SFCR YE 2024

DKV Belgium SA/NV

Contents

Executive Summary

Business & Strategy

DKV Belgium SA/NV (hereinafter "DKV Belgium", "DKV" or "the Company"), a member of the ERGO Group, focusses on health insurance in Belgium and has a market-leading position in the Belgian health insurance market with a multichannel approach in sales. Since 1964, DKV Belgium has been offering innovative and qualitative health insurance products and services to its customers (retail, self-employed, small groups and corporates). It is the foundation of its mission, which is strongly supported by its entire staff, its shareholders and distribution partners.

DKV Belgium is continuing with its de-risking strategy, as reflected in the product strategy. Implementation & monitoring of management actions result in positive effects on the company's profitability and Solvency II position, further strengthening the intention to continue applying the different de-risking measures.

As a leader of the health insurance market, DKV Belgium plays a leading role in social debates relating to healthcare, e.g. awareness raising, prevention and efficiency of the healthcare system. DKV is strengthening its positioning as a 'health partner', at the heart of its customers' health journeys, which goes beyond being a 'payer of health costs' who only gets involved afterwards. DKV will consider further opportunities to create value for its customers throughout their health journeys.

DKV Belgium collaborates with brokers, a small group of tied agents and insurers (to complete their health insurance offering). Additionally, DKV Belgium grows its direct business with a focus on strengthening the online presence through digitalization projects.

The investment result amounted to €48,97M in 2024. The investment result compared to 2023 has been influenced by higher reinvestment yields and positive cash flows.

System of Governance

The most important governing bodies in the System of Governance include: the Board of Directors, the Audit and Risk Committee, the Nomination & Remuneration Committee and the Executive Committee. For these governance bodies, charters are in place to describe the respective roles and responsibilities.

The Company has installed a solid Risk Management System, built on a risk strategy set-up to identify, assess, steer as well as monitor and report risks. It is based on a Three Lines of Defence Model, in which the first line is the risk taker and owner. The second line consists of the three Independent Control Functions (the Risk Management Function, the Compliance Function and the Actuarial Function), who act as risk controllers. The third line (Internal Audit) is the independent reviewer of the first and second lines.

The assessment of the Executive Committee on the corporate governance structure of DKV Belgium revealed a general result classified as good in terms of design and performance. This indicates that management feels overall comfortable on the way the corporate governance structure is set up (all designs are assessed as good) and is functioning (performance). Improvements compared to previous assessment are seen on the side of the design. However, some further points of attention and further embedding of these points in the processes are indicated on the side of the performance.

Risk Profile

The Risk Profile of the Company provides an overview of all the risks to which it is exposed to through its products and operations. The key risks include:

- *Underwriting risk*: Changes in the expected claims evolution could directly and noticeably affect DKV Belgium. The result of the Company strongly depends upon the extent to which actual claims evolution is in line with the assumptions set in the pricing and reserving process. Medical trends in the market will be reflected in the medical index, but only with a certain delay (and possibly not for the full extent). To that extent, the other players in the market are also sensitive to this risk.

- *Interest rate risk*: Since 2011, market interest rates have decreased significantly, followed by a steep increase in 2022, and more volatility at a higher level since. The flexibility to react on interest rate changes has been limited by the Belgian law Verwilghen II, which clearly defines the rules for possible premium adjustments for individual Health contracts. Changes in interest rates have an impact on both the assets (the fixed income assets) and the liabilities. For individual contracts, DKV Belgium insures clients lifelong. As a consequence, the liabilities are also long term. Therefore, the relevant risk for DKV Belgium is the risk that the yield curve would go down which would result in a reinvestment risk for our bonds.
- *Cyber risk*: With the focus on digital way of working & digitizing the business, the operational performance & resiliency of the Information Technology activities is of high importance to the Company. A main attention points is the increasing cyber threats, which drives the company to invest in increasing cyber security maturity and the ongoing strengthening of the IT Security processes at DKV Belgium.
- *Compliance & Legal risk:* This is the risk of failure to comply with all applicable legal and regulatory requirements, industry standards and the corresponding impact on the Company's business, reputation and financial condition. DKV has the necessary processes and controls installed to ensure that any relevant change within the regulatory framework is integrated within its activity and interaction towards the clients. In 2024, the implementation of the Digital Operational & Resilience Act (DORA) has been a key attention point.
- *Strategic risk*: Strategic risk is defined as the risk of making wrong business decisions, implementing decisions poorly, or being unable to adapt to changes in the operating environment. Further actions were taken in alignment with the National Bank of Belgium to further improve the quality of the SII modelling. Other key attention points were the digitization and the flexibility to react to market and regulatory changes, and the evolutions within review of hospital financing & review of RIZIV nomenclature.
- *Sustainability Risk*: As part of the updated groupwide strategy, Munich Re and ERGO Group have expressed their ambitions in terms of sustainability with a related group-wide project. DKV Belgium is working on initiatives in this direction in Belgium, aligned with the groupwide approach. This covers sustainability, in terms of impact on the product portfolio, on the investments made, and on the working as a Company.

All risks are monitored on a regular basis, and the calculated risk capitals are integrated in the solvency ratio of the Company. Within the Company, several risk mitigation techniques are used. To ensure effective and risk informed decision making, risks are made transparent to senior management through regular risk reporting.

Valuation for Solvency Purposes

The Company's Solvency II balance sheet comprises Assets, Technical Provisions and Other Liabilities. Technical Provisions are reserves for claims and premiums plus a risk margin. Assets, Technical Provisions and Other Liabilities are valued on a 'fair value' basis according to Solvency II requirements, meaning that the Company's financial strength is sensitive to movements in their value. Moreover, due to a difference in valuation methodologies, differences between Solvency II and BEGAAP accounts exist.

As from 2019, DKV Belgium applies the volatility adjustment in the valuation of the Best Estimate Liabilities.

Capital Management

The risk capital for DKV Belgium is calculated using the Solvency II Standard Formula approach, which is assessed as being adequate for the risk profile of DKV Belgium. Within the ORSA exercise, an additional capital requirement is added for the spread risk on government bonds by countries belonging to the Euro zone.

Under the current model assumptions and methodology, the year-end 2024 solvency position for DKV Belgium of 350% (18% lower when excluding volatility adjustment) shows a sufficient capitalisation. With regards to the Minimum Capital Requirements, we observe a result of 1399%, indicating a comfortable capitalisation position compared to the minimum requirements.

The results of the base case projections performed as part of the ORSA exercise in 2024 leads to the conclusion that DKV Belgium is adequately capitalised to cover the risks arising from current and expected business activities. In addition, the results show an increasing solvency position driven by the own funds increasing percentage wise more than the total risk capital.

Macroeconomic context in 2024

The results of the DKV Solvency II calculations have been significantly impacted by the macro-economic evolutions over the past years (volatility of the interest rate, inflation rate, etc). The increase of interest rate on the markets in 2022 and 2023 have had an impact on the market value of DKV's fixed income assets. Interest rates in 2024 were more stable, although inflation remains higher than the 2% ECB target. The development of the market value of the assets compared to the value of the liabilities is closely monitored by the Company, and frequently reported to and discussed with the regulator.

In 2024 DKV updated its Capital Management Plan to validate the Company's stated risk appetite. In the 2024 Capital Management Plan, the stress tests performed based on the year-end 2024 model indicate that the DKV Solvency II position is very stable against the evolution of macroeconomic and non-economic variables. The successful outcome of the stress tests confirms the robustness of the model and its stability against potential significant shocks.

As the economic and geo-political outlook for 2025 is very uncertain, the Company will continue to monitor economic situation and the impact on its Solvency II position.

