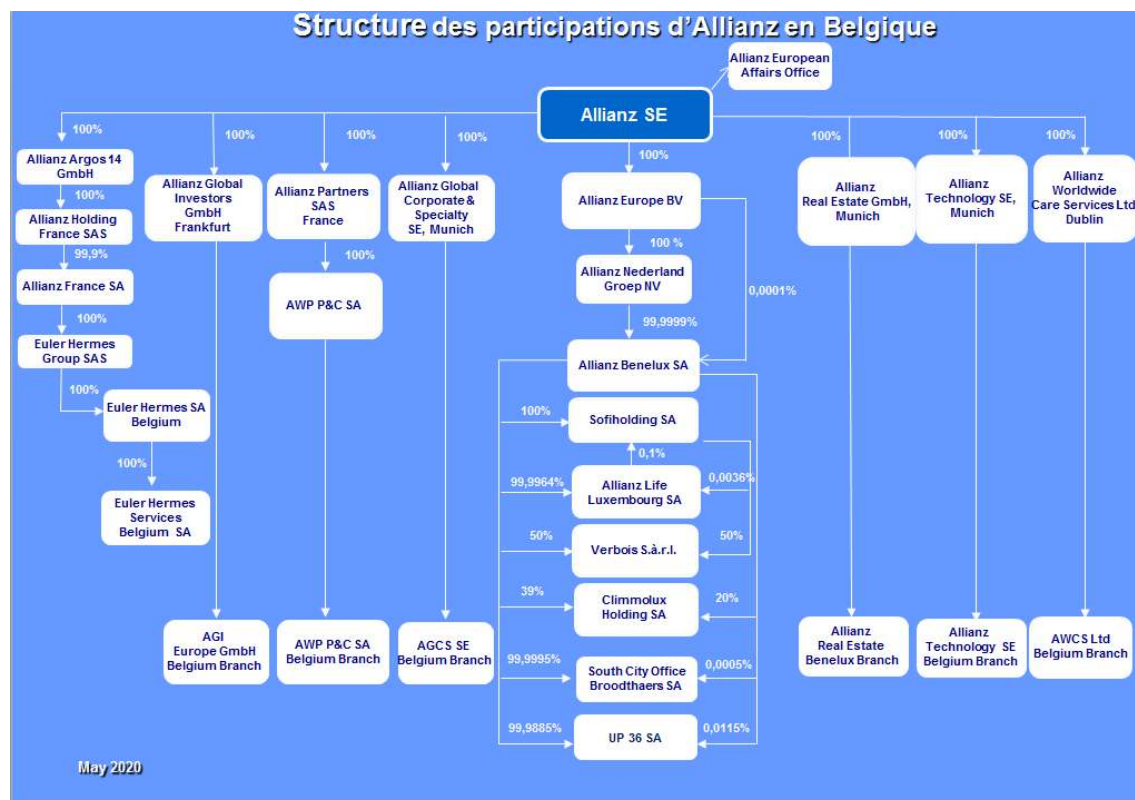
5- Shareholders' agreements

Az BNL is basically a public limited company.

There is neither cross-ownership nor cross-shareholding aiming Az BNL.

In order to demonstrate this, we inserted into this governance a sheet with the shareholders' structure of Az BNL in Belgium.

Shareholding structure



Out of the Allianz Direct carve-out currently in preparation in Q1 and Q2 2021, there is no transaction involving either another company of the group, company's shareholders or person having a strong influence on Az BNL during the relevant period (01/2020-02/2021).

As for the shareholder's agreement, there is neither partnership agreement nor associates' pact or covenant having a voting right or basically an influence on the Az BNL management.

In other words, the group Allianz is alone to manage its interests in the Benelux area where the company is active.

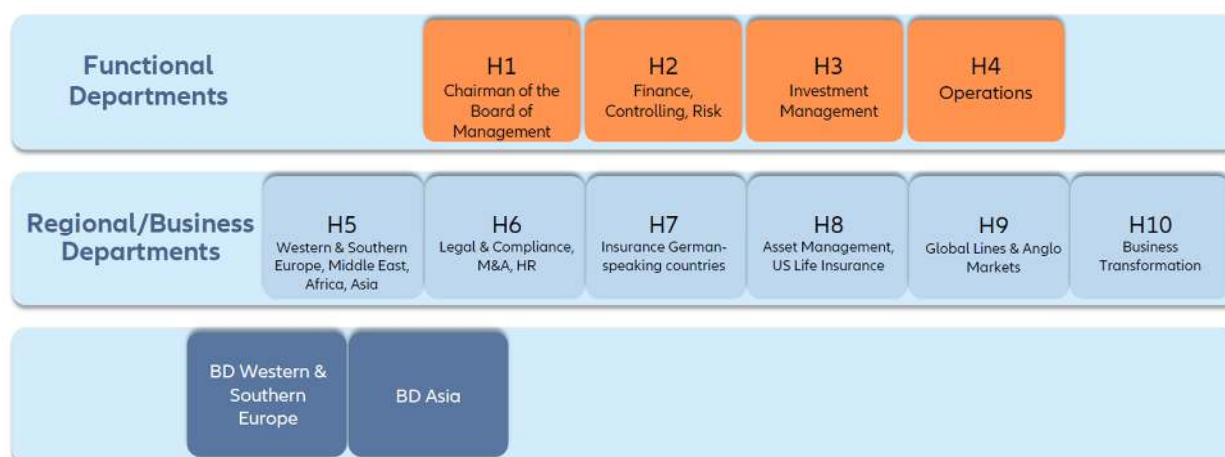
The Benelux area is considered by the group as a sub-region where a maximum integration is sought for aligning processes, maximizing synergies, exchanging best practices/experiences, strengthening businesses, simplifying structures and finally improving customer's services and products, this last objective becoming essential with the Allianz Customer Model (ACM).

Allianz focuses its particular attention on the Benelux which is positive because the company get a strong group support for developing its strategy, especially because the compositeregulatory status of Allianz Benelux sa is very attractive from a Solvency II perspective.

Exercise of Control

It should be specified that in the structure of the Allianz Group, the 3 countries of the Benelux region are under the control of the H5 division (Insurance Europe, Middle East, Africa & Asia) headed by Sergio Balbinot, member of the Vorstand (Allianz SE Board of Management) since 2015 and, by delegation, through several of his deputies such as Dr Thomas Loesler for auditing. On top of that, Allianz SE influences and monitors local activities via its group centers specialized per function.

The list of the different Group Centres is added below.



B.3 FITNESS and PROPRIETY, EXTERNAL MANDATES and TRANSACTIONS with TOP MANAGERS

B.3.1 “Fit & proper”

B.3.1.1 Scope

Although a F&P policy is applied within Az BNL since January 2005, a new version with a scope on the Benelux area scope of Az BNL was approved by the Board of Directors of Az BNL on 14 December 2018, and by the Board of Directors of ALL on 7 December, 2018. This policy has been updated each year since as required by the SII rules and the chapter 2 of the NBB Overarching circular 2016_31 about governance dated 05/07/16 and updated in September 2018 and May 2020. The 2021 revised policy was approved by the Board of Directors of Az BNL on 18 December 2020 and by the Board of Directors of ALL on 3 December 2020 and is applicable as from 01/01/21.

Each candidate for a mandate or aimed by a renewal of existing mandate into the Boards (Board of Directors or Board of Management) and each person eligible to become Head of an Independent Control Function have to be compliant with the F&P requirements as explained in the policy.

This means that executive and non-executive directors are subject to this regime.

It is also the case of the Key Function Holders as defined according to the Remuneration Policy.

In addition to those categories of Directors & Officers and in accordance with EIOPA guidelines, the category of Executives considered as Key Function Holders has been extended to Other Relevant Key-functions as Senior Executives (e.g., , Chief Information Officer, Chief Corporate Actuarial³⁰, Chief technical Non-Life also Chief Underwriting Officer), other Managers of the 2nd line of defence (e. g. Heads of legal), and other significant functions (e.g, and Head of Accounting & Financial consolidation).

B.3.1.2 F&P Criteria

The relevant control is based on the global concept of ‘Aptitude’ or ‘Suitability’ which summarised 6 basic parameters to be checked.

4 of those parameters are covered by the Expertise: knowledge, experience, skills and professional behaviour. Two other items belong to the Integrity background checks: criminal records and financial history/status.

B.3.1.3 Procedure

Each candidate accepted by the ad-hoc committee and able to go through the selection process successfully will be obliged to deliver several documents (resume or CV, passport or ID card, duly completed NBB register form).

Among them, a written commitment signed by the candidate who undertakes to inform the Company immediately as soon as a significant parameter or fact could influence his Suitability status.

Members of Ad-hoc committee depend on the candidate’s seniority or position. In case of vacancy, the Board of Directors is competent to approve the nomination when a member of the board is to be nominated or when his mandate must be renewed (co-option regime). Shareholders’ General meeting is also competent when the nomination is not foreseen after a dismissal or a resignation.

³⁰ until 31/12/18

Overall, Chairmen of both boards are involved in the selection process and F&P validation for BoM and BoD members.

For lower levels as head of independent control functions, the CEO's (local and regional) with another Board member's support can intervene together.

In this process, the company takes into consideration both individual competence and collective skills of directors to be sure that the body where the candidate shall play its role shall have the relevant competences to challenge the management.

The Company Secretary has the role to collect candidate's documents, prepare the background checks review, carry-out and analyse Internet checks, bundle the file for NBB and answer regulator's questions, if any.

When the file is ready, the Company Secretary may send it to NBB with the personal materials and 3 additional documents: job description, screening list and evaluation report summary.

On top of this procedure, for candidates eligible to a Board, the secretary checks the right balance of collective competences within each management body (BoD and BoM) to enable them to cover the technical and regulatory competences/experiences required by the NBB manual relating to professional expertise & propriety issued in 09/18 :

- 1- Insurance & Financial market
- 2- Economic model & undertaking's strategy
- 3- System of governance
- 4- Financial & actuarial analysis
- 5- Regulatory requirements & framework

In 2018, the Company secretary systematically verified this important set of requirements. Fortunately, the most recent candidates had very positive background & a high quality profile.

Evaluation : this new aspect is applied and respected since January 2019.

B.3.1.4 Regular reviews and ad hoc reviews

Az BNL put in place reviews to assess the F&P of existing candidates or heads of function are still valid. Criteria used for that are for (i) ad-hoc reviews, the surge of a breach, failure to disclose a self-disclosure statement, a substantial complaint or the result of an investigation process, and (ii) regular reviews, through annual performance except for directors where the review is done each 5 years. This control is executed by HR or the company secretaries depending on the function.

B.3.1.5 Other provisions

Some other provisions have been also inserted about outsourcing of a function, occurrence which is absolutely not the company's preference and is not welcome by the outsourcing policy (equivalent checks should be required), training (Group programs via Allianz Management Institute), documentation (evidence and audit trail) and local responsibilities (respective role of the BoM, Key Function Holders, HR and Legal & Compliance functions).

Details about the F&P process are in the policy itself available upon request.

In 2018, HR reviewed all the files of significant representatives (Board members, Independent control functions & Key function holders).

Evaluation: OK. Next review in 2021.

B.3.2 External Functions and Incompatibilities

The company works with a set of rules adopted in 2007 and reviewed in June 2011. Even though the main principles remain the same since 2007 and the NBB circular PPB -2006-13 CPB CPA of 13/11/06 brought by the Royal Decree dated 24/09/06 in accordance with the law

on the financial conglomerates dated 20/06/05), this set of rules was supplemented by the chapter II of the PEGS circular. Some definitions are useful to draw the scope of this policy.

- Company's leaders: executive, non-executive directors + members of the Board of management and other relevant Officers (key function holders).
- In-scope undertakings: any legal entity in which an insurance company's leader can serve an external mandate, including not-for-profit organisations. A mandate into the Belgian Insurer association Assuralia is out of scope. Entities without legal status are not in scope as well.
- Mandate: includes any function or responsibility in the management or control of the legal entity.

What we take into account in this important matter is the main principles:

- 1) absence of conflict of interest & independence
- 2) reasonable availability to perform the task adequately
- 3) strict limitation of external functions for executive directors

What does each of those principles mean?

a) Prevention of any conflict of interest

Non-interference principle: Each non-executive Director or Officer may not accept an executive mandate outside the company. One exception: the temporarily result of a merger or acquisition.

Non-involvement principle: each Director & Officer cannot intervene in preparation or decision processes of a third company or in providing service on behalf of a third company in favour of Allianz Benelux.

Commitment to respect the arm's length principle: when a company intends to deliver a service or a good to Az BNL, the presence of an Az Top manager in the governance body cannot have for effect to deliver below the market conditions.

This control is carried out by the company secretary systematically informed about any project of nomination.

The audit committee is in charge to control this 'at arms's length' principle when an intra-group deal is at stake (in 2020 : the sale of the building Cortenbergh 150 to 3 Az companies, in 2021, the Allianz Direct Carve-out).

Evaluation : Overall, this aspect is not a problem for Az BNL candidates (confirmed in 2020)

b) Limitation of the tasks linked to external mandates

It is key for Az BNL to protect the Az BNL representatives' availability when exercising their external mandates. This control is not necessarily a question of number of mandates but the result of an internal evaluation relating to the genuine time required to take on the responsibilities (number of meeting per year; company's expectations, required preparatory works, etc.). This analysis is to be done in a concrete sense.

This competence is performed by the Board of management acting collectively for a key Function holder but by the Board of Directors or its Audit committee when a mandate is proposed to a member of the Board of management.

Only one exception is accepted: when the mandate is directly in line with the Business experience and activity of the Board member and only if the mandate is accepted upon Az BNL request (i.e. a mandate in a real estate company to be served by an executive director having the RE competence in his portfolio, as in Cofinimmo).

Such mandates are limited and generally the consequence of an existing shareholding.

Each year, the company secretary is in charge to verify whether the number of mandates is still in the acceptable limits of a true availability, which is actually the case because Az BNL does not promote the presence of its representatives outside the company.

Overall, this aspect is not a problem for Az BNL candidates (confirmed in 2020)

c) Mandates in extension of the insurance business

For some very specific activities, it is required to allow Directors & Officers to serve a mandate that is the logical continuation of their day-to-day business. The company authorises some limited activities in line with insurance as insurance pools (i.e. Cobelias/Sobegas, share of 18,5%), or other service providers as risk prevention or claims handling companies.

In addition of those activities, the company accepted to enlarge the list of potential mandates in other sectors (Assistance, Legal protection, Intermediary Training, Insurance IT provider).

But this extension must remain an exception and be checked by the board to verify what is the activity performed by the third party.

Of course, the control shall be focused on other points: conflict of interest, respect of the social interest of Az BNL, reinforcement of the sound and prudent management of the company.

Az BNL communicates the comprehensive list of mandates of each Director through the NBB eManex extranet tool and updates this list regularly.

A special attention is also paid for mandates into listed companies.

This assumption is very rare but in the common interest of the company, the legislation about market abuse and insider trading will be reminded to the candidate. It is important to note here that the top management is aimed by financial market rules and that a policy to fight against insider trading is also in place within Allianz. Each of the relevant Director, Officer & Manager in scope signed a formal commitment to avoid any irregular behaviour in this matter.

The Company Secretary also Chief Compliance officer is responsible for controlling and monitoring the proper application of this policy. He is also systematically consulted for giving advice.

As rule, any mandate must also be aligned with group rules. An external mandate is generally the consequence of a shareholding and its exercise is a mean to verify that the company in which the company invested is correctly managed.

In case of infringement, sanctions are foreseen at BoD or BoM discretionary power.

Last but not least, the comprehensive list of Az BNL mandates of each Director is disclosed on the Az BNL internet site ([allianz.be/who are we?](http://allianz.be/who-are-we/)).

Actions:

Both Az website and eManex updated in 2020 .

Review of the capital markets policy to take into account MAR directive done in 2020. A new BNL Capital Market policy was approved by BoM & BoD in June 2020 followed by an e-learning training closed by end of 09/20.

B.3.3 Loans, Credit & Guarantees & Insurance Contracts granted to Directors & Officers

The main rule to be respected here is the 'at arm's length' principle.

It is not excluded that a Director or an Officer wants to obtain a temporarily financial support from the company.

But it must be clear that directors are not eligible to take out a mortgage loan with the company.

Insurance contracts are nevertheless allowed.

The sole price reduction accepted when a Director or an officer wants to sign such an insurance contract is the 30% mandatory limit rule applicable for any employee working in an insurance company and formalized by the provision 38§28 of the Belgian Tax code.

As for the number of Insurance contracts taken out by a Director, this is checked before accepting a candidate-director. The conclusion up to now is that the number is quite limited and without generating a conflict of interest.

A Credit committee composed of several managers is in charge to validate the 'at arm's length' principle for executives. No advantage no privilege are admitted.

A comprehensive list of Officers and Managers (Executives) having signed a Mortgage loan is updated every year and sent to NBB as an annex of the yearly accounts.

The situation 2020 is clear.

No loan contract taken out by key function holder, except one executive member of the Board.

Conclusion : except some limited measures mentioned in this chapter above, there is no significant change or elements requiring action.

B.4 RISK MANAGEMENT SYSTEM, ORSA PROCESS and RM FUNCTION

B.4.1 Risk Management System

B.4.1.1 Risk governance

As a provider of a broad range of financial services, risk management is one of the core competencies of Allianz. Therefore, it is also an integral part of our business process. Furthermore, the risk management framework covers, on a risk-based approach, all operational processes including IT, products and all departments and/or subsidiaries within the Group.

Therefore, AzBNL adheres to the key elements of the risk management framework defined by Allianz Group:

- Promotion of a strong risk management culture, supported by a robust risk governance structure.
- Protect our capital base and support effective capital management.
- Integration of risk considerations and capital needs into management and decision-making.

This comprehensive framework ensures that risks are identified, analysed, assessed and managed. Risk appetite is defined by a clear risk strategy and limit structure. Close risk monitoring and reporting allows AzBNL to detect potential deviations from its risk appetite at an early stage.

This section gives an overview of the design of the risk management system and related governance. Section A.1.1.1 describes the three-lines of defence model which serves as the underlying company-wide framework for risk governance. The subsequent sections describe the key elements itself of the risk management system, consisting of the setup of dedicated 2nd line functions, in particular the Risk Function (section A.1.1.1) and the Actuarial Function (section A.1.1.1), supported by a variety of risk management processes (section A.1.1.1).

The subsequent section A.1.1.1 completes the outline of the risk management system. It describes the fundamental concept of *risk strategy*, that is, it describes the elements used to define risk appetite and the processes by which risk appetite is linked to the business strategy. The concretisation of the risk appetite, in terms of specifying criteria for the risk appetite elements, is explained further in section A.1.1.1 and the annually updated criteria are specified in section 6.1 of the annual ORSA report.

B.4.1.1.1 Three lines of defence

Allianz has adopted the **three lines of defence** system, defining how tasks and responsibilities related to risk management are divided within the organization:

- The business represents the “first line of defence”. Business managers are ultimately responsible for the profitability and risk profile of their business. Consequently, first-line key activities include:
 - operational management of risks and returns by taking or directly influencing the origination, pricing and acceptance of risks,
 - designing and implementing methodologies, models, management reports or other control standards to support the mitigation of risks and the optimization of returns,
 - participating in business decisions based on an equal vote.

In the full respect of both the delegation of powers and the segregation of duties.

Note that performing operational key controls is part of the first line risk mitigation activities.

- The “second line of defence” is made up of independent assurance functions, namely Risk, Actuarial and Compliance. They are responsible for setting and overseeing the framework within which the business can take risks within the defined risk appetite.
- Internal Audit forms the “third line of defence”. On a periodic basis, Internal Audit independently reviews risk governance implementation, performs quality reviews of risk processes and tests adherence to business standards, including the adherence to the risk management system and to the internal control framework.
- Clear roles and responsibilities for the three lines of defence are of key importance to reach the desired risk culture within Allianz. For that purpose, Allianz Group has designed a ‘Corporate Rule Book’, that is, a framework consisting of policies, standards and guidelines. All entities within the Allianz Group are required to adhere to this framework. To enable that, Allianz Group has defined a set of ‘Entity Level Controls’. These are used by business managers to verify if they have adequately implemented the corporate rules that are relevant to their business domain. They are also used by Internal Audit to conduct an ‘Entity Level Control Assessment’ (ELCA) in which deficiencies in the local implementation are formally addressed.

The next sections provide more detail on the setup of the key functions and the processes supporting the overall risk management system.

B.4.1.1.2 Risk Function and related committees

The 2nd line Risk Function fulfils both a support role and an oversight role:

- The support role concentrates on triggering employees at all levels of the company to be aware of the risks related to their business activities and how to properly respond and/or mitigate them.
- The oversight role focuses on helping to make the overall risk profile transparent and to ensure that it remains within the defined risk appetite.

An important contribution to this dual objective consists in ensuring that an adequate Internal Control System (ICS) is put in place.

The *governance principles* of the Risk Function are:

- It is established as an independent function with unrestricted information access, in order to allow objective risk management and to prevent conflicts of interest.
- It operates *under the direction of the CRO* with a direct reporting line to the BoM and BoD.

The *responsibilities* of the Risk Function are:

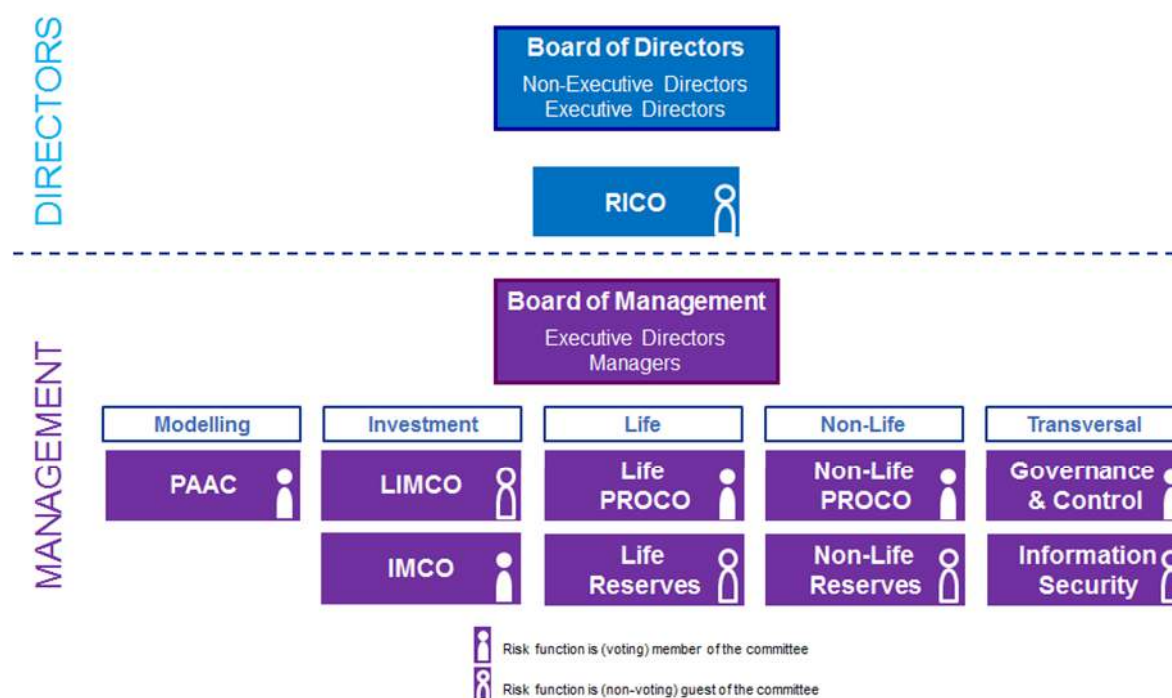
- Proposing the Risk strategy and appetite to the BoM/BoD;
- Overseeing the execution of the Risk management processes;
- Monitoring and reporting the Risk profile including the calculation and reporting of the SCR;
- Supporting the BoM/BoD through the analysis and communication of Risk management related information and by facilitating the communication and implementation of its decisions;
- Escalation to the BoM/BoD in case of material and unexpected increases of Risk exposure;
- Reporting the Solvency Assessment as well as any further material Risk management related information to Group Risk.

More specifically, the Risk Function performs the following *activities* throughout the year:

- Top Risk Assessment, with quarterly update to the BOM and RiCo
- Monitoring of Az BNL Solvency Ratio and risk limits, with quarterly update to the BOM and RiCo
- Participation as second line of defence to the Product Approval Process (Life, Non-Life)
- Operational Risk Management : monitoring of risks, issues, incidents, maintenance of the IRCS (Internal Risk Control System)
- Data Quality Management in the context of solvency reporting
- Quarterly SCR closing process
- Update of parameters and assumptions relevant to the SCR closing process
- Quarterly ALM reporting and ALM meeting
- Participation as second line of defence to the Investment Management decisions
- Projections for SAA 2019 determination during Strategic Dialogue
- Projections of SCR and solvency ratio during Planning Dialogue
- Annual update of risk appetite and risk limits, following Planning Dialogue, approved by BOM, Rico and BOD
- Coordination of regulatory and internal stress tests, communication to the BOM and RiCo
- Coordination on answering supervisor requests, follow-up on regulatory changes
- Annual ORSA report, approved by Rico and BOD.

The RiCo members meet on a quarterly basis

The integration of the Risk Function in the company's organizational structure is ensured by its representation in the committee framework, as the following diagram shows:



B.4.1.1.3 Actuarial function

The Actuarial Function Holder (AFH) is an important function belonging to the second line of defence. It is applicable to all entities of Allianz Benelux. The global requirements are defined in article 59 of the new control law of 13/03/2016. The most important tasks of the actuarial function are:

- Conduct second line oversight on the calculation of technical reserves;
- Take in charge the appropriateness and consistency of models, methodologies, assumptions and change policy are adequate;
- Gives an opinion on the completeness, accuracy, appropriateness and timeliness of data used in actuarial processes;
- Analyze the best estimates compared to the experience;
- Give information to the board about reliability and adequacy of the calculation of the technical reserves;
- Follow up of the calculation of the reserves in case where there is not an appropriate actuarial method possible to estimate the obligation of the insurer;
- Express an opinion about the underwriting policy;
- Express an opinion about the suitability of the reinsurance structure;
- Contribute to the effective implementation of the risk management system;
- Express an opinion about profit sharing and rebate in respect of the existing regulation.

