Solvency II

Solvency and Financial Condition Report 2022

Allianz Benelux

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A.1 Business and Performance

A.1.1 Business

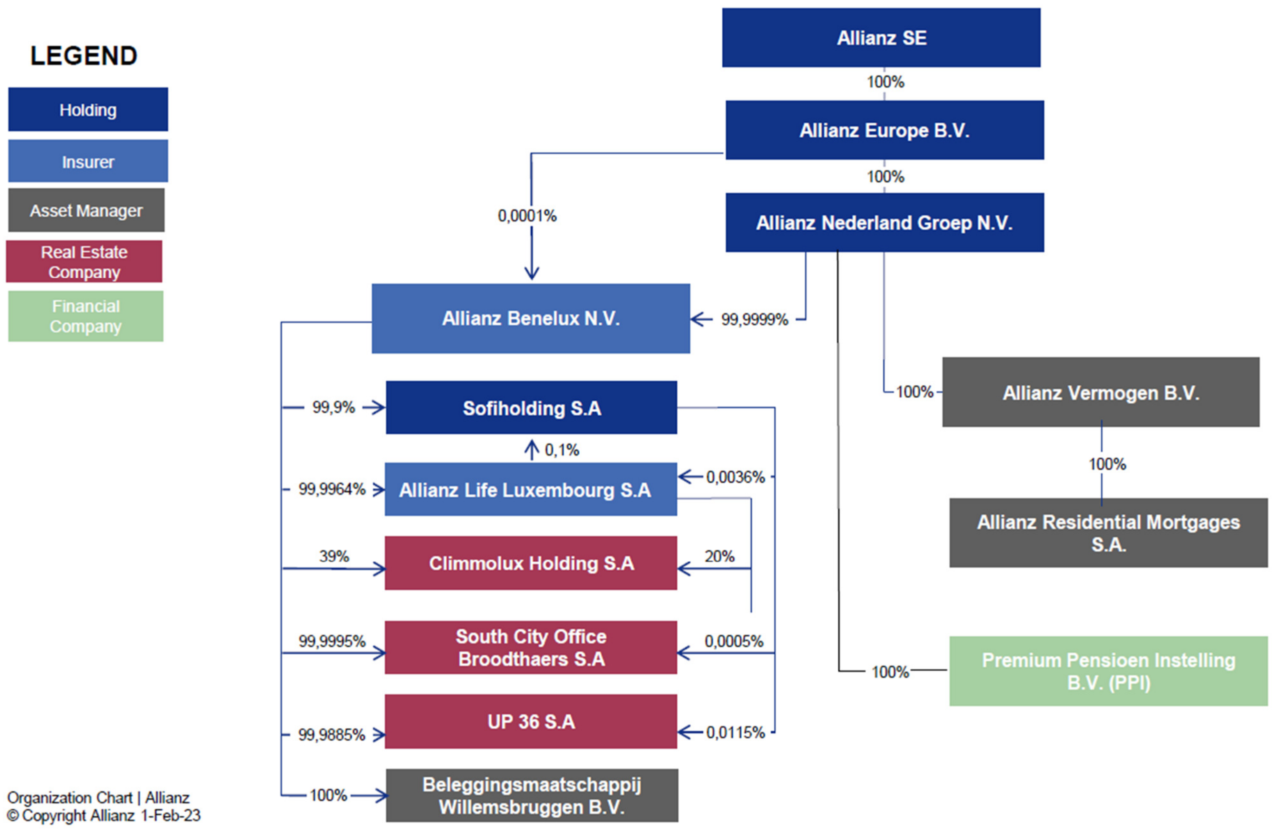
A.1.1.1 Operations

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.

A.1.2 Group Structure



A.2 Highlights of the 2021 financial year

A.2.1 General economic context

After two years governed by the measures to combat the Covid-19 pandemic, 2022 should have been the year of a return to ‘almost normal’ supported by sustained growth and finally freed from health constraints.

However, this was without counting on a variety of converging factors that pushed inflation to rarely reached highs, creating economic turbulence that itself generated high volatility in the financial markets and, as a result, strong concerns for our insurance customers.

The invasion of Ukraine by Russia on 24/02/22 and further disruptions in supply chains, already severely shaken by the pandemic, exacerbated pre-existing tensions in the energy markets, fuelled by increasing mutual economic sanctions that were often invalidating for all parties.

Europe, which is heavily dependent on Russian gas, has been battered and forced to find other routes for its energy supplies, something that cannot be done in just a few months.

Nuclear power, scorned by the public only a short time ago, has been invested with new environmental virtues and seen as a harbinger of energy independence, a goal that is now essential for the well-being of all economic players, including households, companies and the public sector.

This succession of intense disruptions has weighed heavily on commodity and food prices, forcing many sectors to revise their forecasts in terms of turnover and inflation costs.

Producers of all types have decided, almost in unison, to pass on the additional costs of inflation in their selling prices, leading to a reduction in household purchasing power, significant growth in company costs and an overheating of government budgets.

Admittedly, governments throughout Europe have taken measures to support purchasing power and reduce the inflationary impact, but the effects have nonetheless remained significant, in particular because some countries, including Belgium, have an automatic system of wage indexation.

In the insurance companies sector, this indexation is annual and takes effect in January.

For Allianz Benelux, this increase was 11.19% on 1 January 2023, a hike that had not been seen since the 1973 oil crisis.

Beyond that, the 3 Benelux countries where Allianz Benelux is established nevertheless held up well with a low unemployment rate, which was the result of a fairly vigorous post-pandemic economic recovery, albeit mitigated by the negative effects on consumption of the decline in purchasing power.

Allianz Benelux SA has weathered this chaotic environment by continuing its march towards greater digitisation of its management processes while serving its customers and partners to the best of its ability. As we will see further on, it has not done too badly in this financial year.

Sectoral situation

In Belgium

The insurance sector has also had to deal with the consequences of the war in Ukraine, the effects of the floods, whose cost exceeded initial estimates, the after-effects of the pandemic and social changes in the face of existential challenges such as global warming.

The environmental crisis is forcing Belgian society to move forcibly towards a world where systemic risks will be far more significant than they are today.

This is not and will not be without consequence for insurers who are being forced to rapidly review their contractual communication and information processes in order to take into account the increasing requirements (SFDR/Taxonomy/CSRD/CSDDD, etc.) that the European authorities' green deal agenda and the determination of the supervisory authorities requires them to take into account.

It is true that expectations are very high, in line with global challenges.

Insurers are assuming and will assume their responsibilities in Life and non-Life and in their own consumption patterns.

They have demonstrated this by acting quickly to deal with flood-related claims, management of which continued throughout the 2022 financial year.

The sector also intends to use public/private partnerships in various areas (document dematerialisation, data digitisation, cybersecurity, risk mapping and prevention, road safety, open insurance, artificial intelligence, etc.). The scope is broad.

Beyond that, they are impacted by many laws, regularly amended, to the point of suffering from a lack of stability and legal certainty that they are calling for. Insurers cannot operate to the rhythm of regulatory interpretations and successive challenges.

In the Netherlands

The figures relating to 2022 trends will only be known and available in May 2023.

A.2.2 Legislative changes in Non-Life insurance

In reality, the past year has seen relatively few legislative changes in the Non-Life segment.
In Motor Vehicle Liability Insurance, it should be noted that, with a view to the transposition into Belgian law (due to take place no later than 23 December 2023) of European Directive 2021/2118 adopted on 24 November 2021, which amends Directive 2009/103/EC, discussions and work to prepare a bill continued during the past year within the Insurance Commission.

On 12 July 2022, it published the results of its work (DOC/C2022/5). In it, it proposes amendments, in certain areas, to the Law of 21 November 1989 ("Motor Vehicle Liability Insurance Law"), responding to the need to transpose certain points of the case law of the Constitutional Court as well as the new European regulations into Belgian law.

Also in Motor Insurance, it should be noted that the Law of 15 May 2022 was introduced to amend the Royal Decree of 1 December 1975 on the general regulation on road traffic policing and provided that users of electric scooters should be treated as cyclists and therefore now subject to new prohibitions.

Another bill also caught our attention in 2022. Last June, the Council of Ministers approved the preliminary draft text, which has, in the meantime, became the Bill of 18 October 2022 on Insurance for Damage Caused by Acts of Terrorism.

This subject is currently dealt with by the Law of 1 April 2007. However, in view of the multiple delays and other difficulties faced by the victims of the March 2016 terrorist attacks in Zaventem and Maelbeek in order to obtain compensation for their physical injuries, the Belgian State was forced to take into account the complaints made and to provide for greater protection for such victims and shorter timeframes for compensating them. Provision is being made for a solidarity scheme for victims (Belgian residents) of acts of terrorism, so that they can obtain full compensation for their physical injuries, in accordance with ordinary law, whether or not they have insurance cover (or who cannot claim sufficient insurance cover). This scheme, financed by (the member insurers of) the non-profit association TRIP (in which Allianz Benelux participates) and by the Belgian State, has not yet been voted on, mainly because a major issue (coverage of non-resident and uninsured victims) has yet to be resolved.

Here too, the progress of this project - as it winds its way through the legislative process - will obviously be monitored by Allianz Benelux in 2023.

A.2.3 Legislative changes in Life insurance

Inheritance tax reform in Brussels: major changes for individual life insurance

The Brussels-Capital Region has made two major changes to its legislation on inheritance tax for individual life insurance policies via its Order of 6 July 2022.

As with the regulations applicable in the Flanders Region since January 2017 and in the Walloon Region since January 2022, in Brussels, it is now planned that:

the beneficiaries of the life insurance policy will only have to pay inheritance tax when they receive a certain amount of money, either by means of an actual payment or when the policy is surrendered;

the prior gift of a life insurance policy gives rise to the collection of inheritance tax on the subsequent payment of the benefit to the beneficiary of the gift if the value of the life insurance policy has increased between the date of the gift and that of the death of the donor. This amendment applies to estates settled from 11 August 2022.

Introduction of protection for the beneficiaries of soldiers or civilians who have died in the course of their service

The Law of 2 June 2022 on State Compensation to cover certain risks excluded in credit protection insurance taken out by military or civilian personnel, in the event of death in the course of service, aims to offer maximum protection to their beneficiaries in the event of death in the course of service in the context of high-risk activities, and who have, where applicable, to repay a mortgage loan.

Exemption from Flemish inheritance tax on group insurance benefits in the event of the death of the member's spouse

It is common for employees to be able to build up an additional pension through "group insurance" offered by their employer as an extra-statutory benefit. These group insurance policies have a favourable tax status in terms of inheritance tax in the sense that, at the time of the death of the member employee, the death benefit is exempt from inheritance tax when it is paid to the surviving spouse or children under the age of 21.

If the member employee is married under the community property regime, the death benefit is shared. One of the consequences is that, in the event of the death of the other spouse (who is not affiliated as an employee), half of the benefit created at the time of his or her death is added to his or her estate (and is subject to estate tax), even if the death of this spouse does not give rise to the liquidation of the group insurance. The Flemish legislator put an end to this situation in the Decree of 20 December 2022 by providing for an exemption.

Elimination of the 20% tax rate for supplementary pensions for athletes

The legislation on supplementary pensions provides for an exemption for athletes, allowing them, subject to conditions, to receive payment of their pension capital from the age of 35. For this type of advance payment, an exonerating tax rate of 20% applied.

The Programme Law of 27 December 2021 applies from 1 January 2022 and retroactively removes this special rate in the event of signing up to a pension commitment after 19 October 2021, as well as in the event of a change to a pension commitment with an increase in benefits after 19 October 2021.

Tax Authorities Circular 2022/C/33 of 31 March 2022 "on the determination of the statutory retirement pension in the context of supplementary pensions for company directors that are subject to the social status of self-employed workers"

The Belgian authorities have adapted the rules for calculating the future statutory pension of self-employed workers in order to allow them, from 2021, to benefit from a higher statutory pension. This increase has an impact on the calculation of the 80% rule which implies that the total amount of the statutory pension and the (non-statutory) supplementary pension cannot exceed 80% of the gross “normal” remuneration of the previous year.

On 31 March 2022, the Belgian tax authorities published Circular 2022/C/33 which essentially provides that the new estimate of the increased statutory pension of self-employed workers must be taken into account in the calculation of the 80% limit for career years from 2021.

As the calculation rules have been introduced with retroactive effect from 1 January 2021, it is possible that premiums paid in 2022 or 2021 may exceed the new tax limit. Where applicable, the relevant part of the premium will therefore not be tax deductible as a business expense.

In a supplement (published on 6 July 2022) to the Circular mentioned above, the tax authorities nevertheless provide for an administrative tolerance for premiums paid in 2021 and 2022 that exceeded the new tax limit. This tolerance involves recording the excess premiums as expenses and carrying them forward to 2023. The balance carried forward must then be deducted from the premiums that may be paid in 2023.

Allianz has taken this new regime into account and communicated it accordingly to brokers and its customers.

Increased transparency under the second pension pillar

The Law of 26 December 2022 (published in the Belgian Official Gazette on 3 February 2023) amends various provisions with a view to strengthening transparency under the second pension pillar. One of its objectives is to provide citizens with quality information in order to offer them a clearer idea of the supplementary pension they can expect in the future. In particular, the text provides for the incorporation of information rules from the IORP II Directive into labour legislation on supplementary pensions so that the same standards now apply to all supplementary pension schemes. A strengthening of the role of Sigedis and mypension.be in management will reduce administrative costs. At the same time, a number of information obligations are being removed or simplified. Allianz is preparing to comply with this demanding new transparency regime.

The right to be forgotten in terms of insurance has been extended and made more flexible

Two years after the introduction of the ‘right to be forgotten’ for credit protection insurance, this right to be forgotten has now been extended to patients cured of cancer for any new income protection insurance via the Law of 30 October 2022. The law also provides for a reduction in the standard period for the right to be forgotten from ten to five years.

Currently, the insurer cannot refuse insurance or provide for additional premiums for people who have reached 10 years of recovery, i.e. 10 years after the end of successful treatment and in the absence of a relapse. This law therefore shortens this period from 10 years to 8 years, and the period will decrease to 5 years from 1 January 2025. However, for people who have developed cancer before the age of 21, the standard period for the right to be forgotten is 5 years without having to wait until the 2025 deadline. Allianz has adapted its risk acceptance framework accordingly.

A.2.4 Financial markets

The teams have had to deal with the implementation of various regulations in the area of sustainable finance, including the highly demanding SFDR Regulatory Technical Standards (RTS)[1]. The full framework of regulations in the area of sustainable finance is not yet known. This is supplemented by interpretations or instructions published either by the European regulatory authorities, the European Commission or the local regulator. Another difficulty is the implementation dates for this legislation. These are the same for all financial market players. This means that Allianz, which as an insurer is involved at the end of the process, is dependent on information that the asset managers will provide to it. This concomitance makes any implementation very difficult and complex both for the 1st and 2nd internal line of defence.

The highlights in the area of sustainable finance were:

On 29/04/2022, FSMA Communication FSMA_2022_14 concerning the rules on sustainable finance for insurance companies. In this communication, the supervisory authority provided a framework for insurance companies to verify whether all sustainability rules were taken into account.

On 30/06/2022, the website of financial market players was required to contain a series of updated information, including that relating to the main negative impacts at company level. The main negative impacts are factors that can impact sustainability factors and lead to investment decisions. This is intended to encourage investors to use information relating to products and funds and to therefore select the funds in which they wish to invest, taking into account the main negative impacts.

Since 02/08/2022[2], financial market players must take the sustainable preferences of

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[1] Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

[2] Commission Delegated Regulation (EU) 2021/1257 of 21 April 2021 amending Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359 as regards the integration of sustainability factors, risks and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors, and into the rules on conduct of business and investment advice for insurance-based investment products

customers into account. This means that during underwriting or arbitrage, the insurance intermediary must ask its customer several questions to determine whether the customer wants its product to take into account sustainable aspects (category a, b and c). These sustainability categories are in some ways sub-categories of the product classifications in Articles 6 (product without any ESG objective), 8 (product that promotes ESG) or 9 (have ESG goals as it objective) of the SFDR. An Article 8 SFDR product may contain category a and/or b and/or c.

On 22/12/2022, the FSMA published its Communication 2022_31 concerning pre-contractual information for the financial products referred to in Articles 8 and 9 SFDR. The FSMA has provided an opinion on, among other things, the information to be included in the pre-contractual documents. The difficulty with this Communication lies in the fact that the pre-contractual documents provided by the asset managers have been approved by another supervisory authority. The opinion is therefore not easy to follow.

Finally, by 01/01/2023 at the latest, financial market players had to adapt several aspects of their documentation (pre-contractual, information on website, product declaration, etc.) & website (area dedicated to sustainability, explanatory information for customers, product aspects). Since 01/01/2023, customers receive a new pre-contractual document containing sustainable information on the product and the underlying funds.

Significant efforts were made in 2022 to complete this substantial work, which will have to be overseen by a new internal organisation capable of monitoring developments and updates.

This regulation is not final and 2023 looks set to be a year of development (gas and nuclear RTS, development of the last 4 objectives of the environmental taxonomy, etc.). The challenges will be significant because it involves hundreds of documents and even thousands if PRIIPs documents are included, which must be correct and regularly updated. In terms of compliance, this is one of the company's major challenges.

At the same time as sustainable finance, the European Commission has continued to legislate on sustainability. On 16 December 2022, the Corporate Sustainability Reporting Directive (CSRD) was published in the Official Journal of the European Union. It extends the scope of the current Non-Financial Reporting Directive (NFRD):

Additional categories of companies are subject to this reporting obligation;

Specific information must be provided, in particular regarding information on sustainability (e.g. obligation to report on the impact of companies on sustainability issues and the impact of these issues on the companies themselves), on the business model, strategy, reasonable due diligence process implemented in terms of sustainable development, the main negative impacts linked to the company, etc.

All information published as part of corporate management reports.

Belgium has 18 months to transpose the CSRD into national law. In terms of deadline, companies already subject to the NFRD, which is the case for Allianz, will come within the scope of the Directive as of 01/01/2024.

The company has ensured that it complied with these various laws and regulations within the required timeframe during the year under review.

A.3 The Allianz Benelux sales policy

A.3.1 In Belgium

In commercial terms, the past year has been marked by an uncertain economic, political and environmental climate as well as by various binding legislative developments at national and European level.

In this context, the sales teams, our company's 1st line representative on the ground, have passed on our vision and our solutions to their partners. Actively supporting and harnessing the expertise and know-how of brokers for the benefit of their customers is in our DNA. The many initiatives taken in recent months have all contributed to supporting brokerage firms in their search for efficiency. Our teams continue to combine face-to-face and digital meetings to better manage each person's time.

In Life insurance, to meet the challenge of ensuring a return in the face of inflation and the loss of purchasing power, we have widely communicated via our newsletter and webinars about the resistance of our products to the difficult global situation. We have also created two new Branch 23 investment products to cater for the needs of customers with defensive profiles (Az Opportunity 3A New Generation and Az Opportunity Dynamic 3A New Generation) as well as a product to relaunch Branch 21 (Allianz InvestForLife3A My Future).

Investment and savings products have also been impacted by EU regulations on insurance distribution. The regulations stipulate that brokers must ask their customers about their sustainability preferences when assessing the suitability of a product. We have supported our partners by allowing them to easily identify for each fund whether it belongs to category a, b, or c and whether it is an SFDR Article 6, 8 or 9 product. In this regard, it should be remembered that our product - Allianz for a Better World, an insurance product linked to a Branch 23 investment fund, has a sustainable investment objective and almost exclusively contains funds compliant with article 9 SFDR (Sustainable Finance Disclosure Regulation). Investing in this fund, actively managed by Allianz Global Investors, a pioneer in sustainable investment since 1999, is a guarantee of an investment invested worldwide in companies and projects with a positive impact on the environment and society.

We have also seen a change in the calculation model of the 80% rule, which, in particular due to its retroactive nature, had a tendency to create a certain amount of stress among brokers who offer life insurance to their professional clients. In short, as the statutory pension to be taken into account increases, the maximum pension capital eligible for a tax deduction may decrease drastically. In order to benefit as much as possible from the tolerance granted by the tax authorities, it is essential to recalculate the tax premiums and to determine the extent to which those paid in 2021 and 2022 do not exceed the new limits now established. This is the specific purpose of the new version of the Prolink Life Plan tool that we have been offering since January 2023.

We have also evaluated and optimised existing LifeCycle strategies (Growth, Moderate and Defensive) and launched a fourth (GrowthPlus). The principle behind this option is simple: the further away the pension, the higher the proportion of total-return investments, because there is more time to avoid volatility. The proportion of security-focused assets increases over time, so that performance for the customer is optimised over its entire life cycle. Premiums are allocated and reserves are readjusted automatically. The LifeCycle Growth strategy caters for the growing demand from customers with a more dynamic profile, with a more pronounced risk appetite.

In Group life insurance, we should also mention our “Bonus Plan” product which offers a tax advantageous approach for our policyholders as well as the launch of our CDC (Collective Defined Contribution) solution which allows employers to distribute profit collectively while protecting itself during less prosperous periods in terms of return.

In Non-Life insurance, we continue to fully invest commercially in the market, in particular by means of more attractive prices and products. In July, we introduced a new pricing structure that is simpler and better suited to small fleets, reflecting our desire to position ourselves as a preferred partner for SMEs. For individuals, we expanded the “Family Plan” coverage in June without any additional premium and at the end of the year, we reviewed our “Home Plan” product both in terms of coverage (solar panels, installation of charging points for electric vehicles, etc.) and in terms of pricing. The world is changing and so are our customers’ lifestyles. It was therefore essential to review the general terms and conditions of the insurance that directly affects their home.

This is not to mention our Cyber product, which perfectly caters for what is, according to our renowned “Allianz Risk Barometer”, the most feared global risk business in 2023 nationally and internationally.

The Allianz Risk Barometer is an annual corporate risk ranking based on a survey of 2,712 risk management experts in 94 countries and territories. Cybercrime and business interruption continue to be the two major sources of concern for companies in Belgium.