A. Business & Performance

A.1 Business

DKV Belgium S.A./N.V. (DKV Belgium) is a public limited Company registered under the laws of Belgium, member of ERGO Group, with its registered office at 1000 Brussels, Loksumstraat 25, with Company number 0414.858.607 and authorised by the National Bank of Belgium (NBB) under number 739 for branch 2 and branch 18 – respectively Health and Assistance –. The current activities of DKV Belgium relate to private stand-alone and complementary Medical expenses, Disability insurance products and Assistance abroad. On top of that, DKV Belgium manages a closed portfolio of non-medical expenses (Long-term care)

Since 1964, DKV has been offering innovative and qualitative health insurance products and services to its customers (retail, self-employed, small groups and corporates). It is the foundation of its mission, which is strongly supported by its entire staff, its shareholder and distribution partners.

DKV Belgium provides both retail and corporate contracts. Individual contracts are underwritten by natural persons whereas the corporate contracts are underwritten by companies or institutions, for the benefit of their employees.

DKV Belgium has a market-leading position in the Belgian health insurance market with a multichannel approach in sales. In this respect, DKV Belgium collaborates with brokers, small group of tied agents and insurers (to complete their health insurance offering). Additionally, DKV Belgium grows its direct business with a focus on strengthening the online presence through multiple digitalization projects.

The business strategy with its dimensions "scale", "shape" and "succeed" is applied throughout the Munich Re Group, whose group-wide strategy programme "Munich Re Group Ambition 2025" is supported by ERGO Group's strategy programme ESP2 and reflected in the local strategy.

Goals and Levers

The ESP2 of ERGO Group is based on overarching as well as market-specific initiatives. As part of ERGO Group, DKV Belgium will contribute towards the achievement of Group goals through its own individualised programme, encompassing the de-risking strategy, defined and organised along the dimensions of “scale”, “shape” and “succeed”:

Scale:

- Risk-oriented management of the product portfolio.
- Growth of distribution channels by combining digital and non-digital distribution models.
- Continuation of cost discipline and increase in process efficiency.

Shape:

- Systematic expansion of the product range by adding new risk-premium products and growing the corporate footprint.
- Harmonisation of platforms and introduction of digital technologies.
- Leveraging transnational synergies in different areas.

Succeed:

- Shareholders: Contribute to ERGO Group's success by generating sustainable growth & profitability.
- Customers: Develop customer-oriented and volume-enabling products which follow medical needs and evolutions.
- Employees: DKV Belgium considers itself to be an attractive employer in the local context, that promotes existing talent and develops new talent.
- Communities: As part of corporate social responsibility, DKV Belgium engages itself in local

social projects.

A.2 Performance of underwriting activities

The underwriting result of the Company for the year 2024 is to be seen the table below (for more detail, see QRT S.05.01.02):

In Mio €	YE 2024	YE 2023
Gross written premium	815,65	749,80
Net claims incurred	-485,63	-503,48
Delta other technical provisions	-63,91	-65,19

The gross written premium has grown by 8,8% compared to last year, mainly driven by premium indexation and portfolio increase.

The decrease in net claims incurred in 2024 is mainly explained by higher release of past year claims provisions partially offset by medical trend and portfolio increase.

The decrease of change in ageing reserve in 2024 is explained by BNR update and normal evolution of the portfolio.

The financial planning for future years is mainly driven by indexation of premiums in line with claims development and increase of corporate new business. In addition, the financial planning is influenced by strict cost management, automation, and digitization of the business, to help to increase the profitability over the planning horizon.

A.3 Performance of investment activities

The investment result amounted to €48,97M in 2024. The details of the investment performance on all investments are explained in this section.

The investment result compared to 2023 has been influenced by higher reinvestment yields and positive cash flows.

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

Portfolio Earnings Structure (Mio. EUR):	2024(4Q)	2023(4Q)
Ordinary Interest income	51,94	46,15
Realised Gains	0,68	1,09
Realised Losses	-2,02	-1,31
Write-up / Write-down	0,94	-0,94
Net Result (before management costs)	51,54	44,99
Net Portf. Result Local	48,97	42,73

DKV Belgium's asset portfolio has a positive Time – Weighted – Return (TWR) of 1,83% in 2024.

Investment performance can be affected by risk of changes in the financial markets and credit risk. The investment strategy of the Company is however very conservative to the IMA.

DKV Belgium has outsourced asset management and back-office activities to GIM & MEAG, entities in charge of the investment strategy within Munich Re Group . DKV Belgium fulfils its obligation to invest all its assets in accordance with the 'prudent person principle' through GIM Investment Management Agreement. DKV Belgium mandates GIM & MEAG to perform the following duties:

- To manage the assets in order to achieve the investment objectives as laid down in the mandate.
- To stay within the permitted investment universe and comply with all investment constraints and risk limits agreed.
- To monitor and follow risk controlling processes and to provide investment recommendations to address any trigger alert situations.
- To inform regularly about the performance and disposition of the mandate assets.
- To advise on asset allocation or on specific investments or investment strategies.
- To alert to important developments with respect to market, credit and default risks and advise accordingly.

In general, the investment strategy is aimed primarily at covering the expected claims payments with future premiums, coupon payments and maturities. All assets are managed under a "buy-and-maintain" approach to give better control over result realization and low turnover.

The major part of the assets is invested in government bonds, leading to a low credit -spread- risk.

Investment performance is expected to increase constantly in the future years, mostly influenced by fresh cash coming from the operations expected to be invested mainly in assets with maturities fitting our liability structure. Ordinary income and very conservative projection for net realised result is foreseen in planning figures with the details given in the following table.

The rating of each investment is provided by external credit assessments (Standard & Poor's, Moody's and Fitch). Those ratings are used in order to evaluate and monitor the portfolio credit risk.

(Mio. EUR)	**2025**	**2026**
Ordinary income projection	51,19	52,57
Net realised result projection	0,00	0,00
Net result before mgmt. costs projection	51,19	52,57

A.4 Performance of other activities

Not applicable

A.5 Any other disclosures

Not applicable

B. System of Governance

B.1 Management structure, remuneration and shareholder ship

B.1.1 Management Bodies

The System of Governance is determined by the Board of Directors and its specialised committees with clearly defined roles and responsibilities. The most important organs in the System of Governance include: The Board of Directors, its subcommittees (the Nomination & Remuneration Committee and the Audit & Risk Committee), and the Executive Committee.

B.1.1.1 Board of Directors

- *Composition*

As per 31 December 2024, the Board of Directors of DKV Belgium is composed of eight members: i.e. three Executive Directors (the CEO, the CRO and the CFO) and five Non-Executive Directors, of which two meet the independence criteria as defined in articles 15, 94° and 48 of the Solvency II Act. No changes occurred in the composition of the Board of Directors during the year 2024.

Considering that DKV Belgium has been classified as a less-significant Company, based on the size of the Company and the risk profile of the Company or expected changes in that risk profile, it is considered adequate to have two Independent Directors.

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

- *Roles and Responsibilities*

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

The general Company strategy includes:

- The definition of the objectives and strategy of DKV Belgium (commercial strategy and structures).
- The main lines of DKV Belgium's organisational structures and internal control structures.
- The approval and validation of important policies on governance, such as the integrity policy (which establishes the Company's fundamental ethical principles and includes rules on conflicts of interest, the Fit & Proper policy, the Compensation policy, the Outsourcing policy, the Internal Rules on External Functions, the IT security and Continuity policy, the Charters of the Independent Control Functions, rules on whistleblowing, the code of conduct, etc.
- The approval of important projects, reporting, budgets, structural reforms, etc.
- The reports intended for the public (particularly the SFCR).