B.4.1.2 Risk management processes

Allianz companies adhere to the following quantitative and qualitative **risk management processes**. These processes are described below.

As to facilitate risk management overview, risks are structured into categories. At the end of this section, gives an overview of the *risk categories* and by which risk management process they are covered. The definition of the risk categories is given in section 4.2.2 of the ORSA report along with a discussion of how the various risk categories are apparent in the risk profile of AzBNL.

B.4.1.2.1 Risk Capital Calculation, i.e. SCR by means of the Standard Formula

- This is a key risk indicator. It is used to define risk tolerance as well as for risk-based decision-taking and capital allocation.
- Additional stress testing and scenario analyses are performed as part of the Solvency assessment in order to ensure that adequate capital is available to protect against unexpected, extreme economic losses.
- Detailed calculation performed and reported internally on a *quarterly basis*, allowing to closely monitor the developments in the solvency position and to evaluate against the risk appetite.
- Regular forecasting of the solvency ratio in-between the official quarterly closings, especially in case of events with material impact on the Own Funds or SCR.

B.4.1.2.2 Top Risk Assessment (TRA)

The Top Risk Assessment process is a structured and systematic process implemented across the Group. AzBNL considers it as a key component of its risk management framework.

- Scope: it comprises the identification, assessment, mitigation and monitoring of both quantifiable and non-quantifiable risks, across all risk categories and including concentration and emerging risks.
- Process: the entire TRA process is described in the “Allianz Standard for Top Risk Assessment” (ASTRA). This standard includes a methodology for determining an actual risk score of each top risk item. See also section 6.1.2 of the ORSA report for more information on this methodology.
- Local implementation and governance:
 - The top risks identified by the TRA process are monitored on a continuous basis and they are reviewed, discussed and approved quarterly in the RiCo based on recommendations from to the Board of Management and reported for information to the Board of Directors.
 - For each of the (major) top risks, respective members of the Board of Management members are assigned as risk owners together with a target risk ratings expressing the risk appetite of each separate risk item. In case the actual risk rating is worse than the target risk rating, the risk owner is responsible for ensuring that a mitigation plan and follow-up are in place.
- The annual ORSA report contains the results of the TRA as per year end.

B.4.1.2.3 Operational risk management processes

The Allianz definition of operational risk is consistent with Basel II, which defines operational risk as the risk of loss resulting from inadequate or failed internal processes, human error, systems failure or from external events. This definition includes legal and compliance risks, financial reporting risk and risks of a failure in the operations. It excludes strategic and insurance risks.

Allianz Group has developed an integrated approach for a more rational identification and measure of operational risks. This approach, referred to as *Integrated Risk and Control System* (IRCS), reduces the silo based risk management approach by the joint involvement of

Operational Risk Management, Compliance Management and IT Risk Management throughout the internal control process.

The initial rollout of IRCS was finalized in the first quarter of 2018 and since then, reviewed annually with a permanent focus on organizational changes. This resulted in a database of all key⁶³ risks including documentation of associated key controls (i.e. serving as mitigation measures for the key risks). The key risks and associated controls have been identified through extensive assessments, called *Risk Control Self Assessments* (RCSA), which are conducted in close collaboration with the business. As to keep the IRCS database up to date, the RCSA must be a repetitive process requiring an annual check by all 1st line risk owners, verifying and approving the completeness and accuracy of their risk control framework as represented in the IRCS database. All of this contributes to operational risk awareness within the 1st line of defence. Note that the ELCA process (see section A.1.1.1) has also been integrated with the RCSA process, i.e. the Entity Level Controls are included in the IRCS database.

To oversee operational risks from a 2nd line perspective, AzBNL has implemented the following processes:

- Forward-looking perspective: a *Risk and Control Self-Assessment* (RCSA) is carried out by all departments to identify and assess key operational risks and to assure that risk mitigation measures including key controls are in place and sufficiently robust.

Approach:

- The ORM Team is in a continuous interaction with the management of the different operational divisions in order to identify the operational risks to which they are exposed.
- Each functional division or department is asked to position itself regarding the scale of the risks they are exposed. The assessment concerns vulnerability to the inherent risk both in terms of frequency (occurrence of the event) and severity (financial and reputational impact) and is aimed at determining the actual risk (i.e. given the existing control environment) score.
- This self-assessment is challenged by the Compliance and Risk management functions.

Monitoring:

- The internal audit function continuously evaluates the good execution of the system of internal controls and governance through the application of a systematic, disciplined auditing approach, involving a risk-based prioritisation leading to a year planning which ensures that a comprehensive audit-universe is treated recurrently within a 5-year time frame.
- Backward-looking perspective (learning from experience) through *Operational Risk Event Capturing* (OREC): within Allianz Group an operational risk event database is populated. It contains all operational losses and near misses, exceeding a certain reporting threshold (currently 50K). Learning from historical operational losses is essential in the identification of process or system weaknesses, and correction of the IRCS. Moreover, it facilitates sharing of information between operating entities.

AzBNL has setup a dedicated quarterly Operational Risk Management meeting (ORMm)⁶⁴ to discuss with responsible stakeholders (both from 1st and 2nd line of defence) the outcome of the above mentioned processes. This meeting is chaired by the COO. It facilitates active follow-

⁶³ Key risk in the sense of having a potential high or very high impact, either financial or reputational.

⁶⁴ Formerly called Operational Risk Management Committee (ORMCo).

up on operational risk topics (e.g. issue reporting, collecting operational losses) as well as monitoring of past events and emerging operational risks. Subsequently, the ORMm provides a consolidated overview and advice to the Risk Committee (RiCo).

B.4.1.2.4 Specific 1st line Risk Management processes

- In addition to the methods mentioned above, all Risk Categories are managed through the application of specific Risk management processes as outlined in more detail in further corporate rules (Allianz Standards and Guidelines). This corporate rules book is made available on the Group intranet of Allianz.
- In line with the 'three lines of defence' system, risk management processes are embedded wherever possible directly within business processes, including strategic, tactical as well as day to day decisions impacting the Risk profile. This approach ensures that Risk management exists foremost as a forward looking mechanism to steer Risk and only secondarily as reactionary process requirements.

B.4.1.2.5 Solvency Assessment

- The Solvency Assessment takes into account the entirety of the processes and procedures employed to identify, assess, monitor, report and manage the risks and solvency of AzBNL. The Solvency Assessment constitutes the "Own Risk and Solvency Assessment (ORSA)".⁶⁵
- The BoM/BoD plays an active role in participating and discussing the Solvency Assessment. The BoM/BoD takes appropriate actions based on the findings.
- All above mentioned sources provide input for setting company relevant *ORSA scenarios*, i.e. stress scenarios for which the probability and impact on the Solvency Ratio are estimated.

B.4.1.2.6 Risk categories

The table below provides an overview of the risk categories covered by the risk management system and in which process they are implemented.

Risk Category	Risk Capital (SCR by SF)	Top Risk Assessment & ORSA	Specific Risk Management Processes
Market Risk	✓	✓	✓
Credit Risk	✓	✓	✓
Underwriting / Actuarial Risk	✓	✓	✓
Business Risk	✓	✓	✓
Operational Risk	✓	✓	✓
Reputational risk		✓	✓
Liquidity Risk		✓	✓
Strategic Risk		✓	

Table 1: Quantitative and qualitative risk management processes by risk category

B.4.1.3 Risk strategy principles

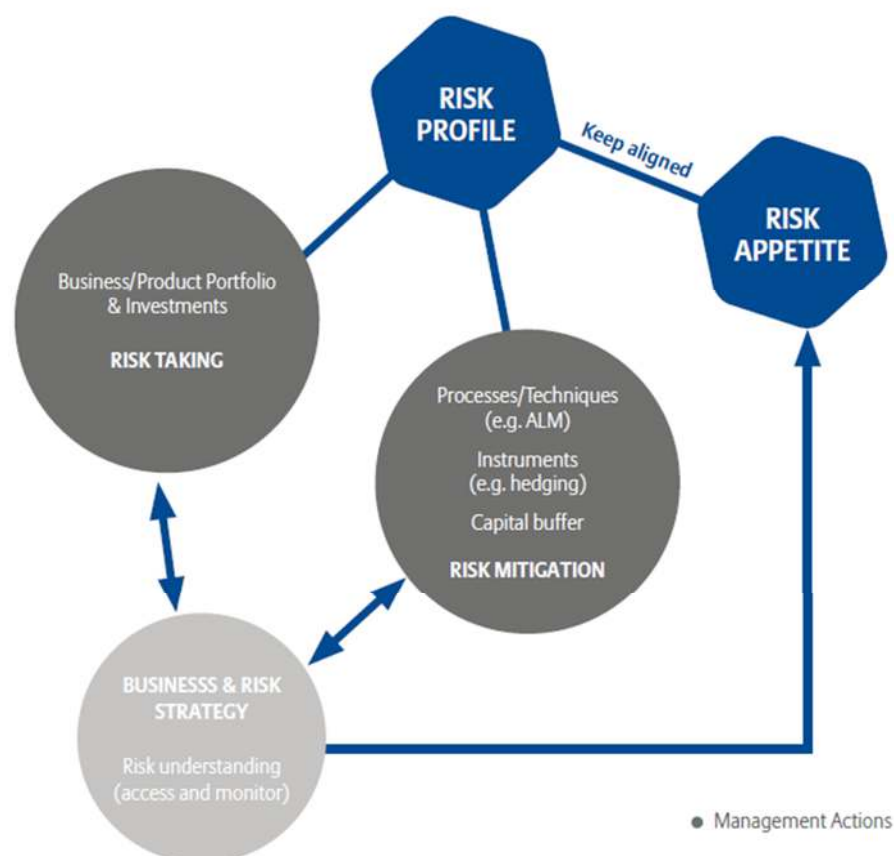
The Risk Strategy is a core element of the AzBNL risk management framework. It promotes a risk-return approach for managing the risks that the company is willing to face in pursuing its business strategy, while preserving adequate solvency and liquidity at all times.

⁶⁵ Details are outlined in the Allianz Standard for Own Risk & Solvency Assessment.

The Risk Strategy is implemented and monitored through the definition and management of risk appetite and related limits. Those limits are closely followed-up by relevant committees, involving representatives from the Risk Department and where required, the highest level of management of AzBNL.

This section describes the elements in terms of which the risk appetite is defined (sub-section A.1.1.1) and subsequently how this is linked to the business strategy (sub-section A.1.1.1). The ongoing process of keeping the risk appetite aligned with the risk profile as it is induced by the business strategy forms the cornerstone of the risk strategy. Having a well-functioning risk governance and risk management system is a prerequisite for the risk strategy to function properly.

The following diagram summarizes the core concepts and their coherence:



B.4.1.3.1 Risk Appetite

B.4.1.3.1.1 Overall risk appetite

The *overarching principle of risk appetite* is based on the concepts of confidence level and risk capital:

- The confidence level sets the minimum probability for an insurance company to remain solvent over a horizon of 1 year. The regulatory prescribed minimum confidence level

is 99.5%.

- Alternative phrasing: the probability that an insurer turns insolvent within 1 year must be less than 0.5%, or also, the occurrence probability that an insurer turns insolvent is less often than 1-in-200 years.
- Accordingly, an insurer must calculate and hold risk capital to cover for losses up to this level, corresponding to 100% Solvency Ratio.

However, an insurer shall adopt an *own risk appetite* that is more conservative than what is regulatorily prescribed, this to ensure that it can withstand a desired level of stresses without breaching the 100% Solvency Ratio. Allianz does this by setting a **Management Ratio** (see further below in section A.1.1.1).

Adherence of the risk profile with the risk appetite is embedded in the regular risk monitoring processes (e.g. at least on a quarterly basis by the Risk Committee).

B.4.1.3.1.2 Individual risks

To assess if an *individual risk* falls within the risk appetite, the concept of confidence level can be used as a guideline:

- An individual risk which is expected to occur less than 1-in-200 years is by definition a *tail risk* and can therefore be regarded as *generally* 'acceptable within risk appetite'.
 - However, it is still at management discretion to decide whether such a tail risk is also accepted within the *own risk appetite*. Consequently, mitigation or monitoring actions can still be set up.
- For individual risks expected to occur within the 1-in-200 year frame, their acceptance within risk appetite depends on the magnitude of their impact along with the impact of loss events that are likely to occur simultaneously:
 - if the estimated aggregated impact would lead to insolvency, the risks cannot be accepted without adequate mitigation
 - in the other case, acceptance of the risk is at management discretion.

Note that the Top Risk Assessment process deals with the assessment of individual risks.

B.4.1.3.1.3 Concretisation

The risk appetite is specified in terms of tolerances for both qualitative and quantitative risk elements, which are reviewed at least once a year. The outcome of this process is included in section 6.1 of the annual ORSA report.

Qualitative elements

1. Risk Appetite ratings (tolerance levels) for top risks

For all identified top risks the risk appetite is determined by assigning a risk tolerance rating. All together these ratings define the overall risk appetite with respect to the identified top risks and are approved by the Board of Management on a regular annual basis (at least annually). The outcome of this process is included in section 4.2.3 of the annual ORSA report.

2. Risk policies, standards and guidelines

A set of policies, standards and guidelines further defines (minimum) risk management requirements for specific risk categories, thereby also steering the risks taken within the 1st line business processes.

Quantitative elements

3. Capital ratio levels

As part of the capital planning process, adequate capitalisation levels are determined taking into consideration future solvency needs, adverse shock scenario's and regulatory requirements. More specifically, a Management Ratio is defined and calibrated on an annual basis. Based on this a Capital Management Plan is defined. It consists of thresholds around the Management Ratio serving as triggers for additional de-risking and/or capital measures.

Capital adequacy is monitored on an ongoing basis and evaluated quarterly by the Risk Committee. In case of a breach of a threshold, recovery actions are set out, in accordance with the Capital Management Plan.

More details on the design of these concepts as well as the outcome of the annual update of the Management Ratio and the Capital Management Plan is included respectively in section 6.1.1 and 6.2 of the annual ORSA report.

4. Limits

To maintain a balanced risk profile without any disproportionately large risks, AzBNL has additional limits in place for individual risk categories. Exposure to single market risk type is restricted by determining the strategic asset allocation including leeways. Furthermore, counterparty concentrations are managed within a group-wide limit framework. Within this framework counterparty concentration limits are determined centrally and allocated to the different operating entities. Allocated limits can be further reduced at the discretion of the local management if required from a risk appetite perspective. The annually reviewed limit settings are included in section 6.1.3 of the ORSA report.

B.4.1.3.2 Link with business strategy

As the risk landscape is continuously evolving, the risk profile is subject to substantial changes. In order to ensure that the risk profile remains aligned with the risk appetite, the business strategy is reviewed by the Board of Management of AzBNL at least once a year. In particular, the Board of Management makes sure that risks taken to realise the chosen business strategy are well understood and that corresponding risk management actions are defined.

The Strategic Dialogue and the Planning Dialogue are key moments of this annual process:

- The Strategic Dialogue (SD) takes place in the middle of the year (June) between Az BNL and the Group. The goal of this meeting is to achieve a mutual understanding about the strategic direction and the related risk-return mix. Financial targets regarding dividends and capital needs are compared with the capital limits framework in place.
- In the Planning Dialogue (PD), which takes place in autumn (End of November), the forecast for the current year and the plan for the next three years are presented by Az BNL to the Group. The main focus is on the bottom-up plan for the budget (next) year, with an additional 2 years also being planned and presented. The OE plan details the strategy as agreed in the preceding Strategic Dialogue.

B.4.1.4 Other specific items

B.4.1.4.1 Appropriateness of credit assessments

Az BNL follows the Allianz Group in his matter.

In order to assess the credit quality of obligors/issuers/counterparties in the Allianz investment and reinsurance portfolio, Allianz applies an internal rating approach PR+ that combines the long-term external credit assessment by ratings agencies with market implied rating and up-to-date internal qualitative credit assessment by Allianz credit analysts in order to reflect current market developments.

In order to assign a rating to a counterparty, an external rating is at first selected from external credit assessments (from Standard & Poor's, Moody's and Fitch) by applying a Allianz internal rating "waterfall", and then this rating is verified and/or adjusted (e.g. manually downgraded) by credit analysts considering:

- Primarily Moody's Market Implied Ratings (MIR) and
- Other available information sources useful to assess the credit quality of counterparty, its industry sector and the macroeconomic environment.

Various sources of information used in the internal credit analysis include for example:

- Rating agency analysis and credit opinions,
- Research vendor products,
- Sell-side research,
- National central banks and statistical offices,
- Multi-lateral sources (e.g. IMF, ECB, OECD),
- Euler Hermes country risk reports and Euler Hermes country risk ratings,
- Newspapers, periodicals, or
- Information from asset managers, Allianz Investment Management, or local operating entities, who are required to share concerns about the credit quality of counterparties with Group Risk.

In order to prioritize credit analysis resources, agency ratings are reviewed and adjusted only in case of material and persistent deviations from generally more volatile market-implied ratings, which translate market metrics (e.g. CDS-implied spreads or bond-implied spreads) into rating grades.

Concretely, PR+ generates on a monthly basis downgrade proposals, which are reviewed by experienced credit analysts, who are authorized to accept or reject the proposals. Credit analysts develop an independent, comprehensive opinion of the credit quality of counterparty in scope of PR+, using all sources of information mentioned above. Counterparty analysis results can trigger additional discretionary rating adjustments, reflecting material changes of the creditworthiness of an obligor not yet considered in the external credit assessment.

Allianz internal PR+ is used as an early-warning indicator for monitoring the quality of obligors and, therefore, drives credit risk capital results, obligor limit setting and credit risk management actions such as classification as "watch list", limit and exposure reductions.

B.4.1.4.2 Obligor limit management framework (CRisP)

CRisP is a proprietary Group-wide obligor and country limit management system for identification, assessment and management of exposure concentration risk in order to restrict potential losses from single credit events and on an annual aggregated basis at the Group and OE level. CRisP limit system and the corresponding governance framework are applied at Allianz since the beginning of 2010. The limit framework covers obligor concentration risk related to credit and equity exposures.

Limits for obligors and obligor groups are defined based on a factor-based approach taking into account the risk-bearing capacity of the Group or single local entity (reflected via an anchor limit), the credit quality of each obligor (PR+), the obligor segment (bank, corporate, etc.), the obligors' domicile country and its balance sheet size.

Classification "on watch" for a specific obligor (that can be triggered by PR+ and credit analysis) essentially indicates that a substantial gradual CRisP limit adjustment close to the current exposure level is deemed to be necessary and will be started immediately. Correspondingly, new investments should be avoided to keep exposure constant or achieve a gradual exposure reduction.

B.4.1.4.3 Yield curve extrapolation, matching adjustment and volatility adjustment

In the computation of its Solvency ratio, Allianz applies the following long-term guarantee measures defined by the EIOPA: the yield curve extrapolation and the volatility adjustment.

Allianz Benelux does not apply the matching adjustment since none of its liabilities qualify for it under the current requirements. It is important to note that the discussed measures are not transitional and no element leads to think that the volatility adjustment could be removed in the future.

Allianz Benelux computes on a quarterly basis the sensitivity of its own funds to the assumptions underlying the extrapolation of the risk free interest term structure.

B.4.1.4.4 Prudent Person Principle

Amongst the major principles and rules for the management of Insurance Investment Assets is the prudent person principle. Under this principle covered by a PPP policy adopted in 2018, Az BNL shall adhere to the prudent person principle with respect to their whole portfolio of insurance investment assets. The prudent person principle applies to Az BNL and persons involved in investment related activities. It comprises rules concerning the due diligence and processes, the care, skills and delegation, the quality of investments, and diversification. Specific restrictions apply to specific asset categories. The investment management function steers the assets according to the prudent person principle, which is characterized by the following main rules:

- Investments are only possible in assets and financial instruments whose risks can be properly identified, measured, monitored, managed, controlled and reported, and appropriately taken into account in the assessment of its overall solvency needs.
- Furthermore, all assets are invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In addition, the localization of those assets shall be such as to ensure their availability.
- Special care is taken for those assets covering the technical provisions. They are invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. The best interest of all Allianz policyholders and beneficiaries is taken into account respecting any disclosed policy objective.
- Conflicts of interest are resolved in the best interest of Allianz policyholders and beneficiaries.

B.4.2 Own Risk & Solvability Assessment (ORSA)

As explained in section A.1.1.1, the ORSA integrates all risk management processes and ensures active involvement of the Board of Management and the Board of Directors.

The purpose of the ORSA is to provide ongoing and prospective insight into the resilience of the undertaking, either under potential adverse events, or as a result of a chosen business strategy. The aspect of risk resilience is translated into solvency requirements that have to be met at all times. Furthermore, the coherence between risk strategy (risk appetite), business strategy and capital management is discussed and established in the ORSA.

While the ORSA as a process is *performed on an ongoing basis in the context of the risk management framework*, the results are *reported annually* (unless a trigger event would require an additional report update). The reporting date of the annual report is year end. It thereby describes and analyses the risk profile at year-end in comparison with previous year, and, it sets the risk appetite for the coming year. The ORSA report is approved by senior management (RiCo/BoM/BoD).

The ORSA process adheres to the following three underlying principles:

- I. The ORSA is a *comprehensive and forward-looking* assessment of capital adequacy⁶⁶
- II. The ORSA *supports business* decisions

⁶⁶ This is made concrete by identifying a list of *stress scenarios* and assessing the impact thereof. See section 5.6 of the ORSA Report.

III. The Board of Management is an *active participant* in the ORSA.

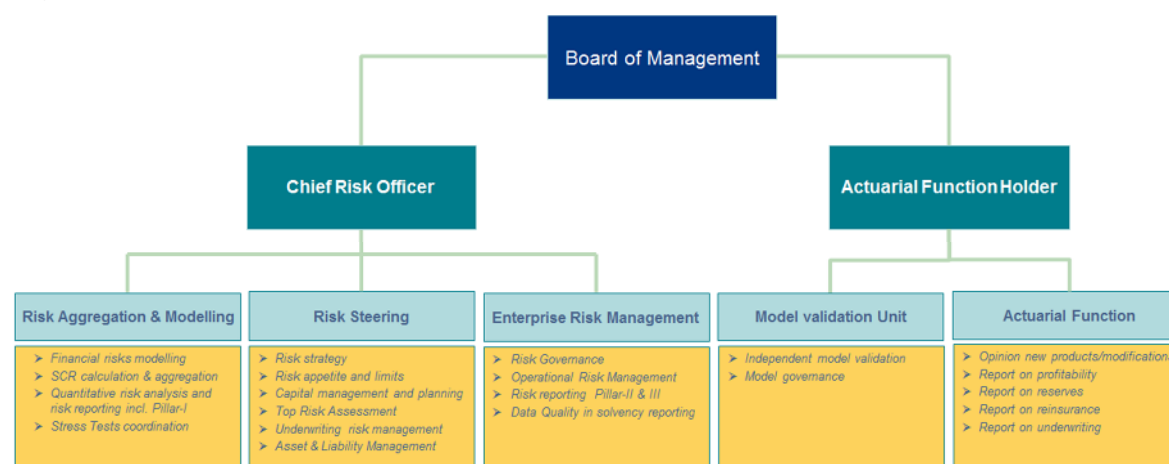
Further details on the concept, process and methods are included in section 2.2 of the ORSA report itself.

B.4.3 Risk Management function

Refer back to section A.1.1.1 describing the implementation of the Risk Function within the organisation.

B.4.3.1 Organisation

The following graph shows how the various activities⁶⁷ of the Risk Function are organised in complementing specialized teams, managed functionally at Allianz Benelux level by the regional CRO:



B.4.3.2 Risk Policy

In order to ensure consistent implementation of Solvency II regulation, Allianz SE provides and maintains a framework of policies⁶⁸ which entities within the Group adopt to the local context. They are reviewed and updated annually this to reflect any potential changes in the regulation. The annual update process is concluded by Board approval of the policies. For Allianz Benelux final approval is by the Board of Directors.

The Risk Policy describes the core risk management principles, processes and key definitions to ensure all material risks are managed consistently throughout the Group. Note that the content provided in this Section A.1.1.1 is in full alignment with the Risk Policy of Allianz Benelux S.A..

B.4.4 Contingency plans

Az BNL focuses its emergency plans on 4 dimensions:

a) People with the HR Succession Planning

Since 10 years, HR keeps updated a plan to be able to replace any key Executive in case of unavailability whatever the reason. This plan is regularly reviewed still in Q1 2020.

b) Systems & Devices with the IT Disaster Recovery Plan

⁶⁷ See also section A.1.1.1 for a detailed list of the activities performed on an annual basis by the Risk Function.

⁶⁸ Risk Management, Internal Audit, Compliance, Governance & Control, Fit & Proper, Actuarial, Capital Management, Accounting & Reporting, Outsourcing and Remuneration.

BCM is in charge to elaborate, regularly update, yearly test and if any, apply the DRP and the BCP to be able to recover the key-services, IT applications and core applications in the shortest periods of time to serve again customers, third parties and more generally any stakeholders in case of disaster. Both DRP and BCP are now under responsibility of Protection & Resilience (see chap. B.4.9)

c) Capital adequacy review

This exercise is performed by Risk Management every quarter. The aim is to control that the required capital and more precisely the Solvency Ratio is sufficient to cover our risks and to intervene in case of urgency depending on thresholds commented above (see.chap.B.3.2.3).

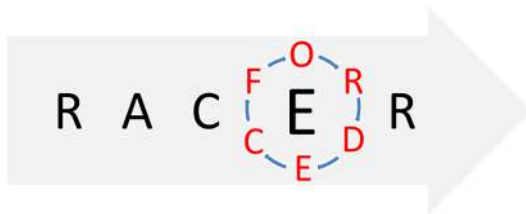
d) Stakeholders with the CC Crisis Scenario Plan

For Az BNL, it is essential to react adequately when an unexpected event (complaint, litigation, accusation, public reproach, cyber-attack, Asian flu, terrorism threat, etc...) threatens to jeopardize or deeply harm the company's reputation. This item is also managed by Protection and Resilience (see.chap. B.4.9.)

3.4.1. Crisis Scenario Plan (CSP)

In 2016, Corporate communication prepared a crisis management process described in the AS for P&R⁶⁹ based on 2 set of actions:

- RACER: report, assess, convene, execute, resolve
- FORDEC: facts, options, risks, decisions, execute and control



This process is the cornerstone of the Crisis Scenario Plan developed in line with the *Allianz Standard for Reputational Risk and issues Management* (ASRRIM).