The media regularly reports on the difficulties faced by property buyers. The rigid terms, the complexity of the products, etc. Thanks to the trusting relationship that Allianz has established with its brokers, we were able to determine the factors that transform a property dream into a veritable obstacle course. With the launch of Allianz Me Home Loans in April, we want to break down these barriers and allow our customers to experience greater peace of mind when buying their house or apartment by applying an attractive acceptance policy and terms and conditions in Belgium.

It should also be noted that in 2022, Allianz in Belgium won two Decavi Awards: the “Digital” Life Award for our Allianz Portfolio Analyser. This tool, which lists more than 800 financial products, enables brokers to analyse their customers’ investment portfolio. The second Decavi Award, in the Innovation category, was for the Growth Plus strategy of the LifeCycle option that we explain below.

During this year, we have invested heavily in strengthening the partnership with our brokers and are pleased to see an improvement in our Net Promoter Score. In Non-Life insurance, it confirms that there is still a long way to go but that we are on the right track. In Life insurance, we are in second place on the podium, not far from the “loyalty leader” position that is our objective. Let’s also look back at the first edition of our Allianz Day, on 6 October 2022, during which more than 500 brokers discovered a multitude of inspiring new products. Since the first of January 2023, we have assumed the presidency of Brocom for two years, which puts us in an ideal position to continue our efforts and achieve our desire to grow with brokers in the Belgian market. Especially as during the year, we intensified our communication and digital campaigns in more specialised social media with the aim of increasing our visibility to become more attractive.

2022 was also the second year of sponsoring Belgian athletics. We are reaping the benefits of this new partnership. Its positive impact should continue to grow in the future, benefiting not only our positioning and our activities, but also society by proudly flying the flag for Belgian sport. Our sustained presence at all levels, from competitions and professional athletes to amateur sports via local clubs, is generating new synergies bringing new business opportunities that we are keen to seize. Sporting events are also an ideal opportunity to meet our preferred brokers and distribution partners. This is how the Allianz Memorial Van Damme, a sporting event of national and international renown much loved by Belgians, allowed us to meet with our main brokers and distribution partners on 2 September at the King Baudouin stadium in Brussels. It was an opportunity to share the values conveyed by the athletic world and to which Allianz fully adheres and which it intends to promote: vitality, accessibility, diversity and inclusion.

A.3.2 In the Netherlands

The Individual P&C insurance intermediary market in the Netherlands remained stable in 2022. In this segment, Allianz saw its portfolio shrink, but in 2022 we developed a new offering, based on Allianz Direct products, which will be launched in 2023. In addition, the existing portfolio will be migrated to the Allianz Direct European central platform. Allianz Direct in the Netherlands has further improved its position in the direct distribution channel. In addition to the traditionally strong Motor offering, growth has also been achieved with relatively new products such as Fire and Third-Party Liability.

Despite geopolitical developments and high inflation, the Dutch economy grew in 2022, as did the Professional P&C insurance segment. This has led to growth in the Allianz Professional portfolio, with increased sales and better returns. Also in 2022, Allianz continued to strengthen its leading position in the automotive partnerships sector. One of the main drivers of growth was increased satisfaction with Allianz services from customers and intermediaries in both segments.

Allianz has further strengthened its leading position in Large Corporate P&C insurance in 2022 thanks to strong revenue growth and better returns in the Non-Motor insurance segment (especially Fire). In the MidCorp segment, Allianz is the best in the market in terms of intermediary satisfaction and achieved the position of “Loyalty Leader” in 2022.

In the relatively difficult market of Individual Life and Income insurance, our fixed income portfolio (AOV) in particular experienced above-average growth. A strong customer focus, an improved product range (successful launch of products in the white collar segment) and improved customer journeys contributed to this. In the competitive but rapidly-growing Annuities market, Allianz was able to maintain its leading position in 2022 and also recorded new growth in the group pensions segment.

To improve the partnership with our intermediaries and ensure an intensive exchange of knowledge, Allianz has created the Broker Experience Centre. In 2022, this made it possible to ensure frequent coordination with our advisers in the areas of product development, service and performance.

Allianz Direct Individuals continues to grow

Allianz Direct is expanding its product range to include travel insurance.

2022 was dominated by the continued development of the European offering and the extending of the processes and functionalities of the new platform. The last outstanding claims have been transferred from the Allianz Benelux platform to its new management environment run by Allianz Direct AG. The full migration has now been completed and all policies and claims are in the same system. The advantage of having all the data on a central platform is that they can be compared from one country to another. This makes it possible to determine priorities or initiatives based on these data at European level that are sources of economies of scale.

As in 2020 and 2021, the COVID-19 pandemic had a positive impact on the results of Motor insurance policies, particularly in the first quarter of the financial year under review. Indeed, due to the widespread use of home working, the number of kilometres travelled on Dutch roads decreased significantly, which led to a decrease in road accidents and the frequency of claims. After the last lockdowns of Q1 2022, the frequency of claims started to increase again, but has not yet reached pre-pandemic levels. However, due to the rise in inflation, the average price per claim is increasing, which is why the second half of the year was dominated by the adjustment of current prices in order to ensure profitability for the coming years for both Motor and Home insurance. It is important to incorporate good inflation estimates into the latest prices now so that profitability remains stable for years to come and customers are not suddenly faced with huge premium increases.

In March 2022, Allianz Direct began selling travel insurance in partnership with Allianz Partners. Allianz Partners' many years of experience in this field, coupled with the brand recognition and positioning of Allianz Direct in the online distribution channel, makes for a successful combination. Thanks to this additional product, Allianz Direct can position itself with regard to groups of customers and its existing customers interested in group insurance, which will be one of the priorities for 2023.

In September 2022, Allianz Direct took over the management of home insurance claims, a task until then carried out by Allianz Benelux. Allianz Direct can therefore now better respond to the wishes of the end customer in terms of claims management. The aim is to improve the customer experience and further reduce claims processing times by further automating the standard process.

In 2023, the focus will be on collaboration with Allianz Benelux and Allianz Partners. The aim is to bring together the strengths of the three labels to transform them into powerful combinations, to give the new IT platform a central role and to focus the three labels on groups of customers for which they can offer the best proposal.

Growth in the professional segment

Despite strong economic headwinds during the 2nd half of 2022, Allianz again recorded strong growth in the Corporate segment. Significantly fewer cars and vans were sold in 2022, putting a lot of pressure on the Motor insurance segment. However, Allianz has stabilised its position in this segment compared to 2021. It is mainly in the Non-Motor insurance segment that premium income has increased significantly, particularly in Fire and Third-Party Liability. Successful commercial campaigns in Motor insurance, Commercial Vehicles and Fire have clearly contributed to this growth.

In the Group Insurance segment, Allianz further refined its "North Star" strategy for the coming years in order to drive growth by serving new and existing customer segments even better. Of course, 2022 was dominated by the Future of Pensions Law, which the Lower House approved on 22 December. This bill governs the legal framework for the new pension system. Allianz is ready to take into account this new legislative framework, which will come into force in July 2023. Using, among other things, online tools developed based on broker feedback, Allianz is supporting and assisting both employers and brokers in this transition process. In addition, the PPI insurance offering in this segment has been strengthened and aligned with the stricter customer requirements in order to further support growth.

2022 was the year of implementation of our North Star strategy. This has set an ambitious growth target for the Professional segment. Based on an in-depth analysis of the market and portfolio, choices were made to revive growth in specific segments, for which suitable offerings are being developed. These offerings and the related campaigns will become the main drivers of continued growth in this segment in 2023.

With regard to Guaranteed Income insurance, in 2022, Allianz continued the strong growth initiated in 2021 thanks to an improved offering and market positioning. In the Life segment, the integration of the PPI (Pension Premium Institution) structure enabled Allianz to record strong growth.

Positioning of the Allianz brand

Allianz has continued to develop its positioning in the Professionals segment. Mainly through communication focused on themes that are important to entrepreneurs. We have therefore continued to develop “thought leadership” in the areas of risk expertise, prevention and sectoral knowledge and issues.

As well as using certain websites, entrepreneurs are increasingly obtaining information via social media. Thanks to a targeted content strategy, Allianz is increasingly reaching these target groups via e.g. Facebook and LinkedIn, through blogs, feature articles or survey results.

In 2022, Allianz further strengthened its brand positioning through its partnership with the International Olympic Committee and the International Paralympic Committee (IOC/IPC). Various campaigns and activities have been carried out to improve the reputation of the Allianz brand thanks to our sponsorship of the water sports association (Watersportverbond) in the Netherlands. Here too, intermediaries have been involved in strengthening the partnership with Allianz.

Improving digitisation

Digitisation is a major issue both for our intermediaries and for our customers. In 2022, we developed our “Allianz Entreprises” portal. We have assigned “digital pricing” to new products and business groups, which has enabled many more enquiries to be automatically processed and significantly improved the automated management ratio (STP).

In addition, the overview of the portfolio and the various customer documents has been improved on the MyAllianz Broker portal for our advisers. These improvements allow for faster and easier management of customer insurance by advisers, thereby improving efficiency. This has also led to a significant improvement in the satisfaction of intermediaries on the portals in 2022.

Digital capabilities have also improved for customers. In 2022, we developed the “First Notification of Loss” functionality on the allianz.nl website. This allows customers to report damage to their vehicle online more efficiently. We also launched an initial “Track & Trace” feature, which allows us to better and more quickly inform customers about the progress of their claim. These digital applications for customers are helping with their positive assessment of our level of service and we will continue to develop and improve them in

2023.

In the Individual Life and Income insurance segment (both annuities and protection products in the retail and self-employed segment), Allianz is constantly investing in improving the customer experience, communication and digitisation in general. The customer journey and portals for end customers and brokers were further improved in 2022 to, among other things, increase ease of use, boost customer satisfaction and reduce delivery times.

Improved customer satisfaction

The North Star strategy also sets a growth target in the area of customer satisfaction. Based on crucial market and customer insights, new value propositions are being developed and a cycle of continuous customer service improvement is being implemented. For example, several customer pathways were adapted and improved in 2022. This resulted in better customer satisfaction scores in various segments and for various Customer Journeys.

Improvement in satisfaction of insurance advisers

In 2022, the programme aimed at improving the satisfaction of advisers/brokers was a success. Both in Belgium and the Netherlands, distribution partners in the P&C and Life insurance sectors rated Allianz's service as fundamentally better than in previous years. This motivates Allianz employees to continue the programme in 2023, with the aim of being a "Loyalty Leader" in 2025. The continuous improvement in our service to advisers/brokers is also important as the trend towards consolidation of distribution partners continued unabated in 2022, particularly in the Netherlands. The strategic importance of a balanced distribution plan with the advisers/brokers of the future is increasing, especially as the level of service desired/required is also increasing. For the Life NL segment, Allianz was named 'Loyalty Leader' for Individual and Group Life insurance in the GfK broker survey in 2022. This is an important step for the entire Life business. Naturally, Allianz will continue to invest to maintain this leading position in the market. In other lines of business, we will work even more intensely in the coming years to achieve the ambition of "Loyalty Leader" in 2025.

A.4 Activities and outlook

A.4.1 Individual insurance

A.4.1.1 *Individual Life Business*

There was a decrease in premium income in 2022: down 29% compared to 2021. Total income came to EUR 558 M in 2022 compared with EUR 782 M in 2021.

This decrease was due to the sharp decline in business in investment products in Branch

23 single premiums: down EUR 212 M compared with 2021. It can be explained by the continuing volatility in financial markets in 2022 and the special economic environment (war in Ukraine, energy crisis, high inflation, etc.) Investors therefore turned to safer investments, at the cost of potentially higher returns over the long term.

Given this environment and the sharp rise in interest rates observed in 2022, Allianz has decided to relaunch Branch 21 investment products and Branch 23 investment products offering a definite minimum repayment guarantee (structured funds). As these products were launched at the end of the year, the impact on income in 2022 was very limited. However, this type of product should make it possible in 2023 to achieve income that is more in line with that of 2021.

The collaboration established 4 years ago with Crelan bank again contributed strongly to income. In 2022, new business realised with Crelan bank represented approximately 60% of total new business in investment products (50% in 2021).

New business in Protection products with periodic premiums fell compared with 2021 (down 7.5%). Unlike last year, business in all the pillars was impacted, including in the 2nd pillar, except for PLCI, for which we saw growth of almost 6%. For 2nd pillar EIPs, there was a sharp decrease in single premiums linked to back-service financing (-38%). This was mainly due to the new 80% rule decided in 2022, which limits the financing of pension capital from the 2021 tax year.

Overall, the premium income realised across the portfolio in Protection policies was higher than in 2021 (+4%).

In Life Investments, Allianz always seeks to satisfy brokers and independent financial advisers who are looking for diversified, dynamic investment solutions offering potentially higher returns as well as suitable tools.

Thanks to Allianz Client Analyser, which has been redesigned to offer new functionalities, brokers have a powerful tool that helps with asking customers the right questions and finding them suitable investment solutions. The structured questionnaire provides brokers with all the essential information about their customers in just a few steps.

In terms of investment solutions linked to Branch 23 funds, Allianz offers Allianz ActiveInvest, Allianz Excellence and Allianz for a Better World which, thanks to the wide range of investment funds, enables brokers to assess and offer advice in keeping with the situation and personal needs of their customers.

For the Allianz Excellence product, Allianz capitalised on the expanded offer in 2021 with new funds from different partners. These funds invest in promising themes such as climate, environment, health, artificial intelligence and offer the possibility of investing in numerous geographical areas. The Allianz Excellence product consists of 31 funds, some of which take into account environmental and/or social characteristics. Allianz Benelux N.V. has therefore classified this product under Article 8 SFDR.

For the Allianz for a Better World product, we continued to expand the offering, with a focus on ESG funds. This has led to the addition of a range of funds with different levels of risk. They invest in companies with a sustainable and long-term vision and offer solutions that meet the Sustainable Development Goals (SDGs) set by the United Nations. 5 funds were therefore added to the offering, all managed by Allianz Global Investors: AZ Allianz GI Clean Planet, AZ Allianz GI Smart Energy, AZ Allianz GI Sustainable Health Evolution, AZ Allianz GI BW Securicash and AZ Allianz GI Global Water. The last fund focuses its investments in companies active in the management of water resources and use of water.

Alongside development of the range of products and funds, Allianz has also increased transparency in risk management towards its customers. Our documentation centre therefore now includes all SFDR-related pre-contractual documentation. This information pack contains all information relating to the integration of sustainability risks in its investment decision-making process, as well as information on the environmental and/or social characteristics of the investment options offered in its products.

In terms of Branch 21 investment solutions, Allianz has, during the last quarter of 2022, offered the possibility of investing at an attractive guaranteed interest rate of 0.5% thanks to Allianz Invest for Life3A My Future, a new product linked to the segregated funds of Invest for Life3A. We have also continued to promote the solution put in place in 2020 for reinvesting 8-year policies linked to the Branch 21 Invest for Life 3A range that have reached maturity with Allianz Opportunity3A New Generation.

Lastly, Allianz decided to relaunch structured funds that had been very successful in the past. The first was launched in December 2022: Allianz SecurAsset (LU) Italy - European Inflation Linked 2033. Its objective is to offer repayment, at maturity, of the net amount invested and to potentially realise a capital gain linked to the rise in the euro zone harmonised consumer price index (excluding tobacco).

All these solutions have been implemented in ProLink Life Investment, our underwriting and management platform, made available to brokers in September 2021 and which underwent several important developments in 2022. By way of reminder, this software enables the broker to enter all data, including the information necessary for anti-money laundering, FATCA and CRS checks, and to issue the offer or contract. It offers greater user-friendliness and new functionalities, such as improved versions of the “Relative risk limitation”, and “Gradual transfer of savings” management options and much faster processing of arbitrages.

2022 also saw the launch of the Bridge project to continue and accelerate the modernisation of Prolink Life solutions. It is based on local solutions that allow for a smooth transition to modern integrated tools for both the broker and the customer.

In addition to these developments in terms of products and tools, new business in 2022 was supported by several marketing actions at different times of the year. They were aimed both at new business and additional payments on ongoing contracts.

In Life Protection, Allianz capitalised on the new concept introduced in 2020 within the Plan for Life + product: LifeCycle. LifeCycle offers customers peace of mind thanks to the automated reduction in risk exposure according to the remaining term while being transparent on asset allocation: we have therefore assessed, reviewed and adapted existing LifeCycle strategies (growth, moderate and defensive) to market conditions. We also launched a fourth strategy (GrowthPlus). This new strategy complements the range of existing LifeCycle strategies and caters for the growing demand from customers with a more dynamic profile, who have a stronger risk appetite than in the LifeCycle Growth strategy. This new approach caters for the needs of consumers and offers brokers an additional advantage in meeting this demand.

In order to improve our offering, the 0.25% management fees for Plan for Life + applied to the savings built up on the Branch 21 part have been eliminated, which positively increases the overall return of the product.

All these new features have been implemented in the ProLink Life Plan software. It also incorporates the new 80% rule, which defines the level of financing of supplementary pensions for independent directors. It has in fact undergone a certain number of adjustments, mainly the estimate of the statutory pension, which require recalculation of the 80% limit. Prolink Life Plan allows brokers to easily redo these calculations, as well as quickly prepare offers and then very easily convert them into contracts. All the developments are aimed at giving brokers more flexibility, and autonomy.

Finally, our commitment to innovation has been recognised with two Decavi awards. The first, in the “Digital” category, was awarded to us for our Allianz Portfolio Analyser. The tool is based on more than 800 financial instruments and enables brokers to analyse the investment portfolio of clients. The second Decavi award, in the Innovation category, was for the Growth Plus strategy of the LifeCycle option.

A.4.2 Individual P&C Business

We recorded strong results in what was once again an unusual year, marked by the macroeconomic consequences of the war situation in Ukraine. The effects of inflation have been felt not only by citizens, but also by us, as insurers, in our claims costs. We expect this inflation to have further effects on our claims costs in 2023. In addition, as an insurer, we assumed responsibility for helping the government compensate victims of the floods that occurred in 2021.

Turnover in the Individuals portfolio in Belgium amounted to EUR 132 M, which was slightly below our expectations. The portfolio’s results were below what we had forecast in our plan and the combined ratio reached 100%, mainly due to the effect of the Motor portfolio where the impacts of inflation are clearly visible.

The decline in traffic intensity during the period of lockdowns is over. We have introduced more segmented pricing, based on the individual risk profile, thanks to the new knowledge we have gained from the latest techniques.

In 2022, we made our Fire insurance pricing more attractive and also optimised the coverage of our products. As a result, our flow of new business has increased significantly to EUR 50 M in premium income. Going forward, we will continue to explore how we can select groups of customers to offer them more attractive rates, translating the positive margin we get from smarter pricing to better prices for our customers.

Allianz has a clear objective worldwide: “We secure your future”. Sustainable development is a perfect fit for this framework. Through our insurance solutions, we offer security to families, business owners, employees and accident victims. Today and in the longer term, sustainable development will have an increasingly marked positive impact on the climate and will offer us a more secure future. The introduction of our offering for electric cars is in keeping with this and we will need to develop more and more product solutions that cater for the sustainability demands of our customers in 2023 and beyond.

Together with our employees, we have managed to improve the level of service for our distribution partners, which has also resulted in a significantly higher NPS score. We continue to take initiatives to do even better.

A.4.3 Life & Health Operations

IN BELGIUM

2022 saw many changes, both operational and organisational, within the Individual Life department, in particular following the retirement of experienced employees in 2021 and the launch of our SaaS-Life investment platform.

During this year of transition, particular attention has been paid to the adjustments required for optimal operation of the service and to the methodology in general, both in human and technical terms.

Management as close as possible to the field and day-to-day guidance in activities from line management have made it possible to capitalise on employee commitment.

This approach is based on four fundamental pillars on which all initiatives and the way of working are based: People, Communication, Process, Operations. These pillars cover respectively: the human approach and investment of the department, the importance of communication developed both internally and with respect to our customers and business partners, the architecture of our processes in order to guarantee optimum efficiency and finally, the fulfilment of our commitments regarding response standards (in terms of quality and quantity).

Thanks to the efforts made by all employees, the level of service offered has improved significantly in all areas and in particular within our Life Contact Centre, which, at the end of the year, has managed to exceed market standards.

Since a sound approach to our underwriting activity (in particular) involves control of

Compliance, our dedicated unit within the operational department was strengthened during the year in order to continue to ensure both an appropriate level of compliance and management of underwriting within competitive deadlines.

Training efforts in the area of compliance have also been undertaken for the operational teams themselves.

In the area of Investment, we have implemented an inter-departmental action plan (Operations/Products/Sales) covering many aspects of our activities and operations. Joint training initiatives and more systematic alignment between services have been decided in order to best meet the expectations of our brokers and customers throughout the value chain.

Our Pension & Protection team, meanwhile, maintained its high level of achievement of service level targets, despite some significant changes, in particular with regard to the 80% rule which had a significant operational impact on the market.

Finally, the Payment team has also seen a significant improvement not only in its level of service, but also especially in the level of quality delivered, thanks to an in-depth revision of processes and methodology. These revisions have mainly involved preferred business partners with whom a large volume of business is carried out.

This improvement resulted in a sharp decrease in proven complaints - most of which relate to payments - in 2022, compared with previous years (down 70% compared to 2020 and 2021).

Projects

SAAS Life: The management platform for Individual Life (New Prolink Life, which was created in 2021) was further improved in 2022, with new functionalities for brokers as well as an expansion of the range of funds offered, with the platform also being stabilised during the year.

The Bridge project, which aims to further professionalise and improve the management of the Individual Life portfolio, was launched in 2022 and one of its main new features will be the provision of a Customer Portal in 2024, where customers will be able to view all their Life policies and, more specifically, changes in their reserves for each fund over a given period. At the same time, we are also continuing to invest in improving management tools for brokers.

We have also invested hugely in operational reporting to monitor and adjust workloads, to maintain the expected level of quality (SLA) and to increase the productivity of the different teams. We continued to develop paperless initiatives, taking a first step towards more digital communication, not only with our brokers but also with our customers.

Finally, we paid particular attention to action plans aimed at increasing the satisfaction of our employees, with the positive outcome of a further increase in our results in the annual AES survey measuring employee satisfaction.