In relation to the **Risk Profile**, policy and effectiveness of the Risk Management System responsibilities include:

- Setting DKV Belgium level of risk appetite and related risk tolerance levels for all areas of business
- Approving DKV Belgium's general risk management policy and specific risk management policies.
- Taking front-line strategic risk decisions and being closely involved with the ongoing monitoring

of DKV Belgium Risk Profile (the Board of Directors and the Audit and Risk Committee will be in possession of relevant and comprehensive information on the risks DKV Belgium faces).
- Approving the Regular Supervisory Report (RSR) and the Own Risk and Solvency Assessment (ORSA).

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

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

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

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

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

B.1.1.2 Specialised Sub-Committees of the Board of Directors

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

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

B.1.1.2.1 Audit and Risk Committee

- *Composition*

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

DKV Belgium combined the tasks of the Audit Committee and the Risk Committee in one single Audit and Risk Committee in compliance with the conditions of the Solvency II Act and the NBB Circular 2016_31. The NBB has been informed of this decision.

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

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

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

- *Roles and Responsibilities*

As specified in its Charter, the roles and responsibilities of the Audit and Risk Committee cover the following domains:

- Corporate-Financial reporting.
- Risk management.
- Internal control and actuarial matters.
- Compliance with laws, regulations, internal policies and industry standards.
- Internal Audit.
- External audit.

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

In relation to Audit:

- Notify the Board of Directors of the results of the statutory audit of the annual accounts, as well as clarifying the way the statutory audit of the annual accounts contributed to the integrity of the financial reporting, and specifying the role of the Audit Risk Committee in this process.
- Monitor the effectiveness of the Internal Control System and risk management system.

- Monitor the Internal Audit Function and its respective activities.
- Monitor the statutory audit of the annual accounts and consolidated annual accounts, including the follow-up of the recommendations by the statutory auditor and where appropriate, by the external auditor responsible for the statutory audit of the consolidated annual accounts.
- Assess and monitor the statutory auditors' independence, including in relation to the provision of non-audit services.
- Make recommendations to the Board of Directors with regard to the appointment of the statutory auditor and, where appropriate, of the external auditor responsible for the statutory audit of the consolidated annual accounts.
- Report regularly to the Board of Directors on the performance of its tasks, at least when the Board of Directors is establishing annual accounts, consolidated annual accounts and, where appropriate, summarised financial statements for publication purposes.

In relation to Risk Strategy:

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

In relation to Risk Management:

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

The aforementioned tasks are further elaborated on in the Charter of the Audit and Risk Committee.

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

B.1.1.2.2 The Nomination and Remuneration Committee

- *Composition*

The Nomination and Remuneration Committee is composed of three members. The members of the Nomination and Remuneration Committee are appointed by the Board of Directors and may be replaced at any time. All members shall be non-executive Directors and at least one of the members shall meet the independence criteria.

Unless planned otherwise, the Chairman of the Board of Directors is the Chairman of the Nomination and Remuneration Committee.

The CEO, Head of Legal and the Head of Human Resources may be invited to report to the Nomination and Remuneration Committee in an advisory and non-voting capacity. They will not attend the meeting during discussions concerning themselves.

- *Roles and Responsibilities*

The main task of the Nomination and Remuneration Committee is to act as an independent control and advice committee to the Board of Directors.

The Nomination and Remuneration Committee is responsible for:

- Making recommendations to the Board of Directors on appropriate Compensation and Benefit programs (in respect of both amounts and composition), and more in particular:
    - Advising the Board of Directors on the Compensation Policy of DKV Belgium as a whole.
    - Ensuring that the remuneration levels take into account the risks involved, demands and time requirements of each role and relevant industry benchmarks.
    - Preparing the remuneration reporting to relevant stakeholders.
- Preparing decisions on remuneration, in particular decisions on remunerations that have an impact on the risk management of DKV Belgium.
- Ensuring that the nomination of the members of the Board of Directors, Executive Committee and the independent Control Functions meets the fitness and propriety criteria, is professional and objective.
- Assessing frequently the level of knowledge, involvement, availability and independence of future and existing directors and members of the Executive Committee.
- Overseeing the search for appropriate candidates for appointment to the Board of Directors and Executive Committee, including identifying the needs and appropriate profiles for the Executive Committee and the Board of Directors, by taking into account, in addition to “fit & proper”, certain other aspects such as the number of directors, their age, gender, combined number of mandates, the period and rotation of mandates, rules on conflicts of interest, etc.
- Making recommendations to the Board of Directors in respect of recruitment or succession planning.
- Scheduling exit interviews with departing directors, members of the Executive Committee or second line functions (to the extent appropriate and necessary).
- Reviewing the Annual Targets/Objectives for executive members of the Board of Directors and members of the Executive Committee in order to finalise and approve the final Targets and Objectives of the Board of Directors.
- Advising the Board of Directors on the accomplishment of the targets set and consequently initiating a discussion in the Board of Directors, which eventually adjusts and/or approves the

recommendations.

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

B.1.1.3 Executive Committee

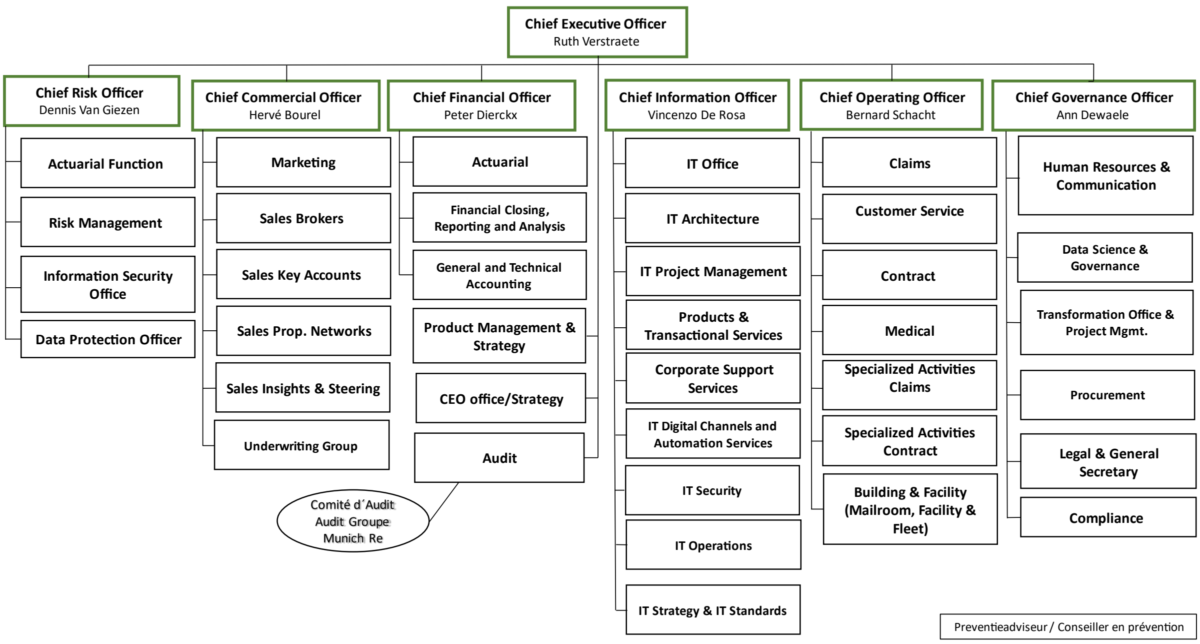
- *Composition*

The size of the Executive Committee is proportionate to the complexity of the Company and the Executive Committee has less members than the Board of Directors.

The Board of Directors nominates the members of the Executive Committee and the Chairman of the Executive Committee. The Chairman of the Board of Directors cannot be nominated as member of the Executive Committee. The members of the Executive Committee may not be older than 67 years old.