The idea is to help the crisis unit to successfully manage (i) a regular incident, (ii) an incident that has the potential to escalate into a genuine crisis and (iii) a crisis.

The crisis core unit is a team of 5 people: COO, Corporate communication, Head of legal/Chief Compliance Officer, Chief HR Officer and Head of Protection & Resilience. This crisis unit can benefit from a support team working with topic experts in the company's premises or elsewhere in Rotterdam and Brussels. The COO steers and reports to the BoM.

All parts of the framework are defined in an Az BNL AS P&R⁷⁰: meeting checklist, crisis situation checklist, communication crisis principles, general guidelines, approach by type of scenario⁷¹, do's and don't's, coordinates of key-people, complaint handling, public sensitivity cases, lessons to be learnt.

The process is quite comprehensive and documented.

⁶⁹ See chapter B.4.9)See note 13

⁷⁰ Allianz Standard about Operational Resilience

⁷¹ 12 assumptions treated :facilities and building not accessible, majority of staff affected, kidnapping/ransom case, viral diseases, central IT systems affected, major business processes affected, major political changes, considerable short-term/long-term national or international media coverage, regulatory or governmental action against AzBNL, significant loss of IP rights, third parties compromising a critical service provider.

3.4.2. Information Security Office (ISO)

Organisation

The Information Security Officer (ISO) directly reports to the Head of Protection and Resilience. Within the Allianz Benelux structure, it acts in a transversal manner and independently of any other unit, including the IT department.

ORGANIZATIONAL SET-UP BENELUX



Head of P&R

- Scope:**
- Reports directly to the COO
 - No conflict of independence and interest

- Responsibilities:**
- Acts as an interface and umbrella for local expert functions
 - Align strategies, solutions, projects with local expert functions
 - Provide a platform for collaboration and standardization efforts
 - Ensure that the framework is enforced adequately
 - Align review schedule with local expert functions and Group Protection & Resilience
 - Monitor compliance of local Protection & Resilience with the (Protection & Resilience) Standard and further regulations

- Further Responsibilities:**
- Provide top management and corresponding stakeholders with regular status reports and results from self-assessments/reviews
 - Monitor follow up of remediation action plans and review adequacy of implementation
 - Perform escalations to the board if this seems to be necessary
 - Participates in the Governance & Control Committee, ORM meeting, Information Security Steering Board
 - Participate in Legal and Compliance Projects
 - Monitors and Controls the open finding from 2nd and 3rd Line of Defense and external audit within the COO area

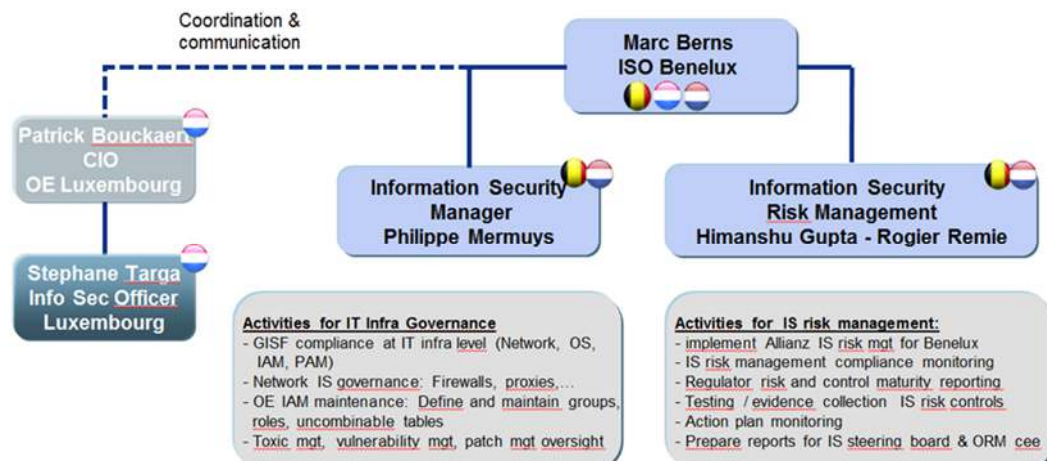
Expert function

- Scope:**
- Functional interaction to respective Group expert function
 - Solid or dotted reporting line to the Head of P&R

- Responsibilities:**
- Implements the (P&R) Standards and Functional Rules
 - Performs self-assessments and reports results to the Head of P&R
 - Participates in reviews and provides documentation
 - Develops action plans

- Procurement reorganization motives:**
- Avoid reciprocity business considerations
 - Choose operational structure that stimulates synergy and collaboration with the Outsourcing Function

Liaise with other risk functions (Audit, ORM, IT, BCM, Compliance, Data Protection) on Information Risk



Mission

The ISO mission is the initiation, monitoring and centralized coordination of all the methods, actions and preventive measures involving the information security of the company and all its resources, as well as the management of information security incidents.

The ISO areas of responsibility are defined as follows:

- **Information Security:** This area encompasses all matters relating to information security, i.e. to the security of information and its information technology, whether in a mainframe environment or in the open systems world, for all the applications used by Allianz Benelux. The aim of information security is to take all measures that prove necessary to best ensure the confidentiality, integrity, availability and safeguarding of information, and to prevent its misuse.
The policies and standards governing information security are the Allianz Group Information Security Framework, consisting of Allianz Policy for IT and Information Security (APITIS), the Allianz Functional Rule for Information Security (AFRIS) and the Allianz Functional Rule for Information Risk Management.

ISO may act on its own initiative in its areas of responsibility but all of Allianz Benelux departments are invited to spontaneously involve ISO in their cases, projects, tasks and activities whenever any aspect of ISO areas of responsibility may be involved. Moreover, ISO has a right of audit for all matters relating to the company's information security.

In compliance with Belgian and Dutch legislation & regulations as well as policy and standards issued by Allianz Group or professional best practices, ISO:

- draws up proposals for the Board of Management on the objectives to be achieved in the area of information security and the policy to be implemented;
- establishes the information security guidelines derived from these objectives, the policy and the functional rules;
- publishes information within the company either for use by all personnel (through the intranet and 'news'), or targeted to the relevant people, and if necessary initiates the required training;
- supervises and coordinates the implementation of policies, standards and procedures by the relevant divisions;
- ensures compliance with (internal and external) policies, standards and procedures which fall within their scope.

Cloud Computing

According to the Allianz Policy for IT and Information Security (APITIS)⁷², the Allianz Functional Rule for Information Security (AFRIS) and the Allianz Functional Rule for Information Risk Management, it is not allowed to transfer information to unauthorized internet-based or external storage solutions out of the solutions (AWS (Amazon) Azure (Microsoft), GCP (Google) and IBM challenged and monitored by Allianz Group with specific conditions and guarantees negotiated by Az Technology). Processing of information needs to be in accordance with applicable outsourcing standards. The use of Public Cloud services (new and

⁷² Translated I a BNL IT&IS policy in 2020.

existing) must be identified by ISO and based on information risk assessment for the authorization.

To ensure the confidentiality, integrity and availability of Allianz information and to establish trust with cloud solutions, it is essential that controls are implemented to assure the information security of information. These include:

- Protection of confidentiality of information (data): Information must not be viewed or changed by unauthorized people, including the systems operator.
- Information must not be viewed or changed by unauthorized people at runtime when it is loaded to the system memory.
- Protection of Confidentiality and Integrity of information when transferred through networks: Information must not be viewed or changed by unauthorized people as it is transferred through networks. This requirement includes the security of information that is being transferred within or between external cloud systems (internet) or own internal corporate systems (intranet).

Where a Public Cloud service is used to handle (store, transmit and process) Allianz data classified as Internal or above, the following conditions must apply:

- Where the scoping of a business application assesses the inherent information risk as Very High, and the ISO has disagreed with the Final Decision and recommended escalation following the completion of the Cloud IT Risk Assessment (CITRA) process, the Benelux COO must approve the use of the Cloud service.
- The use of Cloud services can only be approved provided an authorized contract has been negotiated by the OE Procurement Department. An authorized contract ensures the business need of the service.
- Allianz Information must not be handled by a Cloud service unless the CITRA process in Section C of this document has been followed.
- Protective measures must be implemented to protect confidential or strictly confidential Allianz information. These measures include encryption at rest, encryption in transit, and may involve tokenization
- Access to Allianz Information: Authentication and authorization for users is required in order for Allianz information to be accessed at any time. Users can access information only through the right way.

Information Security

- Allianz Benelux is in line with the basic principles of Information security and complies with the rules of conduct. In order to gain a better understanding of this overall approach, it seems essential to draw more specific attention to the following points: First of all, Allianz Benelux is a subsidiary of Allianz SE and, as such, is obliged to comply with the information security policies and standards imposed on all Allianz Group entities. The common information security best practices applicable to us are based on the most demanding criteria, including the ISO 27001 standards for information security. The basis of the requirements for our group are recorded in Allianz Policy for IT and Information Security (APITIS), the Allianz Functional Rule for Information Security (AFRIS) and the Allianz Functional Rule for Information Risk Management (AFIRM) . A copy of which may be transmitted to the present document if necessary.
- The frequent external and internal audits to which we are subjected generally conclude that Allianz Benelux is at a level of compliance considered to be entirely satisfactory both in relation to these standards and in relation to all the other security constraints that apply to it or recommended.

- Allianz Benelux offers an informative website and, in a very limited way, interactive (www.allianz.be), allowing the call of interactive and transactional applications a secure portal.
All comply with the new prudential requirements of the NBB and the secure portal, allowing the subscription of contracts or the updating of contractual data, are subject to particularly strong authentication. (Two factor authentication applying Onespan Digipass technology. If our purely informative site is accessible by everyone via the unsecured internet, this is never the case for interactive applications and never in our transactional applications, protected by two factor authentication. Indeed, the commercial strategy of Allianz Benelux has chosen to work through the world of brokering. This strategy is transposed to the level of computerized exchanges, a fortiori to obtain access to our on-line applications.

To access such applications, two channels may be used by authorized brokers:

- The owner Portima channel. Authentication is delegated to Portima but the internal application authorisation of the access rights remain entirely managed by Allianz Benelux. However, it concerns the essential flow of the brokers' access to our transactional modules, and even the single flow in Non-Life.
- The Internet. In this case, however, brokers and affiliates can connect to modules of our IT infrastructure only via our secure lines (VPN), which is accessible via two factor authentication using the Onespan Digipass (One Time Password), which was delivered to them personally. While specifying that our links are secure.
- The constancy of the availability of the sites and applications offered to our external correspondents is an essential element integrated at the design of the site or the application. In order to deal with serious accidental elements, Allianz Benelux has a Business Continuity Plan in line with the BNB's recommendations and is regularly adapted to internal and external developments; It shall likewise be subjected periodically to the DRP tests.
- Examinations entrusted to external experts (auditors), are carried out on an annual basis that we name our Penetrations Tests. They are either general (Full overview of our external applications) or targeted in this case carried out before the start of production of a new application or based on significant changes at the application level and infrastructures.
- In addition to their own obligations and procedures, Allianz Benelux always requires its external service providers to comply fully with the Group's information security and continuity rules and standards. The possibility of having a security audit performed is an integral part of such agreements, in the same way as the Service Level Agreement, SLA conditions. The legal and compliance department of our company always oversees the drafting of these contract agreements.
- Business Continuity: Business Continuity Management (BCM) concerns the management of all the resources and procedures enabling the company to minimise, in duration and in scale, the consequences of the forced interruption of its activities: the "BCP" (Business Continuity Plan) has been implemented and follow-up of the "DRP" (Disaster Recovery Plan) is carried out with our IT services provider AMOS.

The policies and standards governing business continuity management are defined in the Allianz Standard for Protection & Resilience and the Functional Rule for Protection & Resilience.

Business Continuity Management (BCM)

BCM, in line with Allianz Group's standards, comprises the following activities:

- Business Impact Analysis (BIA)
- Risk Impact Assessment (RIA)
- BCM strategy
- Training and awareness-raising
- Business Continuity Plan /Disaster Recovery Plan (BCP/DRP) tests

As regards information security and BCM, Protection & Resilience communicates with the company's various units through a structured network of IOCs (IT and Organisational Correspondents) in Belgium and line managers in Netherlands. These are contacts with in-depth technical knowledge of the resources and needs of their department, as well as of the technical constraints and objectives in the area of information security and business continuity. In this context, a monthly meeting is organised with the IOCs and/or BCP contacts in charge in Be. The purpose of this meeting is to address the different information security and BCP issues to be dealt with and it is also used as a training, information and awareness-raising session. This meeting as such complies with the recommendations made further to the BCP audit carried out this year (see measures taken or to be taken in the paragraph below).

For continuity management, Protection & Resilience also leads a team responsible for BCM (Business Continuity Management); this team consists of various specialists (from SR, AMOS, IT, Architects, etc.) and its role is comparable to that of the Information Security Committee, but for subjects relating to continuity.

Various actions orchestrated by Protection & Resilience were carried out and maintained during the year with participants in the BCP so as to verify and validate the procedures in place.

3.4.3. Succession Development (HR)

During the annual Talent Discussion we re-focused on succession planning for executive positions and successors development. By mitigating business risks, we ensure business continuity for key and critical roles through smooth transitions in case of a planned or unplanned vacancy. By identifying potential successors for executive and key/critical positions in different readiness levels and developing them appropriately, we ensure candidates are ready to take over when a position becomes vacant. It is important that we develop potential successors to help them close any skills or experience gaps. By filling a position with internal candidates from your OE or the Group, we reduce executive search costs.

- From succession planning to succession development to ensure effective transitions.
- Succession development acts as insurance for our business.
- Identifying and developing internal talent saves costs.
- Succession development is embedded in the annual Talent Discussion.
- Global Tool 'Success Factors' is filled with data and updated per quarter (hires/ leavers, etc.)
- Four categories are defined with regard to the readiness of the candidate in scope
Emergency Candidate – Ready now to 1 year 2 to 3 Years – Next Generation
- Process owner is Chief HR Officer, delegated underlying procedures to the Talent & Development managers; in other words, we initiate and follow-up.
- Global alignment is done at Group level; matching people to positions and/or filling Succession Pipeline by using the mobility of the Allianz population in scope.

B.5 Internal Control System

B.5.1 Relationship between the three lines of defence

Allianz risk governance framework is based on a three lines of Solvency II defence system at Group as well as at Allianz Benelux level. (see Risk governance chapter)

To ensure an effective ICS, all functions are obliged to cooperate and to exchange necessary information and advice.

The second and third line functions closely cooperate, maintain reciprocal oversight and are aware of the concrete tasks and competencies of each sister function.

B.5.2 Role of the second line departments

Compliance is responsible for integrity management which aims to protect the Allianz Group, its OEs and employees from regulatory and reputational risks.

Legal Services intervening as a 2nd line of defence seeks to mitigate legal risks with support from other departments. Legal risks include legislative changes, major litigations and disputes, regulatory proceedings and contractual clauses that are unclear or construed differently by the courts.

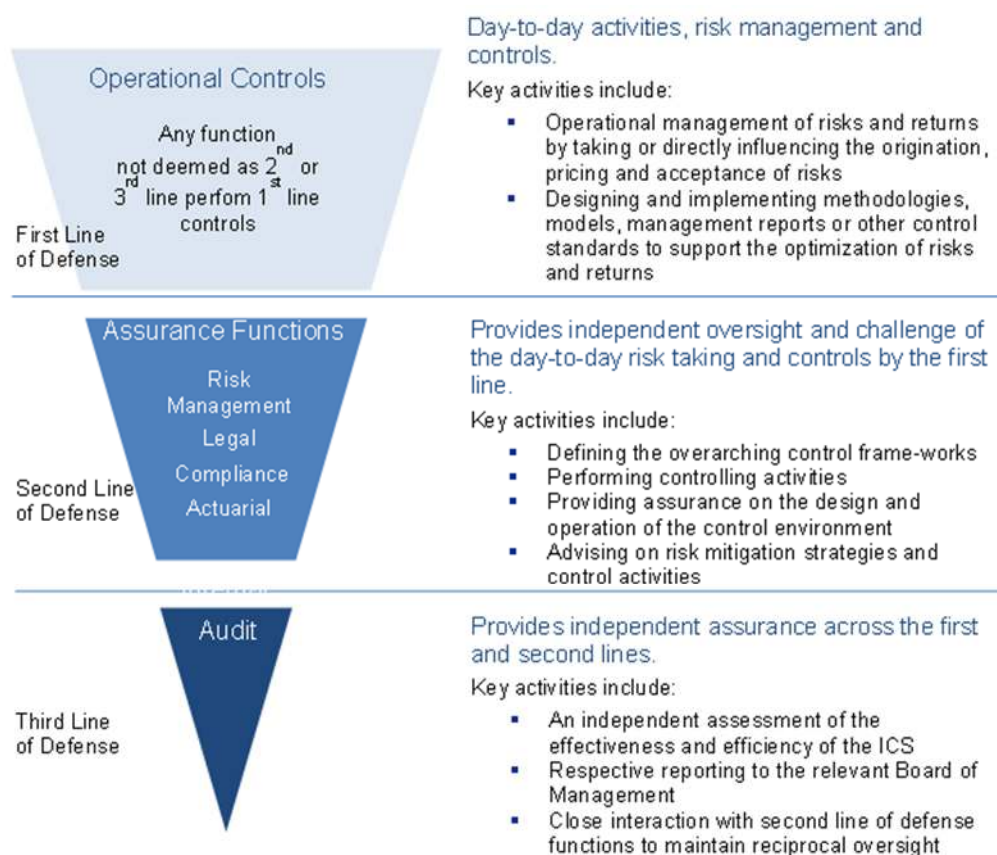
The Actuarial Function is expected to provide a holistic actuarial oversight of the company. All of his opinions, are sent, prior to or after any decision being taken, to the Board of Management, the senior managers concerned and the other independent control functions (Head of Internal Audit, Chief Compliance Officer and Head of Actuarial function) and the Board of Management does not hesitate to respond, consult or request additional work.

Risk management is responsible to Maintain the transparency on the risk and internal control framework and to facilitate the communication and implementation of the risk committee decisions.

B.6 INTERNAL AUDIT FUNCTION

B.6.1 Fundamental Principles

1. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advance and insight.
2. The Internal Audit Function is a key function within the Internal Control System of Allianz Benelux.
Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the organization's operations. It helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
Therefore, Internal Audit activities are geared towards helping the company to mitigate risks as well as further assist in strengthening the organization's governance processes and structures.
3. Based upon this definition, Internal Audit acts as a "last-line of defence" in the Three-Lines of Defence Framework.



4. As trust is placed in their objective assurance about risk management, control, and governance, Internal Auditors are expected to apply and uphold the following principles in line with the Standards and Guidance set by the Institute of Internal Auditors (IIA):

- Integrity
- Objectivity
- Confidentiality
- Competency

B.6.2 Objectives

Internal Audit, due to its independent and objective role, supports the company's Management to mitigate risks as well as to assist in strengthening the organization's governance processes and structures by reviewing activities and procedures in all areas, without scope limitation, with the objectives of:

- Safeguarding of the company's assets;
- Strengthening effective Internal Control and Risk Management/Controlling Systems by assessing and evaluating their adequacy and effectiveness;
- Strengthening compliance with legal and supervisory regulations, as well as corporate principles and guidelines;
- Fostering the appropriate and efficient use of resources.

B.6.3 Tasks

Internal Audit serves the organization in the following manner:

- Internal Audit informs the CEO's, the Board of Management, the Audit Committee and the Financial Reporting and Disclosure Committee of the adequacy, efficiency and effectiveness of the Internal Controls and Risk Management/Controlling Systems within the company. This includes monitoring the realization of agreed-upon measures for improvements as well as receiving, investigating and following up on possible occurrences of fraud and management override. Additional committees who have governance oversight over these areas may be informed.
- Based on a comprehensive, risk-oriented audit plan, Internal Audit conducts audits of the Internal Control and the Risk Management/Controlling Systems which are integrated into business processes and structures of the company. Furthermore, unplanned audits, as per management's request or due to new risk developments, are also performed.
- Internal Audit evaluates the potential for the occurrence of fraud and assesses the effectiveness of design and operations of the controls within the organization intended to manage and mitigate fraud risks.
- In cases where the audited entity has engaged a third party (e.g. outsourcing), the audited entity typically has the responsibility to ensure that adequate controls are in place and can be reviewed by Internal Audit. The right to perform direct audits at the service provider must therefore be included in the respective Service Level Agreement and general standards regarding confidentiality and dissemination of audit reports would apply.

B.6.4 Structure

Since the set-up of the Benelux organization, Internal Audit function covers now the 3 Benelux countries. The department is composed of the Head of (internal) Audit, a Deputy HIA based in the Netherlands, 1 Lux Audit manager and 8 auditors.

B.6.5 Reporting line and Organizational independence

The Internal Audit Function has a standing within the organizational structure that ensures to maintain the necessary independence from first-line and second-line functions.

Independence Function is also thought, for instance in terms of reporting⁷³, objectives, target setting, compensation or by any other means. Internal Audit must avoid conflicts of interest in fact or appearance. Internal Auditors and the Internal Audit function have the authority to express assessment and recommendations but cannot give orders (except in cases of suspicion of illegal activities/fraud).

To ensure the independence of Internal Audit, the Head of Internal Audit (Chief Audit Executive (CAE)) reports directly to the CEO's and has a functional reporting line to the Chairman of the Audit Committee.

Regardless of local reporting lines, the CAE of an Internal Audit department (IAD) has also a functional reporting line to the CAE of GAUD (Group Audit).

Duties related to reporting to the CEO and Audit Committee shall include the following:

⁷³ A direct reporting line to the Board of Management, CEO and the Audit Committee exists. See also the next section regarding "Reporting lines".

- Submission and approval of the annual audit plan; and any significant changes to the annual plan
- Audit Plan must be reported to and approved by the CEO and the Audit Committee;
- Approval of the budget and resource plan;
- Impact of resource limitations;
- Direct interactions with the Chairman of the Audit Committee;
- Regular direct interaction at least once every 6-8 weeks with the CEO on status of plan fulfilment, audit results, new developments and other relevant matters; and
- Annual confirmation of the organizational independence to the CEO (and/or to the Audit Committee, where applicable).

In addition to the reporting duties to the CEO and Audit Committee, IADs shall stay in regular contact with GAUD concerning the status of the audit plan, special investigations, and special incidents.

Generally, the Head of Internal Audit should participate in all the Audit Committee meetings (if applicable) and present the current status of audits, risks and issues. If his or her personal attendance is not possible, a Deputy should attend instead.

Within the scope of its functions, Internal Audit may perform consulting activities. However, the responsibility for the results remains with the receiving entity or area which holds ultimate ownership.

The Compliance function is separated from the Internal Audit function.

The Head of Internal Audit reports on a quarterly basis to the Board of Management and participates in all the Audit Committee meetings and presents the current status of audits, risks and issues.

For independence purposes, employees of Internal Audit are not assigned to functions beyond their audit activity.

The Head of Internal Audit must confirm to the CEO's, to the Board of Management and to the Audit Committee, at least annually, the independence of the Internal Audit activity.

B.6.6 Individual independence and objectivity

In Az BNL, auditors must perform their function in an objective manner and, audit findings must be based upon facts and supported by sufficient documented evidence. Auditor independence is a prerequisite to be able to give an objective opinion. Objectivity requires an impartial and an unbiased mind-set and work-approach which the auditor must retain during the course of conducting an audit. This requires that the auditor shall use a high standard in scrutinizing the quality and logic of her/his arguments. Discussions within the audit team, together with the Audit Managers or the Head of Internal Audit, and an advance clarification of important findings with the auditee contributes to a more balanced assessment.

Conflicts of interest, impairment of independence or objectivity, in fact or appearance, must be avoided. However, if unavoidable, possible impairment or conflict must be disclosed and the auditor is required to report to the Audit Managers or the Head of Internal Audit.

It is unacceptable for auditors to receive/accept benefits which could be viewed as, or lead to, a compromise or even the perception of a compromise to the objectivity of the auditors.

B.6.7 Unrestricted information access Confidentiality

The Internal Audit Function shall have the right to communicate with any employee and obtain access to any information, records or data necessary to carry out its responsibilities, to the extent legally permitted. It has the responsibility and the right to review activities,

procedures and processes in all areas of the Benelux, without limitation. Internal Audit has the unlimited right to obtain information⁷⁴ and management must inform Internal Audit of serious deficiencies and major changes in internal control systems. This information must be handled with discretion and confidentiality.

B.6.8 Right of direction

To ensure a high standard in Internal Audit, Group Audit has the authority to direct local Internal Audit functions as deemed necessary e.g. transversals, investigations. Any potential direction must not impact the independence and impartiality of the respective IAD. Such direction must also be well documented and demonstrate that it is based upon a rationalized risk-assessment.

Internal Audit has the authority to express its assessment and recommendations related to internal control issues. However, due to its role as an independent and objective party, Internal Audit generally cannot give orders, except in cases of suspicion of illegal activities/fraud wherein Internal Audit will have general authority to initiate immediate steps as deemed appropriate and necessary.

When cases of severe legal breaches or suspicion of fraudulent activities exist, the involvement of government authorities (prosecutor and prosecuting authorities) may be initiated immediately. If the risk of destruction of evidence exists, Internal Audit may take appropriate measures to protect evidence (e.g. seize, lock and protect data, media and files). To the extent possible, such escalations or preventive measures should be coordinated with appropriate Management and relevant departments, such as Legal and Compliance take actions to escalate to the respective Group Center departments as needed.

B.6.9 Fitness and propriety

In the world of Az BNL, Internal auditors must possess analytical skills, knowledge in the field of finance, accounting and IT as well as an understanding of the organization of insurance and/or finance companies. In order to achieve and maintain the required professional skill level, continuing training is necessary. Skills in effective communication are also important.

Enhancing independence and objectivity, and avoiding potential conflicts of interest, tenure of internal audit key function holders shall be limited to eight years, with this time period starting from 01.01.2018 (compulsory rotation of heads of internal audit). Periodic rotation both within and to/from Internal Audit, whenever practical and depending upon the size of the Internal Audit department⁷⁵, can further support that internal audit independence is maintained. Moreover it provides benefits for the individual, both business area and the internal audit function, and the Benelux Companies.