IN THE NETHERLANDS

General information

2022 was a successful year, during which all product lines achieved significant growth and we were able to welcome many new customers. In addition to this autonomous growth, we also completed the migration of the Rabo PGGM PPI portfolio in December 2021.

Last year, we continued to improve our processes and move forward with digitisation.

Our brokers and customers appreciate our level of service. The proof of this can be found in both the results of the NPS survey and the small number of complaints. And to end the year on a high note, the level of satisfaction of our employees also continued to increase in 2022. We therefore look back at 2022 with pride and are committed to doing everything possible in 2023 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 2022, we welcomed about the same number of new customers as the previous year. Distribution via both our brokers and our DiY channel contributed to this. The most important improvement in our service offering is undoubtedly the new electronic health declaration which is very easy to use. We are also very pleased with the cooperation with our external partner Sedgwick on medical underwriting.

Occupational disability insurance

New business for this business line also grew strongly in 2022. Both distribution channels contributed to this strong growth. For medical opinions, as in 2021, we are working with our external partner Sedgwick to process new applications.

Individual Life

Service levels in our semi-closed portfolio also performed well in 2022.

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.

Pension insurance

Thanks to our network of brokers, we are recording strong growth in the group insurance segment.

Last year, in addition to the usual contracts with SMEs, we also concluded a number of MidCorp contracts. As already mentioned above, the successful migration of the Rabo PGGM PPI portfolio represents the largest contribution in terms of Pension Programme for the year.

Finally, the legal aspects, such as the identification of beneficial owners (UBO), were completed and sent within the deadlines.

Payment of annuities

This concerns the *Direct Ingaande Lijfrente* and *Direct Ingaand Pensioen* production lines. This segment also showed strong growth in both distribution channels. Service levels and customer satisfaction were positively perceived.

Group Revenue

This mainly concerns the WIA and Verzuim lines. Service levels remained positive and stable.

OPERATIONS IN BELGIUM AND THE NETHERLANDS

Within **Operations**, customer and broker satisfaction is paramount. In 2022, this department had a very good year. Average wait times remained extremely stable, as did response times for incoming correspondence. Everyone now works in hybrid form, with certain days in the office and others at home, which allows for a better work/life balance. Customer and broker satisfaction increased during the year, thanks to the fantastic contribution of all our employees. But we can still improve.

We have further optimised the organisation within **Retail** in Belgium. We have maintained a stable workload throughout the year. Performance management and the daily meetings with the teams, which we have continued tirelessly, have contributed greatly to this. This ensures that the objective for the day is clear, that the cases we need to deal with are known and that there is an open dialogue within the teams. All actions are focused on accessibility, quality and speed of service. The processes have been further optimised. We are also asking brokers to make good use of our tools, so that we can demonstrate our added value solely in exceptional cases. Training around communication has been organised and we have made a leap forward in terms of quality. One point of caution was the recruitment of new colleagues given the tension in the labour market.

Regarding **Retail** in the Netherlands, new measures were taken in 2022 to improve the service. In addition to the organisational changes implemented in 2020 and the LEAN process, the focus was also on accessibility and deadlines. These are now in line with the set targets. With the help of an external agency, training courses were also organised to increase the attention paid to customers.

Affinity Retail BE experienced a stable year. Overall, the lead conversion rate decreased slightly. Internal processes that had been reviewed the previous year were implemented.

Affinity & Automotive Retail NL experienced further growth. Here too, the organisational adjustment launched in 2020 and the Lean trajectory have ensured a high level of maturity with a service level above the market average. In 2023, the focus will be on continuing to improve the service for our customers and business partners, as well as managing further portfolio growth.

Within **SME BE**, we have made every effort to increase the level of knowledge of our staff. In addition, steps have been taken to further optimise the service and our strong operational results show that we are on the right track. We are developing a tool that will go live in 2023 and that will provide added value to customers and brokers.

In the **SME NL** sector, the portfolio remained stable over the past year. One of the important steps in 2022 was the improvement in the service and, in particular, the continued development of the broker portal (allianzbedrijven.nl). With regard to the broker satisfaction score (NPS), a major step was taken since our score exceeded the market average. The broker satisfaction score (NPS) will remain an important driving force in 2023.

In 2022, the workload was higher than in 2021. Accruals and updates in non-Motor insurance continue to play a major role in this regard. In 2022, a tool was developed to improve this process in order to process these accruals and updates more effectively. This tool will be put into service in 2023.

In MidCorp Belgium, we faced a considerable challenge this year to keep the number of requests to be processed under control and deploy the necessary actions to achieve this. The challenge was mainly to recruit new colleagues, whose training takes time due to the required specialisation. We are seeing a slow improvement in the progress of the processing of requests.

MidCorp Servicing NL reached a new workload record in 2022. Almost all expiring contracts were adjusted and/or renewed. The portfolio grew, particularly in the non-Motor sector. Based on the measures taken, we were able to manage this influx of business and the situation at the start of 2023 looks better than at the beginning of 2022.

In the **Payment Collection** (BE & NL) domain, we continued to post strong results. The execution deadlines were, as in 2021, short. The processes have been adapted again and the teams have been very responsive. We are among the best in the market in terms of servicing.

The **broker helpdesk** team and the **telephony** team had an extremely strong year in which customer requests were handled efficiently and in a quality manner.

A.4.4 P&C Operations

In Belgium

After welcoming new management in 2021, everyone managed to find their place in the department. 2022 was marked by many challenges. We gradually said goodbye to the Covid measures, but then faced severe weather conditions. We had to manage the after-effects, particularly in Belgium, of the 2021 floods and the February 2022 river floods in the Netherlands and Belgium, which led to delays in several teams. Thanks to the cooperation of all, extraordinary measures were taken to reduce these delays. Performance management and daily meetings with the teams contributed greatly to this.

Despite the challenges, we have not lost sight of our goal: to increase customer satisfaction with the motto “We secure your future”. The ‘Broker Recovery’ programme has enabled us to resume a constructive dialogue with different brokers to see where we can improve our services. It also provided the perfect opportunity to introduce them to OASYS and MAAW (My Accident At Work). Both systems reduce the administrative burden of victims and brokers.

In the Netherlands

In Claims, as in all the Netherlands, we are facing labour shortages. Filling vacancies is more complicated than we would like, especially in specialised functions. This has led to increased pressure on operations in certain areas, but thanks to appropriate measures, we have managed to control this pressure.

In the Personal Injury department, we have worked hard over the last few years to stabilise the workflow, which has now been achieved. Thanks to these improvements, we have fully stabilised the reserves and obtained certification of best practices within the P&C group.

We have introduced a great initiative within the Claims department of which we are proud: the “Simply Support You” programme:

“My life was at a standstill, but now I matter again.” This is how a personal injury victim felt since joining a running group. Wheelchair champion Peter Genyn, one of Allianz’s ambassadors, was instrumental in this. He is taking part in the new “Simply Support You” programme, where (Paralympic) athletes offer a supportive ear to victims of personal injury. A valuable experience for both victims and athletes. We help people face their future with confidence. This is how we put Allianz’s “We secure your future” objective into practice in the Personal Injury department in the Netherlands. Given the added value of this initiative for victims, top athletes and Allianz, we are currently working to extend it. The starting point is always the sharing of experiences and listening, through which we want to improve the victim’s perspective via a targeted approach.

The FNOL (First Notification Of Loss – Track & Trace) project was successfully delivered to the Motor department at the end of Q4 2022. Thanks to this claims tracker, we can quickly and digitally provide insured parties with the current status of their claims with the aim of achieving greater customer satisfaction. In 2023, we will continue to develop this programme by including, among other things, pre-filling of data.

Activities in the Netherlands and Belgium

The integration of Claims activity in the Benelux has allowed us to improve the quality of our service and reduce costs.

Claims makes every effort to combat fraud and applies a strict policy in this area. The checks carried out before and during the processing of claims are very strict. This continuous effort enabled savings of EUR 27.1 M to be achieved in 2022. We will continue to invest in combating fraud in 2023.

The increase in inflation has not gone unnoticed in the area of claims. We have concluded good agreements with our partners for the next two years, which will allow us to continue to provide quality service while keeping costs at an acceptable level.

In 2023, Allianz Benelux will focus on growth. Thanks to efficient and especially customer-oriented claims management, we are giving our customers the opportunity to focus one again on the future.

A.4.5 Corporate insurance

A.4.5.1 *Highlights*

In 2022, we continued our efforts to strengthen our position with our distribution partners. Midcorp BE obtained an ‘At Market’ NPS score from our brokers. Based on these encouraging results, we will focus more on strengthening our relationship and cooperation with brokers in 2023.

Motor fleets: the rigidity of the automobile market following the COVID-19 pandemic ended abruptly in 2022 and it seems that business is returning to its pre-Covid level. With an improvement in the frequency of claims, mainly due to the impact of the increase in homeworking on the use of company vehicles, many fleet operators are keenly looking for a Covid bonus in the form of more advantageous premiums.

The transition to electric vehicles (BEV, FCEV and HEV) is gradually gaining momentum, mainly due to the less attractive taxation of company cars with conventional combustion engines.

In Workplace Accidents, 2022 was marked by a further tightening of the market. Measures were taken in the existing portfolio and the acceptance criteria were reinforced. Similar measures taken in the recent past have, among other things, enabled us to maintain the 2022 technical results at a good level. However, these were negatively impacted by high inflation, given the long-term nature of this business line.

In Property, there was a positive trend in the portfolio in 2022 due to the tightening of insurance conditions both in terms of premiums and capacity in the Belgian market. The increase in premium rates is real in the most complex market segments in terms of activity, and is the result of the fall in capacity that can be seen there. This increase is less significant in other market segments. Apart from the increase in 2022 of certain claims reserves, mainly linked to the 2021 floods, the underlying loss ratio has improved significantly.

The trend for 2023 remains the same, enabling us to have confidence in an improvement in profitability and the increase in the portfolio initiated in 2022.

Third-Party Liability: thanks to increased targeted efforts, the amount of new business has increased considerably. Cyber insurance activities, in particular, have experienced strong growth. At the same time, the portfolio’s profitability has continued to improve.

The Technical Insurance portfolio grew slightly, mainly due to the ABR (All Construction Place Risks) and the “Decennial Liability - Peeters Act” product. The decline in income is mainly attributable to an exceptional loss in ABR.

The Maritime portfolio experienced strong growth due to the increase in commodity prices. Results remain stable and good.

A.4.5.2 *Employee Benefits*

<u>Group insurance</u>

In 2022, we continued to develop our Employee Benefits Affiliate Portal. We have focused on simplifying the customer experience in the context of deferred benefits. Our new features will enable our members to digitally complete their claim via our platform. This will increase the speed and security of payment of these benefits. Our objective remains the same: to continue to be in direct contact with our members through this platform and to increase our digital interaction, which increases customer satisfaction.

Following the reorganisation of the operational teams within a single department in the summer of 2021, numerous measures were taken in 2022 to improve our management

processes and make them simpler for our customers and brokers.
At the same time, we started a programme to modernise our IT tools in order to continue to develop new products and to sustain EB activities.
Despite a year marked by gloom, eco-climate anxiety and the war in Ukraine, our teams remained mobilised to provide the best possible service, via our brokers, or directly, to our employer customers and their employees.
For example, we once again achieved very good results in terms of declarations to DB2P: more than 99.8% of declarations were made within the prescribed timeframe, i.e. end of August.
Following the lifting of all health restrictions, we were keen to meet our customers and brokers again and reconnected with them to discuss their needs and changes in our services.

A.4.6 Ceded reinsurance

Results 2022
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, also increased in 2022, including in the major residential and commercial risks segment, mainly in the Netherlands.
The February storms were the main events affecting reinsurance coverage in 2022 and therefore the overall result of reinsurers.
The "Pan European QS P&C" treaty maintained its structure relative to 2022, with cession stabilising at 45%. However, the rate of commission was increased in accordance with the benchmarking procedure due to improved results.
Cessionsl: market and renewals 2023

The effect of damage from February's storms was reflected in the pricing of natural disaster reinsurance programmes for 2023.
We are seeing a general global increase in the prices of natural disaster programmes that had already signalled the end of the "soft market" during 2022 renewals. This tendency intensified further during 2023 renewals.
The renewal conditions were mostly consistent in recent years but were subject to price increases due to difficult market conditions, inflationary pressures, rising interest rates and finally an increased loss ratio in NATCAT.
Given the optimisation carried out in recent years, the priorities of our non-proportional Fire, Technical Risks and Natural Disasters treaties have not been reviewed for 2023. However, our annual natural disaster coverage has been adjusted to market conditions. The strategy continues to be optimal stabilisation of our result in the face of natural risks, given the quality aspect of our Fire risk portfolio. The placement of reinsurance treaties in 2023 continues to be focused on the Group's "Rio Completion" strategy launched in September 2014 and extended since 2016.
Allianz Re remains our main reinsurer with a 100% stake. The retrocession and risk capital management strategy is optimised in complete synergy with the Allianz Group.

The “facob” fire reinsurance structure supported by Allianz Re is fully implemented, which has simplified the management and coverage of quality risks.
The structure for high exposure risks (also called “single risk facility”) has been removed due to the new optional reinsurance strategy of the Allianz group which encourages the placement of these risks on the external market.
Given the exceptional economic situation, with high inflation and the impact of wage indexation, we decided to increase our retentions for Belgium in our group portfolio in Death and Disability, since these have not changed for several years.
As regards the other treaties, they were renewed under identical conditions for an additional year.
Group insurance for Belgium strengthened its position in the international programmes strategy developed by Allianz Global Benefits by taking part in a new pooling solution while maintaining existing captive business.
For the Netherlands, all our treaties have been renewed for another year.
Given the increase in the AOV portfolio (guaranteed income) and the significant prospects for evolution, we negotiated a few downward price adjustments and also adjusted our retentions slightly upwards.
Allianz Benelux has been a member of the TRIP and NHT pools for Belgium and the Netherlands respectively since their creation and is maintaining its membership of them in order to provide optimal terrorism cover for its customers and its activities.

A.4.7 Reinsurance accepted

The number of treaties under run-off management was stable at 18 as at 31 December 2022.

Reserves and IBNR at the end of 2022 amounted to EUR 96,084 and EUR 664,905 respectively, the latter representing 692% of reserves.

The treaties covering asbestos transferred to Allianz Re America have reached their contractual maturity and will generate no more results.

Our portfolio of international programmes manages 65 programmes across the Third-Party Liability, Motor, Marine and Fire branches including local policies and the accepted reinsurance inherent in non-Benelux coverage. This portfolio is currently stable and the reserves related to its management amounted to EUR 91,123 as at 31/12/2022.

A.5 Investment policy

Life GP and Non-Life

The year was characterised by both a sharp fall in equity markets and a significant rise in inflation and interest rates. This fairly rare context of a fall in both the value of the bond portfolio and the equity portfolio, not to mention our investments in listed Belgian real estate securities, led us to be particularly dynamic in the portfolio, where we had to offset the accounting losses linked to the reductions in value affecting both equities and bond funds.

Fortunately, we had hedged the equity portfolio both in Life and Non-Life and exited it almost entirely simultaneously with the realisation of the hedge's profit in the second quarter by reinvesting our investments next year as part of a mandate focused on dividend yield.

The rise in rates and spreads particularly affected the bond funds in which we were invested and which enabled us, for amounts that did not warrant a mandate to invest via Pimco in diversified management in very specific segments such as global high yield or more specifically in Asia and in emerging markets. One clear advantage, alongside liquidity and diversification, was access to attractive returns - from investing directly in the US market - at a time when returns were close to zero.

The good performance of the US dollar also led us to diversify our bond investments in this currency, especially as the cost of hedging against the euro had become prohibitive due to the significant interest rate differential in favour of investments in the United States.

The end of June was already a relatively difficult close particularly for real estate companies, which plunged just before this closing, but September was even more difficult, with most assets reaching their lows for the year, unfortunately on the occasion of a quarterly close. In the last quarter, we had to pull out the last tradable war chests to realise the latest capital gains enabling us to offset the losses still recorded on real estate companies, totally uncorrelated with the equity market, which had been trending upwards. Finally, we managed to remove several buildings that enabled us to end the year "on track".

At the end of December, most bond funds had been sold and reinvested in our mandates with Allianz Global Investors taking advantage of attractive market rates, particularly at the end of the year. The new accounting rules applicable from 2023, i.e. IFRS 9/17, have led us to reduce the volatility of expected earnings by switching the majority of fund positions to mandates, whether in equities or bonds, that no longer impact earnings. Indeed, as of 2023, all investments in bond or equity funds will be directly included in earnings based on changes in their market value and no longer based on specific value reduction rules, while direct investments in shares or bonds via a mandate will only impact the P&L via revenues received, with changes in value passing through equity (via OCI or Other Comprehensive Income).

At the end of the year, given the decrease in our investments in Pimco funds, particularly in emerging markets, we initiated, firstly for P&C hedges, the first € 50 million mandate via AGI with the aim of investing in these regions in a diversified manner, both in euros and in USD. Other mandates are scheduled for early 2023 for Life commitments in emerging markets but also for High Yield euro investments for both Life and P&C.

The P&C portfolio was more greatly affected by the drop in value of bond funds that were generally sold rather than undergoing direct write-downs. Indeed, the reduced duration of P&C liabilities did not allow us to obtain a sufficient return on assets unless we switched to

USD bond funds hedged in euros. Unfortunately, the absence of items to offset the losses on bond funds, particularly in P&C NL, heavily impacted the branch's overall result. Fortunately, the sale of some less liquid items, including a building, provided some compensation at the end of the year.

Repo transactions initiated in 2021, which at the time benefited from negative interest rates and therefore represented a positive contribution to results, were only partially renewed in 2022, with year-end transactions no longer really being attractive from a profitability point of view.

Spread lock transactions aimed at hedging the risk associated with our overweighting of Belgian bond investments were also reduced in parallel with the sale of numerous positions to realise capital gains offsetting losses on bond funds.

Our exposure to ILB (Inflation Linked Bond), mainly concentrated in Workplace Accidents for the purpose of hedging liabilities but also present in other portfolios, was also the subject of profit taking given their far better performance than traditional bonds in a context where inflation expectations have risen sharply.

Transactions involving illiquid and therefore low volatility investments have gradually taken precedence over listed bond funds, while bearing in mind not to move towards unreasonable illiquid positions relative to the maturity of our commitments.

At the end of the year, given solid growth in rates and the difficulty of selling Branch 23 products, we also decided to relaunch guaranteed rate investment products (IFL3A) based on existing ring-fenced funds, market conditions being similar to those at the time we decided to stop marketing them in 2015. The guaranteed rate remains limited to 0.5%, with the objective being to remain flexible and take advantage of rising interest rates. As this product was only relaunched at the end of the year, it is too early to assess its success. It is certain that a persistent climate of uncertainty will favour this type of investment, as savings account rates tend to lag behind the rise in rates observed on longer maturities.

The ESG (socially responsible investment) aspect and its consequences in terms of both investments and reporting has taken on significant importance, all of which must be ready for early 2023 for both Branch 21 and Branch 23 products. The risk of greenwashing or misuse of a high ESG rating without conclusive justification led at the end of the year to numerous downward revisions of the ESG rating of certain funds marketed in Branch 23.

At the end of the year, we also launched a structured product indexed on inflation in the euro zone which was not as successful as expected. The 10-year duration is probably too long to attract investors who do not want to tie-up their savings for such a period in a highly volatile inflationary and interest rate environment.

Segregated funds

The same strategy was pursued for segregated funds as for the Life portfolio, with the new

IFRS 9/17 rules not only having a much more significant impact on the income statement under IFRS 9 on the assets side, but also on the adequacy of the cover assets for commitments depending on the type of product and the promised return. As indicated above, the relaunch of guaranteed rate investment products was based on existing segregated funds. In most EB (Employee Benefits) segregated funds, market falls have reduced the accounting reserves accumulated in the past to almost zero.

The entry into force of the new accounting rules will require us to reduce the size of diversification investments in risky assets via funds and, at the very least, to be more dynamic and ad hoc in terms of their use.

Belgian RRECs remain a preferred asset given their attractive return following the exceptional decline in 2022 and their favourable accounting treatment (via OCI) from 2023.

A.6 Mortgage lending

A.6.1 Activity

In Belgium, Allianz only offers mortgage loans that are subject to Chapter VII “Payment and credit services” of the Belgian Economic Code and its Royal Decrees. Only mortgage brokers or their sub-agents approved by the FSMA and qualified to access the profession of mortgage intermediary since 1 November 2015 may submit a mortgage application to Allianz.

The intention to stabilise the portfolio existing as at 31/12/2021 after the transfer of part of it to Monument Assurances Belgium SA (MAB) in April 2021, and to offset early repayments with new production was fulfilled. As at 31/12/2022, our credit portfolio was EUR 287 M compared with EUR 290 M one year earlier. New contract business in 2022 reached EUR 26 M.

Since 1 May 2021, new contracts contain a very significant cross-selling component. Indeed, Allianz is focusing on new mortgage loans linked to a new or existing Allianz insurance contract as collateral, offering borrowers the opportunity to pay monthly instalments throughout the term of their loan. This financial arrangement is attractive from a tax perspective for many borrowers.

2022 saw the implementation of the cooperation agreement, signed on 17 December 2021, between Allianz Benelux nv and MeDirect Bank nv. New lending under the Allianz Me Home Loans (AMHL) label reached EUR 140 M through Allianz’s network of credit brokers, which was significantly expanded in 2022. MeDirect is the full financing partner for these real estate loans. The main purpose of this collaboration is to boost underwriting of credit protection and life insurance as well as the fire insurance of Allianz Benelux SA, where borrowers can benefit from a price reduction. It is therefore an additional way for Allianz to make itself known to new brokers and a large number of new customers for possible future needs.

A.6.2 Structure, organisation and IT

In order to improve cohesion between the different actors of the Allianz Me Home Loans project, the Mortgage Team (name of the Allianz Mortgage Loans Front Office in Belgium) is now working with specially dedicated sales support.

Allianz Benelux SA and Stater Belgium SA have extended their collaboration. Stater is performing various Allianz Front Office tasks connected with our existing products and new AMHL products. Credit brokers enter their mortgage applications via the Hypconsolight application developed by Stater and also upload the necessary supporting documents. They also have the option of viewing the status of the credit application submitted in this way.