The Executive Committee of DKV Belgium is composed of seven members: The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Risk Officer (CRO), the Chief Commercial Officer (CCO), the Chief Operating Officer (COO), the Chief Information Officer (CIO) and the Chief Governance Officer (CGO). Currently the CEO, the CFO and the CRO are members of both the Executive Committee and the Board of Directors. The CCO, COO, CIO and CGO are only members of the Executive Committee and not members of the Board of Directors. No changes occurred in the composition of the Executive Committee during the year 2024[1].

Organisation Chart DKV Belgium S.A./N.VDecember 2024



- *Roles and Responsibilities*

The Executive Committee enhances the effectiveness of the four-eye supervision and the collegiality in

[1] With effect as from 1 January 2025, Mrs Dewaele (CGO) replaced Mr. Schacht in the role of COO, subject to regulatory approval. The role of CGO will be discontinued, with the tasks of the CGO distributed over the other Executive Committee members. The Executive Committee will therefore comprise six members.

decision-making on managing the business activity and operations. This management is done without any outside interference, within the framework of the general Company strategy set by the Board of Directors.

In particular, the Executive Committee:

- Implements the strategy defined by the Board of Directors and ensures the actual and day-to-day management of DKV Belgium's business activities.
    - The implementation of the strategy defined by, and the Policy Framework approved by the Board of Directors by incorporating them into processes and procedures.
    - The management of DKV Belgium's activities in accordance with the strategic objectives determined by the Board of Directors and in line with the risk tolerance limits defined by the Board of Directors.
    - The supervision of line management and their compliance with the allocated competences and responsibilities.
    - The submission of proposals and opinions, and giving advice, to the Board of Directors with a view to shaping DKV Belgium's general policy and strategy.
- Implements the risk management system, including (without limitation):
    - The incorporation of the framework for risk appetite and the Risk Management Policy approved by the Board of Directors into processes and procedures.
    - The implementation of the necessary measures to manage the risks.
    - Ascertain, based on the reports of the Independent Control Functions, that all of the relevant risks to which DKV Belgium is exposed (including financial risks, insurance risks, operational risks, sustainability risks and other risks) are identified, measured, managed, controlled and reported in an appropriate manner.
    - Supervise the development of DKV Belgium's Risk Profile and monitor the effectiveness of the risk management system.
- Implements, monitors and evaluates DKV Belgium's organisational and operational structure, including (without limitation):
    - The implementation of an organisational and operational structure designed to support the strategic objectives and ensure conformity with the framework for risk appetite defined by the Board of Directors, in particular by specifying the powers and responsibilities of each department within DKV Belgium and by detailing reporting procedures and lines of reporting.
    - The implementation, steering and assessment (without prejudice to the supervision carried out by the Board of Directors) of appropriate internal control mechanisms and procedures at every level of the Company and assess the appropriateness of these mechanisms.
    - The implementation of the framework necessary for the organisation and proper functioning of the Independent Control Functions and evaluate, based on the activities of these Independent Control Functions, the efficiency and effectiveness of the processes determined by DKV Belgium in the area of risk management, internal control and governance.
    - The implementation of the Policy Framework defined by the Board of Directors, including all policies, guidelines and procedures.
    - Supervise the proper implementation of DKV Belgium's Compensation Policy.
    - Organise an internal control system that makes it possible to establish with reasonable certainty the reliability of internal reporting and financial disclosure in order to ensure that the annual accounts are in compliance with the applicable regulations.

- Implementing all applicable policies, guidelines and procedures, among which the integrity policy established by the Board of Directors (covering in particular conflicts of interest, whistleblowing, rules on the prevention of money laundering and terrorist financing) by translating them into concrete procedures and processes.
- Reports to the Board of Directors and the National Bank of Belgium including:
    - Regular reporting to the Board of Directors (and as the case may be to one of the subcommittees of the Board of Directors) on relevant matters that are necessary to enable the Board of Directors to fulfil its tasks correctly, monitor DKV Belgium activities and take informed decisions.
    - Informing the regulators and the statutory auditor about the financial position and the governance structure, organisation, internal controls and Independent Control Functions, as well as regarding any other relevant matters.
    - providing the Board of Directors, the statutory auditor and the National Bank of Belgium a yearly report regarding the effectiveness of the System of Governance.
- Improves its performance: The Executive Committee's own performance, of individual members and collectively, has to be evaluated on a regular basis, at least once a year. Compliance with the rules specified in the charter of the Executive Committee has to be assessed and the findings have to be reported to the Board of Directors.

B.1.2 Compensation Policy

B.1.2.1 Overall compensation policy

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

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

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

B.1.2.2 Practice of remuneration which is applicable to non-executive members of the Board of Directors

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

B.1.2.3 Remuneration practice applicable to members of the Executive Committee

The Compensation policy is in accordance with the regulations and practices of the Belgian market and relies on the Group's Compensation policy.

Concerning the remuneration of members of the Executive Committee, the Compensation policy has as objective to:

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

It is guided by three governing principles:

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

Executive Directors, members of the Executive Committee and Independent Control Functions only receive a fixed remuneration in line with the market practice, with the exception of the Chief Commercial Officer, who receives a fixed and a variable component, within the thresholds of the Overarching Circular on Governance 2016-31, updated in May 2020. The achievement of the variable component is determined by the Nomination & Remuneration Committee and in concertation with HR of ERGO International AG:

- The fixed component is determined in line with the market practice. The fixed part of the remuneration represents the total remuneration for all Executive Directors except for the CCO. For the CCO, the fixed remuneration also represents more than half of this total monetary remuneration.
- The variable component of the CCO is defined by an annual target amount of which:
  - 70% is paid the next year in accordance with the corresponding objective's success rate.
  - 30% is paid the 4th year in accordance with the success rate evaluated by the Board of Directors after three years.

The annual objectives (among which ESG objectives) relate to (1) the collective and transversal result of the Company's operational performance (in line with the strategic plan), (2) the individual level of performance linked to the realisation of objectives in relation to the member of the Executive Committee's area of responsibility, and finally (3) the exemplary nature of the leadership behaviour as defined by the Company's values. Except for the CCO, the remuneration of the Executive Directors is no longer linked to these annual objectives .

Termination payments are only foreseen in case of early termination of the management agreement by the Company. These termination payments consist of the remuneration for the remaining term of the management agreement with a maximum of one year (12 months) remuneration. Termination payments are only paid in case of early termination by the Company for convenience, i.e. without just cause. Therefore, failures and/or cause are not remunerated, nor rewarded.

B.1.2.4 Remuneration practice applicable to those in charge of Independent Control Functions

The Independent Control Functions (risk management function, actuarial function, audit function and compliance function) all receive a fixed remuneration and a fixed monthly premium.

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

B.1.2.5 Retirement plans

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

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

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

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

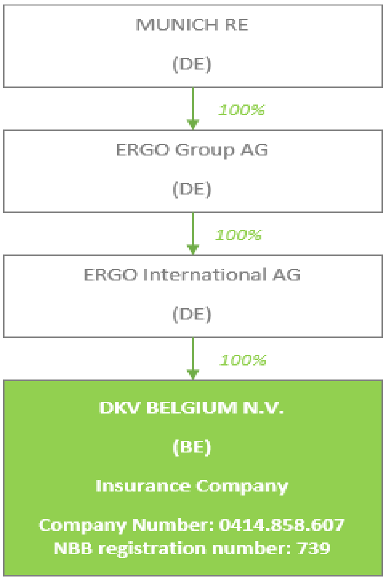
B.1.2.6 Benefits in kind

Executive Directors, Members of the Executive Committee and the Independent Control Functions all receive fringe benefits. These benefits are included in the total amount of the remuneration reported to the National Bank of Belgium.

B.1.3 Shareholdership

DKV Belgium's capital is represented by 770,000 no-par value registered shares. These shares are fully held by ERGO International AG, a Company under German law, with registered office at 40477 Düsseldorf, Germany, ERGO-Platz 1.