The head of the Benelux Companies Internal Audit function must possess and effectively has the qualification, experience and knowledge required to evaluate the adequacy and effectiveness of the system of governance, issue recommendations, in particular as to deficiencies with regard to the internal control system and the compliance with the corporate rules, and verify the compliance with decisions taken as a consequence thereof. The Head of Internal Audit must be and is familiar with all Internal Audit relevant standards, publications and practices.

⁷⁴ The Benelux Internal Audit function must have access to information to areas where critical operational and/or internal control activities are performed. Therefore, a "participatory" (non-voting) role for the head of audit head in local committees exists.

⁷⁵ Az BNL fully applies this principle.

The head of the Internal Audit department to which the Internal Audit Function has been assigned, is the relevant key function holder (--> *Allianz Benelux Fit and Proper Policy*).

The head of the Internal Audit Function must share characteristics of (i) honesty, integrity and reputation, (ii) competence and capability, and (iii) financial soundness. The *Allianz Benelux Fit and Proper Policy* applies.

B.6.10 Audit related principles and procedures

The purpose of the Allianz Benelux Audit Policy is to ensure that the organization and work of the Allianz Benelux' Internal Audit function in the Benelux adheres to a consistent set of minimum rules and operating procedures such that the effectiveness of the controls necessary to achieve the Group's and the Benelux goals is ensured. It also implements regulatory requirements including circulars from the relevant Supervisors within the Benelux.

The Benelux Audit Policy is mandatory within Allianz in the Benelux and complies with the Allianz Group Audit Policy. This Benelux Audit Policy is communicated within and available in the organization through the Intranet. This Benelux Audit Policy does not contain material deviations from the Allianz Group Policy.

The Policy is reviewed at least once per year. This Policy and all material changes need approval by the Benelux Companies' BoM and, if applicable, the Benelux Companies' BoD (Audit Committee).

The Internal Audit Function establishes a framework of audit related written principles and procedures.

In this regard, the Allianz Group and the Benelux Audit Policy are supplemented by the Standard Audit Manual (SAM) which is developed by and vetted with the Allianz Group IAAC. As a "living" document, the SAM provides more detailed discussions on the Allianz Standards on auditing which are compulsory and, consistent with the Allianz Group Governance and Control Policy framework structure. Both are therefore required of the Benelux Internal Audit function. Additionally, Group Audit, together with the IAAC, further develops guidelines which provide more in-depth discussions on recommended methodologies in fulfilling the audit function's roles and responsibilities.

The Benelux Internal Audit function shall adhere to the auditing framework and standards that are prescribed and recommended by the IIA including its professional Code of Ethics, if applicable, and in line with Allianz' internal Corporate Rules and Documents.

In 2020, the Benelux Audit Policy has been updated to reflects alignment with Group Audit Policy, version 9.0. A precision was added in § D.I.2 in the monitoring role of GAUD with regards to the "annual audit planning dialogue".

The updated Benelux Audit Policy has been approved during the Benelux Board of Management of 15 September and by the Benelux Audit Committee of 18th September 2020 and is effective as of 2nd December 2020.

B.6.11 Outsourcing or delegation of Internal Audit tasks

In general, Internal Audit should be exercised with Allianz Benelux internal resources. If Internal Audit lacks certain knowledge, skills or competencies at the Benelux Companies level, resourcing should primarily be sought within the internal audit community, and

secondarily from within AZ Group. If not available, assistance may be sought from third parties. In cases of outsourcing, as permitted by law and supervisory bodies, the Benelux Internal Audit management remains responsible for achieving all required audit standards defined by the Group and the Benelux Audit Policy and in the Standard Audit Manual (SAM) as well as other supporting Allianz Group and Benelux Standards.

Generally, outsourcing of an Audit function to external providers is not permitted. Any exception must be pre-approved in writing by the Head of Group Audit.

B.7 ACTUARIAL FUNCTION

B.7.1 General regulation of the function

The Actuarial Function Holder (AFH) is an important function belonging to the second line of defence.

It is responsible for all entities of Allianz Benelux.

B.7.2 Core tasks

The global requirements are defined in article 59 of the new control law of 13/03/2016.

The most important tasks of the function are:

1. Coordinate the calculation of technical reserves for accounting and regulatory purposes;
2. Take in charge the appropriateness and consistency of models, methodologies, assumptions and change policy are adequate
3. Gives an opinion on the completeness, accuracy, appropriateness and timeliness of data used in actuarial processes, having regard to the available data
4. Analyse the best estimates compared to the experience;
5. Give information to the board about reliability and adequacy of the calculation of the technical reserves based on the following information:
 - At least a reasoned analysis on the reliability and adequacy of their calculation and on the sources and the degree of uncertainty of the estimate of the technical provisions.
 - Clearly state and explain any concerns it may have concerning the adequacy of technical provisions.
6. Follow up of the calculation of the reserves in case where there is not an appropriate actuarial method possible to estimate the obligation of the insurer;
7. Express an opinion about the underwriting policy & profitability;
8. Express an opinion about the suitability of the reinsurance structure;
9. Contribute to the effective implementation of the risk management system.
 - in particular with respect to the risk modelling underlying the calculation of the solvency capital requirements (SCR) and to the ORSA.
10. Express an opinion about profit sharing and rebate in respect of the existing regulation.
11. Annual preparation of the Actuarial Function Report (AFR)

B.7.3 Independence

The Actuarial Function has a standing within an OE's organizational structure that ensures to maintain the necessary independence from first line functions. Necessary independence means that no undue influence is exercised over the Actuarial Function to hinder its objectives

and assessments, for instance in terms of reporting, objectives, target setting and compensation, or by any other means.

Reporting lines

The Actuarial Function holder has a direct reporting line to the Board of Management.

In Allianz Benelux S.A., the Head of the Actuarial Function reports directly to the Regional CEO, who is the Chairman of the Board of Management. It follows the requirements of the local regulatory authorities (NBB)..

To present its annual reporting, the Actuarial function has also access to the Board of Directors according provision of art.54 §1.3 of the Belgian Control Act (this for the time in April 2017).

B.8 OUTSOURCING

In accordance with chapter 7 of the NBB umbrella circular 2016_31 dated 05/07/16 updated in 09/18, AzBNL has developed a Benelux Outsourcing Policy (BOP). The policy in force since 2006 and revised in November 2009 and June 2012 was finally replaced by a totally new regime in accordance with Solvency 2 framework as from 01/01/17. All principles and processes are described by this text which is mandatory for any outsourcing in the Benelux area and must be reviewed by the Boards at least once a year.

The legal department of the group is the owner of the drafting/review of the Group Outsourcing Policy from which the BOP is widely derived. Benelux Heads of legal are responsible for customizing it to local needs and constraints. This was done in November 2019 and approved by the relevant Boards in December 2019 and January 2020.

Due to update of the NBB Overarching circular on Governance expectations 2016_31 in May 2020 reviewed in May 2020, the process was adapted to take into account the new regulatory requirements; especially the 2 annexes 4 (notification form for CIFS outsourcing) and 5 (Compliance statement) on one hand, and the new rules to manage cloud outsourcing with the integration of requirement and disclosing obligations coming from the Royal Decrees of 31/07/20 approving the NBB and FSMA regulations of respectively 12/05 and 30/06/20.

The Chief Operating Officer is the owner of the respect of this policy for which principles are defined by the Group but local requirements prevail. Any deviation must be validated by the group and Heads of legal have to inform about any potential deviations : we maintain a threshold of 500 k (annual basis) for classic (not for CIFS) outsourcings since 2016.

The first essential question to ask in those rules is to determine whether the activity subject to sub-contracting qualifies as outsourcing.

(i) Where AzBNL ceases to exercise permanent control of management, (ii) where the sub-contracting is likely to have a significant impact on all or part of its operation, or (iii) where the activity entrusted to a third party concerns a core business which affects our commitments to customers and third parties, the BOP applies.

B.8.1 Materiality

A materiality concept is important for Az Benelux to qualify outsourcing of a service or a function

- a *significant shift of capacities* in terms of staff or necessary infrastructure is required

- the task to be outsourced must be *performed by the company* (activities that only a third party is authorised to do are not in scope).
- the *provider will act on behalf of Az BNL*, particularly towards customers and/or regulators
- the materiality is also analysed in time, meaning that outsourcing requires *a continuous or frequent use of the provider's services* (occasional service is out of scope)
- *One materiality threshold is applicable: cost wise, 500 K per year for a simple outsourcing to exclude some small items (de minimis principle)*
- a focus is required for *framework agreements* which could lead to significant accumulation of small risks.
- as for *insurance intermediary's outsourcings* (delegations in writing insurance contracts or settling claims), the accumulation process cannot exceed more than 5% of the in-scope turnover.
- Local requirements prevail (NBB Overarching circular rules in Belgium (need to declare every CIFS project of (cloud) outsourcing) or DNB Good practice Outsourcing Insurers).

In this last case, industrial treatment is tolerated when the framework is designed by sectoral agreement.

- *Sub-outsourcings* are not encouraged but when required to perform the outsourced services, they must mirror the same rules.

B.8.2 Definitions

Services (activity linked to the core business of the company) and functions (practical tasks within the governance system of the company) are subject to the same rules but their definitions are important.

Services are claims handling, pricing and underwriting insurance or mortgage loans,

Functions are the company's key functions as Legal, Internal Audit, Accounting, Reporting or Compliance.

This means that facility service, security services, supply of power, cleaning or catering services are not aimed by the outsourcing process.

CIFS (Critical or Important Function or Service) means that the Service or the Function is essential for the company and without it, it would not be possible to deliver services to customers anymore. Key functions are in scope.

When a CIFS is partially outsourced, an assessment is required and the Outsourcing control function makes a decision subject to escalation to the Board if need be. The same regime is to be observed when the outsourcing process involves more than 1 provider.

A new tool (Ariba) is currently implemented to manage those duties in Allianz Benelux sa/nv.

B.8.3 General outsourcing principles

6 main requirements must be respected:

- Integration of each outsourcing in the risk management and internal control system
A database held by the Local Outsourcing is fed with any new outsourcing project with the duty to collect Fit & Proper documents (VIS), contracts and required documents (insurance blue chart, back-up system evidence, etc...)
- Contingency plan (how to avoid losses) and exit strategy have to be developed in case of CIFS

- Priority to Group Internal outsourcing if may be as for IT services (limiting the risk, giving more flexibility)
- Principle of proportionality applicable (intensity without bypassing requirements is depending on the nature, scope, importance and complexity of the project)
- Ultimate responsibility of Az BNL anyway
- Outsourcing of key functions (out of Independent control functions that cannot be outsourced) is prohibited unless the Group Key Function Holder can agree (this is theoretical and shall be avoided because a strict prohibition is generally foreseen in the local regulations of the Benelux area).

B.8.4 Governance principles

A strict framework based on 7 governance rules has been put in place to mitigate risks:

- for CIFS, *approval by the Az BNL Board of management required* (exception: one approval is enough when the process is iterative and aims industrial outsourcing or a high number of small providers)
- *any sub-outsourcing requires the Az BNL approval* and when a CIFS is at stake the BoM must validate it (the mirroring process for the sub-provider is demanded).
- for each outsourcing, *a business owner* must be identified.
This means that this responsible person (generally the head of the function or service involved) has to comply with compliance requirements and control the proper execution of the outsourcing process. He/she must F&P compliant for him or herself and competent to challenge the provider) .
- *special rules when a key function is subject to outsourcing* (only possible to Group internal provider and if legally admitted)
- *adequate segregation of responsibilities* (no function elsewhere in the group, no relationship with the candidate provider, only for one business ownership of a key function)
- *-exclusion of any detrimental project* which could (i) jeopardize the quality of the Az BNL governance system or the quality of the internal audit function, (ii) unduly increase the operational risk, (iii) endanger the regulator's capacity to verify that Az BNL respect the SII rules, impair the quality level of services for policyholders, insured and beneficiaries
- *continuity protection rules applicable* (protection of knowledge and documentation)
- *specific control of the CCO on new projects of CIFS outsourcing to be sure that each process is conducted in full respect of chapter 7 of the aforementioned NBB Overarching circular of 2016 reviewed in May 2020.*

When a CIFS is eligible for outsourcing, the outsourcing management and Legal department must jointly check that (i) the provider has both adequate financial means and financial resources with reliable skills and knowledge to perform the tasks, (ii) the Competent regulator has been informed prior to execute the decision to outsource with the relevant documentation describing the project, (iii) the provider is able to deliver with security and confidentiality rules, and the BoM or if required the BoD has to approve the outsourcing of the CIFS after a pro's and con's presentation of the merits of the subcontracting project.

Action: to review all existing CIFS outsourcing files to disclose them to NBB and also to FSMA in case of cloud by end of 2021.

B.8.5 Outsourcing processes

The overall procedure is divided in 4 main phases: Decision, Implementation, Operational phase and Exit phase.

For each of them, several mandatory rules are to be respected.

In a nutshell, we can summarize them as follows:

A-Decision phase: qualification of the outsourcing, preparation of business plan, risk assessment,

B-Implementation phase: Due diligence of the provider (including its ability to perform the tasks), outsourcing agreement (with a set of clauses we try to impose to the provider in order to protect the company: accessibility to data, duty of cooperation, data protection, compliance with laws and regulations, obligation to follow instructions if any, and to inform about any change having potentially a material impact on the outsourcing process, prior approval of any sub-outsourcing), use of a compliance instructions check-list.

When a CIFS is at stake, additional requirements are to be applied (control of risk management, contingency plans must exist, avoidance of conflict of interest, staff fully dedicated, right to make on-site inspections and written notification of the project to NBB according to the new rules of the NBB Overarching circular 2016_31 reviewed in May 2020).

When a key function is eligible to outsourcing, Fit & Proper test of all persons involved within the Provider and communication to NBB about the responsible person.

C-Operational phase: regular monitoring, control of performance (KPI's), status meetings, data security testing reports, etc. and also appropriate remediation actions in case of deficiency, lack of performance, cooperation, financial instability or adverse material developments. If a CIFS is at stake, a regular reporting must be given to the BoM, in particular when facing material adverse events.

D-Exit phase: check of capabilities to insource or outsource elsewhere before taking the decision to terminate the contract, focus on data protection and access, mention in the outsourcing contract of a manageable period to find a fallback solution.

B.8.6 Local Outsourcing Function

- In addition to this significant program, each local Outsourcing Function empowered by the Head of Protection & Resilience reporting to the COO is in place to manage the process, control the correct application of the BoP, detect compliance weaknesses, discuss any problem regarding the qualification, report to the BoM, take actions to complete the documentation of the central outsourcing contract storing register based in Rotterdam as well as other reviews developed in page 13 of the BoP.

Risk, Legal and Compliance have also to intervene to be sure that this complex process runs adequately.

The BOP is accessible on the company's Intranet Connect and available upon request.

B.9 .OTHER INFORMATION

Nihil.

C RISK PROFILE

Allianz has set up a comprehensive risk management framework in order to maintain the risk profile within the risk appetite and promote a strong risk management culture. This framework is laid down in the Allianz Corporate Rules Book. Additionally, AzBNL defines the different types and categories of risks according to the Allianz Risk Taxonomy.

AzBNL has the advantage of being a composite insurer, allowing it to gain from diversification between Life and Non-life business. This effect has been strengthened by the merger of the Non-life business of Allianz Nederland Schade in 2014, the acquisition of the Non-life Aegon portfolio in 2017 and the merger with Allianz Nederland Leven in 2019, thereby incorporating the Dutch Life business into AzBNL. These developments lead to a more optimal balance between the business segments considering the historical focus on the Life business in Belgium, while the merger with the Dutch Life business diversifies the AzBNL portfolio with unit-linked business, term insurance and annuities.

The asset portfolio of AzBNL is built using restrictive acceptance rules. The largest portion of assets consists of high quality fixed income instruments. Also note that the guiding principle for investment risk management is the Prudent Person Principle (Article 132 of the Solvency II EU Directive)⁷⁷.

The Strategic Asset Allocation (SAA) defines the long-term investment strategy for the overall investment portfolio.

⁷⁷ The Prudent Person Principle covers both a portfolio and a single-investment dimension:

- All assets need to be invested to ensure the quality, security, liquidity, profitability and availability of the investment portfolio as a whole. This also includes the need to structure the investment portfolio appropriate to the nature and duration of insurance liabilities covered with these assets.
- Assets are only admissible if the investors can properly identify, measure, monitor, manage, control, report and appropriately integrate their risks in their solvency assessment.

C.1 Underwriting Risk

When defining underwriting risk, a distinction between Life/Health and Non-Life business should be made since the risk drivers are specific for each segment. However, in very general terms, underwriting risk is the risk of unexpected financial losses due to the inadequacy of reserves or due to the inadequacy of premiums to cover insurance claims and expenses.

C.1.1 Underwriting risk Non-life

Non-Life (P&C) Underwriting risk is defined as the unexpected financial losses due to the inadequacy of premiums for catastrophe and non-catastrophe risks or due to the inadequacy of reserves. More specifically:

- Reserve risk: risk that reserves will not cover past claims
- Premium risk: risk arising from future claims deviating from expectations

Reserve Risk depends a lot on the line of business. For “Property” and “Motor Own Damage” lines reserve uncertainty is limited as the settlement of claims usually takes only a short period of time. For “Liability” lines, Reserve Risk is more significant as loss settlement takes typically takes more time and depends on more risk drivers (e.g. inflation, legislative change).

Premium Risk is linked to the statistical variations of claims occurrence and severity from one period to the next. It is also linked to the occurrence of natural catastrophes, man-made disasters and terror attacks. Premium Risk is mitigated significantly by means of reinsurance, both treaties and facultative reinsurance. Terror risk is mitigated by the national loss sharing pools in Belgium and the Netherlands. For man-made disasters (such as gas leakage explosions, transportation accidents) AzBNL makes a yearly (expert-based) estimation of potential losses before and after reinsurance.

Unanticipated diseases can lead to unexpected claims in liability insurance. An important example of this is asbestos. For old policies where asbestos coverage had not yet been excluded, separate reserves are held based on prudent assumptions and claims are closely monitored by the actuarial department resulting in limited Reserve Risk.

C.1.2 Underwriting risk Life/Health

Life and Health Underwriting risk is defined as the risk of unexpected financial losses due to the inadequacy of reserves or due to the unpredictability of mortality, longevity, morbidity or lapses.

More specifically:

- Mortality risk : risk of losses due to temporary or permanent changes in mortality rates
- Longevity risk : risk of losses due to temporary or permanent changes in survival rates
- Morbidity risk : risk arising from insurance cover against loss of income due to disability as well as other cover, e.g. medical expenses
- Lapse risk : risk of lapses of policyholders, related to all types of policyholder behavior

AzBNL has exposure to mortality risk in two ways: either through pure death coverage insurance (also called term insurance), or also through death coverage embedded as insurance rider in Life endowment products.

Due to the integration of the Dutch Life business the exposure to pure term insurance has increased. Also longevity risk has increased due to life-long annuities which are offered in the Dutch product mix.

Lapse risk resulting from the life endowment products is limited, for several reasons. The first and main reason is the fiscal constraint linked to the large majority of the products. The policyholder would lose a significant tax advantage if he surrenders before the contractual term. A second reason is the current low interest rate market environment. Most products provide a minimum guarantee above the current market rates, therefore terminating the contract would be unprofitable for the policyholders. A third reason is the market value adjustment clause present in some savings contracts that allows AzBNL to take a compensation for the financial loss due to an early surrender.

As a result of its strong position in the Workers Accident business and other health insurance business, AzBNL has a material exposure to disability and longevity risk.

C.1.3 Reinsurance

Reinsurance is the most important instrument to mitigate underwriting risk and to optimize the AzBNL risk profile. AzBNL has setup a multi-layered reinsurance structure for losses resulting from the non-life business (main focus on catastrophe risks). A reinsurance structure for what concerns mortality losses in case of mass events and all health and other non-life business lines (except Legal protection) is also active.

The quota share reinsurance rate of 45% for Non-Life business has been kept unchanged over the past reporting period.

C.2 Market risk

Insurance premiums are invested in a variety of assets with liquidity and duration features that match the liability profile. Hence, the purpose of the resulting investment portfolio is to back the future claims and benefits payable to the customers. As the market value of an investment portfolio fluctuates along with the volatility of the financial markets, an insurer is exposed to market risk. To some extent this is offset by the liabilities for which also a market value is determined (i.e. typically by models calculating the present value of liabilities taking into account relevant market parameters such as interest rates and spreads).

Market risk can therefore be defined as the risk that the market value of the net position of the assets and liabilities is adversely affected by changes in interest rates, credit spreads, foreign exchange rates, real estate prices and equity prices.

Market risk can be further subdivided according to the risk driver category:

C.2.1 Equity risk

Equity risk is the risk that the net position of the assets and liabilities is adversely affected by changes in equity prices.

As AzBNL has limited net exposure on equity investments direct equity risk is also limited.

Next to direct equity risk, AzBNL is also exposed to *indirect* equity risk on unit-linked business: management fees earned on the underlying investment funds are a percentage of the fund value, hence, the present value of the future profits earned on unit-linked funds that are investing in equity, is sensitive to equity movements. However, the direct equity risk of unit-linked business is borne by the policy holder.

As AzBNL has grown in unit-linked business in recent years, indirect equity risk has increased accordingly.

C.2.2 Interest rate risk

Interest rate risk is due to the imperfect match of cash flows of liabilities and assets. This is to some extent inherent to the nature of insurance business. In particular for long duration liabilities, maturing fixed income assets will need to be reinvested prior to the maturity of the liability claims they are backing.

AzBNL is managing its interest rate risk through Asset & Liability Management (ALM), that is, the match between assets and liabilities is optimized, with a well-defined allocation between fixed income assets and real assets. AzBNL aims at matching its liabilities with assets of proper duration and yield. For portfolios where it is not possible to match on a cash flow basis, AzBNL will match on overall duration instead. By doing so, AzBNL strives to keep the interest rate risk and the duration gap at a low level.

AzBNL is exposed to a decrease of risk free interest rates due to a small combined negative duration gap, that is, the duration of assets is on average shorter than of the liabilities. At the end of 2020, this gap has been further reduced to a near-zero level.

C.2.3 Spread risk

Spread risk relates to the decrease in the market value of fixed income assets due to the widening of spreads. In other words, it arises from fluctuations of the market premium for liquidity and credit risk.

Note that in case of a stable and well-matched asset-liability portfolio, spread risk does not have to lead to actual losses, provided the fixed income assets can be held until maturity as to cover matching liabilities. Therefore, the ALM function of AzBNL also plays an important role in preventing that spread ultimately leads to effective losses, although this cannot prevent intermediate fluctuations of the market value of fixed income assets due to spread volatilities. However, as to allow taking into account the effect of ALM measures on the net value of assets and liabilities reflected in the Own Funds, a so-called Volatility Adjustment (VA) is introduced by the Solvency II regulation. This VA adjusts the mark-to-model valuation of the liabilities in accordance with spread volatilities observed in the market. As explained in section This adjustment is not optimal as it is parametrized based on a standardized portfolio mix of fixed income assets, which typically does not correspond with the actual asset portfolio. Hence, the market driven fluctuations of the actual asset portfolio do not fully correspond with the adjusted mark-to-model valuation of the liabilities.

Furthermore, whether or not stable ALM matching is possible, depends on the predictability of the liabilities, i.e. whether the underlying policies can be easily surrendered by the policyholder. At AzBNL, for both the Life and Workers Accident business, possibilities for the customers to lapse are quite limited due to legal and fiscal constraints, and due to financial penalties such as a market value adjustment.

C.2.4 Currency risk

Currency risk relates to losses incurred due to fluctuations in foreign currency exchange rates. AzBNL's exposure to non-euro currency is marginal and is well within the limits set for currency risk in the limit framework.

C.2.5 Real estate risk

Real estate risk is the risk of changes in the market value of real estate property. AzBNL's exposure to Real estate risk originates from both direct holdings and indirect holding through real estate funds or real estate shares. Real Estate investments selected by AzBNL are only of prime quality. Real Estate is an important asset class at AzBNL. However it is quite limited compared to Fixed Income.

C.3 Credit risk

Credit risk relates to losses occurring when a counterparty, issuer or debtor turns out to be unable or unlikely to fully meet its payment obligations. Credit Risk at AzBNL originates from the following exposure categories: bonds, loans, reinsurers, intermediaries.

The bond portfolio can be categorized by their type of counterparty:

- Sovereign and government related bonds: mostly high quality sovereign issuers in the euro area
- Covered bonds: typically bonds of high credit quality issued by banks and covered by loan collateral
- Corporate bonds: diversified portfolio of corporate issuers of various sectors with a limited exposure to sub-investment grade bonds

Credit risk is monitored by a credit limit system. The system will prevent large exposure concentrations. The two most material sovereign credit risk exposures for AzBNL are on Belgium and France. Next to this also dedicated committees monitor the overall market and investment credit risk.

Reinsurance credit risk is largely managed at Allianz Group level: since 2014 by ceding reinsurance only to dedicated Allianz entities, and previously by selecting reliable reinsurers of which the creditworthiness was vetted by a specialized team of Allianz Group.

C.4 Liquidity risk

Liquidity risk is the risk that current or future payment obligations cannot be met by AzBNL due to the lack of available cash or lack of assets that can be quickly converted into cash. This risk arises from mismatches in timing between incoming and outgoing cash flows. Unlike banks, AzBNL is not exposed to sudden and unexpected liability runoff because of the stable nature of its insurance liabilities. Furthermore, a large part of AzBNL investments are high-quality liquid bonds while also our asset-liability management approach contributes to matching expected liability cash flows with those of the assets.

Although the liquidity situation of AzBNL is very comfortable, liquidity risk is closely monitored, both on short-term and long-term horizons. The monitoring involves projections of cash flows in stressed situations both for the assets and the liabilities. Liquidity risk is a key driver for the quota of illiquid assets in the strategic asset allocation.

C.5 Operational risk

Operational risk comprises the risks of financial or reputational loss arising from human error, process or system failure and from external events.

Allianz Group has developed an integrated approach for a rational identification and measure of operational risks. This approach, called the Integrated Risk and Control System (IRCS), reduces the silo based risk management approach by the joint involvement of Operational Risk Management, Compliance Management and IT Risk Management throughout the internal control process.

To identify operational risks, AzBNL has a structured process in place, in which we pro-actively define risk tolerances with regard to sensitive areas. Through an in-depth Risk and Control Self-Assessment (RCSA) all operational processes throughout the organization are regularly examined, resulting in an overview of all material operational risks, of which the most material ones are reported into the Top Risk Assessment (TRA).