A.7 Real estate

By comparing data from the Brussels office market, the reference market for Allianz Benelux real estate activities, the key figures for the market are as follows:

	2020	2021	2022
Corporate buildings			
Book value	117.5	114.4	111.5
Market value	138.85	137.23	138.7
Investment properties			
Book value	114.65	110.28	75.18
Market value	172.35	175.77	130.25
Total			
Book value	232.15	224.68	186.72
Market value	311.2	313.00	269.01
Unrealised capital gains	79.05	88.32	82.29
Realised gains	19.95	0	4.61

MAIN COMMENTS:

The position of the real estate market deteriorated during the 2nd half of 2022 compared to 2020-2021, as a result of the conflict in Ukraine and the surge in energy prices.

The rise in key interest rates has led to an increase in real estate capitalisation rates and, by the same token, a fall in property values. The gap with the bond yield has narrowed.

Nevertheless, as always, the Brussels real estate market has held up well for buildings with good technical and environmental qualities and secure rental income over the medium and long term. However, even though there have been many rentals to commercial companies, gross take-ups have decreased since they have been for smaller surface areas. Public institutions were largely absent from the rental market in 2022. The vacancy rate has remained stable, and mainly concerns grade B & C buildings, i.e. buildings requiring substantial renovations and therefore major technical and environmental investment. In terms of investments, 2022 was a remarkable year with more than € 5 billion invested in Brussels. The main challenge remains achieving the energy performance objectives of limiting CO^2 emissions in line with EU requirements to which the Allianz Group has committed itself.

MAIN COMMENTS ON THE PORTFOLIO

The market value of investment properties remained stable at constant scope. The sale of the Silver Building property generated a capital gain of EUR 4.61 million.

With regard to real estate allocation via investment funds and platforms, in 2022, Allianz Benelux maintained its positions in the direct holding structure Yao NewRep and in funds dedicated mainly to logistics and residential (Rheingold, Vesteda, Iput, AEW Logistis, FRI2).

For all these investments, the market value at the end of 2022 was EUR 252.5 M compared with EUR 225.2 M at the end of 2021, an increase of 12% as a result of a maintenance of value and 3 new acquisitions.

The overall vacancy rate in the Company’s portfolio fell to 6.5% from 10.4% at the end of 2021, following the sale of the Silver Building.

	2020	2021	2022	Tendance
Stock (in million m^2)	13.5	13.5	13.5	Stock remains constant thanks to reconversions
Rental vacancy rate	7.20%	7.65%	7.50%	Stable
Gross take-up in m^2	264,000	450,000	300,000	Many transactions, but smaller surfaces
Rent for prime properties in CBD in m^2/year	320	320	330-340	Steady increase in triple A properties
Return on investment for prime properties	3.5% / 4%	3.25% / 3.5%	4%	Rising interest rates

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 ten and current version of the Allianz Benelux sa ('AzBNL') Governance Memorandum was approved by the plenary session of the Board of Directors on 07/04/2023.

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 2022, to summarize and consolidate the current situation of the execution of the action plan 2022 and the actions to be taken in 2023.

This document will be uploaded on eCorporate by April 8, 2023.

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 partial[3] 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 organized 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 06 April 2023, the Board determines its internal regulations and the ones of each committee, specifying its role, composition and functioning.

[3] Only 4 members of the Board of Management are members of the Board of Directors

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 it 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.
- Validates the results of the Governance review of the Executive Accountability Regime (EAR) for the executives subject to this process
- 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 powers[4] 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.

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

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 16/12/2022.

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 Risk Committee for the 1st time in 2022)[5];
- Approve any change to the audit charter and make suggestions as to the content of the integrity policy and the compliance charter;

[5] 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.

- Monitor progress of Internal Audit recommendations;
- Examine the quality of the work of the Approved Auditor, his or her independence and remuneration;
- Monitor the internal control process (ICOFR[6] 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.
- Control the correct use of the external auditors' services through the non-audit services according to the BNL NAS policy.

Composition:

The chairman of the Audit Committee is always an independent director. In addition, the majority of its members is also independent in the sense developed by art.15, 94° of the Belgian control law and according to art.48 of the Belgian Control law.

The heads of other control functions (AFH, HIA and CCO) are also permanent guests.

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 that 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.

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

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:

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 the 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.

The heads of other control functions (AFH, HIA and CCO) are also permanent guests.

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 who has to perform an oversight of the Risk Management policy through its Risk Committee.

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 who retains the fullness of powers.

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 **12** members which meets at least **4** times per year[7] 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

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.

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

The regulatory rule obliging to have more non-executive directors than executive ones is always fully respected (8 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.
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.

[7] An average of 6 to 7 meetings/calls per year

a) Board of Management

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

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 in presence or by call (hybrid meeting), 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

- **Composition**: 3 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.
- 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 Q1 and Q4).

d). Risk Committee (RiCo)

Composition: 6 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 BENE, head of RM BENE, Head of Internal Audit and CCO BNL + 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 16 December 2022.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.

In 2023, malus, clawback and non-compete clauses will be inserted in the Self-employee or Labour contracts of some executives.

Az BNL is considered by the group as a SOE (Significant Operating Entity[8]), 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. Two members of the Board of Management have a lower grading (i.e. level 17).

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 Information Officer, Chief Risk Officer, Chief Investment Officer, Head of Claims, Head of Pricing. Chief People & Communication and CEO Luxembourg are members of the Board of Management.

C. Key Function Holders

On top of categories A&B belonging to the KFHs, the head of 6 independent control functions: Chief Risk officer, Chief Compliance Officer, Head of Actuarial Function, Head of (Internal) Audit also in cat. B), as well as the Heads of Legal NL & BE and Head of Accounting.

D. Risk Takers

Under this concept, we have 25 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 311 employees (certain functions) get a variable

[8] Entity participating to the diversification of the group risk capital for more than 3%

remuneration in a range of 5 to 20%.

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).

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 50% of the 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 F50/V50.

Other BoM members have a mix depending of the grade (between F65/V52 and V35-48). 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 28%), 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. Malus 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 (ASPP[9] + 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.

On top of the EAR regime, 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 26 employees (2 in Luxembourg) in AGS 13+.

[9] Allianz Sustained Performance Plan

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.
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, € 77.413,23 (2030). 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), € 71.519,98 (2023).

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

Company determined caps may result in an overall award ranging from 0 – maximum 165% (in exceptional cases 200%) of target value.

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 Europe NV, a company also incorporated under Dutch law, which are in turn wholly owned by Allianz Group, through l 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 will become non-executive director of the company, permanent guest of the Audit committee, member of the Risk committee and Compensation committee in Q1 2023.

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 (strategy) and December (budget).

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.
- another non-executive director highly experienced in non-life business.

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 expires at the GM of May 2022, 2 in 2023, 1 in 2024, 3 in 2025, 4 in 2026, 1 in 2027 and eventually 1 in 2028

b) *Significant transactions concluded with shareholders*

In 2022, there was one transaction prepared with Allianz Direct and upon Group oversight. The sale of the direct activities. The Board of Directors with the support of its 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 (cash pool).

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. In 2021, the outsourcing process was deeply reconsidered to follow a new approach and a broader scope brought by the project Gearshift aiming at developing IT solutions at group level to reduce costs, accelerate mark to market of the IT supports while taking into account local needs and requirements. This project was approved by all stakeholders (including NBB) to come into force as from 01/01/22.

Real Estate Management agreement

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.

This process was finalised by end of April 2018.

In 2021, the final acceptation of the Belgian new headquarters (Allianz tower) was signed and therefore, this agreement prepared with the support of ARE closed the transfer of responsibilities from Immobel to Allianz Benelux.

4- Allianz Direct collaboration agreement

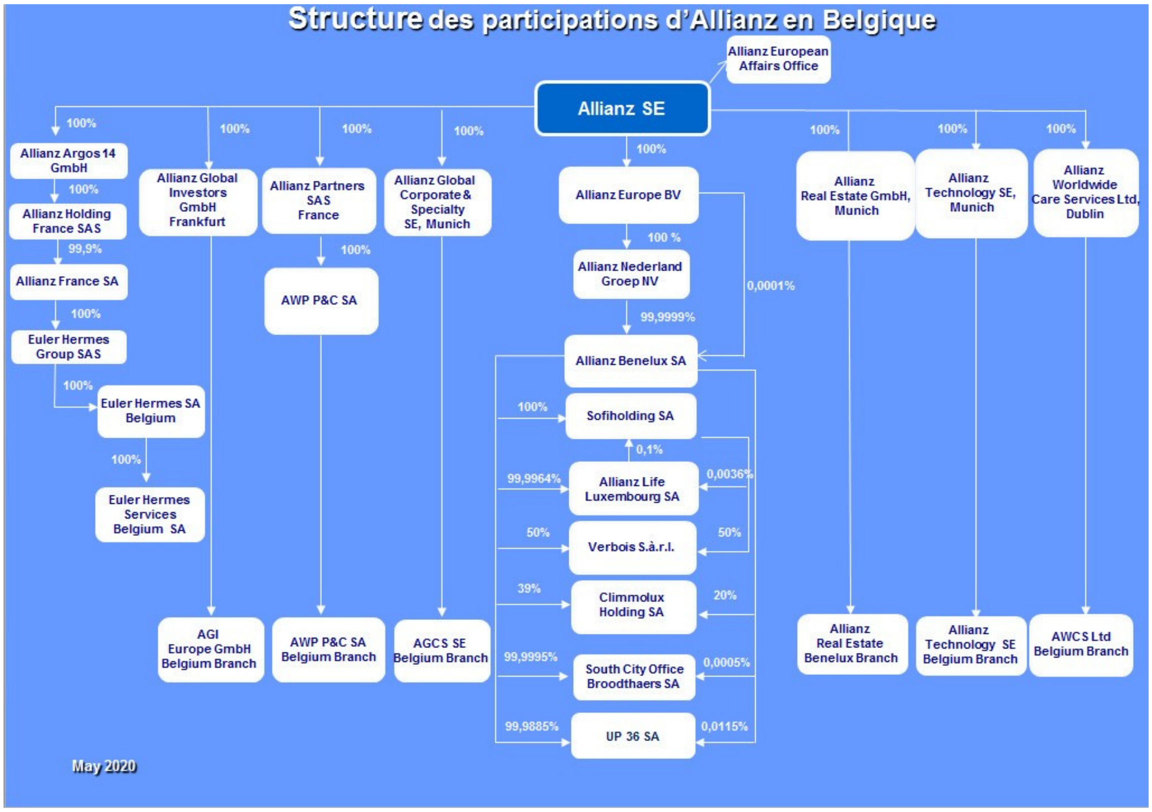
The direct underwriting business developed under the brand Allsecur by the Dutch branch will be steered by a German structure dedicated to this BtoC P&C insurance activity, named Allianz Direct Germany through a new Dutch branch. The decision to transfer existing direct portfolios managed by the Dutch branch of Az BNL was made in December 2020 but the set up of this transfer should have taken place in H1 2021 but this project was frozen, as Allianz Group needs time to analyse a wider strategic topic namelythe future of the Retail Business of the Company. In the meantime, the co-leadership and coresponsibility of the Az SE top manager (H10) on the one hand and the BoM of Allianz Benelux will be maintained with a specific attention to protect Allianz Board members in terms of liabilities through a cooperation agreement obliging both parties (Allianz SE – H10 and Allianz Benelux sa) to respect strict governance rules. This deal is concluded and subject to Regulatory approval (NBB) given on 21/03/23.

5- Shareholders' agreements

As already said above, Allianz SE holds 100% of the Allianz Benelux shares through 2 of its subsidiaries. Therefore, there is no shareholders" agreements for the management of the shareholding. 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 suspended in Q3 2021 and finally validated in Q1 2023, there is only one transaction involving either another company of the group, company's shareholders or person having a strong influence on Az BNL during the relevant period (01/2021-02/2022), the projectGearshift.

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 composite regulatory 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 Western & Southern Europe + Allianz Direct, Allianz Partners and 7 other EU contries) headed by Sirma Boshnakova, member of the Vorstand (Allianz SE Board of Management) since 01/01/22 and, by delegation, through several of her deputies. 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.

	Functional Divisions				Business Divisions				
	H1 Chairman of the Board Bäte	H2 Finance, Risk, Actuarial, Legal, Compliance Terzariol	H3 Investment Management Thallinger	H4 Operations, IT and Organization Karuth-Zelle	H5 Insurance Western & Southern Europe, Allianz Direct, Allianz Partners Boshnakova	H6 Asia Pacific, M&A, People and Culture Wagner	H7 Insurance German-speaking countries and Central & Eastern Europe Röhler	H8 Asset Management, US Life Insurance Wimmer	H9 Global Insurance Lines & Anglo Markets, Reinsurance, Iberia & Latin America, Middle East, Africa Townsend
Responsibilities	**CEO Office** **Audit** **Communications and Reputation** **Strategy, Marketing & Distribution** **Regulatory and Public Affairs**	**Accounting and Reporting** **Risk** **Actuarial, Planning and Controlling** **Legal** **Compliance** **Investor Relations** **Taxation** **Treasury & Corporate Finance** **System of Governance**	**Investments (AIM)** **Global Health** **Economic Research** **Global Sustainability** **Retire+**	**Information Technology** **Operations (incl. business organization)** **Business Transformation** **Privacy** **Data Analytics** **Allianz Technology** **Allianz Services**	**Greece** **Benelux** **France** **Italy** **Turkey** **Allianz Direct** **Allianz Partners**	**Asia Pacific (AZAP, incl. China, India, Australia)** **M&A** **People and Culture** **Work and Social Welfare**	**Germany** **Switzerland** **Central & Eastern Europe (CEE)** **Global P&C**	**Asset Management** **US Life Insurance** **Center of Competence Life** **Allianz Global Life** **Allianz X**	**Ireland** **United Kingdom** **Allianz Global Corporate & Specialty** **Allianz Trade** **Reinsurance** **Latin America (incl. Mexico)** **Portugal** **Spain** **Middle East** **Africa (AZAF)** **Global Commercial**
Committees	**Group Compensation Committee**	**Group Finance and Risk Committee** **Group Governance and Control Committee**	**Group Investment Committee**	**Group IT Committee**		**Group Mergers and Acquisitions Committee**			

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 16 December 2022. 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 09/2018 and 05/2020. The 2022 revised policy was approved by the Board od Directors of Az BNL on 16/12/22 and is applicable as from 01/01/23.

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 Heads of Corporate Actuarial Life and P&C, Chief Investment Officer, other Managers of the 2nd line of defence (e. g. Heads of legal NL and BE), and other significant functions (e.g, and Head of Accounting Benelux).

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.

In 2023, those criteria and the process itself will be reviewed by the company to consider changes decided by NBB in its circular 2022_34 introducing a new Manual Fit & Proper dated 20/12/22 and using additional criteria as independence of mind and contribution to collective skills.

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.

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 through the eManex tool with the personal materials and 4 additional documents: job description, screening list and evaluation report summary and collective skills update.

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 but it will be necessarily updated to stick to the new F&P manual requirements.

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 or digital supports, Degreed), 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 2022, HR reviewed all the files of significant representatives (Board members, Independent control functions & Key function holders).

Evaluation: OK. Next review in 2022.

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) <u>absence of conflict of interest</u> & independence
2) <u>reasonable availability</u> 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 3decision 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 02/2023 : the sale of the Direct portfolios to Allianz Direct).

Evaluation : Overall, this aspect is not a problem for Az BNL candidates (confirmed in 2022).

A check was launched in Q1 and Q2 2022 to verify the mandates held by Direct Reports to BoM members (35 Officers or Heads of). The result was fully satisfactory.

In 2023, the policy regarding the external mandates will be updated to take into account the NBB circular 2022_19 du 12/07/22.

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. The NBB eManex portal is updated accordingly.

Overall, this aspect is not a problem for Az BNL candidates (confirmed in 2022).

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 check by the board to verify what is the activity performed by the third party.

Of course, the control shall be focused on other points: absence of conflict of interest, respect of the social interest of Az BNL, availability, 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.

This exercice was done in 2021 : 91 potential inside traders were contacted to obtain their confirmation by written that each of them respects the rules. In 2023, a group tool named ePAD will be available[10] to oblige the most exposed inside traders to obtain a formal validation of any project of financial investment (Personal Account dealing process).

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?).

Actions: ePAD roll out.Done.

[10] Already implemented in February 2023.

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 §2,4° 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. Neither advantage nor privilege is 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 EoY 2022 situation is clear.

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

Conclusion: except some updates in terms of mandates and Fit & Proper rules, 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 B.3.1.1.1 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 B.3.1.1.2) and the Actuarial Function (section B.3.1.1.3), supported by of a variety of risk management processes (section B.3.1.2).

The subsequent section B.3.1.3 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 B.3.1.3.1 and the annually updated criteria are specified in 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 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.

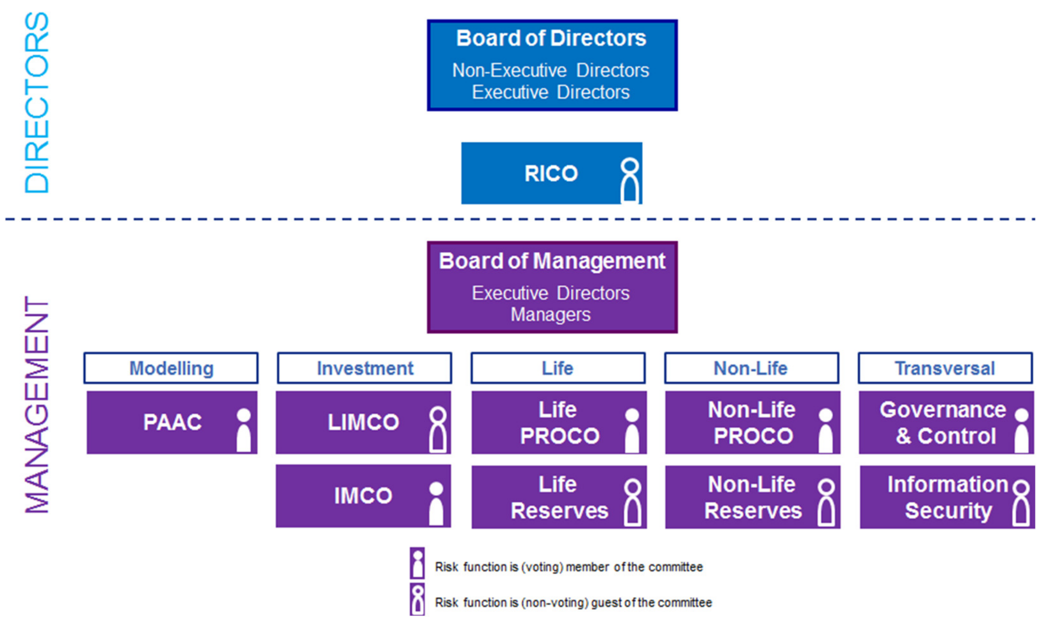
More specifically, the Risk Function performs the following *activities* throughout the year:

- 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 (Integrated Risk and Control System)
- (IT) Project Risk assessments

- Data Quality Management in the context of solvency reporting
- Quarterly SCR closing process
- Update of parameters and assumptions relevant to the SCR closing process
- Asset & Liability Management: quarterly reporting and organisation of meetings separately for Life and Non-Life
- Participation as second line of defence to the Investment Management decisions
- Projections for SAA (Strategic Asset Allocation) 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 is 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 & profitabiity;
- 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 in this area.

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 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 key[11] 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 B.3.1.1.1) 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:

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

- Forward-looking perspective: a Risk and Control Assessment (RCA) 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 Enterprise Risk Management (ERM) 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.

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 Alianz.
- 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)".[12]
- 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*

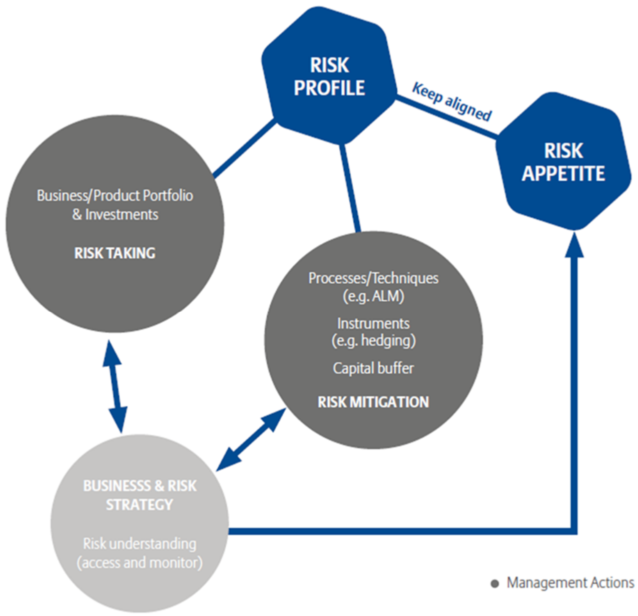
The Risk Strategy is a core element of the AzBNL risk management framework. It promotes a risk-return approach for managing the risks that the company is willing to face in pursuing its business strategy, while preserving adequate solvency and liquidity at all times.

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.

[12] Details are outlined in the Allianz Standard for Own Risk & Solvency Assessment

This section describes the elements in terms of which the risk appetite is defined (sub-section B.3.1.3.1) and subsequently how this is linked to the business strategy (sub-section B.3.1.3.2). 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%.
- 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 B.3.1.3.1.3).

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 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 an regular annual basis (at least annually). The outcome of this process is included in the annual ORSA report, also approved by the Board of Directors.

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 in 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 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 and controlled by the BoD via its RiCo. 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 discretional 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 adjustement and volatility adjustement

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 B.3.1.2.5, 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 adequacy[13]
II. The ORSA *supports business* decisions
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 B.3.1.1.2 describing the implementation of the Risk Function within the organization.

B.4.3.1 *Organisation*

The following graph shows how the various activities[14] 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 12 policies[15] which entities within the Group adopt to the local

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

[14] See also section **Error! Reference source not found.** for a detailed list of the activities performed on an annual basis by the Risk Function.