The ownership structure of DKV Belgium is illustrated as follows:



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

B.2.1 Fit & Proper Scope

B.2.1.1 Fit and Proper definition and application

The Fit and Proper Policy and the implementation framework of DKV Belgium set out the criteria and procedures that must be applied in order to ensure that all persons who conduct the effective and non-effective management of DKV Belgium, or who occupy Independent Control Functions, comply with the statutory and regulatory expertise and reliability requirements in the context of the Risk Management System (in accordance with applicable Belgian legislation and regulation).

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

The DKV Belgium Independent Control Functions Holders are:

- the Risk Management Function (CRO).
- (the head of) the Internal Audit Function.
- (the head of) the Compliance Function.
- (the head of) the Actuarial Function.

The Fit and proper consists of four parts:

- Fit and Proper requirements.
- Fit and Proper Policy.

- Procedure, application and control framework.
- Code of Conduct and Integrity Policy.

B.2.1.2 Fit and Proper Requirements

The following fit and proper requirements are applied at DKV Belgium:

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

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

As a group, directors, Executive Committee members and representatives of Independent Control Functions must cover a sufficient diversity of qualifications, knowledge and relevant experience in order to ensure that DKV Belgium is managed and controlled in a professional manner.

In order to operate such an assessment of the fitness requirements, DKV Belgium implemented assessment criteria covering the requirements relating to:

- Knowledge and experience (including collective qualification requirements for Directors and Executive Committee members).
- Skills (including collective qualification requirements for Directors and Executive Committee members and specific individual criteria for the Independent Control Functions Holders).
- Professional behaviour (including collective qualification requirements for Directors and Executive Committee members).
- Independence.
- Avoidance of conflicts of interest.
- Sufficient availability, the amount of time invested by the Person Concerned.

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

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

- Regulatory action taken by the National Bank of Belgium now or in the past against the Person Concerned, or a Company in which the Person Concerned was or is a director or member of the Executive Committee.
- Criminal, civil or administrative convictions of any kind (in particular relating to money-laundering and terrorist financing).
- Etc.

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

Persons Concerned will devote sufficient time to their function. An overall assessment of time commitment shall be made and shall be guided by (i) basic assumptions, (ii) a quantitative assessment of the number of external functions performed by the Person Concerned, and (iii) a qualitative assessment of the time required for the intended position. DKV Belgium has implemented different assessment criteria in terms of propriety for members of the Board of Directors, of the Executive Committee and for Independent Control Functions Holders.

B.2.1.3 Fit and Proper Policy

DKV Belgium implements a Fit and Proper Policy that includes the following elements:

- A description of the functions that require a fitness and proprietary assessment and notification to the NBB/FSMA
- A detailed description of the full assessment of the fitness and propriety of the members of the Board of Directors, the Executive Committee and the Independent Control Functions during their selection, i.e. prior to their appointment. In order to perform the assessment of the fitness of a person concerned, DKV Belgium has implemented assessment criteria covering the three requirements (knowledge, experience and skills), as well as independence and conflicts of interest and the amount of time invested by the person concerned. In regard to the propriety requirements, DKV Belgium has also implemented different assessment criteria. All of these assessment criteria are defined in the annexes to the Fit & proper Policy.
- A description of the periodic reassessments of the members of the Board of Directors, the Executive Committee and the Independent Control Functions and the possibility for *ad hoc* cases that give rise to a re-assessment of the requirements on fitness and propriety.
- A description of the annual self-declaration by the members of the Board of Directors, the Executive Committee and the Independent Control Functions as well as a description of the annual organ self-assessment performed by the governing bodies (Board of Directors, Audit and Risk Committee, Nomination and Remuneration Committee and the Executive Committee).
- etc.

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

The Directors of DKV Belgium will at least collectively possess knowledge and experience in the areas of:

- Insurance, reinsurance and financial markets.
- Business' strategy and business model.
- System of Governance.
- Financial and actuarial literacy.
- Legal and regulatory context and requirements.
- Solvency II model (risk model).
- Planning, controlling and reporting.
- Non-life insurance technical knowledge.
- Asset management.
- Accounting and auditing.
- Internal controls, risk management & compliance.
- Remuneration.
- Fitness and propriety.
- Human resources and team management.
- Information technology and security.
- Climate and environmental risk.

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

Members of the Executive Committee in particular take appropriate decisions considering the business model, risk appetite and the markets in which DKV Belgium operates. Members of the Board of Directors decide on strategy and are able to monitor the decisions taken by the Executive Committee in a constructive manner.

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

If changes occur to the composition of the Board of Directors and/or Executive Committee, care is taken to ensure that the collective knowledge is assured at all times and at every level, and that there is sufficient diversity.

- Independent Control Functions Holders

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

All internal control functions are employees, with the exception of the CRO, who is self-employed as a member of the Executive Committee and Board of Directors. There is no outsourcing of independent control functions within DKV Belgium.

B.2.1.4 Fit and Proper Procedure, application and control framework

A Fit and Proper Procedure is in place for DKV Belgium, in line with the principles and requirements defined in the Fit and Proper Policy. The following aspects are organised by this procedure:

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

A fit and proper assessment is done by the Nomination and Remuneration Committee before the appointment or renewal of a member of the Board of Directors, of the Executive Committee and of Independent Control Functions (NBB fit and proper file).

The assessment file is prepared by the Company Secretary in cooperation with the Chairman of the Board of Directors and the Chairman of the Executive Committee. The Compliance Function subsequently reviews the assessment file and reports to the Nomination and Remuneration Committee, in order for the Nomination and Remuneration Committee and subsequently the Board of Directors, to take an informed decision.

Any subsequent information likely to influence a person’s “Fit and Proper” status is also examined by the Corporate Secretary, the Compliance Function, the Human Resources department and the Nomination and Remuneration Committee. The supporting information of the ‘Fit & Proper’ assessment file and any status update can at all times be examined by the Compliance Function and the Nomination and Remuneration Committee. The concerned person can be invited to explain the change or development.

B.2.1.5 Controlling Fit and Proper requirements, Conduct and behavioural guidelines

A system or regular update and follow-up is in place to constantly monitor the application of the Fit and Proper requirements.

- *Ad-hoc re-evaluation signals*

A process is in place to monitor and evaluate the application of the Fit and Proper requirements. This includes a periodic evaluation, as well as an ad-hoc evaluation if necessary. The following situations will imply that a person is no longer deemed to be fit and proper:

- Annual self-declaration or facts, events or circumstances of which DKV Belgium is informed and that may affect the assessment of the individual suitability of a person concerned or the assessment of the collective suitability of a decision-making body.
- facts, events or circumstances indicating that a person, or its activities, is preventing DKV Belgium from carrying out its business operations in a way that complies with applicable legal requirements.
- facts, events or circumstances indicating that a person, or its activities, is creating, causing or significantly increasing the risk of financial crime (e.g. money-laundering or financing of terrorism).
- facts, events or circumstances indicating that the sound and prudent management of DKV Belgium is at risk.

Other situations, such as described in the Fit & Proper Policy, might lead to either individual or collective reassessment. In case a Person Concerned would no longer be fit and proper, measured actions will be taken, which could include a replacement. For a full disclosure of events leading to an ad hoc evaluation and of possible actions, reference is made to the Fit and Proper Policy of DKV Belgium.

B.3 Risk management system

B.3.1 Risk Management System

The mission of risk management at DKV Belgium is to create and promote risk awareness and to strive for an efficient integration of risk management in all business activities. This comprehensive and integrated risk management approach gives a holistic view of all risks and ensures:

- That all local requirements set out by the local supervisor are respected in the setup of the local risk management framework.
- A good cooperation with ERGO Group Integrated Risk Management (IRM), to ensure that ERGO group risk standards, limits and processes are integrated in the local risk management framework.
- Risk management in proportion to the size of DKV Belgium is of high quality.
- No adverse management decisions regarding the risk strategy or risk measures are taken, which could lead to financial, operational or reputational losses.