Reputational risk assessment forms an integral part of our top risk assessment process. In view of its potentially large business impact reputational risk is treated a standard agenda item at the Risk Committee meetings.

Note that the following important risks are considered sub-types of operational risk:

C.5.1 Legal and Compliance Risk

Legal risk relates to losses resulting from law suits, with as specific case compliance risk, defined as the risks of sanctions imposed by regulatory authorities as a result of not complying with applicable laws, regulations and administrative provisions. Next to direct financial loss this can also result in reputational damage.

Allianz differentiates between (i) local regulatory developments which have primarily an impact on individual companies such as AzBNL and (ii) regulatory risk affecting also the wider Allianz SE Group. Therefore, the management of Legal and Compliance risks is a shared responsibility of the Group's and the OEs' Legal and Compliance departments:

- Topics relevant to AzBNL are monitored by AzBNL's Legal and Compliance functions, who are also key partners in the RCSA process
- Changes in the regulatory environment that are of importance also for Allianz SE as a whole are monitored by relevant departments at Allianz SE level

C.5.2 Reporting Risk

Reporting risk relates to the risk of misstatements in financial and regulatory filings. These risks are assessed on a materiality basis, and through the RCSA process it is ensured that the required controls are in place to ensure accuracy and completeness of the reported figures.

C.5.3 IT Risk

The IT Risk Management framework has been further integrated in the IRCS framework. This new IT Risk Management approach within IRCS has a more granular scope due to the alignment with COBIT 5 control objectives (worldwide standardized framework for governance and management of enterprise IT), which is also adopted by Allianz Technology.

Several cyber crime events have occurred over the past year, in particular ransomware attacks, on companies and public institutions. Although Allianz has not been under attack itself, those events indicate a rise in externally triggered IT risks.

C.5.4 Other Operational Risks

In addition to the Legal & Compliance, Reporting and IT risks, there are remaining operational risks. These relate to a broad range of topics, from business continuity and internal/external fraud to employee safety. Monitoring and managing of these risks is supported across the organization, for example by the departments Protection & Resilience, Compliance and HR.

C.6 Stress testing and sensitivity analysis

In order to determine AzBNL's sensitivity towards the risks described above, a number of stress scenarios are considered. The following table provides some important sensitivities.

2021 solvency ratio (based PD20 projection)		149%	
Scenarios		SII ratio after stress	Δ on SII ratio
S1	EQ -30% and IR -100bp	119%	-30%
S2	EQ -30% and IR +100bp	137%	-12%
S3	Spread up (rating specific)	112%	-37%
S4	Insurance loss	135%	-14%

It shows that spread widening has the strongest adverse effect of them on the Solvency II ratio. This aligns with the explanation given in section C.2.3 regarding the suboptimal effect of the Volatility Adjustemt.

C.7 Any other information

Diversification is key to our business model. Diversification helps us to manage our risks effectively by limiting the economic impact of any single event. The degree to which the diversification effect can be realized depends not only on the correlation between risks categories, but also on the relative concentration level of those risks. Therefore, our aim is to maintain a balanced risk profile without any disproportionately large risks.

Within the individual risk categories, supplementary approaches are used to limit concentration risks:

- Bottom-up process for controlling the asset allocation including leeways. In this way exposure to each asset class is restricted.
- Allianz Benelux as a cross-border composite company allows for strategic diversification of insurance risks: between Life, Non-Life and Health business, geographically between the three countries and also between different types of products.
- Allianz Group has designed a system to manage counterparty concentrations relating to credit and equity exposures on a group-consistent basis.

D VALUATION OF ASSETS AND OTHER LIABILITIES AND VALUATION OF TECHNICAL PROVISIONS

D.1 Valuation for Solvency purposes

The COVID-19 subsequent event will have in 2020 a potential impact on the value of major investment categories and on the value of provisions and liabilities. The focus is on technical provisions for AZ Benelux SA. However The COVID-19 event will not have any impact on the valuation rules.

D.1.1 Scope

The Directive relating to Solvency II regulations is applicable to direct life and non-life insurance undertakings as well as reinsurance undertakings which are established in the European Economic Area (EEA)⁸² or which wish to become established here.

Market Value Balance Sheet (MVBS) and Own Funds information have to be collected both for Solo and for Group regulatory reporting.

AZ Benelux is not considered as Group and therefore only a Solo reporting is required.

AZ Benelux SII reporting comprises:

- Life activities (Belgium and Netherlands)
- Health activities (Belgium , Netherlands and Luxembourg)
- Non-Life activities (Belgium, Netherlands and Luxembourg).

D.1.2 Reconciliation of differences between Local GAAP and MVBS

The Narrative Report includes the MVBS and Own Funds and requires, among other things, a comparison of MVBS and statutory figures (Belgian accounting standards). Therefore, for the Allianz Benelux, any differences between Local Gaap and MVBS figures need to be explained.

In order to compare Local Gaap and MVBS figures, the original Local Gaap data needs to be remapped to the MVBS line-item structure.

The following table provides an overview.

Table 1 : Reconciliation between IFRS and Sovlency II

	Solvency II value (MVBS)	Statutory accounts value re-mapped to MVBS line	MVBS adjustments
Assets 31 12 2020			
Goodwill		11	-11
Deferred acquisition costs		2	-2
Intangible assets	0	75	-75
Property, plant & equipment held for own use	141	120	21
Investments (other than assets held for index-linked and unit-linked contracts)	13.351	10.459	2.892
Property (other than for own use)	172	115	57
Holdings in related undertakings, including participations	545	287	258
Equities	338	306	32
Equities - listed	331	298	33
Equities - unlisted	7	7	0
Bonds	10.934	8.478	2.456
Government Bonds	7.879	5.693	2.186
Corporate Bonds	3.055	2.785	270
Collective Investments Undertakings	1.340	1.269	71
Derivatives	22	5	17
Other investments	0	0	0
Assets held for index-linked and unit-linked contracts	5.518	5.518	0
Loans and mortgages	4.936	4.406	530
Loans on policies	779	640	139
Loans and mortgages to individuals	2.956	2.703	253
Other loans and mortgages	1.201	1.064	137
Reinsurance recoverables from:	735	816	-81
Non-life and health similar to non-life	673	742	-69
Non-life excluding health	662	728	-66
Health similar to non-life	11	14	-3
Life and health similar to life, excluding health and index-linked and unit-linked	67	74	-7
Health similar to life	64	54	10
Life excluding health and index-linked and unit-linked	3	21	-18
Life index-linked and unit-linked	-6	0	-6
Deposits to cedants	1	1	0
Insurance and intermediaries receivables	179	197	-18
Reinsurance receivables	28	67	-39
Receivables (trade, not insurance)	164	164	0
Cash and cash equivalents	174	174	0
Any other assets, not elsewhere shown	6	2	4
Total assets	25.234	22.015	3.219

a.	Goodwill	Goodwill is an intangible asset that arises as the result of a business combination and that represents the economic value of assets that cannot be individually identified or separately recognized in a business combination. Under local gaap, goodwill acquired in a business combination is recognized and amortized while no goodwill is recognized under MVBS.
b.	Deferred acquisition costs	Deferred acquisition costs are acquisition costs relating to contracts in force at the balance sheet date which are carried forward from one reporting period to subsequent reporting periods, relating to the unexpired periods of risks. In relation to life insurance business,

		<p>acquisition costs are deferred when it is probable that they will be recovered.</p> <p>Cash flows relating to deferred acquisition costs are included in the best estimate of the technical provisions in the MVBS and are not recognized separately on the asset side. Therefore, the MVBS does not contain an asset for deferred acquisition costs. For further details, please refer to the section on “technical provisions”.</p> <p>DAC in the Local Gaap corresponds to the unearned commission in the P&C activity.</p> <p>In Life, no DAC are recognized under local GAAP.</p>
c.	Intangible assets	<p>This line item includes intangible assets other than goodwill. Intangible assets are non-monetary assets without physical substance. They are only recognized in the MVBS when they are separable and there is evidence of exchange transactions for the same or similar assets, indicating it is saleable in the market place. They are measured at fair value with their market price.</p> <p>The difference between Local Gaap and MVBS relates to a valuation difference between the carrying amount recognized in Local Gaap and the fair value recognized in the MVBS (which is 0).</p>
d.	Deferred tax assets	<p>Deferred tax assets are the amounts of income tax recoverables in future periods with respect to deductible temporary differences, tax losses and tax credits.</p> <p>Deferred taxes – except deferred tax assets arising from the carry forward of unused tax losses or unused tax credits – are valued on the basis of the difference between</p> <ul style="list-style-type: none"> • the values ascribed to assets and liabilities recognized and valued in accordance with the Solvency II Directive, and • the values ascribed to assets and liabilities as recognized and valued for tax purposes. <p>Deferred taxes are recognized and valued in relation to all assets and liabilities that are recognized for Solvency II or for tax purposes.</p> <p>Temporary differences between the Solvency II value of the assets and liabilities and their corresponding tax base as defined in IAS 12 are assessed consistently on a single asset or liability basis. The deferred tax calculation takes into account the tax regulations specific to particular assets and liabilities in the applicable tax regime.</p> <p>In case of DTA the availability of probable future taxable profit against which the deferred tax asset can be used has to be demonstrated.</p>

		The delta of DTA in MVBS relates to deferred taxes on temporary differences mainly resulting from revaluation adjustments of technical provisions and intangibles.
e.	Property, plant and equipment	<p>Property, plant and equipment held for own use includes tangible assets which are intended for permanent use and property held by the group for own use. It also includes property for own use under construction. Property, plant and equipment is measured at fair value.</p> <p>The fair value is mainly determined based on the income approach or, in some cases, on the market approach using market prices of comparable assets in markets which are not active. The fair values are either calculated internally and validated by external experts or derived from expert appraisals with internal controls in place to monitor these valuations.</p> <p>The difference of between Local Gaap and MVBS values is due to the different measurement basis. Property, plant and equipment is measured at amortized cost under Local Gaap while it is included at fair value in the MVBS.</p>
f.	Property	<p>Property (other than for own use) includes property other than for own use. Investment property is measured at fair value.</p> <p>The fair value is mainly determined based on the income approach or, in some cases, on the market approach using market prices of comparable assets in markets which are not active. The fair values are either calculated internally and validated by external experts or derived from expert appraisals with internal controls in place to monitor these valuations.</p> <p>The difference between Local Gaap and MVBS values is due to the different measurement basis. Investment property is measured at amortized cost under Local Gaap while it is included at fair value in the MVBS.</p>
g.	Holdings related undertakings, including participations	<p>The participation value is based on the undertaking's share of the excess of assets over liabilities of the related undertaking's MVBS (adjusted equity method).</p> <p>When calculating the participation value for undertakings other than insurance or reinsurance, and where the use of quoted market prices or the adjusted equity method is not practicable, the equity method can be used instead, i.e. the participation value is based on the undertaking's share of the excess of assets over liabilities of the related undertaking's IFRS balance sheet (where goodwill and other intangible assets are valued at zero).</p> <p>Private equity investments are measured at fair value in the MVBS according to the industry-specific valuation methods.</p> <p>Participations also include investments in associated entities and joint ventures. Those investments are measured at quoted market prices in active markets, if available. If there is no quoted market price, the investments are included as follows:</p> <ul style="list-style-type: none"> • If the associate is an insurance company, the adjusted equity method is applied. If this is not possible, a mark-to-model approach is used. • If the associate is not an insurance company, the adjusted equity method or equity method is applied. If this is not possible, a mark-to-model approach is used.

		The mark-to-model approach is typically based on the market approach using market multiples derived from a set of comparable as the valuation technique and on an income approach using a discounted cash flow method or net asset values as provided by third-party vendors.
<i>h.</i>	Equities	<p>Equities include listed and unlisted equities, i.e., shares representing corporations' capital, e.g., representing ownership in a corporation, listed on a public stock exchange.</p> <p>The fair value of equities is mainly determined by market prices. If no quoted prices in active markets are available the fair value is in general determined using the market or the income approach. Primary inputs to the market approach are quoted prices for comparable assets in active markets. In cases where a fair value is not available for these assets and cannot be determined, the Local Gaap values are taken over in the MVBS.</p>
<i>i.</i>	Bonds	<p>This category includes government and corporate bonds as well as collateralized securities.</p> <p>Government bonds are bonds issued by public authorities, e.g., central governments, supra-national government institutions, regional governments or municipal governments. Corporate bonds include bonds issued by corporations and covered bonds which are backed by cash flows from mortgages or public sector loans. Collateralized securities comprise securities whose value and payments are derived from a portfolio of underlying assets. They mainly include Asset Backed Securities (ABS) and Mortgage Backed Securities (MBS). Under Local Gaap, bonds are accounted for at acquisition amortized cost decreased when necessary by impairments. For MVBS purposes, bonds as defined in IAS 39 are valued at fair value.</p> <p>The fair value is mainly determined using the market and the income approach. Primary inputs to the market approach are quoted prices for identical or comparable assets in active markets. The income approach in most cases means a present value technique where either the cash flow or the discount curve is adjusted to reflect credit risk and liquidity risk.</p>
<i>j.</i>	Investment Funds	<p>Investment Funds are defined as undertakings for collective investment in transferable securities or an alternative investment fund.</p> <p>Investment Funds mainly include stock funds, debt funds, real estate funds and private equity funds.</p> <p>Under Local Gaap, investments funds are accounted for at acquisition cost decreased when necessary by impairments. For MVBS purposes, all financial assets as defined in IAS 39 are valued at fair value.</p> <p>The fair value of Investment Funds is determined by market prices or mark-to-model depending on whether quoted prices in active markets are available. The fair value for collective investment undertakings is mainly determined by quoted market prices.</p>

<i>k.</i>	Derivatives	<p>Derivatives are financial instruments that have values based on the expected future price movements of the assets to which they are linked. Derivatives with positive values are reported on the asset side.</p> <p>Under Local Gaap, the derivatives are registered at lower of cost or market, while under MVBS at fair value.</p> <p>The fair value is mainly determined based on the income approach using present value techniques and the Black-Scholes-Merton model. Primary inputs to the valuation include volatilities, interest rates, yield curves, and foreign exchange rates observable at commonly quoted intervals.</p> <p>The difference between Local Gaap and MVBS values comes mainly from forward transactions on bonds.</p>
<i>l.</i>	Deposits other than cash equivalents	<p>Deposits other than cash equivalents include deposits other than transferable deposits, i.e., they cannot be used to make payments at any time and they are not exchangeable for currency or transferable deposits without any kind of significant restriction or penalty. Those short-term investments are measured at nominal amount as the nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles.</p> <p>There is no difference between Local Gaap and MVBS values.</p>
<i>m.</i>	Other investments	<p>Other investments include investments not covered by positions of investments indicated above.</p> <p>There is no difference between Local Gaap and MVBS values.</p>
<i>n.</i>	Assets held for index-linked and unit-linked funds	<p>Assets held for index-linked and unit-linked funds are defined as assets held for insurance products where the policyholder bears the risk. Index-linked and unit-linked assets are measured at fair value. The fair value for assets held for index-linked and unit-linked funds is mainly determined by market prices.</p> <p>There is no difference between Local Gaap and MVBS values as both Local Gaap and MVBS measure Assets held for index-linked and unit-linked funds at fair value.</p>
<i>o.</i>	Loans and mortgages	<p>Loans and mortgages include “loans and mortgages to individuals”, “other loans” and “mortgages and loans on policies”. Loans and mortgages are financial assets created when creditors lend funds to debtors, with or without collateral, including cash pools. Loans on policies are loans made to policyholders that are collateralized by policies.</p> <ul style="list-style-type: none"> • The risk-free interest rate curve used is the SWAP curve • Taking into account the cost of financing mortgages has been harmonized between Belgium and the Netherlands. Only the method based on the “Net Present Value” is applied. <p>The difference between Local Gaap and MVBS values results from the different measurement basis. Loans and mortgages to</p>

		<p>individuals, other loans and mortgages and loans on policies are mainly measured at amortized cost less impairments on individual basis under Local Gaap while they are measured at their fair value in the MVBS.</p>
<i>p.</i>	Reinsurance recoverables	<p>The reinsurance recoverables of AZ Benelux are in:</p> <p style="text-align: center;">NON-LIFE</p> <p>The amounts recoverable from reinsurance contracts are calculated consistently with the boundaries of the underlying insurance or reinsurance contracts to which they relate.</p> <p>The calculation of reinsurance recoverables leads either to the recognition of reinsurance recoverables calculated as a whole or the best estimate for the reinsurance recoverable. No RM is reported in the section of the reinsurance recoverable as the RM recognized within the technical provisions is already net of reinsurance. In addition, a credit default adjustment (CDA) is calculated.</p> <p>The time difference between recoveries and direct payments should be taken into account when calculating the reinsurance recoverables.</p> <p>For the purpose of calculating the amounts recoverable from reinsurance contracts, the cash-flows shall only include payments in relation to compensation of insurance events and unsettled insurance claims. Payments in relation to other events or settled insurance claims shall be accounted for outside the amounts recoverable from reinsurance contracts and other elements of the technical provisions.</p> <p>Cash in-flows include:</p> <ul style="list-style-type: none"> • recoverables from reinsurance contracts for claims payments or benefits and recoverables for related expenses, and • reinsurance commission and profit participation as specified in individual reinsurance contracts. <p>Cash out-flows include:</p> <ul style="list-style-type: none"> • future premiums for reinsurance contracts, and • interest on reinsurance deposits (if applicable). <p>The result from the calculation of reinsurance recoverables is adjusted to take into account the expected losses due to default of the counterparty. That adjustment shall be based on an assessment of the probability of default of the counterparty and the average loss resulting therefrom (loss-given-default).</p> <p>The calculation of CDA involves three conceptual steps:</p> <ul style="list-style-type: none"> • the estimation of inputs (e.g., best estimate of reinsurance recoverables, duration of the amounts, recovery rate – in

		<p>case a simplification is applied the parameters for recovery rate and the treatment of collaterals are provided centrally),</p> <ul style="list-style-type: none"> parameters provided by the Allianz Group (reinsurance rating and probability of default within the next 12 months, recovery rate used for simplification (50 %) – collaterals are not considered), and the calculation of CDA. <p>The Group Reserving Guidance explicitly requires AZ Benelux Actuarial Function to test assumptions for the usage of the simplification and to deviate from the simplifications in case these are not appropriate.</p> <p style="text-align: center;">LIFE</p> <p>The amounts recoverable from reinsurance contracts are calculated consistently with the boundaries of the underlying insurance or reinsurance contracts to which they relate.</p> <p>The calculation of reinsurance recoverables leads either to the recognition of reinsurance recoverables calculated as a whole or the best estimate for the reinsurance recoverable. No RM is reported in the section of the reinsurance recoverables as the RM recognized within the technical provisions is already net of reinsurance. In addition, a credit default adjustment (CDA) is calculated. The best estimate of technical provisions has to be calculated gross, i.e., amounts recoverable from reinsurance contracts are not deducted.</p> <p>Cash in-flows include recoverables from reinsurance contracts for claims payments or benefits and recoverable related expenses.</p> <p>Cash out-flows include future premiums for reinsurance contracts.</p> <p>The result from the calculation of reinsurance recoverables is adjusted to take into account expected losses due to default of the counterparty. That adjustment is based on an assessment of the probability of default of the counterparty and the average loss resulting therefrom (loss-given-default).</p> <p>The calculation of CDA involves three conceptual steps:</p> <ul style="list-style-type: none"> local estimation of inputs (e.g., reinsurance recoverables, duration), gather centrally provided parameters (reinsurance rating and probability of default), and local calculation of CDA. <p>In AZ Benelux, Counterparty Default Adjustment is totally negligible. Indeed, the impact of reinsurance is anyhow very small. Moreover, we have high quality re-insurers, having very small default probabilities.</p>
q.	Deposits to cedants	<p>Deposits to cedants include deposits relating to reinsurance accepted. Deposits to cedants are measured at fair value.</p>

		No differences between the Local Gaap and the MVBS valuation.
<i>r.</i>	Insurance and intermediaries receivables	<p>Insurance and intermediaries receivables include amounts past-due by policyholders, insurers, and others participating in the insurance business that are not included in cash inflows of technical provisions.</p> <p>Receivables from insurance and intermediaries are generally measured at their nominal amount with an adjustment for the probability of default of the counterparty. The nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles.</p> <p>Therefore, insurance and intermediaries of receivables are measured at nominal value with an adjustment for probability default for counterparty in Local Gaap.</p> <p>There is no difference between Local Gaap and MVBS values as the respective assets are measured at their nominal values.</p>
<i>s.</i>	Reinsurance receivables	<p>Reinsurance receivables include amounts past-due by reinsurers that are linked to the reinsurance business but that are not reinsurance recoverables. They might include receivables from reinsurers that relate to settled claims of policyholders or beneficiaries, payments in relation to other than insurance events or settled insurance claims. Reinsurance receivables are generally measured at their nominal amount with an adjustment for the probability of default of the counterparty. The nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles.</p> <p>Therefore, reinsurance of receivables are measured at nominal value with an adjustment for probability of default counterparty under under Local Gaap and MVBS.</p> <p>There is no difference between Local Gaap and MVBS values as the respective assets are measured at their nominal values.</p>
<i>t.</i>	Receivables (Trade, not insurance)	<p>Receivables (trade, not insurance) include amounts receivable from employees or various business partners and are not insurance-related. They also include amounts receivable from public entities. Receivables (trade, not insurance) are generally measured at their nominal amount with an adjustment for probability of default of counterparty. The nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles.</p> <p>Therefore, receivables (trade, not insurance) are measured at nominal value with an adjustment for probability of default for counterparty risk under Local Gaap and MVBS, unless the market value deviates materially from the adjusted nominal value.</p>

		<p>There is no difference between Local Gaap and MVBS values as the respective assets are measured at their nominal values.</p> <p>However the difference can be explained by the amounts on the suspense accounts for the several composite companies for which a similar amount can be found on the other liabilities.</p>
u.	Cash and Cash equivalents	<p>Cash and cash equivalents include notes and coins in circulation that are commonly used to make payments, and deposits exchangeable for currency on demand at par and which are directly usable for making payments by cheque, draft, giro order, direct debit/credit or other direct payment facility without penalty or restriction. Cash and cash equivalents are measured at nominal amount with, if necessary, an adjustment for probability of default of counterparty. The nominal value is considered as a good proxy for the fair value within the materiality and proportionality principles. There is no difference between Local Gaap and MVBS values as the respective assets are measured at their nominal values.</p>
v.	Any other assets, not elsewhere shown	<p>Any other assets, not elsewhere shown include any assets that are not included in the other balance sheet items. It includes mainly deferred charges but also assets.</p> <p>There is no difference between Local Gaap and MVBS values as the respective assets are measured at their nominal values.</p>

D.3 Valuation of technical provisions – Non-life

D.3.1 Technical provisions per Super-LoB

Liabilities 31 12 2020

Technical provisions – non-life
Technical provisions – non-life (excluding health)
Best Estimate
Risk margin
Technical provisions - health (similar to non-life)
Best Estimate
Risk margin

Solvency II value (MVBS)	Statutory accounts value re-mapped to MVBS line	MVBS adjustments
2.121	2.289	-168
1.962	2.086	-124
1.875		
87		
160	202	-42
136		
23		

The following table shows the consolidated MVBS technical provisions on Aggregated-LoB basis for all OEs in scope.

Table 2: Non-life – Consolidated MVBS technical provisions on Super-LoB basis

The valuation rules for the technical provisions under Local Gaap are defined to a large extent on the current prudential rules for the calculation of the technical provisions as defined in various laws and Royal Decrees, circulars and communications. Article 16 of the law of 9 July 1975 regarding the supervision of insurance companies and article 20 of the law of 16 February 2009 on reinsurance forms the legal basis for the method of calculation and the amount of the technical provisions.

D.3.2 Description of the basis for the valuation of Best Estimate Liabilities and Risk Margin

The technical provisions correspond to the current amount that Allianz would have to pay if it was to transfer its (re)insurance obligations immediately to another (re)insurance undertaking. The calculation of technical provisions equals the sum of Best Estimate Liabilities and a Risk Margin, which are calculated separately.

D.3.3 Best Estimate Liabilities (BEL)

- The BEL are defined as the probability-weighted average of the future cash flows, taking into account the time value of money (expected value of future cash flows), using the relevant risk-free interest rate term structure.
- The calculation of the BEL is based on 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 BEL takes account of all the cash inflows and cash outflows required to settle the insurance and reinsurance obligations over the lifetime thereof, including future claims, future expenses (maintenance, servicing, overhead, commission, investment management), future premiums (contracted premiums). BEL comprise claims provisions and premium provisions.
- The calculation is gross without deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles. These amounts are calculated separately.

The claims provisions consider the full range of future events and includes low probability and extreme events (“low frequency, high severity”), i.e., latent claims and “binary events”. The BEL represents the mean of the cash flows, this includes the best estimate of claims reserves including salvage and subrogation and loss adjustment expenses and the best estimates of premium provisions.

The BEL for non-life and health (similar to non-life) insurance obligations are calculated separately for the claims provisions and for the premium provisions. Thereby, the premium provisions relate to future expected claim events covered by (re)insurance obligations falling within the contract boundary. The best estimate of the premium provision is defined as the expected present value of future inand out-going cash flows including, e.g., future premium payments, future claims, future expenses etc. It follows from the definition that in some cases, the resulting premium provision might lead to a negative provision, i.e. an asset.

The claims provisions relates to claim events that have already occurred, regardless of whether the claims arising from these events have been reported or not. Cash flow projections for the calculation of the provisions for claims outstanding include benefits, expenses and premiums relating to these events. For discounting, the relevant risk-free interest rate for the term (i.e. currency specific swap-rate curve with volatility adjustment) is used.

A contract is recognised at the earlier of the date the undertaking becomes a party to the contract or the date the insurance cover begins. The contract boundary is the point in time in which the insurer has the unilateral right to terminate the contract, amend the premium or reject the premium under the contract.

In case it is not possible to measure with a reasonable accuracy the point in time where a party is bound to the contract and given the business is profitable at a portfolio level, the recognition of a contract might be defined as the earlier of the in-force date or when the premium is received for a portfolio of contracts. This avoids an understatement of technical provisions and hence is appropriate according to the proportionality principle.