[15] Risk Management, Internal Audit, Legal, Information Technology & Informmation Security, Compliance, Governance & Control, Fit &

context. They are reviewed and updated annually this to reflect any potential changes in the regulation. The annual update process is controlled by the BNL Gov&CC, validated by the BoM and concluded by BoD 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 **Error! Reference source not found.** 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

For the past 12 years, HR keeps an updated plan to be able to replace any key Executive in case of unavailability whatever the reason. This plan is regularly reviewed and was most recently reviewed in Q3-Q4 2022.

b) Systems & Devices with the IT Disaster Recovery Plan

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

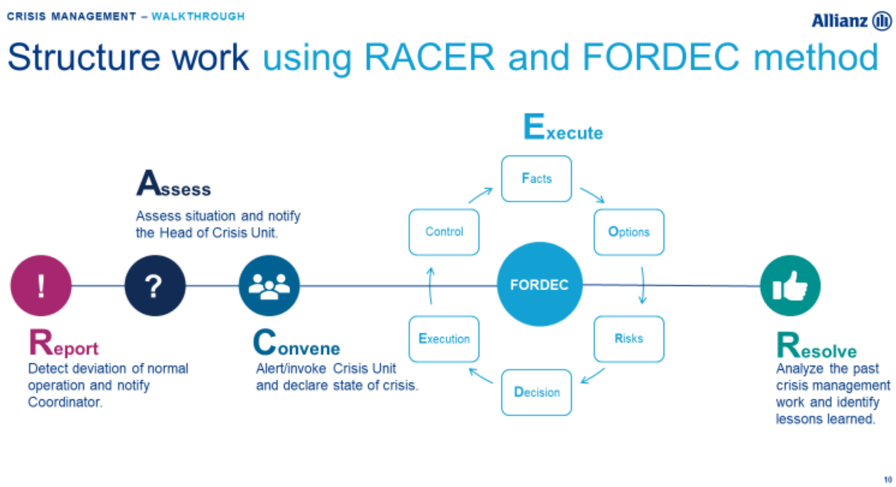
For Az BNL, it is essential to react adequately when an unexpected event (complaint, litigation, accusation, public reproach, cyber-attack, Asian flu, terrorism threat, etc…) threatens to jeopardize or deeply harm the company's reputation. This item is also managed by Protection and Resilience (see.chap.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

B.4.4.1 Crisis Scenario Plan (CSP)

In 2016, Corporate communication prepared a crisis management process described in the AS for P&R[16] based on 2 set of actions:

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

Proper, Actuarial, Capital Management, Accounting & Reporting, Outsourcing and Remuneration
[16] See chapter B.4.9)See note 13



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 the escalation form (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&R[17]: meeting checklist, crisis situation checklist, communication crisis principles, general guidelines, approach by type of scenario[18], 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.

This process was successfully tested during a full-scale crisis simulation exercise on a cyber-attack carried out on 31/01/23.

B.4.4.2 Information Security Office (ISO)

Organisation

The Chief Information Security Officer (CISO) 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.

1. Covers IT risk and Information Security,

[17] Allianz Standard about Operational Resilience
[18] 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.

2. Legal entity Luxembourg liaison via COO for regulatory reasons (control over LU Life must be in country)

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

Protection & Resilience

Mission

The CISO 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 itsresources, 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.

CISO may act on its own initiative in its areas of responsibility but all of Allianz Benelux departments are invited to spontaneously involve CISO in their cases, projects, tasks and activities whenever any aspect of CISO areas of responsibility may be involved. Moreover, CISO 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, CISO:

- 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)[19], 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 negociated by Az Technology). Processing of information needs to be in accordance with applicable outsourcing standards. The use of Public Cloud services (new and existing) must be identified by CISO 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 CISO 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

[19] Translated in a BNL IT&IS policy in 2020.

- 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 upon request 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 line management, experts and a structured network of IOCs (IT and Organisational Correspondents) in Belgium and BVs (Business validators in the 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 BVs contacts in charge. 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.
For continuity management, Protection & Resilience also leads a team responsible for BCM (Business Continuity Management); this team consists of various specialists (from SR, Allianz Technology, 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.

B.4.4.3 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. A specific monthly meeting is scheduled for each head of independent control function to align and share views.

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.

Compliance and Risk are also responsible for steering and motivating people appointed in the 1st line of Defence to promote the risk culture: for Compliance, decentralized Control Officers (DCOs) and Privacy Champions; for Risk, Internal Risk and Control System Correspondents (IRCS correspondents)..

B.6 INTERNAL AUDIT FUNCTION

B.6.1 Fundamental Principles

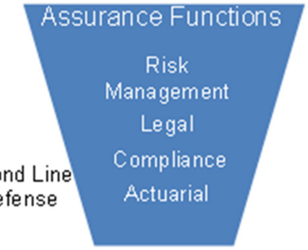
1. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advance and insight.

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.

and returns

Second Line of Defense



Provides independent oversight and challenge of the day-to-day risk taking and controls by the first line.

Key activities include:

- Defining the overarching control frame-works
- Performing controlling activities
- Providing assurance on the design and operation of the control environment
- Advising on risk mitigation strategies and control activities

Third Line of Defense

Provides independent assurance across the first and second lines.

Key activities include:

- An independent assessment of the effectiveness and efficiency of the ICS
- Respective reporting to the relevant Board of Management
- Close interaction with second line of defense functions to maintain reciprocal oversight

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.

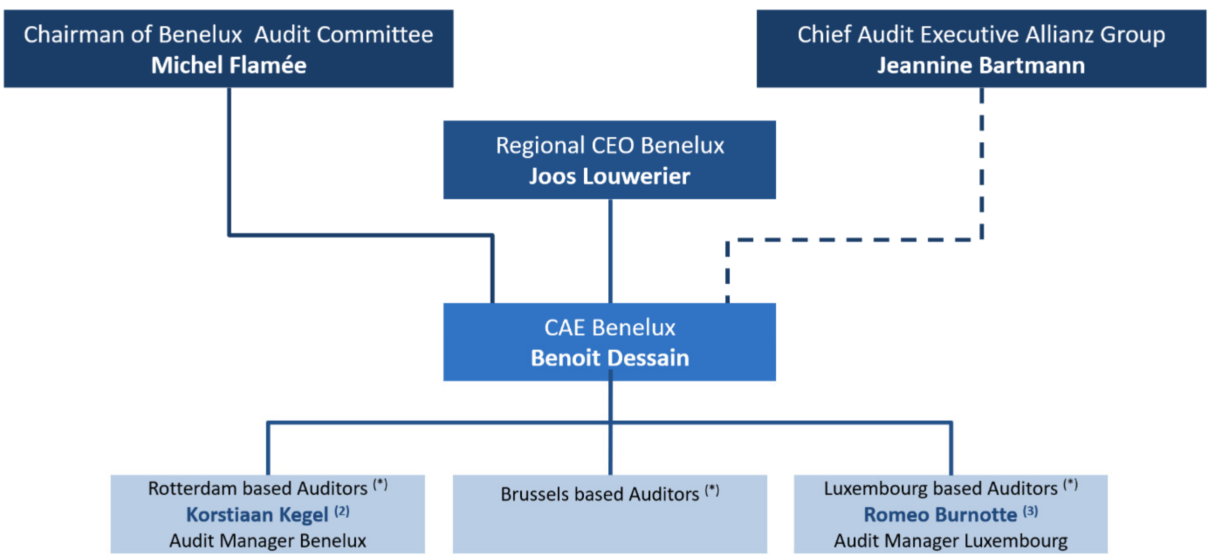
B.6.5 Reporting line and Organizational independence

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 reporting[20], 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).



(*) One Internal Audit multidisciplinary team that covers all audit areas within the Benelux
(1) Regional Head of Audit Allianz Benelux (CAE) & Statutory Head of Audit Allianz Benelux N.V./S.A.
(2) Statutory Head of Audit Allianz Nederland Groep (ANG)
(3) Statutory Head of Audit Allianz Life Luxemburg

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

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

- 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 information[21] 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 department[22], 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

[21] 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.

[22] Az BNL fully applies this principle.

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.

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 2022, the Benelux Audit Policy has been updated to reflects alignement with Group Audit Policy, version 11.0.
A more important change of the Audit Policy is expected to be made beginning of 2023 to reflects alignement with the new Group Audit Policy, version 12.0 that has been published end of 2022. This last version of the Benelux Audit Policy will be submitted for approval to the Audit Committee of Q1 2023.

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

The existence of the Actuarial Function is a regulatory requirement. The set-up of this function takes organizational structures and proportionality considerations into account.

The Actuarial Function shall be responsible for the actuarial work in oversight and controlling activities of AZ Benelux.

In Az BNL, the Actuarial Function Holder is defined as an independent person reporting directly to the member of the Board for Risk Management, the Regional CEO, chairman of this Board. In ALL, the Actuarial Function Holder is defined as an independent person reporting directly to the Head of Finance. The Actuarial Function Holder has to fulfil the company's fit and proper requirements based on the NBB circular 2013_02 of 17/06/13.The Head of the Actuarial Function has a direct reporting line to the AZ BNL Board of Management.

Participation in committee

An appropriate committee structure or comparable management meetings have to be set up in order to enable the Actuarial Function to fulfil its roles and responsibilities.

The committee structure has to at least consist of a Reserve Committee which recommends to the Board of Management the required levels of technical reserves. The Actuarial Function Holder shall participate in the Reserve Committee.

In AZ Benelux, the Actuarial Function is involved in the following committees:

- The P&C Loss Reserve Committee
- The Life Reserve Committee
- The Risk Committee (RiCo)
- The Product Approval Committee (ProCo) Non-Life
- The Product Approval Committee (ProCo) Life
- The Parameter and Assumption Approval Committee (BeNePAAC)
- The Solvency II Closing Committee
- The Smart Circle Committee

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 and the last time in 2022.

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. 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 news 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.

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)
- 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) was implemented to manage those duties in Allianz Benelux sa/nv in 2021.

In 2022, Compliance acquired a licence for using a new interactive tool (Cockpit) to perform a control of 2nd line on CIFS outsourcings (13 agreements) with a detailed questionnaire and a range of documents to upload.

Action : In 2023, Compliance will extend this exercise to 5 other 'near to CIFS' outsourcings, meaning outsourcing that not qualifies for CIFS according to the BOP but nevertheless are important for AzBNL or one local entity.

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.

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 orderto 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 anysub-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 withinthe 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 particularwhen 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

AzBNL has implemented a comprehensive risk management framework to maintain the risk profile of the company within a well-defined risk appetite and to promote a strong risk management culture. This framework is defined in the Allianz Corporate Rules Book and AzBNL manages its risks according to the Allianz risk taxonomy.

AzBNL has the advantage of being a composite and cross-border insurer active in the Benelux region, allowing it to gain from the diversification between several markets covering P&C, Health and Life lines of business. Underwritings risks are mitigated via reinsurance treaties.

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)[23]. Due to the stable nature of the liabilities, interest-rate risk and economic spread risk can be limited by asset-liability management. The asset-liability duration gap is kept at a near zero level. Liquidity risk is low but still monitored under strict limits.

Inflation was identified by AzBNL as an emerging risk in 2021 during the economic recovery post pandemic. During the year 2022, the inflation risk was managed actively at AzBNL. The inflation on the Workers' Accident long claims was hedged very successfully via the backing asset portfolio and several actions were taken to counter the impact of inflation on the P&C activity.

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

[23] 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.

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 changes).

Premium Risk is linked to the statistical variations of claims frequency 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 through 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.

Long-latent diseases can lead to unexpected claims in liability insurance. An important example of this is asbestos-related illnesses. For old policies where asbestos liability 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 covers (e.g., medical expenses)
- Lapse risk: the risk of loss or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals, and surrenders

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

The exposure to longevity risk is generated by the Dutch immediate annuities, the health lines of business and also the Workers' Accident annuity claims. Morbidity risk is generated by the health lines of business, i.e. medical care and income protection.

Lapse risk resulting from Life endowment products is limited, for several reasons. The first and main reason is the fiscal constraint linked to most of these products. The policyholder would lose a significant tax advantage if he surrenders before the contractual term. A second reason is the market value adjustment clause present in some savings contracts that allows AzBNL to get compensated for the financial losses due to an early surrender.

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 lines of business (except Legal protection) is also active.

The P&C net quota share reinsurance (cession rate 45%), active since 2016, was renewed for the year 2023. The loss portfolio transfer treaty on long tail claim reserves incurred before 2016 was set up in 2021 and is active until the claims in scope are all settled.

C.2 Market risk

Insurance premiums are invested in a variety of assets with liquidity and duration features that match the liability profile. 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 considering relevant market parameters such as interest rates and spreads).

Market risk can 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 categories.

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 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. 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, the indirect equity risk has increased accordingly.

C.2.2 Interest rate risk

Interest rate risk results from the imperfect match between cash flows of liabilities and assets. This, to some extent, is 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). The match between assets and liabilities is optimized, with a well-defined allocation between fixed income assets and real assets. AzBNL aims to match 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 an increase of risk-free interest rates due to a small combined positive duration gap, that is, the duration of assets is on average longer than of the liabilities. This gap is closely monitored and maintained 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 to cover matching liabilities. Therefore, the ALM function of AzBNL also plays an important role in preventing that spreads ultimately lead to effective losses, although this cannot prevent intermediate fluctuations of the market value of fixed income assets due to spread volatilities. The Volatility Adjustment (VA) of Solvency II considers the effect of ALM measures on the net value of assets and liabilities reflected in the Own Funds, The VA adjusts the mark-to-model valuation of the liabilities in accordance with spread volatilities observed in the market. 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 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.

As AzBNL's asset portfolio is overweighted in Belgian government bonds in comparison with the weights in the VA portfolio, a partial spread hedge has been implemented, which basically swaps the spread of part of the Belgian government bonds with that on German government bonds (which are underweighted in the actual portfolio compared to the VA portfolio). In this way the mismatch between the overall spread fluctuations of assets and liabilities is reduced.

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 holdings through real estate investment funds or real estate shares. Real Estate is an important asset class at AzBNL. However, it is quite limited compared to Fixed Income. Exposure has been reduced after physical real estate sales during year 2022.

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 bonds, loans, reinsurers, insurance brokers.

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. Dedicated committees monitor the overall market and investment credit risk.

Reinsurance credit risk is largely managed at Allianz Group level by ceding reinsurance only to dedicated Allianz entities.

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. A large part of AzBNL's investments are high-quality liquid bonds. AzBNL's asset-liability management approach contributes to matching expected liability cash flows with those of t assets.

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

C.5 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes and systems, from human misbehavior or error, or from external events. Operational risk includes legal and compliance risk and excludes strategic risk. Operational risk additionally excludes reputational risk. However, the management of operational risk is closely related to the management of reputational risk. Allianz Group has implemented a Group-wide risk management process by which all Allianz Operating Entities (OEs) must ensure effective controls or other risk mitigation activities are in place for all significant operational risks. As the operational risk landscape is shifting due to digitalization and transformation efforts, the control landscape will need appropriate adjustment. This approach is called the Integrated Risk and Control System (IRCS).

Fundamental to the IRCS is the concept of an integrated approach. While there are several different sources of operational risks (e.g., Reporting risks, Compliance risks, Information & Technology risks) the process towards their mitigation always follows the same logic. Significant operational risks are identified, assessed, and prioritized for mitigation within the AzBNL risk appetite through key controls. It must be ensured that these key controls are effective both in design and execution .

Operational risks identified and assessed during the IRCS serve as the source of operational risk candidates for inclusion in the scope of the Top Risk Assessment.

Reputational risk assessments form an integral part of the top risk assessment process.

C.5.1 Legal Risk

Legal risk includes legislative changes, major litigations and disputes, regulatory proceedings and contractual clauses that are unclear or construed differently by the courts. In the context of operational risk, this includes changes to laws or regulations with a retroactive impact. Next to a financial impact this can also result in reputational damage.

C.5.2 Compliance Risk

Compliance risk is defined as the risk of legal or regulatory sanctions, significant financial loss or loss to reputation that AzBNL may suffer, as a result of not complying with the current laws, regulations and regulatory requirements that are applicable to AzBNL.

C.5.3 Reporting Risk

Reporting risk relates to the risk of misstatements in financial and regulatory reporting. All individual accounts exceeding a pre-defined materiality threshold are identified (“significant accounts”). Through qualitative analyses it is ensured that the required controls are in place to ensure accuracy and completeness of the reported figures.

C.5.4 Information & Technology Risk

The IT Risk Management has been strongly embedded in the IRCS framework. It is based on COBIT 2019 derived control objectives centered around the most critical business applications and IT services of AzBNL.

C.5.5 Other Operational Risks

In addition to previously mentioned risks, there are other operational risks related to a broad range of topics. Monitoring and managing of these risks is supported across the organization, for example by the departments Protection & Resilience, Underwriting, Claims and HR. Each in-scope operations risk is mapped to the respective process where the risk could occur, and corresponding risk owners are identified.

C.6 Stress testing and sensitivity analysis

The following table covers 4 important sensitivities that are monitored on quarterly basis:

2022 EOY Solvency Ratio		155%	
Scenarios		**Solvency ratio after stress**	**Δ Solvency Ratio**
S 1	EQ -30% / IR -100bps	126%	-29%
S 2	EQ -30% / IR +100bps	133%	-22%
S 3	Spreads up (rating specific)	117%	-38%
S 4	Insurance Loss	140%	-15%

In accordance with Allianz Group methodology, the sensitivity scenarios are defined as follows:

- S1: Equity markets -30%, Interest Rates -100bps
- S2: Equity markets -30%, Interest Rates +100bps
- S3: Spreads up, shock depending on issuer type and credit rating[24]
- S4: Insurance underwriting stress 1 in 5 years (based on standard formula)

The impact of those sensitivity scenarios on the solvency ratio is deducted from the impact on the own funds and the impact on the solvency capital requirement (SCR). The own funds are fully recalculated. The SCR is not fully recalculated, except for the tax module (LAC DT).

The spread widening sensitivity "S3" reports the strongest adverse effect on the solvency ratio, which is expected because of the large proportion of fixed income investments in the strategic asset allocation and also the long duration of the Life Pension, Workers' Accident and Health segments.

[24] 0bp for AAA covered and AAA/AA+ sovereigns, excluding Austria; 50bp stress to France, Belgium, Austria and AAA/AA EUR non-fin corporates; 100bp to all A investments, including Spain sovereign bonds, and all AAA/AA investments not mentioned above; 150bp to all BBB and below investments, including Italy sovereign bonds; 200bp to all BB and below including NR investments.

Those 4 sensitivities are also used to calibrate the target solvency ratio of AzBNL during the annual business plan exercise (Allianz Planning Dialogue).

C.7 Any other information

Diversification is key to AzBNL's business model. Diversification helps to manage 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 risk categories, but also on the relative concentration level of those risks. Therefore, AzBNL's 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 leeway to ensure exposure to each asset class is restricted.
- AzBNL's nature. as a cross-border composite company. allows for strategic diversification of insurance risks: between Life, Non-Life and Health business, geographically between three countries and between different types of products.
- Allianz Group has designed a system to manage counterparty concentrations related to credit and equity exposures on a Group wide 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.

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)[86] 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 Luxemburg).

D.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

Assets 31 12 2022	Solvency II value (MVBS)	Statutory accounts value re-mapped to MVBS line	MVBS adjustments
Goodwill		7	-7
Deferred acquisition costs		7	-7
Intangible assets	0	24	-24
Deferred tax assets	40	0	40
Property, plant & equipment held for own use	**141**	**113**	**28**
Investments (other than assets held for index-linked and unit-linked contracts)	**9.154**	**9.492**	**-338**
Property (other than for own use)	130	75	55
Holdings in related undertakings, including participations	472	282	190
Equities	206	271	-65
Equities - listed	201	267	-66
Equities - unlisted	5	4	1
Bonds	7.574	8.136	-562
Government Bonds	4.885	5.189	-304
Corporate Bonds	2.689	2.947	-258
Collective Investments Undertakings	761	723	38
Derivatives	10	5	5
Assets held for index-linked and unit-linked contracts	**6.129**	**6.129**	**0**
Loans and mortgages	**4.030**	**4.471**	**-441**
Loans on policies	569	584	-15
Loans and mortgages to individuals	2.538	2.918	-380
Other loans and mortgages	923	969	-46
Reinsurance recoverables from:	**1.123**	**1.389**	**-266**
Non-life and health similar to non-life	1.056	1.306	-250
Non-life excluding health	1.050	1.295	-245
Health similar to non-life	6	11	-5
Life and health similar to life, excluding health and index-linked and unit-linked	72	83	-11
Health similar to life	59	59	0
Life excluding health and index-linked and unit-linked	13	24	-11
Life index-linked and unit-linked	-5	0	-5
Deposits to cedants	**1**	**1**	**0**
Insurance and intermediaries receivables	**133**	**150**	**-17**
Reinsurance receivables	**43**	**31**	**12**
Receivables (trade, not insurance)	**278**	**254**	**24**
Cash and cash equivalents	**90**	**125**	**-35**
Any other assets, not elsewhere shown	**9**	**5**	**4**
Total assets	21.171	22.198	-1.027

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, acquisition costs are deferred when it is probable that they will be recovered. 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”. DAC in the Local Gaap corresponds to the unearned commission in the P&C activity. In Life, no DAC are recognized under local GAAP.
c.	Intangible assets	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. 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).

d.	Deferred tax assets	Deferred tax assets are the amounts of income tax recoverables in future periods with respect to deductible temporary differences, tax losses and tax credits. 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 deferred tax calculation takes into account the tax regulations specific to particular assets and liabilities in the applicable tax regime.
		In case of DTA the availability of probable future taxable profit against which the deferred tax asset can be used has to be demonstrated. 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	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. 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. 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.

f.	Property	Property (other than for own use) includes property other than for own use. Investment property is measured at fair value. 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. 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.
g.	Holdings in related undertakings, including participations	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). 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). Private equity investments are measured at fair value in the MVBS according to the industry-specific valuation methods. 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:
		• 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.
h.	Equities	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. 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.

i.	Bonds	This category includes government and corporate bonds as well as collateralized securities. 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. 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.
j.	Investment Funds	Investment Funds are defined as undertakings for collective investment in transferable securities or an alternative investment fund. Investment Funds mainly include stock funds, debt funds, real estate funds and private equity funds. 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. 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.

k.	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 positive values are reported on the asset side. Under Local Gaap, the derivatives are registered at lower of cost or market, while under MVBS at fair value. 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. The difference between Local Gaap and MVBS values comes mainly from forward transactions on bonds.
l.	Deposits other than cash equivalents	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. There is no difference between Local Gaap and MVBS values.
m.	Other investments	Other investments include investments not covered by positions of investments indicated above. There is no difference between Local Gaap and MVBS values.

n.	Assets held for index-linked and unit-linked funds	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. 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.
o.	Loans and mortgages	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.