The risk management system itself is monitored and evaluated in terms of its adequacy and effectiveness on a regular basis. Every endeavour should be made to ensure that the risk management system as a whole is adequate and effective and that all types of risks are identified, assessed, managed & monitored throughout the undertaking.

The risk strategy, risk appetite and the risk position as well as the emergence of new risks needs to be made transparent within the organisation. The Risk Management Function (RMF) is largely involved in defining the risk strategy of the company and all decisions which have a significant impact on the risk profile of the company. The RMF can directly or indirectly influence risk taking decisions. Risk management should be fully embedded in the operations and act as a business enabler whilst respecting the responsibilities of the business units (Risk takers).

All employees need to be aware of the risks they face when performing their functions. This awareness implies an openness to regularly monitor and, if necessary, challenge existing concepts, procedures, and rules. Risk awareness also includes that all employees are required to and have the opportunity to inform the Independent Control Functions of any material facts which are potentially relevant for the performance of their duties.

The RMF provides senior management with relevant, comprehensive and timely information about DKV Belgium's risk exposure, recent changes in the risk landscape and the status of measures planned or taken to mitigate these risks. This is done via reports for dedicated topics and an extensive quarterly risk reporting to the Executive Committee and the Board of Directors. In addition, following Solvency II requirements, DKV reports on the risk profile to the regulator on a yearly basis.

B.3.2 ORSA process

The ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short and long-term risks a (re)insurance undertaking faces or may face and to determine the own funds necessary to ensure that the undertaking's overall solvency needs are always met. In other words, the ORSA process covers all pillars of Solvency II by bringing together business strategy, risk strategy and capital management, both as of the reporting date and for future periods in line with the business planning horizon.

The regular ORSA activities are aligned with the yearly financial & strategic planning process. Notwithstanding the quarterly monitoring of the risk and solvency position, the whole process contributing to the regular ORSA performed on a yearly basis. Changes in either Changes in either internal and/or external factors, which lead to a significant change in the risk profile and/or own funds of DKV Belgium, trigger the need for an ORSA outside the regular timescale. Events leading to such a non-regular ORSA are described in the ORSA policy installed within DKV Belgium.

Within the ORSA process, following topics are considered and documented:

- Assessment of the appropriateness of the standard formula with respect to DKV Belgium's risk profile.
- Assessment of the risks not covered in the standard formula, including the sustainability risk.
- Assessment of the actual capital adequacy in a one-year horizon and over the business planning time horizon.
- Assessment of the risk appetite of DKV Belgium, including a quantitative assessment of the required target Solvency II capitalization ratio and the thresholds for capital management actions required for regulatory compliance.
- Projections of the business (including business plans for a minimum of two years and projections of the economic balance sheet) are used to feed into the ORSA in order to enable the undertaking to form an opinion on its overall solvency needs and own funds. In order to account for uncertainties in the planning premises the results for the base case scenario are challenged at least with respect to the main assumptions concerning business profitability and the most relevant capital market factors (e.g. by performing a sensitivity analysis). The outcome of this challenge of the main assumptions underlying the business planning is documented in the ORSA Report.

- Stress testing: several stress tests (sensitivity analysis, stress test scenario and reverse stress tests) are performed to gain more information on risks and their drivers and to derive potential risk mitigating effects.

The outcome of the ORSA process is reported to the Executive Committee and the Board of Directors on an annual basis. The information on the ORSA is submitted to the supervisor as integral part of the narrative reporting towards the regulator. The information to be reported shall be based on the internal documentation of the ORSA and include relevant information of the findings, conclusions and quantitative outcome of the ORSA process.

B.3.3 Risk Management Function

B.3.3.1 Position of the Risk Management Function

The RMF needs the technical competence, business experience and authority to fully participate in the business decision-making process. The risk governance model intends to strengthen the RMF by being a key partner of the business to maximise value from the development of DKV Belgium's operations, and not only to be seen as a control function. The RMF provides clarity of concept and definition and supports in the implementation of risk culture supported by the respective risk policies.

The RMF is systematically informed of all important decisions and points of discussion through:

- The reports of the Board of Directors and sub-committees, of the Executive Committee and specialised committees such as the Product Board and the Project Portfolio Board, and by means of all communication from the external auditor and the supervisor etc.
- The direct involvement of the Chief Risk Officer (CRO) in the local Board of Directors and Executive Committee.

In addition, DKV Belgium has installed a framework of regular exchange between the Solvency II control functions and the head of the legal department. This is in line with the requirement expressed by the NBB in the governance circular, indicating that the control functions form a coherent overall framework, which necessitates coordination amongst the different functions. As these control functions are complementary in the total framework, they need to align their activities and install an adequate exchange of information.

B.3.3.2 Organisation of the Chief Risk Officer & the Risk Management Function

The CRO departments are proportional to the size of DKV Belgium, with employees bound to DKV Belgium by an employment contract. Next to the employees having the necessary competences, integrity and discretion, it is vital that the employees of the CRO departments have the accesses to relevant IT systems and applications to ensure a good working of the departments

As of year-end 2024, the Chief Risk Officer (CRO) has 4 departments under its responsibility:

- Risk Management.
- Information Security Office.
- Actuarial Function (separate independent control function).
- Data Protection Office

The CRO is also the Head of the Risk Management Function (RMF). The Risk Management Function is composed of 2 departments: the Risk Management department and the Information Security Office. The RMF within DKV Belgium has a direct communication line to the CEO and to the Chairman of the Audit & Risk Committee and the Board of Directors to ensure independence. The local RMF at DKV Belgium also reports to the ERGO Group Risk Management Function. This reporting line can be used to mitigate the risk of conflicting interests if a staff member is responsible for risk management amongst other duties. In a conflict situation between the local RMF and the local CEO, the local RMF needs to escalate to the ERGO Group RMF and the Chairman of the Board of Directors.

The independent Actuarial Function and Data Protection Office (DPO) are not considered as part of Risk Management Function, but report hierarchically to the CRO as well. A clear segregation of duties and people is foreseen to avoid any conflict in assuring independence of the roles. In addition, the Actuarial Function and DPO have a direct reporting line to the Audit and Risk Committee and the Board of Directors.

B.3.3.3 Risk Management Policy

DKV Belgium is a risk-bearing entity within the ERGO Group and has established a local RMF as mirror function of the ERGO Group RMF. The local Risk Management Policy provides more details on the local risk management framework, taking into account specific and additional local regulation expressed by National Bank of Belgium. This is done via a ‘comply or explain’-principle applies, i.e. if DKV Belgium should deviate from group standards, then this must be explained by the local RMF.

The policy is reviewed and (if needed) updated based on regulatory and ERGO Group requirements on an annual basis by the local risk management department and must be approved following the defined governance procedures. After the formal approval, the policy is shared within the Company.

B.3.4 Emergency Plans

The goal of the Business Continuity Management (BCM) process is to:

- Ensure health & safety of DKV employees.
- Reduce the probability and impact of occurrence of a disaster.
- Escalation and recovery procedures in case a disaster would occur.

B.3.4.1 BCM Process (Plan-Do-Check-Act)

B.3.4.1.1 Plan

- *Risk assessment*

To ensure continuity of its operations, DKV Belgium must be aware of events that are serious enough to disrupt its operational continuity. Threats and risks that could endanger business continuity are assessed in a yearly risk assessment by the BCM officer in collaboration with relevant stakeholders. Based on the outcome of this exercise, mitigating measures are planned & implemented.

- *Business Impact Analysis (BIA)*

The primary aim of the BIA is to identify, assess and prioritise the different business areas within DKV Belgium. The BIA assesses the criticality of DKV business processes & IT applications and determines the necessary resources to operate these processes in crisis situations.