D.4 Actuarial methodologies and assumptions

D.4.1 Proportionality

The Actuarial Function ensures that the technical provisions are determined by using data, assumptions and methods that are proportionate to the risk profile of the legal entity, taking into account the nature, scale and complexity of the risks. The principle of proportionality means that legal entities are allowed to choose and apply a valuation method which is

- suitable to achieve the objective of deriving BEL, but
- not more sophisticated than is needed in order to reach this objective.

This does, however, not mean that an application of the principle of proportionality is restricted to smaller legal entities, nor does it mean that size is the only relevant factor when the principle is considered. Instead, the individual risk profile is the primary guide in assessing the need to apply the proportionality principle.

D.4.2 Materiality

Each Actuarial Function establishes a level of materiality concept appropriate for reserving and consistent for the purposes of using it under IFRS and Solvency II in the MVBS, which enables informed decisions on each aspect of the reserving process in assessing the potential for a material misstatement of technical provisions. Therefore, the concept of materiality is applied to the scope definition, valuation method, reserving assumptions and data quality. Levels of materiality are different from legal entity to legal entity and on OE or the Group level. However, it is aligned with the materiality concept of the overall closing framework to achieve consistency within the legal entity, the OE and the Group. Where the Actuarial Functions have carried out a limited reserving assessment on the grounds of immateriality, the rationale is clearly articulated within the respective actuarial report.

D.4.3 Risk Margin (RM)

The RM is calculated on the basis of the formula provided by EIOPA, where it is defined as the cost of capital rate times the sum of discounted Solvency Capital Requirements (SCR) using the risk-free rate (including volatility adjustment) for the respective maturity. Group entities calculating the SCR using the Allianz internal model base the calculation of the RM on the internal model SCR. For standard model only legal entities the risk margin is based on the standard formula SCR. Diversification between lines of business is taken into account. The required cost of capital rate for the RM calculation is based on the EIOPA definition.

The local Actuarial Function has to take on responsibility for the RM. Deviations from the general approach are allowed where necessary. The selected approach needs to be documented (and justified) and the appropriateness of the underlying assumptions and simplifications have to be justified and documented. Simplifications should always be applied carefully. Appropriate judgment and expertise has to be applied by the local Actuarial Function for example to consider whether or not the maturity and run-off pattern of the obligations (gross and net) are appropriately taken into account or whether or not the composition of the underwriting risk (sub-)categories are appropriately reflected over the years.

The calculation of the RM can be simplified using a roll-forward at interim quarters to avoid iterative closing processes if and only if the premium provision is stable at interim quarters.

D.5 Simplifications

D.5.1 Expert judgment

Valuation of technical provisions is a process which requires expert judgment in a number of areas, for example, regarding the credibility assigned to historical data, to which extent reliance should be placed on prospective models and the requirement to consider uncertainty in the estimation. Regardless of the technique, judgment is required in making additions or adjustments to the estimates to allow for circumstances not included in the history that need to be incorporated in the BEL (for example binary events). Hence, expert judgment is not dissociated from any task performed by the Actuarial Function. Its role is expressed in complementing the statistical analysis performed, in the interpretation of the results and in the identification of a solution in the presence of shortcomings. As part of the analysis, the actuary shows the appropriateness of the expert judgment to avoid biased estimates that either over or underestimate the true underlying risk. However, expert judgment is not applied in isolation unless there is no reliable alternative, for example because of a scarcity of relevant data.

Where an assumption depends on expert judgment, this shall be applied by person(s) with the relevant knowledge, understanding and comprehension of the subject.

D.5.2 Ceded claims provisions

In normal circumstances, the claims provision analysis is done separately for gross and ceded. This direct approach depends on the availability of appropriate ceded data. Changing reinsurance programs as well as sparse data might make it difficult.

However, simplification can be employed to enable a net analysis to be done in the following ways:

An indirect approach is based on the difference between gross and net estimates. This approach is possible where appropriate net data are available.

An even simpler approach is based on gross-to-net ratios. In this case benchmarks ratios are used.

The third approach is to consider only case reserves for the ceded best estimates.

In cases where simplifications are used, the Actuarial Function demonstrates and validates the reasonableness of the approach.

D.5.3 Counterparty default adjustment

In our calculation, we are considering the risk-mitigation effect of reinsurance even though the risk of the counterparties' default remains. This is considered separately and an adjustment is made to the reinsurance recoveries accordingly. Based on the former calculation, the Counterparty default adjustment at Group level is small compared to the amount of ceded reserves. Taking proportionality and materiality into consideration, the following simplifications are also used with regard to the granularity of the calculation:

- Although, the Counterparty default adjustment needs to be calculated based on the discounted best estimate liabilities, the simplification is to calculate the nominal best estimate without discounting, depending on the size of the Counterparty default adjustment. This approach is then considered to be conservative in a normal interest rate environment.
- It is usually necessary to perform the calculation by counterparties, reserving segments and accident years. However, simplification can be applied by calculating on an aggregated level, e.g. by counterparties with the same probability of default, segments or accident years can be combined in one calculation. If an aggregated amount is calculated, it can be split into the appropriate segments at a later stage to meet reporting requirements.

D.5.4 Methods

The methods used are appropriate for the nature and complexity of the risks. Some aspects (but not limited to) that are considered are as follow:

- the type of business being valued,
- the maturity of the business,
- the OE's environment,
- relevant industry practice, and
- the particular circumstances of the OE

- In the analysis of the claim experience, the following aspects (but not limited to) are considered:
- claim frequency,
- claim severity,
- pattern of claim occurrence (or seasonality),
- development of reporting of claims,
- development of claim settlement or finalization,
- development of claim payments,
- development of incurred losses,
- incidence and development of large claims, and
- potential impact of catastrophes.
- Diagnostics are also used to help identify potential trends and/or anomalies in the data :
- closed claim count/reported claim count,
- paid loss/incurred loss,
- paid loss/closed claim count,
- incurred loss/reported claim count,
- outstanding case reserves/open claim count,
- incurred loss/earned premium,
- residual plots (a comparison of actual data values versus predicted data values),
- average premium rates, and
- any contractual options and financial guarantees embedded in the contracts should be identified and analyzed.

D.5.5 Estimation in special cases

The section above might not be applicable for special types of business or claims where standard methods are not appropriate. Hence, alternative methodologies tailored to the individual characteristics are considered. When such alternative methodologies are employed, the rationale for the selected approach, methodology, potential validation and back testing are documented. Binary events and qualitative adjustments are examples where such documentation is requested.

In the following sections some unique characteristics of the special types of business/claims are explained:

D.5.6 Annuities

Annuities-like claims are exhibiting characteristics of life-like claims as they are affected by mortality, legislative changes and revision risks. Before claims are officially recognized as an annuity, the claims estimate is being set up using non-life techniques. Only after the annuity is officially recognized, the mentioned life-like risk drivers can be considered in the evaluation and selected methods.

D.5.7 Asbestos and other latent claims

Due to the long latency of asbestos claims, methods projecting the future cost of claims based on the triangulation of reported claims and claim payments to date do not yield reasonable results. There are a number of different methodologies that are common to model this claim type including exposure based models and industry aggregate claims models.

Allianz Group has adapted an exposure model developed by the U.K. Asbestos Working Party that caters to the special characteristics of asbestos claims. The model makes explicit assumptions about asbestos exposures in a given country, and the mechanism producing insured claims from this exposure. Allianz has sourced statistics backing the assumptions for a number of countries from industry publications, research articles and conferences. This information is then periodically updated in order for Allianz to stay apprised of emerging development of asbestos liabilities.

D.5.8 Discounting and cash flow of technical provisions

To evaluate the market value of technical provisions, cash flow patterns, discounted loss and premium provisions and risk margins have to be calculated.

The estimates of technical provisions for the MVBS and best estimate used in the risk capital model have to be consistent. Therefore, identical cash flow patterns and risk-free yield curves are used.

For cash flow projections the in-coming and out-going cash flows (including expenses) required to settle the insurance obligations have to be considered. It is necessary to consider the currency of the cash flows unless the concept of proportionality applies.

If benchmarks for cash flow patterns are used, the time lags in the patterns between direct, assumed and ceded (especially non-proportional) business are taken into account.

The estimate of a market value requires discounting. For discounting the relevant interest rate for the term is used. To avoid inconsistencies, the yield curves are taken from one single source. The official yield curve to be used

The unwind of discount is considered. As discounting is applied to future cash payments to arrive at a present value for the technical provisions, it becomes necessary to unwind that discount for each successive period to arrive at the undiscounted value at the date of payment.

D.5.9 Inappropriate data quality

In case there is insufficient data of appropriate quality to apply, reliable actuarial method appropriate approximations for the BEL calculation can be used, provided:

- the data insufficiency is not due to inadequate internal processes and procedures of collecting, storing or validating data used for the valuation of technical provisions,
- there is no relevant external data which could be used to enhance the quality of the available data, and
- it would not be practical to adjust the data to remedy the insufficiency.

D.5.10 Material changes

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

D.6 Valuation of technical provisions – Life

D.6.1 Technical provisions per Aggregated-LoBs

Liabilities 31 12 2020

Technical provisions - life (excluding index-linked and unit-linked)	
Technical provisions - health (similar to life)	
Best Estimate	
Risk margin	
Technical provisions – life (excluding health and index-linked and unit-linked)	
Best Estimate	
Risk margin	
Technical provisions – index-linked and unit-linked	
Best Estimate	
Risk margin	

Solvency II value (MVBS)	Statutory accounts value re-mapped to MVBS line	MVBS adjustments
14.420	12.004	2.416
1.471	1.123	348
1.387		
82		
12.949	10.881	2.068
12.835		
114		
5.388	5.518	-130
5.323		
65		

The following table shows the consolidated MVBS technical provisions on Aggregated-LoB basis for all OEs in scope.

Table 3: Life – Consolidated MVBS technical provisions on Super-LoB basis

D.6.2 Description of the basis for the valuation of Best Estimate Liabilities and Risk Margin

Allianz Group requires technical provisions to be calculated for its life companies according to Article 76 and 77 of the Solvency II Directive 2009/138/EC in order for technical provisions to be disclosed as part of a MVBS.

The technical provisions correspond to the current amount that Allianz would have to pay if it was to transfer its (re)insurance obligations immediately to another (re)insurance undertaking. The calculation of technical provisions equals the sum of Best Estimate Liabilities and a Risk Margin, which are calculated separately.

the local Actuarial Function, inter alia, takes into account the following characteristics:

- the degree of homogeneity of the risks,
- the variety of different sub-risks or risk components of which the risk is comprised,
- the way in which these sub-risks are interrelated with one another,
- the level of uncertainty i.e. the extent to which future cash flows can be predicted,
- the nature of the occurrence or crystallization of the risk in terms of frequency and severity,
- the type of the development of claims payments over time,
- the extent of potential policyholder loss, including the tail of the claims distribution,
- the type of business from which the risks originate (e.g. direct business or reinsurance business),
- the degree of correlation between different risk types, including the tail of the risk distribution, and
- any risk mitigation instruments applied, and their impact on the underlying risk profile.

The local Actuarial Function identifies and use an interpretation of scale which is best suited to the specific circumstances of the OE and to the risk profile of its portfolio. Nevertheless, the assessment of scale should lead to an objective and reliable assessment.

D.6.3 Best Estimate Liabilities (BEL)

The BEL are calculated for all in-force policies at the valuation date. The BEL represents the value of discounted cash flows that emerge over the term of the policy. The cash flow projection used in the calculation takes account of all the cash inflows and cash outflows required to settle the insurance and reinsurance obligations over the lifetime thereof, including:

- future benefits – maturity values, annuity payments, claims, surrender values,
- future expenses – maintenance, servicing, overhead, commission, investment management, and
- future premiums – contracted premiums.

All future amounts are discounted to the valuation date at the valuation discount rate.

Generally, simplifications or approximations must not result in an error of more than 5 % in the results of the calculation. Appropriate simplified methods could be IFRS reserve or local statutory reserve.

All options and guarantees (O&G) are evaluated and included in the BEL subject to a materiality assessment.

Best estimate assumptions regarding policyholder behavior on the take up of contractual options, as well as lapse or surrender, are based on current and credible information. The assumptions take account, either explicitly or implicitly, of the impact that future changes in financial and non-financial conditions may have on the exercise of those options.

D.6.4 Risk Margin (RM)

The market value of liabilities is defined as the discounted best estimate liabilities plus a Risk Margin (RM), representing the cost of capital to run-off the business until final settlement. Therefore, the RM is the cost of holding the necessary capital in excess of the BEL. In other words, at the time the balance sheet is drawn up, all contractual obligations are carried at their expected value (discounted for time value) plus the RM.

In accordance with Solvency II, an allowance for the cost of holding non-hedgeable risk capital is required. No RM is required for hedgeable financial risks as these are transferred through the capital markets. RM is required for non-hedgeable risks – the financial risks other than interest rate risks as well as insurance and operational risks that cannot be transferred through the capital markets.

The cost of capital is the expected cost of transferring the non-hedgeable financial, insurance and operational risks to another insurer or reinsurer and other market participants.

The non-hedgeable SCR consists of the SCR for insurance and operational risks plus the SCR for non-hedgeable financial risks. It includes for example maintenance and inflation expenses.

At Allianz Group, credit risk with respect to reinsurers is assumed to be fully hedgeable and is, therefore, excluded from the calculation of the RM.

Appropriate diversification benefits between Lines of Business (LoB) are reflected in the calculation of RM at the reporting entity level. It is noted, that diversification between Life and non-life LoB is not allowed under Solvency II.

For calculating the cost of holding the non-hedgeable SCR, it is necessary to project the non-hedgeable SCR over the whole projection period, apply diversification and then compute the present value of a cost of capital (CoC) charge on the projected capital. The following steps describe the calculation:

1. Obtain stand-alone life underwriting capital by risk type.
2. Obtain stand-alone operational risk, lapse and cost risk capital.
3. In the case of a composite company, meaning that it sells a mix of life and non-life business, operational risk, lapse and cost risk capital need to be allocated between life and non-life. Capital allocation between life and non-life can be done proportionally based on BEL.
4. Each capital amount obtained in (1.) and (2.) above needs to be projected using an appropriate driver. Note that the driver does not have to be the same for each risk type and each OE is responsible for determining appropriate drivers to use.
5. Multiply projected capital by the CoC and calculate the present value to get the standalone un-diversified margins by risk type. Article 39 of Delegated Regulation (EU) 2015/35 prescribes the CoC to be 6 % – the additional rate, above the relevant risk-free interest rate, that an insurance or reinsurance undertaking would incur holding an amount of AFR equal to the SCR necessary to support insurance and re-insurance obligations over the lifetime of those obligations.
6. Use diversification matrix to compute total diversified risk margins using the undiversified margins by risk type calculated in (5.).
7. Allocate RM down to LoB. Allocation of RM down to LoB can be done proportionally by capital contribution. When capital contribution of each LoB is unavailable, OEs are responsible for determining an appropriate driver.

Article 58 of Delegated Regulation (EU) 2015/35 allows simplified methods to be used in calculating the RM. As an approximation non-hedgeable SCR can be projected in proportion to the best estimate of the deterministic risk-free scenario (or other reasonable drivers depending on the split in risk types).

When current quarter capital is not available on time, it is acceptable to use prior quarter capital and scale where necessary. Actuarial judgment is used when scaling.

D.6.5 Application of transitional measures

The matching adjustment and the transitional measures referred to in Articles 308 c and d of the Directive 2009/138/EC are not applied.

D.7 Actuarial methodologies and assumptions

D.7.1 Non-economic assumptions

All non-economic assumptions (mortality/morbidity, lapses and paid-ups, annuity conversion rates, expenses) are sent from the OEs once a year to Group Actuarial to be reviewed. If

necessity arises (e. g. in case of the introduction of new products or substantial changes to existing ones) the assumptions are reviewed and updated more frequently.

The OEs send a report on the assumptions which contains the period of investigation to determine them (typically the past five years) and a description of the methodology and processes they used to derive them. Both are then reviewed and possibly challenged by Group Actuarial. The report contains also a comparison between experience and assumptions (back-testing).

Mortality/morbidity

Relevant industry experience is gathered to assist in setting assumptions. This is done in particular for mortality and morbidity experience where life offices have combined experience to produce insured lives tables. If own company experiences are too small to derive own mortality/morbidity tables, industry tables are used. In using the industry tables consideration is given to adjustments:

- to reflect the time elapsed since the industry experience was compiled,
- to reflect own company experience, and
- to reflect expected future trends in experience.
- Industry tables, with or without adjustments for own experience and the underwriting process, are generally, but not necessarily, used in the bases for the determination of mathematical reserves, as such tables often have been prescribed or approved by regulatory authorities.

Lapse/surrender rates

Assumptions regarding the rates of lapse/surrender are based on an analysis of the company's own experience and on long-term expectations. As lapse/surrender rates change with economic conditions, the company's experience is measured regularly and this experience is taken into account in setting the assumptions.

The grouping of products for the lapse study reflects key drivers for lapse behavior as minimum guarantee level and surrender charges.

Dynamic policyholder behavior is considered in valuing contractual options and financial guarantees.

Paid-up policies and paid-up rate

To model the paying-up rates, we use our own company experience. Statistics have been made on our portfolio behavior during the last five years ending at the 30th of August 2016.

Expenses

Costs are monitored in the AZ Benelux Activity Based Costing (ABC) system, allocating costs from the various "cost centers" that exist among the company to the different LOB's (Life Individual Classical Business, Universal Life Business, Unit Linked Business, Employee Benefit Business, different non-life LOB's, etc...).

This method allocates overhead costs (costs related to maintenance of buildings, IT-costs, HR-costs, etc...) down to the different core business cost centers.

These costs are then allocated to the 'functional areas' (management, acquisition, acquisitions cost renewal, claims, investment, Non-Insurance and business development). In

our modelling, costs for claims and investments are modelled separately from management costs.

Statistics on which the different drivers of our ABC-system are based are updated once a year.

In our actuarial projection costs are projected separately for management, claims and investment costs.

D.7.2 Economic assumptions

For projecting future cash flows for the technical provisions, assumptions have to be made on the asset performance of the company. This requires consideration of the development of the economic market together with assumptions on the company's investment strategy as well as the current asset portfolio and allocation. Furthermore, the risk-free discount rates (RDR) for BEL have to be defined to discount the future best estimate cash flows.

To have consistency of market expectations some values are provided centrally and other assumptions needed should be derived by the OE.

For market consistent projections, a set of market consistent economic scenarios is used (provided centrally by Group Risk), including the certainty equivalent scenario defining the central assumptions for the deterministic central best estimate. Market consistent scenarios are derived from reference rates which are observed on the financial markets. The reference rate is a proxy for a risk-free rate appropriate to the currency, term and liquidity of the liability cash flows.

The reference rate is, wherever possible, the swap yield curve appropriate to the currency of the cash flows plus a Volatility adjustment or Matching adjustment when applicable. In exceptional cases if the swap market is not sufficiently deep or liquid, and only government bond prices can be considered to fulfil liquid market dynamics, the risk-free rates are based on government rates.

The parameters of the interest rate model are calibrated so that the model reproduces the initial market values of a certain class of assets. Basis are market values such as equity option implied volatilities, swaption implied volatilities and the initial swap rate curve for market-traded contracts that are as similar as possible in nature to the option and guarantees contained within the liabilities. During the calibration process it is ensured that the model reproduces these values to a high degree of accuracy.

Volatility assumptions are, wherever possible, based on those implied from derivative prices rather than the historical observed volatilities of the underlying instruments. In the case that no appropriate market instruments are available, historic volatilities are used for calibration purpose.

To illustrate concretely the calibration process let us take the example of the Euro volatilities. In the model we assume the swap yield curve to be liquid till year 20. For the corresponding swaption volatilities we assume the market to be liquid till year 15. The long term target at year 60 is derived as mentioned above from historical data based on the underlying swap rates (with anchoring at 4.2 %) and the data from year 15 to year 60 are then extrapolated.

Certainty equivalent and stochastic scenarios are calibrated at market data for the risk-free yield curve as of the evaluation date.

Where for fixed income assets investment spreads above reference rate are included in the coupons of the current asset portfolio, the asset is expected to default according to the default probability to ensure consistent fair values. As defaults of corporate bonds happen stochastically, the fixed calibration spread is a shortcut, which reduces the volatility of

investment return compared to any stochastic default modeling. This might have an impact on the evaluation of O&G and, therefore, it is considered whether this shortcut results in material distortions of the calculated O&G values. The contracts sold by Allianz entities contain options on the risk-free rate, but not on the credit spread, so we consider the effect for the technical provisions to be of second order.

Volatility adjustment

As one of the Long-term Guarantee Adjustment (LTGA) findings, EIOPA advises to introduce the Volatility adjustment, which deals with unintended consequences on undertakings' capital requirements of short-term volatility.

Allianz methodology

The Volatility adjustment is a function of the market yield spread from a weighted average portfolio of sovereign and corporate bonds over risk-free. It is based on a reference portfolio per currency and per country. The risk-adjusted currency spread is applied as an adjustment to the discount rate. An additional adjustment is added to the discount rate, if the risk-adjusted country spread is significantly higher than the risk-adjusted currency spread.

The Volatility adjustment is applied to all lines of business, except unit-linked with guarantees. The application ratio of the volatility adjuster is 65 %.

Yield curve extrapolation

In general, the nature of life insurance is such that their liabilities have longer durations than the available assets in the markets. For valuing liabilities, economic assumptions are needed for the full maturity of liabilities, and it is needed to extrapolate economic data beyond the horizon available for deep and liquid markets. Generally, this applies to rates and volatilities and is most significant for interest rates. The last liquid term varies significantly between markets. This topic is recognized in Solvency II which requires adequate extrapolation approaches for areas where no market reliable data are available.

For Allianz, yield curve extrapolation is done in line with the approach described in the Articles 46 and 47 of the Delegated Act (EU) 2015/35. Yields are taken from quoted market data till the starting point of the extrapolation.

D.7.3 Bonus assumptions

It is necessary to include all attaching bonuses and to project all future bonuses on profit policies. The assumptions on future bonus rates reflect the management's bonus philosophy where bonuses are discretionary; or the policy conditions if bonus policy is specified there. The projected bonuses are consistent with the future assumptions set for investment returns and any distribution of unallocated accrued surplus.

D.7.4 Material changes

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

D.8 Valuation of other liabilities

The following table gives an overview of the amount of the other liabilities according to MVBS.

	Solvency II value (MVBS)	Statutory accounts value re-mapped to MVBS line	MVBS adjustments
Liabilities 31 12 2020			
Technical provisions – non-life	2.121	2.289	-168
Technical provisions – non-life (excluding health)	1.962	2.086	-124
Best Estimate	1.875		
Risk margin	87		
Technical provisions - health (similar to non-life)	160	202	-42
Best Estimate	136		
Risk margin	23		
Technical provisions - life (excluding index-linked and unit-linked)	14.420	12.004	2.416
Technical provisions - health (similar to life)	1.471	1.123	348
Best Estimate	1.387		
Risk margin	82		
Technical provisions – life (excluding health and index-linked and unit-linked)	12.949	10.881	2.068
Best Estimate	12.835		
Risk margin	114		
Technical provisions – index-linked and unit-linked	5.388	5.518	-130
Best Estimate	5.323		
Risk margin	65		
Provisions other than technical provisions	54	52	2
Pension benefit obligations	148	6	142
Deposits from reinsurers	557	548	9
Deferred tax liabilities	43	11	32
Derivatives	19	2	17
Debts owed to credit institutions	21	19	2
Financial liabilities other than debts owed to credit institutions	14	14	0
Insurance & intermediaries payables	242	270	-28
Reinsurance payables	35	83	-48
Payables (trade, not insurance)	58	59	-1
Any other liabilities, not elsewhere shown	110	285	-175
Total liabilities	23.229	21.158	2.071
Excess of assets over liabilities	2.005	857	1.148

Table 2 : Reconciliation of liabilities in accordance with Belgian accounting standards and Solvency II.

D.8.1 Contingent liabilities

Liabilities that are contingent and that are material have to be recognized in the MVBS. The contingent liabilities are measured at the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability using the basic risk-free interest rate term structure.

According to the Belgian accounting standards, contingent liabilities are not recognized in the balance sheet.

No events were recorded for recognition as a contingent liability.

D.8.2 Provisions other than technical provisions

Provisions other than technical provisions refer to liabilities of uncertain timing and amount, excluding those reported under “Pension benefit obligations”. The provisions are recognized as liabilities (assuming a reliable estimate can be made) when they are present obligations resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. They include, e.g. staff-related provisions, provisions for stock-based compensation, restructuring provisions and provisions for legal expenses and deferred income reserves.

The provisions are valued according to IAS 37 and IFRS 2 which is in line with the valuation required under Solvency II. IAS 37 requires to use the best estimate for those kind of provisions. Therefore, there are no material differences between Local Gaap and MVBS values.

D.8.3 Pension benefit obligations

Pension benefit obligations include the total net obligations related to the employee pension scheme (where applicable in accordance with the national pension scheme). Post-employment benefits refer to employee benefits other than termination benefits payable after completion of employment. Post-employment benefits are classified as either defined contribution or defined benefit plans. Pension benefit obligations are measured in accordance with IAS 19 as Allianz Group considers the valuation method according to IAS 19 the most appropriate valuation under Solvency II.

According to the Belgian accounting standards, the stocks of the technical reserves of these defined contribution plans is placed under the technical reserves. An additional reserve is booked based on the old “IAS 19” rules.

For the MVBS reporting, actuarial gains or losses are recognized on the balance sheet. In addition, the stock of the technical reserves is no longer classified as a technical reserve but as part of the pension benefit obligations. Those 2 elements explain the valuation/reclassification difference between Local Gaap and MVBS.

Typically associated with defined benefit plans are biometric risks like longevity, disability and death as well as economic risks like interest rates, inflation and compensation increases.

D.8.4 Deposits from reinsurers

Deposits from reinsurers include amounts (e.g. cash) received from a reinsurer or deducted by the reinsurer according to the reinsurance contract. Deposits from reinsurers are measured at fair value

Deposits from reinsurers are valued at their repayable amount according to the Belgian accounting standards.

There are no differences for deposits from reinsurers recorded under Local Gaap and MVBS.