		• 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. The difference between Local Gaap and MVBS values results from the different measurement basis. Loans and mortgages to 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.	Reinsurance recoverables	The reinsurance recoverables of AZ Benelux are in: ***NON-LIFE*** The amounts recoverable from reinsurance contracts are calculated consistently with the boundaries of the underlying insurance or reinsurance contracts to which they relate. 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. The time difference between recoveries and direct payments should be taken into account when calculating the reinsurance recoverables. 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. Cash in-flows include: • 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. Cash out-flows include: • future premiums for reinsurance contracts, and • interest on reinsurance deposits (if applicable). 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).

The calculation of CDA involves three conceptual steps:

- the estimation of inputs (e.g., best estimate of reinsurance recoverables, duration of the amounts, recovery rate – in case a simplification is applied the parameters for recovery rate and the treatment of collaterals are provided centrally),
- 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.

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.

LIFE

The amounts recoverable from reinsurance contracts are calculated consistently with the boundaries of the underlying insurance or reinsurance contracts to which they relate.

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.

Cash in-flows include recoverables from reinsurance contracts for claims payments or benefits and recoverable related expenses.

Cash out-flows include future premiums for reinsurance contracts.

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).

The calculation of CDA involves three conceptual steps:

- local estimation of inputs (e.g., reinsurance recoverables, duration),
- gather centrally provided parameters (reinsurance rating and probability of default), and
- local calculation of CDA.

		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.
q.	Deposits to cedants	Deposits to cedants include deposits relating to reinsurance accepted. Deposits to cedants are measured at fair value. No differences between the Local Gaap and the MVBS valuation.
r.	Insurance and intermediaries receivables	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. 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. Therefore, insurance and intermediaries of receivables are measured at nominal value with an adjustment for probability default for counterparty in Local Gaap. There is no difference between Local Gaap and MVBS values as the respective assets are measured at their nominal values.
s.	Reinsurance receivables	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. Therefore, reinsurance of receivables are measured at nominal value with an adjustment for probability of default counterparty under under Local Gaap and MVBS. There is no difference between Local Gaap and MVBS values as the respective assets are measured at their nominal values.
t.	Receivables (Trade, not insurance)	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.

		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. There is no difference between Local Gaap and MVBS values as the respective assets are measured at their nominal values. 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.
u.	Cash and Cash equivalents	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.
v.	Any other assets, not elsewhere shown	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. There is no difference between Local Gaap and MVBS values as the respective assets are measured at their nominal values.

D.3 Valuation of technical provisions – Non-life

D.3.1 Technical provisions per Super-LoB

The following table shows the consolidated MVBS technical provisions on Aggregated-LoB basis for all OEs in scope.

Liabilities 31 12 2022	Solvency II value (MVBS)	Statutory accounts value re-mapped to MVBS line	MVBS adjustments
Technical provisions – non-life	**1.869**	**2.399**	**-530**
Technical provisions – non-life (excluding health)	1.753	2.247	-494
Best Estimate	1.707		
Risk margin	45		
Technical provisions - health (similar to non-life)	116	153	-37
Best Estimate	96		
Risk margin	20		

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 in- and 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 appraised 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 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 Policyholders behavior and management actions

Management actions are mainly limited to changes in prices, also cleaning or distribution actions are possible. But that does not have any impact on technical provisions as just bound contracts are in scope. Hence, in our opinion a description of the relevant assumptions is not relevant for non-life business.

D.5.11 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

The following table shows the consolidated MVBS technical provisions on Aggregated-LoB basis for all OEs in scope.

Liabilities 31 12 2022	Solvency II value (MVBS)	Statutory accounts value re-mapped to MVBS line	MVBS adjustments
Technical provisions - life (excluding index-linked and unit-linked)	9.926	10.922	-996
Technical provisions - health (similar to life)	1.352	1.304	48
Best Estimate	1.287		
Risk margin	64		
Technical provisions – life (excluding health and index-linked and unit-linked)	8.574	9.618	-1.044
Best Estimate	8.442		
Risk margin	132		
Technical provisions – index-linked and unit-linked	5.955	6.129	-174
Best Estimate	5.891		
Risk margin	64		

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 its 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).

<u>Mortality/morbidity</u>

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.

<u>Lapse/surrender rates</u>

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.

There costs are then allocated to the 'functional areas' areas' (management, acquisition, acquisitions cost renewal, claims, invesment, 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 2022			
Technical provisions – non-life	**1.869**	**2.399**	**-530**
Technical provisions – non-life (excluding health)	1.753	2.247	-494
Best Estimate	1.707		
Risk margin	45		
Technical provisions - health (similar to non-life)	116	153	-37
Best Estimate	96		
Risk margin	20		
Technical provisions - life (excluding index-linked and unit-linked)	**9.926**	**10.922**	**-996**
Technical provisions - health (similar to life)	1.352	1.304	48
Best Estimate	1.287		
Risk margin	64		
Technical provisions – life (excluding health and index-linked and unit-linked)	8.574	9.618	-1.044
Best Estimate	8.442		
Risk margin	132		
Technical provisions – index-linked and unit-linked	**5.955**	**6.129**	**-174**
Best Estimate	5.891		
Risk margin	64		
Provisions other than technical provisions	**35**	**35**	**0**
Pension benefit obligations	**121**	**6**	**115**
Deposits from reinsurers	**929**	**1.026**	**-97**
Deferred tax liabilities	**83**	**10**	**73**
Derivatives	**0**	**1**	**-1**
Debts owed to credit institutions	**271**	**273**	**-2**
Financial liabilities other than debts owed to credit institutions	**42**	**42**	**0**
Insurance & intermediaries payables	**242**	**243**	**-1**
Reinsurance payables	**64**	**64**	**0**
Payables (trade, not insurance)	**69**	**70**	**-1**
Any other liabilities, not elsewhere shown	**78**	**178**	**-100**
Total liabilities	19.686	21.397	**-1.711**
Excess of assets over liabilities	**1.485**	**801**	**684**

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 contigent 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 liabilitiy 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 adjustement for the probability of default of the counterparty according to the Belgian accounting standards and MVBS.

There a no material differences Belgian accounting strandard 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 Q4-2022 is given below. The value of the Own Funds, 1.460 m€, is obtained by deducting the accrued dividend of 25m€ from the Net Asset Value 1.485 m€. The total Own Funds are composed of 1.420m€ tier 1 own funds and 40m€ tier 3 own funds that correspond with the DTA position for the Belgian operations. The tier 3 solvency capital is well below the maximum eligibility threshold.

MVBS - Q4 2022					
ASSETS	mn€	%	**LIABILITIES**	mn€	%
Investments	**9.154**	**43%**	**TPs Non-life & Health NSLT**	**1.869**	**9%**
Equity	206	1%	Best Estimate	1.803	9%
Property	130	1%	Risk Margin	66	0%
Participation	472	2%	**TPs Life & Health SLT**	**9.926**	**47%**
Bonds	7.574	36%	Best Estimate	9.729	46%
Investment funds	761	4%	Risk Margin	197	1%
Other investments	10	0%	**TPs Life index-unit-linked**	**5.955**	**28%**
Assets held for unit-linked	**6.129**	**29%**	Best Estimate	5.891	28%
Loans & mortgages	**4.030**	**19%**	Risk Margin	64	0%
Reinsurance recoverables	**1.123**	**5%**			
Non-life and Health NSLT	1.056	5%	**Deferred Tax Liabilities**	**83**	**0%**
Life and Health SLT	72	0%	**Payables**	**376**	**2%**
Life index- unit-linked	-5	0%	**Deposits from reinsurers**	**929**	**4%**
Deferred Tax Assets	**40**	**0%**	**Pension benefit obligations**	**121**	**1%**
Receivables	**455**	**2%**	**Other Liabilities**	**426**	**2%**
Cash and Cash equivalent	**90**	**0%**	**SUB-TOTAL**	19.686	**93%**
Other Assets	**149**	**1%**	**NET ASSETS VALUE**	1.485	-
TOTAL	**21.171**	**100%**	**TOTAL**	**21.171**	**-**

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 extreme losses (corresponding to 1/200 year extreme events). The MCR reflects the absolute minimum level of own funds that the (re)insurance undertaking must hold to be allowed to continue writing new business.
The table below shows an adequately capitalized insurance company with a Solvency Ratio of 155% as of end 2022, which is well above the required level of 100%. Consequently, also the Minimum Capital Ratio is well above the required level.

Standard Model	Q4 2021	Q4 2022	Δ
Solvency Capital Requirement (SCR)	1.196 m€	939 m€	-257 m€
Own funds (OF) - after dividend	1.797 m€	1.460 m€	-337 m€
Solvency Ratio (OF/SCR)	**150%**	**155%**	**5%**
Minimum Capital Requirement (MCR)	538 m€	423 m€	-116 m€
Minimum Capital Ratio (OF/MCR)	334%	345%	12%

Table 1: Overview of the SCR and MCR (4Q 2022)

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 (LAC of DT) and the operational risk. The BSCR, in turn, is the combination of five risk modules[25], 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.

[25] 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).

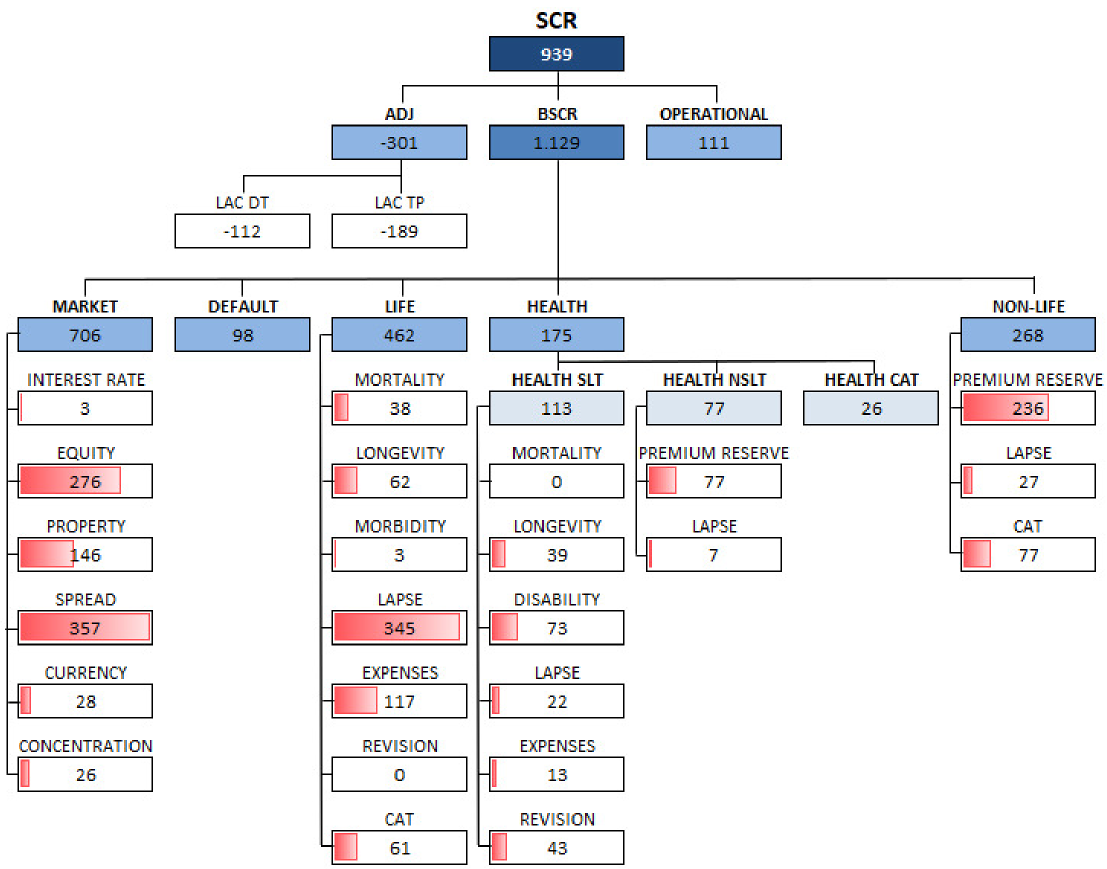
Standard Model SCR	2022 Q4
SCR	**939**
Operational risk	111
LAC of DT	-112
Net Basic SCR (BSCR)	940
LAC of TP	-189
Diversification effect, between:	-579
Gross Market risk	706
Gross Counterparty Default risk	98
Gross Life Underwriting risk	462
Gross Health Underwriting risk	175
Gross Non-Life Underwriting risk	268

Table 2 and the graph below provide an overview of these components.

Standard Model SCR	2022 Q4
SCR	**939**
Operational risk	111
LAC of DT	-112
Net Basic SCR (BSCR)	940
LAC of TP	-189
Diversification effect, between:	-579
Gross Market risk	706
Gross Counterparty Default risk	98
Gross Life Underwriting risk	462
Gross Health Underwriting risk	175
Gross Non-Life Underwriting risk	268

Table 2: Solvency Capital Requirement split by risk modules

STANDARD MODEL SCR TREE - RISK GRANULARITY BNL 2022Q4



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. shows the calculation for AzBNL's MCR

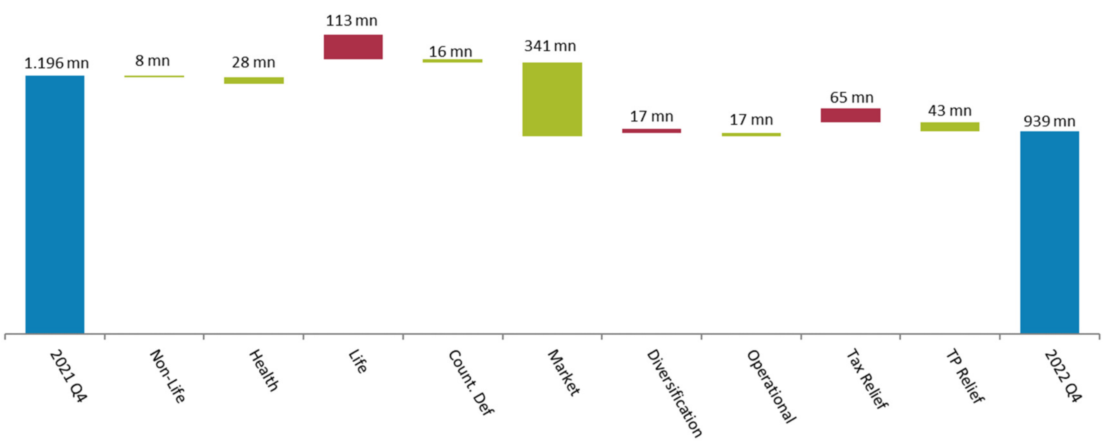
Standard Model MCR	2022 Q4
Non-life Insurance Obligations	35
Life Insurance Obligations	325
Linear MCR	505
SCR	939
MCR cap	423
MCR floor	235
Absolute floor of the MCR	8
Combined MCR	423

E.2.3. Evolution of SCR

The table and graph below gives an 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. Overall SCR remained quite stable from 2021 to 2022, the main movements observed are:

- decrease in the Market risk mainly driven by volatile market movements observed during the year:
- a strong increase in interest rate over 2022, resulting in lower SCR due to discounting
- active investment actions taken during the year: sale of physical real estate, sale of large volume of investment funds.
- Poor performance of equity markets resulting in reduction in exposure and lower relative risk charge for equity (through the “Symmetric Adjustment”).
- Increase of Life Underwriting risks due to higher lapse SCR in Life General portfolio due to the sharp increase in interest rates (making the traditional business more profitable). Mitigated partially by higher TP relief
- Lower LAC-DT relief due to deterioration of Belgium Deferred Tax Liability position due to realization of capital gains during 2022 and increase in interest rates



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

Loss Absorbing Capacity of Deferred Taxes (LAC DT)

Deferred taxes are relevant to the solvency of AzBNL, both as asset and/or liability positions in 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 insurance activities in Belgium and the Netherlands, deferred taxes are assessed separately for each fiscal jurisdiction. The activities in Luxembourg are not relevant in terms of deferred taxes because the P&C activities of the branch were ceded in 2022 to a third-party and the Luxemburgish Life activities are conducted in a subsidiary held via a participation.

Deferred tax position

As of Q4 2022, the Belgian operations show a net Deferred Tax Asset (DTA) of 40 mEUR while the Dutch operations show a net Deferred Tax Liability (DTL) of 83 mEUR in the solvency balance sheet. The DTA position in Belgium is justified via a recoverability test using future new business profits of the business plan.

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 DTL positions of these participations.

Participation	Net DTL position (mEUR)
Sofiholding	0.1
South City (non-life)	1.6
South City (life)	4.9
Climmolux	2.2
YAO NEWREP	0.5

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, both resulting 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). Of course, profits used to justify the DTA position in the solvency balance sheet are not considered for the notional DTA justification.

Given the separate fiscal jurisdictions, a separate computation of the LAC DT is done for Belgium and the Netherlands. For Belgium, given the net deferred tax asset position, the reversal of the net deferred tax liability is 0. For the Netherlands, the reversal of the net deferred tax liability is the amount 83 mEUR mentioned above. The participations provide an additional 5 mEUR for Belgium.

The corporate tax rules in the Netherlands allow to offset losses against the taxable profit of the previous year. However, given the tax loss for the AzBNL Dutch branch in 2022, there is no loss carry-back capacity in 2023.

Both the current deferred tax asset and notional deferred tax asset justified with loss carry-forward rely 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. The volume and pricing impacts of the SCR loss event were agreed upon together with subject matter experts for each line of business and can be found in appendix. The volume impact is basically the impact on the premium inflow, while the pricing impact is the impact on the profitability. While volumes mainly depend on the general economic and business recovery after the stress event, the profitability evolution depends on the capacity of AzBNL to adjust its prices to the changed market conditions. Lastly, linear prudential haircuts of 6% yearly are applied between the years 6 and 11 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 0.9 mEUR for the Belgian and 22.1 mEUR for the Dutch activities.

Summing the components reversion of net deferred tax liability and notional deferred tax asset leads to a LAC DT of 111.7 mEUR as presented in the table below. It should be remarked upon that the 105.3 mEUR of Dutch LAC DT is the maximum LAC DT that the Dutch activities can recognise. The combination of net DTL reversion and loss carry-forward leads to a surplus of 41 mEUR of taxable profits in the Netherlands that cannot be used as LAC DT.

(mEUR)	Belgium	Netherlands	Allianz Benelux
Reversal of net DTL (solvency balance sheet)	0	83.3	83.3
Reversal of net DTL (participations with look-through)	5.4	0	5.4
Notional DTA(Loss carry-back)		0	0
Notional DTA (Loss carry forward)	0.9	22.1	22.9
Total LAC DT	**6.3**	**105.3**	**111.7**

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

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Variant of Solvency II template S.02.01.b with ECB add-ons
Balance sheet

		Solvency II value	Statutory accounts value
Assets		**C0010**	**C0020**
Goodwill	**R0010**		7.314.679,68
Deferred acquisition costs	**R0020**		6.516.913,68
Intangible assets	**R0030**	0,00	23.728.265,72
Deferred tax assets	**R0040**	40.038.130,00	
Property, plant & equipment held for own use	**R0060**	140.603.690,00	113.384.697,51
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	9.153.746.896,70	9.491.612.747,24
Property (other than for own use)	**R0080**	130.250.000,00	75.117.723,17
Holdings in related undertakings, including participations	**R0090**	472.310.680,00	281.533.627,16
Equities	**R0100**	206.390.310,00	271.219.092,55
Equities - listed	**R0110**	201.370.390,00	266.937.414,58
Equities - unlisted	**R0120**	5.019.920,00	4.281.677,97
Bonds	**R0130**	7.573.819.456,70	8.135.853.324,60
Government Bonds	**R0140**	4.884.920.030,00	5.188.796.017,81
Corporate Bonds	**R0150**	2.688.899.426,70	2.947.057.306,64
Collateralised securities	**R0170**		0,15
Collective Investments Undertakings	**R0180**	760.589.850,00	723.071.061,29
Derivatives	**R0190**	10.386.600,00	4.817.918,47
Assets held for index-linked and unit-linked contracts	**R0220**	6.129.497.320,00	6.129.497.316,28
Loans and mortgages	**R0230**	4.030.267.043,30	4.470.636.168,12
Loans on policies	**R0240**	568.897.480,00	584.040.735,99
Loans and mortgages to individuals	**R0250**	2.538.321.790,00	2.917.740.405,92
Other loans and mortgages	**R0260**	923.047.773,30	968.855.026,21
Reinsurance recoverables from:	**R0270**	1.123.081.440,00	1.388.660.193,15
Non-life and health similar to non-life	**R0280**	1.056.394.940,00	1.306.141.015,10
Non-life excluding health	**R0290**	1.050.054.760,00	1.294.879.519,18
Health similar to non-life	**R0300**	6.340.180,00	11.261.495,92
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	71.794.660,00	82.519.178,05
Health similar to life	**R0320**	59.110.640,00	58.890.231,31
Life excluding health and index-linked and unit-linked	**R0330**	12.684.020,00	23.628.946,74
Life index-linked and unit-linked	**R0340**	-5.108.160,00	
Deposits to cedants	**R0350**	658.890,00	658.891,75
Insurance and intermediaries receivables	**R0360**	133.151.520,00	150.139.826,59
Reinsurance receivables	**R0370**	43.415.220,00	30.904.384,43
Receivables (trade, not insurance)	**R0380**	277.988.790,00	254.995.640,52
Cash and cash equivalents	**R0410**	89.660.090,00	125.493.121,17
Any other assets, not elsewhere shown	**R0420**	8.605.870,00	4.577.162,72
Total assets	**R0500**	21.170.714.900,00	22.198.120.008,56

		Solvency II value	Statutory accounts value
Liabilities		**C0010**	**C0020**
Technical provisions - non-life	**R0510**	1.869.004.240,00	2.399.087.030,73
Technical provisions - non-life (excluding health)	**R0520**	1.752.714.630,00	2.246.573.539,24
Best Estimate	**R0540**	1.707.217.290,00	
Risk margin	**R0550**	45.497.340,00	
Technical provisions - health (similar to non-life)	**R0560**	116.289.610,00	152.513.491,49
Best Estimate	**R0580**	96.135.850,00	
Risk margin	**R0590**	20.153.760,00	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	9.926.452.380,00	10.921.530.147,41
Technical provisions - health (similar to life)	**R0610**	1.352.101.100,00	1.303.926.255,87
Best Estimate	**R0630**	1.287.150.610,00	
Risk margin	**R0640**	64.950.490,00	
Technical provisions - life (excluding health and index-linked and unit-linked)	**R0650**	8.574.351.280,00	9.617.603.891,54
Best Estimate	**R0670**	8.442.035.880,00	
Risk margin	**R0680**	132.315.400,00	
Technical provisions - index-linked and unit-linked	**R0690**	5.955.048.220,00	6.129.497.315,12
Best Estimate	**R0710**	5.890.937.260,00	
Risk margin	**R0720**	64.110.960,00	
Provisions other than technical provisions	**R0750**	34.950.210,00	34.750.243,39
Pension benefit obligations	**R0760**	120.650.000,00	6.198.036,47
Deposits from reinsurers	**R0770**	929.439.060,00	1.025.935.568,29
Deferred tax liabilities	**R0780**	83.289.980,00	9.983.094,47
Derivatives	**R0790**	0,00	1.293.349,23
Debts owed to credit institutions	**R0800**	271.454.630,00	273.058.378,15
Debts owed to credit institutions resident domestically	**ER0801**	271.454.630,00	
Financial liabilities other than debts owed to credit institutions	**R0810**	41.619.270,00	41.619.254,56
Debts owed to non-credit institutions	**ER0811**	41.619.270,00	
Debts owed to non-credit institutions resident domestically	**ER0812**	41.619.270,00	
Insurance & intermediaries payables	**R0820**	242.013.120,00	243.408.351,01
Reinsurance payables	**R0830**	64.368.590,00	63.626.996,23
Payables (trade, not insurance)	**R0840**	69.397.580,00	70.047.938,00
Any other liabilities, not elsewhere shown	**R0880**	77.869.180,00	177.198.366,61
Total liabilities	**R0900**	19.685.556.460,00	21.397.234.069,67
Excess of assets over liabilities	**R1000**	1.485.158.440,00	800.885.938,89

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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	C0200
Premiums written												
Gross - Direct Business	**R0110**	79.406.475,91	119.587.248,26	109.216.924,45	426.950.294,49	274.878.531,57	50.014.546,97	385.936.008,30	111.963.774,48	9.655.012,09	41.141,57	1.567.649.958,09
Gross - Proportional reinsurance accepted	**R0120**	14.151.360,42	0,00	184.352,14	8.914,64	0,00	6.273,76	171.969,07	414.050,06	0,00	0,00	14.936.920,09
Reinsurers' share	**R0140**	9.110.000,26	13.527.841,63	3.678.225,46	207.253.091,65	129.173.218,07	25.523.964,78	186.940.015,53	55.960.753,63	6.913.006,39	97.949,40	638.178.066,80
Net	**R0200**	84.447.836,07	106.059.406,63	105.723.051,13	219.706.117,48	145.705.313,50	24.496.855,95	199.167.961,84	56.417.070,91	2.742.005,70	-56.807,83	944.408.811,38
Premiums earned												
Gross - Direct Business	**R0210**	79.648.340,03	117.933.802,37	109.216.924,45	431.501.769,81	277.311.363,60	50.019.722,98	376.666.203,61	112.445.161,85	9.727.532,21	41.460,35	1.564.512.281,26
Gross - Proportional reinsurance accepted	**R0220**	14.153.531,73	0,00	184.352,14	8.914,64	0,00	6.273,76	173.501,09	414.050,06	0,00	0,00	14.940.623,42
Reinsurers' share	**R0240**	8.939.540,54	13.474.913,51	3.678.225,46	210.518.293,59	129.944.661,98	24.498.389,40	188.307.855,66	55.223.180,45	6.983.838,62	98.066,92	641.666.966,13
Net	**R0300**	84.862.331,22	104.458.888,86	105.723.051,13	220.992.390,86	147.366.701,62	25.527.607,34	188.531.849,04	57.636.031,46	2.743.693,59	-56.606,57	937.785.938,55
Claims incurred												
Gross - Direct Business	**R0310**	50.825.606,69	64.169.175,77	144.379.944,29	304.947.578,77	147.268.848,67	38.390.241,51	232.394.775,05	52.379.544,59	1.053.018,41	-6.256,76	1.035.802.476,99
Gross - Proportional reinsurance accepted	**R0320**	16.464.609,99	0,00	56.250,33	795.375,83	0,00	4.246,00	-1.674,73	344.722,14	0,00	0,00	17.663.529,56
Reinsurers' share	**R0340**	5.738.766,10	3.017.357,97	6.254.030,73	160.704.969,86	73.735.153,48	22.029.505,60	137.201.403,91	30.685.642,63	1.634.411,11	368,45	441.001.609,84
Net	**R0400**	61.551.450,58	61.151.817,80	138.182.163,89	145.037.984,74	73.533.695,19	16.364.981,91	95.191.696,41	22.038.624,10	-581.392,70	-6.625,21	612.464.396,71
Changes in other technical provisions												
Gross - Direct Business	**R0410**		4.020.000,00									4.020.000,00
Net	**R0500**		4.020.000,00									4.020.000,00
Expenses incurred	**R0550**	18.076.261,81	20.694.450,75	29.355.027,22	55.791.928,15	56.435.438,89	7.538.281,24	72.576.295,64	29.665.014,45	2.692.326,70	-19.412,52	292.805.612,33
Administrative expenses												
Gross - Direct Business	**R0610**	6.282.731,13	7.286.907,60	6.943.585,59	23.217.170,09	22.170.869,71	1.985.130,50	20.344.485,36	7.240.059,99	877.976,91	600.786,24	96.949.703,10
Net	**R0700**	6.282.731,13	7.286.907,60	6.943.585,59	23.217.170,09	22.170.869,71	1.985.130,50	20.344.485,36	7.240.059,99	877.976,91	600.786,24	96.949.703,10
Investment management expenses												
Gross - Direct Business	**R0710**	366.285,43	280.059,45	658.207,18	945.031,82	613.858,01	121.119,85	998.341,15	356.173,33	31.907,95	15.953,64	4.386.937,80
Net	**R0800**	366.285,43	280.059,45	658.207,18	945.031,82	613.858,01	121.119,85	998.341,15	356.173,33	31.907,95	15.953,64	4.386.937,80
Claims management expenses												
Gross - Direct Business	**R0810**	1.395.631,38	3.140.931,02	7.595.046,26	25.765.660,31	17.982.392,12	1.406.673,36	10.431.044,32	5.562.468,55	1.693.579,84	0,00	74.973.427,15
Net	**R0900**	1.395.631,38	3.140.931,02	7.595.046,26	25.765.660,31	17.982.392,12	1.406.673,36	10.431.044,32	5.562.468,55	1.693.579,84	0,00	74.973.427,15
Acquisition expenses												
Gross - Direct Business	**R0910**	8.047.360,28	7.631.195,14	10.877.735,29	-7.027.570,49	8.302.534,79	3.079.410,86	32.055.137,13	13.610.856,54	-267.862,13	-776.426,15	75.532.371,27
Net	**R1000**	8.047.360,28	7.631.195,14	10.877.735,29	-7.027.570,49	8.302.534,79	3.079.410,86	32.055.137,13	13.610.856,54	-267.862,13	-776.426,15	75.532.371,27
Overhead expenses												
Gross - Direct Business	**R1010**	1.984.253,58	2.355.357,55	3.280.452,89	12.891.636,42	7.365.784,26	945.946,68	8.747.287,69	2.895.456,04	356.724,13	140.273,75	40.963.173,01
Net	**R1100**	1.984.253,58	2.355.357,55	3.280.452,89	12.891.636,42	7.365.784,26	945.946,68	8.747.287,69	2.895.456,04	356.724,13	140.273,75	40.963.173,01
Total expenses	**R1300**											292.805.612,33

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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	860.601.615,57	1.298.578.059,89	437.976.444,32
Reinsurers' share	R1420	9.181.577,42	15.805.348,48	6.623.771,06
Net	R1500	851.420.038,15	1.282.772.711,41	431.352.673,26
Premiums earned				
Gross	R1510	860.601.615,57	1.298.578.059,89	437.976.444,32
Reinsurers' share	R1520	9.181.577,42	15.805.348,48	6.623.771,06
Net	R1600	851.420.038,15	1.282.772.711,41	431.352.673,26
Claims incurred				
Gross	R1610	861.332.964,02	1.141.433.338,81	280.100.374,79
Reinsurers' share	R1620	6.677.577,96	13.614.902,54	6.937.324,58
Net	R1700	854.655.386,06	1.127.818.436,27	273.163.050,21
Changes in other technical provisions				
Gross	R1710	-548.499.131,40	-1.026.853.624,48	-478.354.493,08
Reinsurers' share	R1720		0,00	0,00
Net	R1800	-548.499.131,40	-1.026.853.624,48	-478.354.493,08
Expenses incurred	R1900	3.316.602,55	26.296.553,83	22.979.951,28
Other expenses	R2500		122.490.883,14	
Total expenses	R2600		148.787.436,97	

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Premiums, claims and expenses by line of business

		Line of Business for: life obligations				Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0300**
Premiums written						
Gross	**R1410**		390.425.370,25	908.152.689,64	302.285.398,42	1.600.863.458,31
Reinsurers' share	**R1420**		9.181.577,42	6.623.771,06	10.910.931,56	26.716.280,04
Net	**R1500**		381.243.792,83	901.528.918,58	291.374.466,86	1.574.147.178,27
Premiums earned						
Gross	**R1510**		390.425.370,25	908.152.689,64	302.285.398,42	1.600.863.458,31
Reinsurers' share	**R1520**		9.181.577,42	6.623.771,06	10.910.931,56	26.716.280,04
Net	**R1600**		381.243.792,83	901.528.918,58	291.374.466,86	1.574.147.178,27
Claims incurred						
Gross	**R1610**		729.561.294,68	411.872.044,13	142.980.881,85	1.284.414.220,66
Reinsurers' share	**R1620**		6.677.577,96	6.937.324,58	6.972.072,24	20.586.974,78
Net	**R1700**		722.883.716,72	404.934.719,55	136.008.809,61	1.263.827.245,88
Changes in other technical provisions						
Gross	**R1710**		-236.263.998,14	-790.589.626,34	153.596.678,47	-873.256.946,01
Reinsurers' share	**R1720**		0,00	0,00	-2.860.520,73	-2.860.520,73
Net	**R1800**		-236.263.998,14	-790.589.626,34	156.457.199,20	-870.396.425,28
Expenses incurred	**R1900**		72.496.853,64	76.290.583,33	14.902.077,59	163.689.514,56
Administrative expenses						
Gross	**R1910**		31.506.377,36	18.598.125,92	4.553.845,24	54.658.348,52
Reinsurers' share	**R1920**		0,00	0,00	0,00	0,00
Net	**R2000**		31.506.377,36	18.598.125,92	4.553.845,24	54.658.348,52
Investment management expenses						
Gross	**R2010**		8.643.196,39	2.055.711,35	2.417.181,11	13.116.088,85
Net	**R2100**		8.643.196,39	2.055.711,35	2.417.181,11	13.116.088,85
Claims management expenses						
Gross	**R2110**		2.804.658,03	1.694.955,30	547.887,48	5.047.500,81
Net	**R2200**		2.804.658,03	1.694.955,30	547.887,48	5.047.500,81
Acquisition expenses						
Gross	**R2210**		30.463.737,89	43.666.644,53	2.917.777,98	77.048.160,40
Reinsurers' share	**R2220**		921.116,03	358.631,34	209.723,80	1.489.471,17
Net	**R2300**		29.542.621,86	43.308.013,19	2.708.054,18	75.558.689,23
Overhead expenses						
Gross	**R2310**		0,00	10.633.777,57	4.675.109,58	15.308.887,15
Net	**R2400**		0,00	10.633.777,57	4.675.109,58	15.308.887,15
Total expenses	**R2600**					163.689.514,56
Total amount of surrenders	**R2700**		334.492.253,27	-22.457.600,60	-25.144.972,38	286.889.680,29

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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	458.696.490,77	1.567.649.958,09	1.086.374.853,96	22.578.613,36
Gross - Proportional reinsurance accepted	R0120	14.641.900,01	14.936.920,09	295.020,08	
Reinsurers' share	R0140	150.461.482,16	638.178.066,80	481.411.710,53	6.304.874,11
Net	R0200	322.876.908,62	944.408.811,38	605.258.163,51	16.273.739,25
Premiums earned					
Gross - Direct Business	R0210	459.052.091,45	1.564.512.281,26	1.087.463.150,02	17.997.039,79
Gross - Proportional reinsurance accepted	R0220	14.644.071,32	14.940.623,42	296.552,10	
Reinsurers' share	R0240	150.331.248,87	641.666.966,13	482.134.456,70	9.201.260,56
Net	R0300	323.364.913,90	937.785.938,55	605.625.245,42	8.795.779,23
Claims incurred					
Gross - Direct Business	R0310	362.783.186,83	1.035.802.476,99	661.071.402,23	11.947.887,93
Gross - Proportional reinsurance accepted	R0320	16.852.513,80	17.663.529,56	811.015,76	
Reinsurers' share	R0340	109.614.812,00	441.001.609,84	324.667.572,22	6.719.225,62
Net	R0400	270.020.888,63	612.464.396,71	337.214.845,77	5.228.662,31
Changes in other technical provisions					
Gross - Direct Business	R0410		4.020.000,00	4.020.000,00	
Net	R0500		4.020.000,00	4.020.000,00	
Expenses incurred	R0550	145.286.028,84	292.805.612,33	144.143.684,48	3.375.899,01
Other expenses	R1200				
Total expenses	R1300		292.805.612,33		

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Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance				Health insurance (direct business)				
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	**Total (Life other than health insurance, incl. Unit-Linked)**		Contracts without options and guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
		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**	6.682.936.750,00		5.746.490.100,00	144.447.160,00		299.452.150,00	1.459.646.980,00	14.332.973.140,00		35.619.160,00	1.236.557.690,00	14.973.760,00	1.287.150.610,00
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	**R0040**	12.639.480,00		-5.035.030,00	-65.750,00			226.070,00	7.764.770,00			51.310.530,00	7.871.020,00	59.181.550,00
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	**R0050**	12.639.480,00		-5.035.030,00	-65.750,00			226.070,00	7.764.770,00			45.727.460,00	7.871.020,00	53.598.480,00
Recoverables from SPV before adjustment for expected losses	**R0060**											5.583.070,00		5.583.070,00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	12.639.480,00		-5.042.210,00	-65.950,00			44.550,00	7.575.870,00			51.239.620,00	7.871.020,00	59.110.640,00
Best estimate minus recoverables from reinsurance/SPV and Finite Re	**R0090**	6.670.297.270,00		5.751.532.310,00	144.513.110,00		299.452.150,00	1.459.602.430,00	14.325.397.270,00		35.619.160,00	1.185.318.070,00	7.102.740,00	1.228.039.970,00
Risk margin	**R0100**	86.193.710,00	64.110.960,00			46.121.690,00			196.426.360,00	31.100.600,00		33.507.650,00	342.240,00	64.950.490,00
Amount of the transitional on Technical Provisions														
Technical provisions - total	**R0200**	6.769.130.460,00	5.955.048.220,00			1.805.220.820,00			14.529.399.500,00	66.719.760,00		1.270.065.340,00	15.316.000,00	1.352.101.100,00
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0210**	6.756.490.980,00	5.960.156.380,00			1.805.176.270,00			14.521.823.630,00	66.719.760,00		1.218.825.720,00	7.444.980,00	1.292.990.460,00
Best Estimate of products with a surrender option	**R0220**	6.540.854.730,00	5.940.279.620,00			1.759.091.750,00			14.240.226.100,00					
Gross BE for Cash flow														
Cash out-flows														
Future guaranteed and discretionary benefits	**R0230**		6.050.586.140,00			2.093.345.730,00			15.033.467.040,00	148.887.780,00		1.251.617.350,00	14.885.570,00	1.415.390.700,00
Future guaranteed benefits	**R0240**	6.541.241.820,00							6.541.241.820,00					
Future discretionary benefits	**R0250**	348.293.350,00							348.293.350,00					
Future expenses and other cash out-flows	**R0260**	321.304.950,00	471.423.770,00			83.640.700,00			876.369.420,00	37.278.820,00		30.241.750,00	88.200,00	67.608.770,00
Cash in-flows														
Future premiums	**R0270**	562.035.560,00	631.065.280,00			417.894.660,00			1.610.995.500,00	150.547.440,00		9.348.280,00		159.895.720,00
Other cash in-flows	**R0280**											35.953.130,00		35.953.130,00
Surrender Value	**R0300**	6.140.102.430,00	6.030.244.387,69			827.035.650,00			12.997.382.467,69	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**	6.769.130.470,00	5.955.048.220,00			1.805.220.820,00			14.529.399.510,00	66.719.760,00		1.270.065.340,00	15.316.000,00	1.352.101.100,00
Best estimate subject to volatility adjustment	**R0330**	6.682.936.760,00	5.890.937.260,00			1.759.099.130,00			14.332.973.150,00	35.619.160,00		1.236.557.690,00	14.973.760,00	1.287.150.610,00
Technical provisions without volatility adjustment and without others transitional measures	**R0340**	6.835.593.110,00	5.990.764.290,00			1.830.222.260,00			14.656.579.660,00	67.835.300,00		1.295.167.220,00	15.314.660,00	1.378.317.180,00
Technical provisions without matching adjustment and without all the others	**R0360**	6.835.593.110,00	5.990.764.290,00			1.830.222.260,00			14.656.579.660,00	67.835.300,00		1.295.167.220,00	15.314.660,00	1.378.317.180,00

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Non-life Technical Provisions