D.8.5 Deferred tax liabilities

Deferred tax liabilities are the amounts of income tax payable in future periods with respect to taxable temporary differences.

Deferred taxes – except deferred tax assets arising from the carry forward of unused tax losses or unused tax credits – are valued on the basis of the difference

- between the values ascribed to assets and liabilities recognized and valued in accordance with the Solvency II Directive,
- and the values ascribed to assets and liabilities as recognized and valued for tax purposes.

Deferred taxes are recognized and valued in relation to all assets and liabilities that are recognized for Solvency II or for tax purposes.

Temporary differences between the Solvency II value of the assets and liabilities and their corresponding tax base as defined in IAS 12 are assessed consistently on a single asset or liability basis.

The stock relates to deferred taxes liabilities on temporary differences resulting from revaluation adjustments concerning values of assets and liabilities under Local Gaap and MVBS. According to the Belgian accounting standards, a deferred tax liability is recognized as a result of a deferred tax on realized gains for real estate transactions.

The delta (after compensation with deferred tax liability) is mainly the result of the different assessment basis between Belgian accounting standard and MVBS.

D.8.6 Derivatives

Derivatives are financial instruments that have values based on the expected future price movements of the assets to which they are linked. Derivatives with negative values are reported on the liability side. Derivatives are measured at fair value according to IAS 39 without taking into account adjustments for own credit standing.

Derivatives are measured at fair value under Local Gaap and in the MVBS. The fair value of the other derivatives is mainly determined using the income approach. Valuation techniques applied for the income approach mainly include discounted cash flow models as well as the Black-Scholes-Merton model. Main observable input parameters include volatilities, yield curves observable at commonly quoted intervals and credit spreads observable in the market.

The difference is related to derivative products (Inflation linked swap) which represented a negative value on the date of acquisition of the “Worker accidents” portfolio of Mensura.

D.8.7 Debts owed to credit institutions

Debts owed to credit institutions are debt, such as mortgage and loans, toward credit institutions (banks etc.).

The difference between the Belgian accounting standards and MVBS comes from the fact that in the Netherlands, some mortgages are complemented by a life insurance policy. It can be found on the liabilities. According to Belgian accounting standards, these are booked at cost with deduction of the depreciation, while a value is calculated for MVBS on the basis of the net Cash Flow.

D.8.8 Financial liabilities other than debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions include certificated liabilities and liabilities from cash pooling as well as other liabilities to customers.

According to the Belgian accounting standards and MVBS, financial liabilities to the credit institutions outside of debt are generally valued at the cost price with deduction of the depreciation using the effective interest method.

There are no material differences between Belgian accounting standards and MVBS values.

D.8.9 Insurance and intermediaries payables

Insurance and intermediaries payables refer to amounts past-due to policyholders, insurers and others participating in the insurance business, but are not technical provisions. They include amounts past-due to (re)insurance intermediaries (e.g. commissions due to intermediaries but not yet paid by the group) and excludes loans and mortgages due to insurance companies, if they are not linked to insurance business but are only related to financing (and are, therefore, included in financial liabilities).

They are generally measured at their nominal amount with an adjustment for the probability of default of the counterparty.

The nominal value is considered as a good proxy for the fair value.

There are no differences between Belgian accounting standard and MVBS values.

D.8.10 Reinsurance payables

Reinsurance payables are amounts payable, past-due to reinsurers (especially current accounts) other than deposits that are linked to the reinsurance business, but that are not included in reinsurance recoverables. They include payables to reinsurers that relate to ceded premiums. They are generally measured at their nominal amount with an adjustment for the probability of default of the counterparty.

The nominal value is considered as a good proxy for the fair value..

Therefore, reinsurance debits are valued at nominal value, with an adjustment for the probability of default of the counterparty according to the Belgian accounting standards and MVBS.

There are no material differences Belgian accounting standard and MVBS values

D.8.11 Payables (trade, not insurance)

Payables (trade, not insurance) include the total amount of trade payables, including amounts due to employees, suppliers, etc. and are not insurance-related. They also include amounts owed to public entities.

Debts are usually included with their settlement amount according to Belgian accounting standards that are assumed to be the market value. However, if there are material differences between the Local Gaap value and the MVBS value, then revaluation adjustment is taken into account.

There is no difference between local Gaap and MVBS values.

D.8.12 Any other liabilities, not elsewhere shown

Any other liabilities, not elsewhere shown include any liabilities that are not included in the other balance sheet items. They mainly include liabilities from puttable equity instruments, but also other liabilities and deferred income. They are generally measured at fair value or at nominal amount with an adjustment for probability of default of the counterparty

The nominal value is considered as a good proxy for the fair value

These obligations are generally valued at amortized cost according to Belgian accounting standards and MVBS.

D.8.13 Off-balance sheet items

Allianz does not have any other material off-balance assets or liabilities.

D.8.14 Alternative methods for valuation

Information on alternative methods for valuation is provided under the description of the MVBS line items respectively.

E Capital Management

E.1 Own Funds

An overview of the Market Value Balance Sheet (MVBS) as of Q4-2020 is given below. The value of the Own Funds is obtained by deducting the accrued dividend of 218m€ from the Net Asset Value.

MVBS - Q4 2020					
ASSETS	mn€	%	LIABILITIES	mn€	%
Investments	13,354	53%	TPs Non-life & Health NSLT	2,121	9%
Equity	336	1%	Best Estimate	2,011	9%
Property	172	1%	Risk Margin	110	0%
Participation	545	2%	TPs Life & Health SLT	14,420	62%
Bonds	10,938	43%	Best Estimate	14,223	61%
Investment funds	1,340	5%	Risk Margin	197	1%
Other investments	22	0%	TPs Life index-unit-linked	5,388	23%
Assets held for unit-linked	5,518	22%	Best Estimate	5,323	23%
Loans & mortgages	4,931	19%	Risk Margin	65	0%
Reinsurance recoverables	735	3%	Deferred Tax Liabilities	47	0%
Non-life and Health NSLT	673	3%	Payables	335	1%
Life and Health SLT	67	0%	Deposits from reinsurers	700	3%
Life index- unit-linked	-6	0%	Pension benefit obligations	148	1%
Receivables	371	1%	Other Liabilities	214	1%
Cash and Cash equivalent	174	1%	SUB-TOTAL	23,372	100%
Other Assets	294	1%	NET ASSETS VALUE	2,005	-
TOTAL	25,377	100%	TOTAL	25,377	-

E.1.1 Capital Management at Allianz Benelux SA

One of the main targets of the AzBNL capital management is to an adequate level of capital to fulfil regulatory requirements in an efficient manner.

It is also in Allianz SE's interest to provide all Operating Entities with ongoing financial and operational support to fulfil any regulatory and financial obligations as they fall due. At the same time, Allianz SE targets to maintain any excess capital readily available at Allianz SE level in order to be able to respond quickly to any local capital needs arising.

Management Ratio

AzBNL sets a Risk Appetite Solvency Ratio at composite level above the regulatory required minimum level of 100%. This so-called Management Ratio is determined by adding on top of the regulatory minimum a resilience buffer which is strong enough to

withstand certain adverse stress events, both financial as insurance losses as defined by Allianz Group.

Consequently, this ensures compliance with the minimum regulatory requirement even after those moderate to severe financial stresses or losses from the insurance portfolio.

Alert and Action Barriers

Thresholds below the Management Ratio are defined with as purpose to trigger pre-emptive capital management actions in case of unfavorable movements in the solvency position

Capital Management

In case of a breach of either of the above mentioned capital levels, AzBNL will agree on measures to either prevent further decline of the solvency ratio or to reestablish the required capital level in due time.

Dividend Policy

Dividend approval is granted considering the capital requirements over the plan horizon and sensitivities to the capitalization based on the plan data and reflect a long-term sustainable pay-out ratio. These considerations form the basis for the annual proposal for the dividend payment to the annual general meeting of AzBNL.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

This section gives a summary of the level and composition of the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR) for AzBNL.

The SCR reflects the level of own funds that an insurance undertaking should hold in order to ensure that policyholder rights are protected even after potential extreme losses (corresponding to 1/200 year extreme events). The MCR reflects the absolute minimum level of own funds the (re)insurance undertaking must hold at all times.

The table below shows an adequately capitalized insurance company with a Solvency Ratio of 151% as of end 2020, which is well above the required level of 100%. Consequently, also the Minimum Capital requirement is well above the required level.

Table 4: Overview of the SCR and MCR (4Q 2019)

Standard Model	Q4 2019	Q4 2020	Δ
Required Capital (SCR)	1,203 m€	1,184 m€	-20 m€
Own funds (OF) - after dividend	1,822 m€	1,787 m€	-35 m€
Solvency Ratio (OF/SCR)	151%	151%	0%
Minimum Capital Requirement (MCR)	542 m€	533 m€	-9 m€
Solvency Ratio (OF/MCR)	336%	335%	-1%

Table 5: Overview of the SCR and MCR (4Q 2019)

As the table shows, the Solvency Ratio at year end was again at the same level as a year earlier. This results from a proportionally equal decrease of both the SCR and the Own Funds.

The components of the SCR and the MCR as well as their annual evolution are detailed further in the paragraphs below.

E.2.1 SCR by risk module

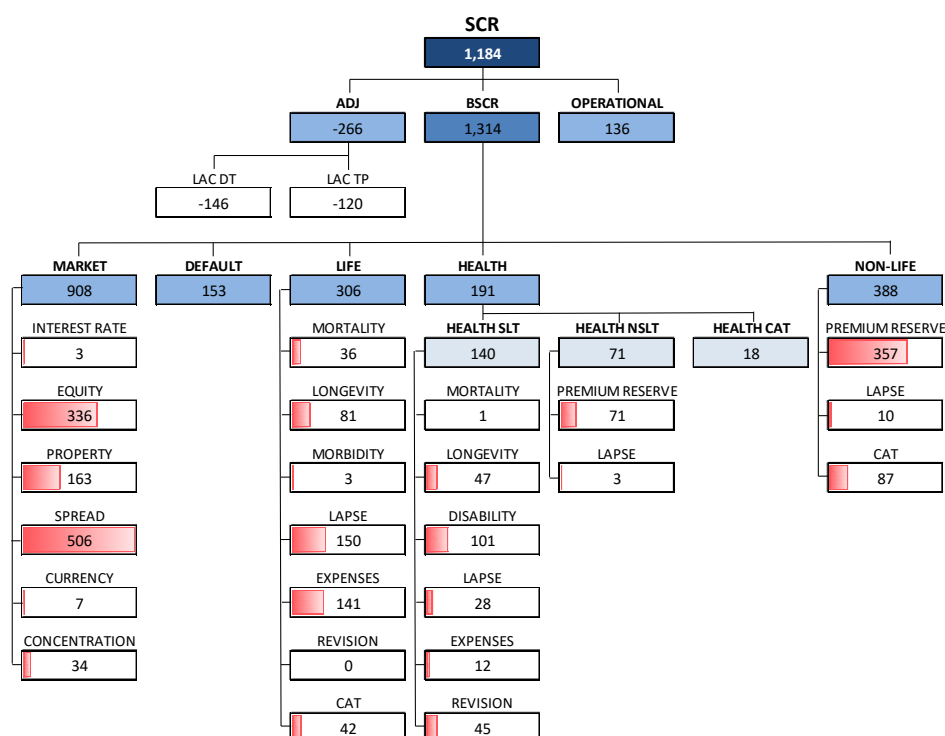
AzBNL uses the Standard Formula to calculate its Solvency Capital Requirements. The SCR is the combination of the (net) Basic SCR, the loss-absorbing capacity of Deferred Taxes and the operational risk. The BSCR, in turn, is the combination of five risk modules⁸³, corrected by the diversification effects between the risk modules and the loss absorbing capacity of technical provisions (LAC of TP). The five risk modules are market risk, counterparty default risk, life underwriting risk, non-life underwriting risk, health underwriting risk. Details on the nature of those risks are available in chapter C. This chapter considers the risk charge that is attributed to them by means of the Standard Formula. Table 6 and the graph below provide an overview of these components..

Table 6: Solvency Capital Requirement split by risk modules

Standard Model SCR		2020 Q4
SCR		1184
	Operational risk	136
	Loss-absorbing capacity of Deferred taxes	-146
	Net Basic SCR (BSCR)	1194
	TP Relief	-120
	Diversification effect, between:	-632
	Gross Market risk	908
	Gross Counterparty Default risk	153
	Gross Life Underwriting risk	306
	Gross Health Underwriting risk	191
	Gross Non-Life Underwriting risk	388

⁸³ Note that Az BNL does not use undertaking-specific parameters for any risk module. Simplified calculations are used for the assessment of reinsurance exposure in the counterparty default risk module (materiality of this exposure is limited).


STANDARD MODEL SCR TREE - RISK GRANULARITY BNL 2020Q4



E.2.2 Determining the MCR

The MCR is calculated as a linear function of Technical Provisions and Net Written premiums during the last 12 months, capped by 45% and floored by 25% of the SCR. Moreover, an Absolute Minimum Capital Requirements (AMCR) is defined which imposes an absolute floor on the MCR. Table 7 shows the calculation for AzBNL's MCR.

Table 7: Minimum Capital Requirements Calculation

Standard Model MCR		2020 Q4
	Non-life Insurance Obligations	228
	Life Insurance Obligations	492
Linear MCR		719
SCR		1184
MCR cap		533
MCR floor		296
Absolute floor of the MCR		7
Combined MCR		533

E.2.3 Evolution of SCR

The table and graph below gives a high level overview of the annual movement of the Solvency Ratio and its components.

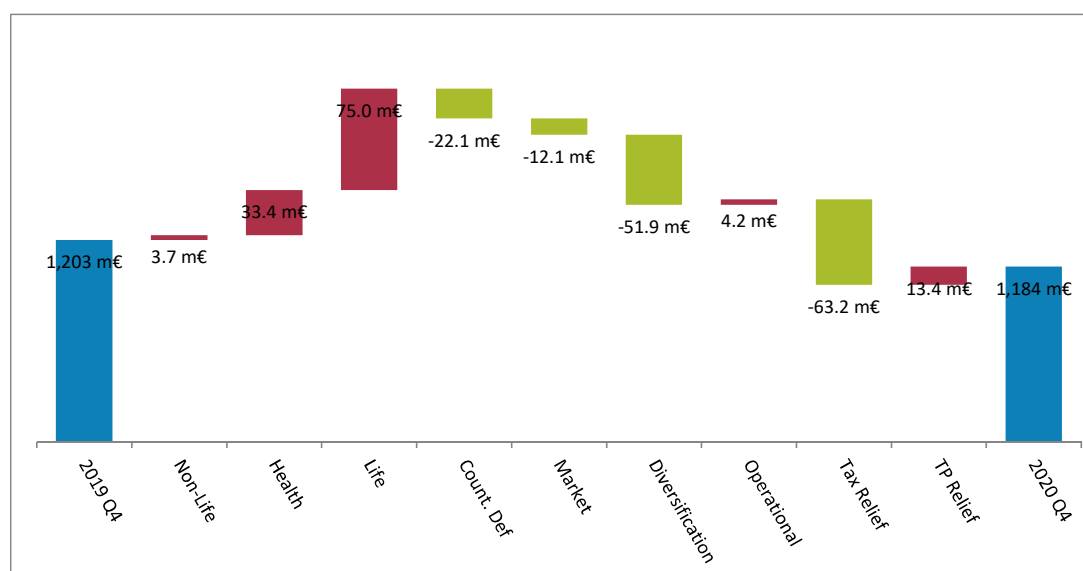
The annual overall change of the SCR is split into categories in the waterfall graph below.

As this graph shows, the largest increases were due to Life risk followed by Health risk. The is mainly driven by two models changes and as a result of new production and also changes in the fund values of unit-linked business:

The main decreases are explained as follows:

- Market risk decrease is a combined effect of a strong decrease in interest rate risk and equity risk, partly offset by an increase in spread risk and property risk.
- Tax relief due to the further refined approach for LAC-DT (see details in section E.2.7).
- Diversification due to a better spread between the different sub-risk modules (as a consequence of the increase for sub-risks mentioned above).

Table 8: Breakdown of the SCR evolution



E.2.4 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Not relevant for AZBNL.

E.2.5 Differences between the standard formula and any internal model used

Not relevant for AZBNL.

E.2.6 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

Not relevant for AZBNL.

E.2.7 Any other information

E.2.7.1 Loss Absorbing Capacity of Deferred Taxes (LAC DT)

Deferred taxes are relevant to the solvency of AzBNL, both as a position within the solvency balance sheet and as an adjustment to the SCR via the loss absorbing capacity of deferred

taxes (LAC DT). Given that AzBNL is a cross-border entity with activities in Belgium, Luxembourg and the Netherlands, deferred taxes are assessed separately for each fiscal jurisdiction. Due to immateriality of the Luxembourgish branch, only Belgium and the Netherlands will be mentioned in this chapter.

Deferred tax position

As of Q4 2020, the Belgian operations of AzBNL show a net deferred tax liability of 10.6 mEUR. The Dutch operations also show a net deferred tax liability of 32 mEUR, leading to an overall net deferred tax liability of 43 mEUR in the solvency balance sheet.

Aside from the direct deferred taxes in the Solvency balance sheet, there are also deferred taxes in the participations modelled using a look-through approach for SCR purposes. The table below gives an overview of the deferred tax position of these participations (as of Q4 2020 all participations showed a net deferred tax liability)

Participation	Net DTL position (mEUR)
Sofiholding	0,5
South City (non-life)	1,6
VertBois	4,3
Willemsbruggen, Rotterdam	1,2
South City (life)	4,9
Climmolux	2,7
YAO NEWREP	0,6
Total Participations	15,7

Table 9: Deferred tax position of AzBNL participations.

Loss absorbing capacity of deferred taxes (LAC DT)

AzBNL assesses the loss absorbing capacity of deferred taxes in line with the solvency delegated acts (updated in 2019) and the relevant circular of the National bank of Belgium (updated in 2020).

The maximum LAC DT is the change in the value of deferred taxes resulting from an instantaneous loss equal to the pre-tax SCR. The actual LAC DT is the sum of two components. The first is the reversal of the net deferred tax liability, the second is a notional deferred tax asset that results from the instantaneous loss. The notional deferred tax asset is justified with a recoverability test using profits of the past (loss carry-back) or profits of the future (loss carry-forward).

The reversal of the net deferred tax liability is the sum of 43 mEUR and an additional 8 mEUR contributed by the participations with a look-through approach.

The corporate tax rules in the Netherlands allow to offset losses against the taxable profit of the previous year. This results in a notional deferred tax asset of 36 mEUR justified by the loss carry-back in the Dutch branch.

The notional deferred tax asset justified with loss carry-forward relies on profits generated by new business. The new business considered for LAC DT purposes is a risk-adjusted version of the projections supporting the business plan of AzBNL. The adjustments make sure that there is no double-counting with the future profits already accounted for in the solvency balance sheet, and translate those future profits in a stressed situation after the SCR loss event.

Lastly, prudential haircuts are applied to reflect the increasing uncertainty of profits projected beyond the business plan horizon. The total amount of notional deferred tax asset recovered with the carry-forward of losses is 22 mEUR for the Belgian and 37 mEUR for the Dutch activities.

Summing those components leads to a LAC DT of 146 mEUR as presented in the table below.

(mEUR)	Belgium	Netherlands	Allianz Benelux
Reversal of net DTL (solvency balance sheet)	11	32	43
Reversal of net DTL (participations with look-through)	6	2	8
Notional DTA(Loss carry-back)		36	36
Notional DTA (Loss carry forward)	22	37	59
Total LAC DT	38	107	146

Table 10: Overview of LAC DT @Q4 2020

As complementary information, there is a 63 mEUR surplus of LAC DT potential in the Netherlands. That surplus can be used to absorb future shocks with limited impact on the LAC DT amount.

Appendices

S.02.01.l	Balance sheet
S.05.01.b	Premiums, claims and expenses by line of business
S.05.02.b	Premiums, claims and expenses by country
S.12.01.b	Life and Health SLT Technical Provisions
S.17.01.l	Non Life Technical Provisions
S.19.01.b	Non-life Insurance Claims Information
S.22.01.b	Impact of long term guarantees measures and transitional
S.23.01.b	Own funds
S.25.01.b	Solvency Capital Requirement - for undertakings on Standard Formula
S.28.02.b	Minimum Capital Requirement - Both life and non-life insurance activity

Report:	S.02.01.I
Due date:	Dec 31, 2020

Balance sheet

	Solvency II value	Statutory accounts value
	C0010	C0020
Assets		
Goodwill	R0010	11.494.496,64
Deferred acquisition costs	R0020	1.663.528,81
Intangible assets	R0030	0,00
Property, plant & equipment held for own use	R0060	141.323.010,00
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	13.350.871.496,72
Property (other than for own use)	R0080	172.350.000,00
Holdings in related undertakings, including participations	R0090	545.453.560,00
Equities	R0100	337.876.297,60
Equities - listed	R0110	331.073.640,00
Equities - unlisted	R0120	6.802.657,60
Bonds	R0130	10.933.785.419,12
Government Bonds	R0140	7.879.004.540,00
Corporate Bonds	R0150	3.054.780.879,12
Collateralised securities	R0170	0,00
Collective Investments Undertakings	R0180	1.339.843.320,00
Derivatives	R0190	21.562.900,00
Assets held for index-linked and unit-linked contracts	R0220	5.518.263.960,00
Loans and mortgages	R0230	4.935.812.444,10
Loans on policies	R0240	778.537.890,00
Loans and mortgages to individuals	R0250	2.955.908.613,22
Other loans and mortgages	R0260	1.201.365.940,88
Reinsurance recoverables from:	R0270	734.886.090,00
Non-life and health similar to non-life	R0280	673.322.000,00
Non-life excluding health	R0290	662.269.390,00
Health similar to non-life	R0300	11.052.610,00
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	67.082.220,00
Health similar to life	R0320	64.473.360,00
Life excluding health and index-linked and unit-linked	R0330	2.608.860,00
Life index-linked and unit-linked	R0340	-5.518.130,00
Deposits to cedants	R0350	1.196.830,00
Insurance and intermediaries receivables	R0360	179.172.500,00
Reinsurance receivables	R0370	27.699.850,00
Receivables (trade, not insurance)	R0380	164.430.780,00
Cash and cash equivalents	R0410	174.186.260,00
Any other assets, not elsewhere shown	R0420	5.855.379,18
Total assets	R0500	25.233.698.600,00

	Solvency II value	Statutory accounts value
	C0010	C0020
Liabilities		
Technical provisions - non-life	R0510 2.121.387.330,00	2.288.552.959,32
Technical provisions - non-life (excluding health)	R0520 1.961.590.860,00	2.086.108.552,17
Best Estimate	R0540 1.875.000.920,00	
Risk margin	R0550 86.589.940,00	
Technical provisions - health (similar to non-life)	R0560 159.796.470,00	202.444.407,15
Best Estimate	R0580 136.490.910,00	
Risk margin	R0590 23.305.560,00	
Technical provisions - life (excluding index-linked and unit-linked)	R0600 14.419.796.720,00	12.003.785.862,69
Technical provisions - health (similar to life)	R0610 1.470.561.980,00	1.123.035.032,20
Best Estimate	R0630 1.387.378.790,00	
Risk margin	R0640 83.183.190,00	
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650 12.949.234.740,00	10.880.750.830,49
Best Estimate	R0670 12.835.336.740,00	
Risk margin	R0680 113.898.000,00	
Technical provisions - index-linked and unit-linked	R0690 5.387.712.480,00	5.518.263.966,98
Best Estimate	R0710 5.322.606.170,00	
Risk margin	R0720 65.106.310,00	
Provisions other than technical provisions	R0750 53.751.150,00	52.251.134,66
Pension benefit obligations	R0760 147.570.000,00	6.132.309,61
Deposits from reinsurers	R0770 556.581.530,00	547.628.220,69
Deferred tax liabilities	R0780 42.599.420,00	10.717.940,27
Derivatives	R0790 19.365.650,00	1.699.978,09
Debts owed to credit institutions	R0800 20.915.240,00	19.101.406,63
Financial liabilities other than debts owed to credit institutions	R0810 13.850.630,00	13.797.658,17
Insurance & intermediaries payables	R0820 241.602.000,00	270.452.318,85
Reinsurance payables	R0830 35.454.810,00	83.325.504,45
Payables (trade, not insurance)	R0840 58.134.230,00	58.664.947,94
Any other liabilities, not elsewhere shown	R0880 110.013.320,00	283.934.426,52
Total liabilities	R0900 23.228.734.510,00	21.158.308.634,87
Excess of assets over liabilities	R1000 2.004.964.090,00	856.397.478,40

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)									Total	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Legal expenses insurance		Miscellaneous financial loss
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0100		C0120
Premiums written												
Gross - Direct Business	R0110	77.000.559,39	72.022.432,13	104.697.573,11	452.256.635,03	295.067.345,54	46.486.239,44	346.347.369,02	115.644.239,78	11.583.819,66	333,84	1.521.106.546,94
Gross - Proportional reinsurance accepted	R0120	13.795.507,00	0,00	251.211,19	123.093,56	0,00	31.524,09	57.532,35	120.721,16	0,00	0,00	14.379.589,35
Reinsurers' share	R0140	6.251.628,31	3.758.285,45	3.522.954,57	213.536.257,38	132.836.194,24	24.840.653,35	169.804.123,17	55.600.357,58	8.079.511,52	0,00	618.229.965,57
Net	R0200	84.544.438,08	68.264.146,68	101.425.829,73	238.843.471,21	162.231.151,30	21.677.110,18	176.600.778,20	60.164.603,36	3.504.308,14	333,84	917.256.170,72
Premiums earned												
Gross - Direct Business	R0210	77.395.300,88	71.356.289,72	104.697.573,11	457.638.704,55	297.069.903,90	48.249.210,83	344.342.393,08	116.336.259,83	12.041.995,72	649,57	1.529.128.281,19
Gross - Proportional reinsurance accepted	R0220	13.767.463,23	0,00	251.211,19	67.156,02	0,00	31.524,09	57.606,08	578.859,16	0,00	0,00	14.753.819,77
Reinsurers' share	R0240	6.250.733,05	3.758.285,52	3.522.954,57	215.646.791,86	134.190.005,99	25.381.150,02	168.709.390,21	55.698.312,94	8.272.680,25	18.314,70	621.448.619,11
Net	R0300	84.912.031,06	67.598.004,20	101.425.829,73	242.059.068,71	162.879.897,91	22.899.584,90	175.690.608,95	61.216.806,05	3.769.315,47	-17.665,13	922.433.481,85
Claims incurred												
Gross - Direct Business	R0310	64.097.992,72	50.846.061,21	89.580.244,57	349.758.450,01	119.899.313,39	17.499.207,50	174.362.640,57	64.883.010,16	-388.438,85	-34.300,32	930.504.180,96
Gross - Proportional reinsurance accepted	R0320	10.747.475,28	0,00	-8.375,43	419.975,66	0,00	870,00	-586.740,23	-3.013.334,46	0,00	0,00	7.559.870,82
Reinsurers' share	R0340	3.657.056,97	613.270,78	-156.088,70	162.984.228,92	62.083.658,24	9.368.272,26	76.380.771,64	40.144.239,20	1.872.816,46	-3.549,47	356.944.676,30
Net	R0400	71.188.411,03	50.232.790,43	89.727.957,84	187.194.196,75	57.815.655,15	8.131.805,24	97.395.128,70	21.725.436,50	-2.261.255,31	-30.750,85	581.119.375,48
Changes in other technical provisions												
Gross - Direct Business	R0410	0,00	4.500.000,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4.500.000,00
Net	R0500	0,00	4.500.000,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4.500.000,00
Expenses incurred	R0550	14.638.803,62	12.551.606,11	19.962.151,08	51.532.181,29	52.660.907,54	5.347.117,89	74.125.634,42	30.851.106,16	1.586.284,47	-5.524,29	263.050.248,29
Administrative expenses												
Gross - Direct Business	R0610	2.435.187,95	2.045.788,46	3.800.202,29	11.217.913,57	11.156.460,81	1.251.902,05	11.869.675,48	5.543.401,19	272.223,10	0,00	49.592.754,90
Net	R0700	2.435.187,95	2.045.788,46	3.800.202,29	11.217.913,57	11.156.460,81	1.251.902,05	11.869.675,48	5.543.401,19	272.223,10	0,00	49.592.754,90
Acquisition expenses												
Gross - Direct Business	R0910	10.503.995,66	7.879.668,52	11.691.474,81	68.620.990,68	58.929.006,41	8.806.177,62	88.020.241,18	35.168.720,96	2.717.997,06	152,71	292.338.425,61
Reinsurers' share	R0940	1.759.566,59	15.895,47	427.933,36	60.381.052,91	39.685.497,00	6.401.594,58	44.823.106,00	18.384.463,95	2.410.731,66	5.677,00	174.295.518,52
Net	R1000	8.744.429,07	7.863.773,05	11.263.541,45	8.239.937,77	19.243.509,41	2.404.583,04	43.197.135,18	16.784.257,01	307.265,40	-5.524,29	118.042.907,09
Overhead expenses												
Gross - Direct Business	R1010	3.459.186,60	2.642.044,60	4.898.407,34	32.074.329,95	22.260.937,32	1.690.632,80	19.058.823,76	8.323.447,96	1.006.775,97		95.414.586,30
Net	R1100	3.459.186,60	2.642.044,60	4.898.407,34	32.074.329,95	22.260.937,32	1.690.632,80	19.058.823,76	8.323.447,96	1.006.775,97		95.414.586,30
Total expenses	R1300											263.050.248,29

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Premiums, claims and expenses by line of business

					Total
		Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
		C0220	C0230	C0240	C0300
Premiums written					
Gross	R1410	442.106.215,57	1.010.554.968,65	262.718.838,92	1.715.380.023,14
Reinsurers' share	R1420	6.922.899,78	5.826.991,41	9.584.029,49	22.333.920,68
Net	R1500	435.183.315,79	1.004.727.977,24	253.134.809,43	1.693.046.102,46
Premiums earned					
Gross	R1510	442.106.215,57	1.010.554.968,65	262.718.838,92	1.715.380.023,14
Reinsurers' share	R1520	6.922.899,78	5.826.991,41	9.584.029,49	22.333.920,68
Net	R1600	435.183.315,79	1.004.727.977,24	253.134.809,43	1.693.046.102,46
Claims incurred					
Gross	R1610	865.189.585,29	419.801.835,50	144.036.805,07	1.429.028.225,86
Reinsurers' share	R1620	4.554.388,08	1.491.596,40	6.090.621,46	12.136.605,94
Net	R1700	860.635.197,21	418.310.239,10	137.946.183,61	1.416.891.619,92
Changes in other technical provisions					
Gross	R1710	-227.423.108,29	680.211.747,02	123.582.157,50	576.370.796,23
Reinsurers' share	R1720	0,00	0,00	1.291.186,21	1.291.186,21
Net	R1800	-227.423.108,29	680.211.747,02	122.290.971,29	575.079.610,02
Expenses incurred					
R1900		76.283.804,65	59.621.068,36	9.927.408,73	145.832.281,74
Administrative expenses					
Gross	R1910	15.090.230,25	8.572.036,05	2.209.192,78	25.871.459,08
Net	R2000	15.090.230,25	8.572.036,05	2.209.192,78	25.871.459,08
Investment management expenses					
Gross	R2010	6.757.692,02	2.741.355,28	1.690.810,97	11.189.858,27
Net	R2100	6.757.692,02	2.741.355,28	1.690.810,97	11.189.858,27
Claims management expenses					
Gross	R2110	1.373.439,01	1.531.036,56	421.373,23	3.325.848,80
Net	R2200	1.373.439,01	1.531.036,56	421.373,23	3.325.848,80
Acquisition expenses					
Gross	R2210	29.787.112,80	29.878.794,07	1.891.110,85	61.557.017,72
Reinsurers' share	R2220	-1.310.239,58	-444.578,19	960.188,68	-794.629,09
Net	R2300	31.097.352,38	30.323.372,26	930.922,17	62.351.646,81
Overhead expenses					
Gross	R2310	21.965.090,99	16.453.268,21	4.675.109,58	43.093.468,78
Net	R2400	21.965.090,99	16.453.268,21	4.675.109,58	43.093.468,78
Total expenses	R2600				145.832.281,74

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Premiums, claims and expenses by country

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - life
	R1400			(NL) Netherlands
		C0220	C0280	C0230
Premiums written				
Gross	R1410	442.106.215,57	1.452.661.184,22	1.010.554.968,65
Reinsurers' share	R1420	6.922.899,78	12.749.891,19	5.826.991,41
Net	R1500	435.183.315,79	1.439.911.293,03	1.004.727.977,24
Premiums earned				
Gross	R1510	442.106.215,57	1.452.661.184,22	1.010.554.968,65
Reinsurers' share	R1520	6.922.899,78	12.749.891,19	5.826.991,41
Net	R1600	435.183.315,79	1.439.911.293,03	1.004.727.977,24
Claims incurred				
Gross	R1610	865.189.585,29	1.284.991.420,79	419.801.835,50
Reinsurers' share	R1620	4.554.388,08	6.045.984,48	1.491.596,40
Net	R1700	860.635.197,21	1.278.945.436,31	418.310.239,10
Changes in other technical provisions				
Gross	R1710	-227.423.108,29	452.788.638,73	680.211.747,02
Net	R1800	-227.423.108,29	452.788.638,73	680.211.747,02
Expenses incurred	R1900	1.418.088,34	24.938.963,60	23.520.875,26
Other expenses	R2500		108.390.300,93	
Total expenses	R2600		133.329.264,53	

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Premiums, claims and expenses by country

	Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations	
R0010			(NL) Netherlands	(LU) Luxembourg
	C0080	C0140	C0090	C0090

Premiums written

Gross - Direct Business	R0110	484.410.606,68	1.521.106.546,94	1.006.240.486,76	30.455.453,50
Gross - Proportional reinsurance accepted	R0120	14.379.589,35	14.379.589,35		
Reinsurers' share	R0140	157.418.178,51	618.230.133,92	445.281.413,50	15.530.541,91
Net	R0200	341.372.017,52	917.256.002,37	560.959.073,26	14.924.911,59

Premiums earned

Gross - Direct Business	R0210	490.954.925,56	1.529.128.281,19	1.007.516.458,58	30.656.897,05
Gross - Proportional reinsurance accepted	R0220	14.295.608,04	14.753.819,77	458.211,73	
Reinsurers' share	R0240	160.589.920,45	621.448.619,11	445.305.875,10	15.552.823,56
Net	R0300	344.660.613,15	922.433.481,85	562.668.795,21	15.104.073,49

Claims incurred

Gross - Direct Business	R0310	300.251.823,89	930.504.180,96	613.273.590,77	16.978.766,30
Gross - Proportional reinsurance accepted	R0320	7.960.559,40	7.559.870,82	-400.688,58	
Reinsurers' share	R0340	84.355.888,92	356.944.676,30	265.269.679,27	7.319.108,11
Net	R0400	223.856.494,37	581.119.375,48	347.603.222,92	9.659.658,19

Changes in other technical provisions

Gross - Direct Business	R0410		4.500.000,00	4.500.000,00	
Net	R0500		4.500.000,00	4.500.000,00	

Expenses incurred

	R0550	120.387.918,42	263.050.248,29	138.050.661,52	4.611.668,35
Total expenses	R1300		263.050.248,29		

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Life and Health SLT Technical Provisions

Insurance with profit participation	Index-linked and unit-linked insurance				Other life insurance			Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
	Contracts without options and guarantees	Contracts with options or guarantees			Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees						
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0150	C0160	C0170	C0190	C0200	C0210	

Technical provisions calculated as a sum of BE and RM

Best Estimate														
Gross Best Estimate	R0030	10.802.660.290,00		5.096.747.690,00	225.858.470,00		432.479.640,00	1.600.196.820,00	18.157.942.910,00		37.583.460,00	1.338.899.150,00	10.896.170,00	1.387.378.780,00
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0040	7.063.320,00		-5.398.060,00	-101.800,00			-4.007.710,00	-2.444.250,00			60.727.370,00	3.823.590,00	64.550.960,00
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	R0050	7.063.320,00		-5.398.060,00	-101.800,00			-4.007.710,00	-2.444.250,00			58.251.030,00	3.823.590,00	62.074.620,00
Recoverables from SPV before adjustment for expected losses	R0060											2.476.340,00		2.476.340,00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	7.063.300,00		-5.415.980,00	-102.150,00			-4.454.430,00	-2.909.260,00			60.649.760,00	3.823.590,00	64.473.350,00
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	10.795.596.990,00		5.102.163.670,00	225.960.620,00		432.479.640,00	1.604.651.250,00	18.160.852.170,00		37.583.460,00	1.278.249.390,00	7.072.580,00	1.322.905.430,00
Risk margin	R0100	66.418.290,00	65.106.300,00			47.479.710,00			179.004.300,00	39.549.320,00		43.308.460,00	325.420,00	83.183.200,00
Amount of the transitional on Technical Provisions														
Technical provisions - total	R0200	10.869.078.580,00	5.387.712.460,00		2.080.156.170,00				18.336.947.210,00	77.132.780,00		1.382.207.610,00	11.221.590,00	1.470.561.980,00
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0210	10.862.015.280,00	5.393.230.590,00		2.084.610.600,00				18.339.856.470,00	77.132.780,00		1.321.557.850,00	7.398.000,00	1.406.088.630,00
Best Estimate of products with a surrender option	R0220	10.558.216.350,00	5.366.642.600,00		2.032.676.450,00				17.957.535.400,00					
Gross BE for Cash flow														
Cash out-flows														
Future guaranteed and discretionary benefits	R0230		5.543.474.580,00		2.364.689.950,00				19.177.098.460,00	211.953.690,00		1.364.335.860,00	10.832.000,00	1.587.121.550,00
Future guaranteed benefits	R0240	11.085.570.210,00							11.085.570.210,00					
Future discretionary benefits	R0250	183.363.720,00							183.363.720,00					
Future expenses and other cash out-flows	R0260	432.080.880,00	369.500.060,00		80.988.930,00				882.569.870,00	43.957.830,00		34.812.360,00	64.180,00	78.834.370,00
Cash in-flows														
Future premiums	R0270	964.749.270,00	590.350.230,00		413.020.690,00				1.968.120.190,00	217.849.170,00		14.553.230,00		232.402.400,00
Other cash in-flows	R0280											46.174.700,00		46.174.700,00
Percentage of gross Best Estimate calculated using approximations														
Surrender Value	R0300	7.624.896.010,00	5.336.154.870,00		915.411.870,00				13.876.462.750,00	0,00		0,00	0,00	0,00
Best estimate subject to transitional of the interest rate	R0310	0,00	0,00		0,00				0,00	0,00		0,00	0,00	0,00
Technical provisions without transitional on interest rate	R0320	10.869.078.580,00	5.387.694.200,00		2.080.174.420,00				18.336.947.200,00	77.132.780,00		1.382.207.610,00	11.221.590,00	1.470.561.980,00
Best estimate subject to volatility adjustment	R0330	10.802.660.290,00	5.322.606.160,00		2.032.676.450,00				18.157.942.900,00	37.583.460,00		1.338.899.150,00	10.896.170,00	1.387.378.780,00
Technical provisions without volatility adjustment and without others transitional measures	R0340	10.925.110.300,00	5.392.686.760,00		2.093.026.630,00				18.410.823.690,00	77.618.860,00		1.392.401.560,00	11.221.320,00	1.481.241.740,00
Best estimate subject to matching adjustment	R0350	0,00	0,00		0,00				0,00	0,00		0,00	0,00	0,00
Technical provisions without matching adjustment and without all the others	R0360	10.925.110.300,00	5.392.686.760,00		2.093.026.630,00				18.410.823.690,00	77.618.860,00		1.392.401.560,00	11.221.320,00	1.481.241.740,00

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Direct business and accepted proportional reinsurance											
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Legal expenses insurance	Miscellaneous financial loss	Non-proportional casualty reinsurance	Total Non-Life obligation
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0110	C0130	C0150	C0180
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Premium provisions											
Gross	R0060	-1.737.650,00	69.490,00	9.401.810,00	29.862.400,00	11.830.450,00	-1.884.460,00	38.680.240,00	3.347.460,00	-3.530.210,00	86.039.530,00
Total recoverable from reinsurance/SPV after the adjustment for expected losses due to counterparty default	R0140	-75.450,00	-1.141.740,00	-942.190,00	13.099.650,00	6.510.440,00	419.890,00	20.728.440,00	1.236.840,00	-3.503.950,00	36.331.930,00
Net Best Estimate of Premium Provisions	R0150	-1.662.200,00	1.211.230,00	10.344.000,00	16.762.750,00	5.320.010,00	-2.304.350,00	17.951.800,00	2.110.620,00	-26.260,00	49.707.600,00
Claims provisions											
Gross	R0160	27.596.970,00	19.423.740,00	81.736.550,00	1.176.588.550,00	53.233.780,00	37.183.940,00	168.658.410,00	343.775.700,00	3.160.100,00	1.925.452.300,00
Total recoverable from reinsurance/SPV after the adjustment for expected losses due to counterparty default	R0240	801.900,00	4.509.320,00	7.900.770,00	388.424.330,00	23.324.860,00	15.952.600,00	83.417.050,00	105.442.360,00	2.368.710,00	636.990.070,00
Net Best Estimate of Claims Provisions	R0250	26.795.070,00	14.914.420,00	73.835.780,00	788.164.220,00	29.908.920,00	21.231.340,00	85.241.360,00	238.333.340,00	3.160.100,00	1.288.462.230,00
Total Best estimate - gross	R0260	25.859.320,00	19.493.230,00	91.138.360,00	1.206.450.950,00	65.064.230,00	35.299.480,00	207.338.650,00	347.123.160,00	3.160.100,00	2.011.491.830,00
Total Best estimate - net	R0270	25.132.870,00	16.125.650,00	84.179.780,00	804.926.970,00	35.228.930,00	18.926.990,00	103.193.160,00	240.443.960,00	3.160.100,00	1.338.169.830,00
Risk margin	R0280	204.740,00	7.569.920,00	15.530.900,00	57.527.630,00	1.436.570,00	714.120,00	2.923.410,00	23.580.980,00	127.650,00	109.895.500,00
Technical provisions - total											
Technical provisions - total	R0320	26.064.060,00	27.063.150,00	106.669.260,00	1.263.978.580,00	66.500.800,00	36.013.600,00	210.262.060,00	370.704.140,00	3.287.750,00	2.121.387.330,00
Recoverable from reinsurance contract/SPV after the adjustment for expected losses due to counterparty default - total	R0330	726.450,00	3.367.580,00	6.958.580,00	401.523.980,00	29.835.300,00	16.372.490,00	104.145.490,00	106.679.200,00	-1.135.240,00	673.322.000,00
Technical provisions minus recoverables from reinsurance and SPV - total	R0340	25.337.610,00	23.695.570,00	99.710.680,00	862.454.600,00	36.665.500,00	19.641.110,00	106.116.570,00	264.024.940,00	3.287.750,00	1.448.065.330,00

Non-life Insurance Claims Information

Development year

[illegible]

Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative)

	In Current year	Sum of years (cumulative)
	C0170	C0180
R0100	23.903.040,00	23.903.040,00
R0110	36.870,00	75.566.810,00
R0120	251.670,00	80.287.110,00
R0130	2.703.720,00	857.386.960,00
R0140	15.121.610,00	826.281.200,00
R0150	4.471.780,00	832.411.860,00
R0160	6.906.460,00	790.917.730,00
R0170	8.208.750,00	670.431.910,00
R0180	8.020.100,00	644.381.110,00
R0190	13.942.670,00	640.482.080,00
R0200	19.645.850,00	674.521.090,00
R0210	23.720.410,00	742.620.870,00
R0220	31.479.700,00	641.375.070,00
R0230	58.183.660,00	634.817.210,00
R0240	226.130.070,00	567.009.410,00
R0250	289.408.240,00	289.408.240,00
R0260	732.134.600,00	8.991.801.700,00

year

Year

[illegible]

**Gross discounted Best Estimate
Claims Provisions - Current year,
sum of vears (cumulative)**

Year end (discounted data)	
	C0360
R0100	207.018.280,00
R0110	23.012.060,00
R0120	26.573.450,00
R0130	31.730.480,00
R0140	26.633.240,00
R0150	39.362.970,00
R0160	50.029.320,00
R0170	40.007.940,00
R0180	70.345.210,00
R0190	96.074.580,00
R0200	98.924.830,00
R0210	126.803.730,00
R0220	138.777.040,00
R0230	204.273.070,00
R0240	304.218.700,00
R0250	407.326.730,00
Total	R0260 1.891.111.630,00

(absolute amount)

[illegible]

**Gross Reported but not Settled
Claims (RBNS) - Current year, sum of
years (cumulative)**

**Year end (discounted
data)**

	C0560
R0100	163.794.690,00
R0110	20.516.850,00
R0120	24.965.770,00
R0130	27.556.450,00
R0140	22.730.490,00
R0150	31.994.850,00
R0160	41.901.000,00
R0170	32.063.770,00
R0180	56.299.620,00
R0190	79.735.230,00
R0200	79.855.090,00
R0210	107.497.310,00
R0220	119.176.830,00
R0230	166.968.940,00
R0240	251.104.200,00
R0250	292.744.880,00
Total R0260	1.518.905.970,00

Report:	S.22.01.b
Due date:	Dec 31, 2020

Impact of long term guarantees measures and transitional

		Amount with Long Term Guarantee measures and transitionals	Impact of the Long Term Guarantee measures and transitionals (Step-by-step approach)					
			Without transitional on technical provisions	Without transitional on interest rate	Without volatility adjustment and without other transitional measures	Impact of volatility adjustment set to zero	Without matching adjustment and without all the others	Impact of all LTG measures and transitionals
		C0010	C0020	C0040	C0060	C0070	C0080	C0100
Technical provisions	R0010	21.928.896.520,00	21.928.896.520,00	21.928.896.520,00	22.019.816.740,00	90.920.220,00	22.019.816.740,00	90.920.220,00
Basic own funds	R0020	1.786.964.430,00	1.786.964.430,00	1.786.964.430,00	1.718.245.742,91	-68.718.687,09	1.718.245.742,91	-68.718.687,09
Excess of assets over liabilities	R0030	2.004.964.430,00	2.004.964.430,00	2.004.964.430,00	1.936.245.742,91	-68.718.687,09	1.936.245.742,91	-68.718.687,09
Eligible own funds to meet Solvency Capital Requirement	R0050	1.786.964.430,00	1.786.964.430,00	1.786.964.430,00	1.718.245.742,91	-68.718.687,09	1.718.245.742,91	-68.718.687,09
Tier I	R0060	1.786.964.430,00	1.786.964.430,00	1.786.964.430,00	1.718.245.742,91	-68.718.687,09	1.718.245.742,91	-68.718.687,09
Tier II	R0070		0,00	0,00	0,00	0,00	0,00	0,00
Tier III	R0080		0,00	0,00	0,00	0,00	0,00	0,00
Solvency Capital Requirement	R0090	1.183.800.363,26	1.183.800.363,26	1.183.800.363,26	1.209.760.468,66	25.960.105,40	1.209.760.468,66	25.960.105,40
Eligible own funds to meet Minimum Capital Requirement	R0100	1.786.964.430,00	1.786.964.430,00	1.786.964.430,00	1.718.245.742,91	-68.718.687,09	1.718.245.742,91	-68.718.687,09
Minimum Capital Requirement	R0110	532.710.163,47	532.710.163,47	532.710.163,47	544.392.210,90	11.682.047,43	544.392.210,90	11.682.047,43

Report:
Due date:

S.23.01.b
Dec 31, 2020

Own funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35

Ordinary share capital (gross of own shares)

Share premium account related to ordinary share capital

Surplus funds

Reconciliation reserve

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Available and eligible own funds

Total available own funds to meet the SCR

Total available own funds to meet the MCR

Total eligible own funds to meet the SCR

Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

	Total	Tier 1 - unrestricted
	C0010	C0020
R0010	292.251.740,00	292.251.740,00
R0030	258.346.510,00	258.346.510,00
R0070	13.000.000,00	13.000.000,00
R0130	1.223.365.840,00	1.223.365.840,00
R0230		
R0290	1.786.964.090,00	1.786.964.090,00
R0500	1.786.964.090,00	1.786.964.090,00
R0510	1.786.964.090,00	1.786.964.090,00
R0540	1.786.964.090,00	1.786.964.090,00
R0550	1.786.964.090,00	1.786.964.090,00
R0580	1.183.800.360,00	
R0600	532.710.163,47	
R0620	150,9515%	
R0640	335,4477%	

Report:
Due date:

S.25.01.b
Dec 31, 2020

Solvency Capital Requirement - for undertakings on Standard Formula

Article 112? (Y/N)

Basic Solvency Capital Requirement

Market risk

Counterparty default risk

Life underwriting risk

Health underwriting risk

Non-life underwriting risk

Diversification

Basic Solvency Capital Requirement

Z0010

(2) Regular reporting

	Net solvency capital requirement	Gross solvency capital requirement
	C0030	C0040
R0010	780.592.781,86	908.040.660,69
R0020	147.048.497,20	153.265.100,68
R0030	295.649.138,52	305.536.774,38
R0040	191.306.500,42	191.306.500,42
R0050	387.761.720,12	387.761.720,12
R0060	-608.537.777,94	-632.030.054,98
R0100	1.193.820.860,17	1.313.880.701,31

Report:	S.28.02.b
Due date:	Dec 31, 2020

Minimum Capital Requirement - Both life and non-life insurance activity

	Non-life activities MCR(NL,NL) Result C0010	Life activities MCR(NL,L)Result C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010 197.758.335,62	0,00

Medical expense insurance and proportional reinsurance
Income protection insurance and proportional reinsurance
Workers' compensation insurance and proportional reinsurance
Motor vehicle liability insurance and proportional reinsurance
Other motor insurance and proportional reinsurance
Marine, aviation and transport insurance and proportional reinsurance
Fire and other damage to property insurance and proportional reinsurance
General liability insurance and proportional reinsurance
Legal expenses insurance and proportional reinsurance
Miscellaneous financial loss insurance and proportional reinsurance
Non-proportional casualty reinsurance

Non-life activities

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0030	C0040
R0020	25.133.037,31	39.140.010,00
R0030	16.125.944,21	88.120.490,00
R0040	84.179.817,25	110.258.760,00
R0050	804.967.321,58	238.271.040,00
R0060	35.231.419,29	165.345.490,00
R0070	18.928.390,25	21.624.140,00
R0080	103.194.975,27	172.457.550,00
R0090	240.454.409,97	54.875.050,00
R0110	3.160.127,74	300,00
R0130	6.039.992,10	6.529.300,00
R0150	811.480,92	0,00

Due date: Dec 31, 2020

	Non-life activities	Life activities
	MCR(L,NL) Result	MCR(L,L) Result
	C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R020029.965.520,24	491.626.512,54

Obligations with profit participation - guaranteed benefits
Obligations with profit participation - future discretionary benefits
Index-linked and unit-linked insurance obligations
Other life (re)insurance and health (re)insurance obligations
Total capital at risk for all life (re)insurance obligations

	Non-life activities		Life activities	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0090	C0100	C0110	C0120
R0210	0,00		10.619.296.561,69	
R0220	0,00		183.363.724,42	
R0230	0,00		5.322.606.159,74	
R0240	1.167.813.492,87		2.032.676.458,34	
R0250		7.773.481.272,56		40.432.863.833,37

Report:

S.28.02.b

Due date:

Dec 31, 2020

Overall MCR calculation

Linear MCR

SCR

MCR cap

MCR floor

Combined MCR

Absolute floor of the MCR

Minimum Capital Requirement

C0130

R0300	719.350.368,40
R0310	1.183.800.363,26
R0320	532.710.163,47
R0330	295.950.090,81
R0340	532.710.163,47
R0350	7.400.000,00
R0400	532.710.163,47

Report:

S.28.02.b

Due date:

Dec 31, 2020

Notional non-life and life MCR calculation

		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	227.723.855,86	491.626.512,54
Notional SCR excluding add-on (annual or latest calculation)	R0510	374.754.215,93	809.046.147,33
Notional MCR cap	R0520	168.639.397,17	364.070.766,30
Notional MCR floor	R0530	93.688.553,98	202.261.536,83
Notional Combined MCR	R0540	168.639.397,17	364.070.766,30
Absolute floor of the notional MCR	R0550	3.700.000,00	3.700.000,00
Notional MCR	R0560	168.639.397,17	364.070.766,30