		Direct business and accepted proportional reinsurance										Accepted non-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 - Total	**R0060**	-1.331.640,00	-16.957.190,00	-256.700,00	-8.636.270,00	-12.175.900,00	550.490,00	8.699.120,00	-13.121.260,00		-3.719.460,00		-46.948.810,00
Gross - Direct Business	**R0070**	-1.461.460,00	-16.961.790,00	-256.700,00	-8.636.270,00	-12.175.900,00	550.490,00	8.699.120,00	-13.121.260,00		-3.719.460,00		-47.083.230,00
Gross - accepted proportional reinsurance business	**R0080**	129.820,00	4.600,00					0,00					134.420,00
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	**R0100**	-341.340,00	-2.051.740,00	-1.131.320,00	-8.095.220,00	-6.946.750,00	957.300,00	4.022.670,00	-6.857.770,00		-3.106.450,00		-23.550.620,00
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	**R0110**	-341.340,00	-2.051.740,00	-1.131.320,00	-8.095.220,00	-6.946.750,00	957.300,00	4.022.670,00	-6.857.770,00		-3.106.450,00		-23.550.620,00
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-341.340,00	-2.051.520,00	-1.132.150,00	-8.112.780,00	-6.945.780,00	955.950,00	4.024.990,00	-6.866.920,00		-3.104.500,00		-23.574.050,00
Net Best Estimate of Premium Provisions	**R0150**	-990.300,00	-14.905.670,00	875.450,00	-523.490,00	-5.230.120,00	-405.460,00	4.674.130,00	-6.254.340,00		-614.960,00		-23.374.760,00
Claims provisions													
Gross - Total	**R0160**	29.984.100,00	19.719.580,00	64.977.700,00	1.072.708.220,00	65.910.660,00	46.628.570,00	242.045.510,00	295.402.570,00	1.626.410,00	6.930.430,00	4.368.200,00	1.850.301.950,00
Gross - Direct Business	**R0170**	23.759.410,00	19.719.580,00	64.977.700,00	1.064.242.910,00	65.910.660,00	46.622.290,00	241.990.040,00	295.162.150,00	1.626.410,00	6.929.880,00		1.830.941.030,00
Gross - accepted proportional reinsurance business	**R0180**	6.224.690,00			8.465.310,00	0,00	6.280,00	55.470,00	240.420,00		550,00		14.992.720,00
Gross - accepted non-proportional reinsurance business	**R0190**											4.368.200,00	4.368.200,00
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	**R0200**	831.270,00	2.635.590,00	6.401.950,00	670.534.530,00	27.958.360,00	25.179.240,00	152.902.860,00	187.652.100,00		2.611.550,00	3.720.010,00	1.080.427.460,00
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	**R0210**	831.270,00	2.635.590,00	6.401.950,00	670.534.530,00	27.958.360,00	25.179.240,00	152.902.860,00	187.652.100,00		2.611.550,00	3.720.010,00	1.080.427.460,00
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	831.270,00	2.635.590,00	6.398.330,00	670.217.740,00	27.948.990,00	25.157.900,00	152.881.170,00	187.567.250,00		2.610.740,00	3.720.010,00	1.079.968.990,00
Net Best Estimate of Claims Provisions	**R0250**	29.152.830,00	17.083.990,00	58.579.370,00	402.490.480,00	37.961.670,00	21.470.670,00	89.164.340,00	107.835.320,00	1.626.410,00	4.319.690,00	648.190,00	770.332.960,00
Total Best estimate - gross	**R0260**	28.652.460,00	2.762.390,00	64.721.000,00	1.064.071.950,00	53.734.760,00	47.179.060,00	250.744.630,00	282.281.310,00	1.626.410,00	3.210.970,00	4.368.200,00	1.803.353.140,00
Total Best estimate - net	**R0270**	28.162.530,00	2.178.320,00	59.454.820,00	401.966.990,00	32.731.550,00	21.065.210,00	93.838.470,00	101.580.980,00	1.626.410,00	3.704.730,00	648.190,00	746.958.200,00
Risk margin	**R0280**	238.020,00	6.664.880,00	13.250.860,00	28.743.660,00	941.430,00	564.960,00	2.921.380,00	12.066.040,00	68.080,00	122.250,00	69.540,00	65.651.100,00
Technical provisions - total													
Technical provisions - total	**R0320**	28.890.480,00	9.427.270,00	77.971.860,00	1.092.815.610,00	54.676.190,00	47.744.020,00	253.666.010,00	294.347.350,00	1.694.490,00	3.333.220,00	4.437.740,00	1.869.004.240,00
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	489.930,00	584.070,00	5.266.180,00	662.104.960,00	21.003.210,00	26.113.850,00	156.906.160,00	180.700.330,00		-493.760,00	3.720.010,00	1.056.394.940,00
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**	28.400.550,00	8.843.200,00	72.705.680,00	430.710.650,00	33.672.980,00	21.630.170,00	96.759.850,00	113.647.020,00	1.694.490,00	3.826.980,00	717.730,00	812.609.300,00
Line of Business: further segmentation (Homogeneous Risk Groups - HRG)													
Premium provisions - Total number of homogeneous risk groups (HRGs)	**R0350**	2	7	1	4	4	4	5	4	1	2		
Claims provisions - Total number of homogeneous risk groups (HRGs)	**R0360**	3	11	1	15	15	8	25	14	3	9	1	
Cash-flows of the Best estimate of Premium Provisions (Gross)													
Cash out-flows													
Future benefits and claims	**R0370**	20.717.940,00	51.073.120,00	82.697.210,00	124.070.070,00	76.204.740,00	7.574.790,00	133.932.530,00	36.928.210,00		1.187.730,00		534.386.340,00
Future expenses and other cash-out flows	**R0380**	4.831.340,00	14.029.170,00	20.314.630,00	64.481.460,00	55.490.570,00	4.340.830,00	71.196.340,00	30.272.460,00		2.353.830,00		267.310.630,00
Cash in-flows													
Future premiums	**R0390**	26.880.920,00	82.061.010,00	103.268.540,00	197.276.870,00	143.893.360,00	11.365.350,00	196.515.630,00	80.379.030,00		7.261.020,00		848.901.730,00
Cash-flows of the Best estimate of Claims Provisions (Gross)													
Cash out-flows													
Future benefits and claims	**R0410**	29.952.520,00	19.334.530,00	64.895.110,00	1.026.559.360,00	103.067.300,00	47.260.060,00	236.865.810,00	285.083.550,00	1.283.890,00	6.552.100,00	4.338.500,00	1.825.192.730,00
Future expenses and other cash-out flows	**R0420**	31.580,00	385.110,00	82.560,00	61.045.330,00	3.540.200,00	1.199.170,00	5.971.450,00	13.574.270,00	342.480,00	365.900,00	29.680,00	86.567.730,00
Cash in-flows													
Other cash-in flows (incl. Recoverable from salvages and subrogations)	**R0440**				14.896.500,00	40.696.740,00	1.830.630,00	791.910,00	3.255.150,00		-12.430,00		61.458.500,00
Technical provisions without transitional on interest rate	**R0470**	28.890.490,00	9.427.290,00	77.971.860,00	1.092.815.530,00	54.676.320,00	47.744.100,00	253.665.920,00	294.347.450,00	1.694.440,00	3.333.220,00	4.437.740,00	1.869.004.360,00
Best estimate subject to volatility adjustment	**R0480**	28.652.470,00	2.762.410,00	64.720.980,00	1.064.071.870,00	53.734.890,00	47.179.140,00	250.744.540,00	282.281.410,00	1.626.360,00	3.210.970,00	4.368.200,00	1.803.353.240,00
Technical provisions without volatility adjustment and without others transitional measures	**R0490**	28.945.120,00	10.119.140,00	77.971.860,00	1.101.589.870,00	54.911.710,00	47.921.220,00	254.600.710,00	297.196.320,00	1.702.540,00	3.355.220,00	4.485.530,00	1.882.799.240,00

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Non-life Insurance Claims Information

Gross Claims Paid (non-cumulative) - Development year

(absolute amount)

									Development year								
Year		**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**
Prior	**R0100**																18.513.850,00
N-14	**R0110**	389.366.670,00	260.869.290,00	61.762.740,00	38.513.920,00	17.928.490,00	30.922.230,00	10.668.110,00	8.070.330,00	19.440.520,00	6.504.440,00	6.654.370,00	3.982.130,00	2.703.720,00	3.175.560,00	3.952.310,00	
N-13	**R0120**	416.176.300,00	206.700.660,00	52.272.180,00	29.324.120,00	40.536.690,00	19.206.430,00	13.149.940,00	6.794.700,00	13.140.470,00	9.009.110,00	4.848.990,00	15.121.610,00	6.263.140,00	1.640.990,00		
N-12	**R0130**	423.697.820,00	223.756.540,00	53.856.550,00	50.376.720,00	17.284.070,00	17.348.590,00	12.082.310,00	12.579.460,00	9.436.090,00	7.521.930,00	4.471.780,00	3.884.840,00	3.709.950,00			
N-11	**R0140**	419.178.200,00	200.918.690,00	69.336.770,00	23.407.650,00	20.799.440,00	16.235.370,00	12.922.930,00	12.354.940,00	8.857.280,00	6.906.460,00	3.452.780,00	5.695.070,00				
N-10	**R0150**	351.842.370,00	189.790.120,00	40.973.090,00	21.544.480,00	16.819.790,00	18.087.840,00	14.203.830,00	8.961.640,00	8.208.750,00	7.858.640,00	4.541.080,00					
N-9	**R0160**	343.055.900,00	178.195.600,00	36.500.640,00	23.806.640,00	24.655.750,00	17.385.060,00	12.761.420,00	8.020.100,00	7.279.760,00	5.712.810,00						
N-8	**R0170**	335.609.760,00	167.345.130,00	46.106.300,00	31.474.600,00	26.288.060,00	19.715.560,00	13.942.670,00	11.198.980,00	7.209.600,00							
N-7	**R0180**	349.180.220,00	190.235.390,00	58.273.830,00	34.654.330,00	22.531.470,00	19.645.850,00	14.300.900,00	9.115.130,00								
N-6	**R0190**	400.302.410,00	226.601.710,00	60.830.060,00	31.166.280,00	23.720.410,00	18.720.790,00	12.506.790,00									
N-5	**R0200**	338.200.650,00	214.210.800,00	57.483.920,00	31.479.700,00	23.138.920,00	20.960.510,00										
N-4	**R0210**	352.655.720,00	223.977.830,00	58.183.660,00	34.826.260,00	23.880.610,00											
N-3	**R0220**	340.879.340,00	226.130.070,00	57.285.970,00	32.139.600,00												
N-2	**R0230**	289.408.240,00	164.421.550,00	42.403.630,00													
N-1	**R0240**	310.916.200,00	200.709.370,00														
N	**R0250**	317.960.940,00															

Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative)

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	18.513.850,00	18.513.850,00
	R0110	3.952.310,00	864.514.830,00
	R0120	1.640.990,00	834.185.330,00
	R0130	3.709.950,00	840.006.650,00
	R0140	5.695.070,00	800.065.580,00
	R0150	4.541.080,00	682.831.630,00
	R0160	5.712.810,00	657.373.680,00
	R0170	7.209.600,00	658.890.660,00
	R0180	9.115.130,00	697.937.120,00
	R0190	12.506.790,00	773.848.450,00
	R0200	20.960.510,00	685.474.500,00
	R0210	23.880.610,00	693.524.080,00
	R0220	32.139.600,00	656.434.980,00
	R0230	42.403.630,00	496.233.420,00
	R0240	200.709.370,00	511.625.570,00
	R0250	317.960.940,00	317.960.940,00
Total	R0260	710.652.240,00	10.189.421.270,00

Gross undiscounted Best Estimate Claims Provisions - Development year
(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0310	C0320	C0330	C0340	C0350
Prior	R0100																260.333.930,00
N-14	R0110	321.737.100,00	148.075.610,00	79.281.370,00	57.357.230,00	48.358.840,00	65.481.110,00	61.835.950,00	68.272.960,00	53.442.130,00	46.307.530,00	41.094.280,00	31.275.970,00	31.240.610,00	29.387.430,00	25.764.080,00	
N-13	R0120	299.314.790,00	138.373.830,00	85.406.520,00	66.915.210,00	80.948.530,00	64.302.850,00	48.515.020,00	51.997.910,00	40.526.540,00	32.780.100,00	31.280.250,00	26.224.980,00	19.802.300,00	16.503.970,00		
N-12	R0130	286.750.890,00	127.752.300,00	90.352.240,00	107.582.980,00	86.779.860,00	69.392.150,00	66.359.480,00	55.781.660,00	49.898.900,00	41.922.320,00	38.803.750,00	34.279.670,00	28.836.970,00			
N-11	R0140	264.235.090,00	136.260.640,00	144.945.920,00	123.346.060,00	91.272.470,00	89.176.160,00	76.467.570,00	66.726.150,00	53.809.280,00	49.363.040,00	46.464.350,00	42.051.230,00				
N-10	R0150	247.764.300,00	187.281.140,00	115.419.840,00	94.254.850,00	90.989.960,00	72.347.360,00	62.925.360,00	45.171.620,00	39.486.050,00	30.534.670,00	25.162.050,00					
N-9	R0160	340.610.470,00	175.026.890,00	126.713.710,00	129.139.990,00	103.457.690,00	86.701.020,00	70.293.110,00	69.451.650,00	57.539.590,00	45.327.080,00						
N-8	R0170	365.823.650,00	196.412.250,00	190.545.660,00	155.912.460,00	127.458.350,00	103.054.320,00	94.876.710,00	78.965.230,00	65.432.150,00							
N-7	R0180	365.822.230,00	253.810.980,00	187.111.950,00	153.672.360,00	119.296.060,00	97.714.980,00	77.897.800,00	68.088.210,00								
N-6	R0190	447.892.760,00	237.556.160,00	178.509.740,00	141.384.110,00	125.434.920,00	108.632.670,00	89.918.850,00									
N-5	R0200	416.535.690,00	232.971.700,00	165.709.800,00	137.242.420,00	125.611.740,00	95.506.850,00										
N-4	R0210	433.186.840,00	252.195.030,00	201.962.930,00	164.479.610,00	132.942.060,00											
N-3	R0220	517.678.730,00	300.945.330,00	233.200.340,00	202.985.900,00												
N-2	R0230	403.568.710,00	230.219.460,00	161.082.130,00													
N-1	R0240	450.596.320,00	260.729.090,00														
N	R0250	568.848.190,00															

Gross discounted Best Estimate Claims Provisions - Current year,

		Year end (discounted data)
		C0360
	R0100	204.384.530,00
	R0110	22.303.410,00
	R0120	14.560.410,00
	R0130	25.292.740,00
	R0140	37.203.730,00
	R0150	21.858.500,00
	R0160	39.058.040,00
	R0170	56.690.330,00
	R0180	59.136.780,00
	R0190	77.513.570,00
	R0200	82.382.850,00
	R0210	115.721.130,00
	R0220	176.409.390,00
	R0230	141.163.050,00
	R0240	235.241.450,00
	R0250	507.904.340,00
Total	R0260	1.816.824.250,00

Gross Reported but not Settled Claims (RBNS) - Development year

(absolute amount)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +
		C0400	C0410	C0420	C0430	C0440	C0450	C0460	C0470	C0480	C0490	C0500	C0510	C0520	C0530	C0540	C0550
Prior	R0100																189.759.020,00
N-14	R0110	244.505.800,00	139.815.200,00	79.235.610,00	57.570.800,00	40.828.110,00	59.514.440,00	57.942.270,00	61.606.030,00	47.266.180,00	43.480.700,00	33.342.740,00	28.690.860,00	27.322.050,00	25.973.210,00	25.270.410,00	
N-13	R0120	225.165.390,00	127.480.050,00	84.559.950,00	59.182.640,00	75.640.300,00	60.143.270,00	44.051.040,00	46.327.510,00	36.090.860,00	32.811.830,00	26.952.450,00	22.527.390,00	15.094.850,00	14.069.820,00		
N-12	R0130	214.809.810,00	106.197.090,00	74.600.250,00	101.496.920,00	81.542.530,00	63.807.040,00	60.681.120,00	49.588.110,00	43.895.330,00	37.844.670,00	31.746.490,00	27.868.320,00	25.548.120,00			
N-11	R0140	194.337.120,00	105.755.340,00	137.604.740,00	111.910.780,00	80.885.360,00	76.629.470,00	65.810.220,00	59.442.370,00	49.121.670,00	41.653.450,00	39.134.400,00	36.008.490,00				
N-10	R0150	168.330.500,00	161.898.930,00	114.251.960,00	86.587.010,00	81.020.920,00	64.213.440,00	49.991.140,00	38.045.140,00	31.784.980,00	23.666.960,00	17.717.330,00					
N-9	R0160	284.366.070,00	160.599.530,00	117.881.830,00	119.799.230,00	89.371.070,00	76.440.530,00	63.628.860,00	56.257.880,00	45.718.660,00	37.144.520,00						
N-8	R0170	312.190.500,00	181.104.830,00	173.876.010,00	138.858.670,00	113.484.530,00	92.530.730,00	81.107.210,00	67.901.950,00	59.344.420,00							
N-7	R0180	311.672.440,00	221.598.660,00	157.853.100,00	126.683.880,00	105.486.570,00	79.771.980,00	62.162.500,00	53.043.950,00								
N-6	R0190	368.370.600,00	203.984.380,00	157.020.950,00	129.065.860,00	107.752.100,00	88.866.140,00	72.084.180,00									
N-5	R0200	343.504.650,00	201.507.710,00	148.324.200,00	118.813.040,00	97.945.750,00	77.845.540,00										
N-4	R0210	371.626.320,00	225.721.100,00	167.044.370,00	135.814.820,00	109.147.250,00											
N-3	R0220	419.197.460,00	255.152.920,00	196.090.610,00	163.064.020,00												
N-2	R0230	303.938.480,00	177.946.590,00	126.551.230,00													
N-1	R0240	341.808.070,00	207.068.300,00														
N	R0250	409.802.290,00															

Gross Reported but not Settled Claims (RBNS) - Current year, sum of

		Year end (discounted data)
		C0560
	R0100	154.471.880,00
	R0110	21.190.630,00
	R0120	12.390.150,00
	R0130	22.436.940,00
	R0140	31.491.670,00
	R0150	15.604.660,00
	R0160	32.120.290,00
	R0170	50.727.790,00
	R0180	47.333.290,00
	R0190	59.855.350,00
	R0200	66.684.170,00
	R0210	94.546.100,00
	R0220	139.761.160,00
	R0230	109.255.120,00
	R0240	183.336.360,00
	R0250	365.842.430,00
Total	R0260	1.407.047.990,00

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Impact of long term guarantees measures and transitional

			Impact of the Long Term Guarantee measures and transitionals (Step-by-step approach)					
		Amount with Long Term Guarantee measures and transitionals	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	17.750.504.840,00	17.750.504.840,00	17.750.504.840,00	17.879.845.155,82	129.340.315,82	17.879.845.155,82	129.340.315,82
Basic own funds	R0020	1.460.258.440,00	1.460.258.440,00	1.460.258.440,00	1.347.072.332,17	-113.186.107,83	1.347.072.332,17	-113.186.107,83
Excess of assets over liabilities	R0030	1.485.158.440,00	1.485.158.440,00	1.485.158.440,00	1.371.972.332,17	-113.186.107,83	1.371.972.332,17	-113.186.107,83
Eligible own funds to meet Solvency Capital Requirement	R0050	1.460.258.440,00	1.460.258.440,00	1.460.258.440,00	1.347.072.332,17	-113.186.107,83	1.347.072.332,17	-113.186.107,83
Tier I	R0060	1.420.220.310,00	1.420.220.310,00	1.420.220.310,00	1.306.094.247,93	-114.126.062,07	1.306.094.247,93	-114.126.062,07
Tier II	R0070	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Tier III	R0080	40.038.130,00	40.038.130,00	40.038.130,00	40.978.084,24	939.954,24	40.978.084,24	939.954,24
Solvency Capital Requirement	R0090	939.235.720,00	939.235.720,00	939.235.720,00	955.434.485,48	16.198.765,48	955.434.485,48	16.198.765,48
Eligible own funds to meet Minimum Capital Requirement	R0100	1.420.220.310,00	1.420.220.310,00	1.420.220.310,00	1.306.094.247,93	-114.126.062,07	1.306.094.247,93	-114.126.062,07
Minimum Capital Requirement	R0110	422.656.074,82	422.656.074,82	422.656.074,82	429.945.518,47	7.289.443,65	429.945.518,47	7.289.443,65

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Own funds

		Total	Tier 1 - unrestricted	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		C0010	C0020	C0050
Ordinary share capital (gross of own shares)	R0010	292.251.740,00	292.251.740,00	
Share premium account related to ordinary share capital	R0030	258.346.510,00	258.346.510,00	
Surplus funds	R0070	12.500.000,00	12.500.000,00	
An amount equal to the value of net deferred tax assets	R0160	40.038.130,00		40.038.130,00
Deductions				
Deductions for participations in financial and credit institutions	R0230			
Total basic own funds after deductions	R0290	1.460.258.440,00	1.420.220.310,00	40.038.130,00
Available and eligible own funds				
Total available own funds to meet the SCR	R0500	1.460.258.440,00	1.420.220.310,00	40.038.130,00
Total available own funds to meet the MCR	R0510	1.420.220.310,00	1.420.220.310,00	
Total eligible own funds to meet the SCR	R0540	1.460.258.440,00	1.420.220.310,00	40.038.130,00
Total eligible own funds to meet the MCR	R0550	1.420.220.310,00	1.420.220.310,00	
SCR	R0580	939.235.720,00		
MCR	R0600	422.656.074,82		
Ratio of Eligible own funds to SCR	R0620	155,4731%		
Ratio of Eligible own funds to MCR	R0640	336,0227%		

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Solvency Capital Requirement - for undertakings on Standard Formula

Article 112? (Y/N)	**Z0010**	(2) Regular reporting

Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement
		C0030	**C0040**
Market risk	**R0010**	554.968.218,64	706.094.539,12
Counterparty default risk	**R0020**	96.438.613,71	97.620.883,50
Life underwriting risk	**R0030**	361.498.363,61	461.950.370,37
Health underwriting risk	**R0040**	174.962.125,88	174.962.125,88
Non-life underwriting risk	**R0050**	267.505.446,24	267.505.446,24
Diversification	**R0060**	-515.543.034,06	-578.952.481,35
Intangible asset risk	**R0070**	0,00	0,00
Basic Solvency Capital Requirement	**R0100**	939.829.734,02	1.129.180.883,76

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Minimum Capital Requirement - Both life and non-life insurance activity

		Non-life activities
		MCR(NL,NL) Result
		C0010
Linear formula component for non-life insurance and reinsurance obligations	R0010	145.299.961,96

		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
Medical expense insurance and proportional reinsurance	R0020	28.162.949,15	39.073.320,00
Income protection insurance and proportional reinsurance	R0030	2.382.789,99	126.834.010,00
Workers' compensation insurance and proportional reinsurance	R0040	59.490.791,08	99.981.570,00
Motor vehicle liability insurance and proportional reinsurance	R0050	402.531.340,11	219.640.150,00
Other motor insurance and proportional reinsurance	R0060	32.778.144,66	148.256.730,00
Marine, aviation and transport insurance and proportional reinsurance	R0070	21.085.045,44	24.459.060,00
Fire and other damage to property insurance and proportional reinsurance	R0080	93.950.563,02	191.388.340,00
General liability insurance and proportional reinsurance	R0090	101.897.719,52	59.143.740,00
Legal expenses insurance and proportional reinsurance	R0110	1.626.410,69	300,00
Miscellaneous financial loss insurance and proportional reinsurance	R0130	3.774.050,91	5.840.920,00
Non-proportional casualty reinsurance	R0150	648.190,82	0,00

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		Non-life activities	Life activities
		MCR(L,NL) Result	MCR(L,L) Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	35.054.836,66	325.116.412,48

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210	0,00		6.334.643.408,81	
Obligations with profit participation - future discretionary benefits	R0220	0,00		348.293.349,55	
Index-linked and unit-linked insurance obligations	R0230	0,00		5.890.937.257,56	
Other life (re)insurance and health (re)insurance obligations	R0240	1.403.307.615,53		1.759.099.131,07	
Total capital at risk for all life (re)insurance obligations	R0250		7.979.109.618,79		43.811.739.959,58

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Overall MCR calculation		**C0130**
Linear MCR	**R0300**	505.471.211,09
SCR	**R0310**	939.235.721,81
MCR cap	**R0320**	422.656.074,82
MCR floor	**R0330**	234.808.930,45
Combined MCR	**R0340**	422.656.074,82
Absolute floor of the MCR	**R0350**	8.000.000,00
Minimum Capital Requirement	**R0400**	422.656.074,82

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Notional non-life and life MCR calculation		**Non-life activities**	**Life activities**
		C0140	**C0150**
Notional linear MCR	**R0500**	180.354.798,62	325.116.412,48
Notional SCR excluding add-on (annual or latest calculation)	**R0510**	335.124.267,70	604.111.454,11
Notional MCR cap	**R0520**	150.805.920,47	271.850.154,35
Notional MCR floor	**R0530**	83.781.066,93	151.027.863,53
Notional Combined MCR	**R0540**	150.805.920,47	271.850.154,35
Absolute floor of the notional MCR	**R0550**	4.000.000,00	4.000.000,00
Notional MCR	**R0560**	150.805.920,47	271.850.154,35