The Business Impact analysis at DKV Belgium is performed at least annually, or ad hoc in case of severe change in business process by the process owners (or their delegates) under the coordination of the BCM Officer.

B.3.4.1.2 Do

- *Business Continuity Strategy*

Based on the outcome of the Business Impact Analysis and the Risk Assessment, a company-wide Business Recovery Strategy is developed to ensure rapid recovery of business operations in case of a crisis/emergency.

A Crisis Management Plan (addresses all aspects related to the management of a crisis and actions that need to be taken immediately after an emergency or crisis occurs. The Crisis Management Plan is primarily focused at managing the initial emergency response to a crisis. A dedicated IT Disaster Recovery Plan is installed to be able to react to IT-specific emergencies. Both plans are reviewed & tested on an annual basis and approved by the Executive Committee.

- *Business continuity plans*

In addition to the company wide Recovery Strategy, each respective department has a has a Business Continuity Plan (BCP) of their own.

B.3.4.1.3 Check

- *Business continuity plan testing*

The BCP procedures should, at least annually, be tested.

IT DRP tests are performed at least annually to ensure a fast set-up of the IT systems, which are at the heart of DKV Belgium's operational activities. The tests and their results are documented and analysed and lessons learned sessions are organised to identify possible issues. These results are taken up in the yearly review of the BCM framework, policies and procedures.

A frequent analysis is done in collaboration with all stakeholders to determine whether new tests should be implemented to decrease business continuity risks.

B.3.4.1.4 Act

- *Business Continuity Plan Maintenance*

At least annually, the BCM framework, policies and procedures should be reviewed. Significant amendments should be approved by the Executive Committee. If necessary, ad-hoc amendments are performed during the year.

B.3.4.2 Roles and responsibilities

When a stress situation occurs that endangers DKV's business continuity, the Crisis & Emergency Management Committee (CEMC) decides whether the situation should be defined as an emergency/crisis. From the moment DKV Belgium declares the situation to be a crisis/emergency, the CEMC becomes responsible for handling the crisis/emergency.

B.3.5 Sustainability Risk

Sustainability risks are defined as all events or conditions in the environmental, social or corporate governance areas (ESG) whose occurrence could have an actual or potentially significant negative impact on the net assets, financial position, results of operations or reputation of a Company. This definition includes climate-related risks in the form of physical risks and transition risks as well as the interdependencies between the two risks.

As a specialized Health insurance Company with a strong connection to the Belgian public healthcare system, DKV Belgium is exposed to those ESG factors that are affecting the investment of the assets, the sustainability of the Company and its employees, and the sustainability of the Belgian healthcare system.

Together with ERGO Insurance NV/SA, DKV Belgium manages multiple initiatives in Belgium aimed at ensuring ESG factors are managed, both in the way they affect DKV Belgium as on how DKV Belgium affects the people and environment. All sustainability related initiatives are aligned with the groupwide approach. These cover sustainability, in terms of impact on the product portfolio, on the investments made, and on the working as a Company (ESG factors).

- Regarding the investments, sustainability aspects have already been anchored via the Responsible Investment Guideline, which implements sustainability criteria for certain individual investments.
    - At ERGO Group the goal is to invest at least 80% of investments for Primary Insurance in shares, corporate, government or covered bonds, real estate and alternative investments in assets that are part of one of the established sustainability indices or

meet other accepted sustainability criteria defined in the Responsible investment Guideline.

  - Furthermore, there are specific rules regarding controversial weapons, thermal coal, oil and gas, bonds from governments and government-related institutions in countries with a poor ESG rating, human rights, food related commodities, forestry, biodiversity restriction.
  - This sustainability quota is measured and evaluated by GIM/MEAG who also controls and reports the quota on Group level. The fulfilment of the 80% sustainability quota for investments on ERGO Group is calculated by MEAG and are reported to DKV Belgium on a regular basis. These analyses are based on the ESG research of MCSI. The issuer ratings are (i) CCC / B: Laggard, (ii) BB / BBB / A: Average and (iii) AA / AAA: Leader. All ratings above CCC are taken into account for the 80% benchmark.

- As a Company, focus goes to monitoring and gradually reducing CO_2 emissions, working on diversity management, maintain a solid governance, working on customer and client satisfaction, supporting social and environmental initiatives, etc.
- As part of corporate social responsibility, DKV Belgium engages itself in local social projects. In this respect, DKV Belgium continue the implementation and monitoring of Corporate Social Responsibility (CSR) activities such as donations and social sponsoring and employee engagement.
- Additionally, DKV Belgium ensures its product offering continues to make the high quality Belgian medical care available at an affordable price to its policyholders. Initiatives are further being explored to include specific social coverages in the product offering. So far, this resulted in the inclusion of repayment of preventive care in the new dental product and coverage of vaccines, mental health and diet advice in the new ambulatory products.

B.4 Internal control system, compliance function, integrity and IT-infrastructure

B.4.1 Internal control system

To optimise the effectiveness of operations, the reliability of financial reporting and compliance with laws and regulations, DKV Belgium's Internal Control System (ICS) systematically links effective controls to material operational risks.

The ICS embraces a process that starts from the risk strategy and the risk appetite of DKV Belgium, followed by identification and assessment of DKV Belgium's key risks. Based on DKV Belgium's control environment, controls are linked to each risk and assessed afterwards. The net risk exposure is compared with DKV Belgium's risk appetite and are managed through tolerating, treating, transferring, or terminating the risk. This process culminates in annual ICS reporting to the Executive Committee, the Audit and Risk Committee, the Board of Directors and the NBB in compliance with the relevant legislative & regulatory requirements.

The ICS, together with the associated risks and control responsibilities, must be documented and adapted quickly to relevant changes in circumstances.

B.4.1.1 Methodology

DKV Belgium's ICS framework assessments are performed by the first line of defence on two levels: process level & entity level. ICS self-assessments are done in line with the local methodology (based on ERGO Group methodology) via a risk & control assessment and a stress test exercise (1in50). The second line ICS Team challenges the first line assessment. After this assessment cycle, the first line of defence defines measures for risks needing mitigation and sets up on action plan.

To improve the overall ICS awareness company-wide and to steer those controls that are highly required for managing a sound risk culture through the entire process structure, a recurrent and ad-hoc control sample testing by the second line was implemented to ensure the efficiency and effectiveness of controls are periodically tested.

B.4.1.2 Structure and responsibilities

- *Structure*

Risk Control is organised along a three "lines of defence"-model, based on the segregation of duties between performance and monitoring of risks and controls.

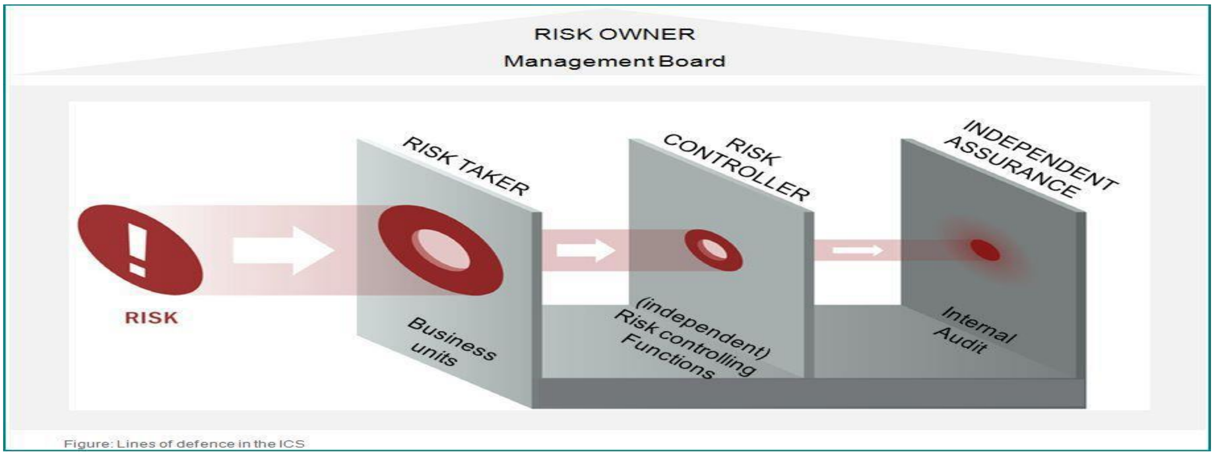


Figure 1: Three lines of defence

- *Responsibilities*

a) Executive Committee

The Executive Committee is responsible for:

- Approving the DKV Belgium ICS Policy[2].
- Steering on the open measures, to assess the effectiveness and adequacy of the ICS framework.
- Approving the 'significant' (orange) and 'high' (red) final net risk assessment based on proposed mitigation measures, based on the DKV Belgium's Risk appetite.

b) Audit and Risk Committee

The Audit and Risk Committee is responsible for:

- Recommending the DKV Belgium ICS Policy for approval to the Board of Directors.
- Assessing the effectiveness of the internal control and risk management systems.
- Approve the overall ICS results (with the focus on high risks) & actions plans for the to be mitigated risks.

c) Board of Directors

The Board of Directors is responsible for:

- Approving the DKV Belgium ICS Policy.
- Review the information of the Executive Committee and the Audit and Risk Committee about the effectiveness of the internal control and risk management systems.
- Approve the overall ICS results (with the focus on high risks) & actions plans for the to be mitigated risks.

d) ICS Officers

[2] The Internal Control System Policy changes as from 2025 to the Operational Risk Control System Policy. This will be reflected in future reports.

The ICS Officers are responsible for:

- The planning and preparation of the ICS exercise
- Providing adequate training towards the 1st line regarding methodology and tooling
- Supporting the first line during the ICS Cycle.
- Conducting the 2nd line review by challenging the results of the first line self-assessments, monitoring on the measures and control testing.
- Establishing the yearly ICS report and reporting the results to the Executive Committee, Audit and Risk Committee and Board of Directors.
- Overseeing the implementation of ICS within the company to ensure that the ICS framework is compliant with regulatory requirements & the local ICS methodology.
- Reviewing the ICS policy on an annual basis.
- Preparing the self-assessment of the Internal Control System as part of the self-assessment on effectiveness of the governance system for the NBB.
- Being the local point of contact for the Group ICS central team.

e) 1st line of defence

Process Owners are responsible for ensuring that all the business processes, risk and control documentation are documented and up-to-date. Process Owners are also responsible for performing the annual self-assessments for the processes in scope of the ICS. Business Risk Officer (BRO) are installed to support the Process Owners and the Business Experts involved with performing the self-assessments. The BRO is also considered an intermediary for communication between first & second line.

Based on the results of the self-assessments, the first line of defence is also responsible to implement appropriate mitigation measures where necessary.

B.4.2 Compliance Function

B.4.2.1 Tasks

- *Description of the tasks and the implementation of the tasks of the compliance function in terms of principal tasks:*

  - Organise the implementation of the Group’s compliance norms.
    - Define the main goals of the Compliance Management Systems (CMS) which must at least include:
      - the adherence to external and internal requirements.
      - the prevention of liability and criminal liability risks.
      - the prevention of reputational risks.
      - the adequate management of conflicts of interest.
  - The adequate protection of customer interests:
    - Organise the implementation and transposition of legislative provisions and regulations related to the compliance topics.
    - Design and implement compliance trainings for employees of the Company, follow up of accreditations.
    - Realise compliance assessments of new initiatives/projects impacting relationship/processes with clients and distributors.
    - Align on mitigating measures to be undertaken where needed and support the first line to their implementation.
    - Detect compliance risks and update compliance heating map to safeguard the Company.

- Align on mitigating measures to be undertaken where needed and support the first line to their implementation.
- Report to Management the holistic vision of compliance (heating map), alert any material issues and follow up effectiveness of mitigating action.
- Support the first line of defence in its decision making.
- Supports the “Governance Committee” of the Independent Control Functions as defined by Solvency II and coordinate actions with the other Independent Control Functions.
- Person of contact with the FSMA.
- Report to the Board and the Audit and Risk Committee.

* Monitoring of and contributing to the reconciliation of internal procedures with the Belgian legislative and/or regulatory rules regarding ethics and code of conduct and with the rules of conduct that apply within the ERGO Group and Munich Re Group.
* Realizing gap analysis of compliance topics, assesses the materiality of the potential compliance risks, proposes mitigation actions where needed and follows up their implementation.

- *In terms of implementation:*

DKV Belgium has a local, proportional to its size, compliance department. Compliance staff, as members of the compliance department are bound to DKV by an employment contract and fall under the responsibility of the compliance function. In addition, from 2019 until September 2024, the DPO-office was also under the Compliance Function. Since then, the DPO Office was transferred to the CRO Department.

The compliance department has:

* The right of initiative in relation to all tasks in the areas set out in the compliance charter.
* The right to define that the senior management and other corporate units must inform the Compliance function actively in a timely manner and, if necessary, on an ad hoc basis on all matters that are required for its duties.
* The right to be informed of all important decisions and points of discussion (via the reports of the Board of Directors and sub-committees, of the Executive Committee and its specialised committees such as the Product Board, and by means of all communication from the external auditor and the supervisor).
* The right to communicate with all staff members without restrictions in order to meet its compliance tasks.
* The right to intervene and to require detailed information for actions or processes where compliance with legal, regulatory or internal rules appears to be endangered. This includes:
    - The right to initiate a legal examination by the legal function of the entity or external lawyers in case the local Compliance function has reasonable doubts concerning the compatibility of events/operations with legal or regulatory requirements.
    - The right to submit matters to the respective Board member or the respective management for decision taking in cases where other areas or Group companies failed to meet compliance requirements.
* The right to demand written statements or confirmations from all staff members, including board members and executive officers, concerning compliance purposes. This includes:
    - The declaration that received or awarded gifts/benefits were in line with the code of conduct.
    - Other acknowledgements that internal and/or external rules were respected.
* The right to define mandatory trainings (e-learning and / or classroom sessions) for all

employees including board members. Information on the statute of the compliance function and the organisation.

The compliance department may, without prior consent, talk with any employee and inspect any and every document, activity, file or informative detail of the entity concerned, including minutes of recommendation-making and decision-making bodies, to the extent that this is necessary in the performance of the mission. Compliance thus has an unconditional right of information and disclosure with regard to the relevant information for the fulfilment of compliance duties for all areas and departments of the entities in its responsibility.

- *The compliance charter*

The compliance charter is published on the intranet and is subordinate to a yearly check. In case of significant changes, the document is reviewed and the amendment must be approved by the Executive Committee and the Board of Directors.

B.4.2.2 Independence and Objectivity

The independence and objectivity of the compliance function is safeguarded through numerous measures such as adequate positioning in the organisational structure, consistent segregation of duties and sufficient resources.

The compliance function belongs to the second line of defence and was directly subordinated to the Chief Governance Officer from January 2024 until end of December 2024[3]. Notwithstanding the aforementioned, the compliance function still has a dotted reporting line to the Chief Executive Officer and the Audit and Risk Committee. Additionally, the head of the compliance function has a dotted reporting line to the Regional Compliance Manager of ERGO Group.

Within the operational services, there are Business Risk Officers who are the interlocutors for the compliance function.

Regular meetings are held with other key functions to ensure regular communication between the different Independent Control Functions of DKV Belgium. The results of compliance findings are also shared with the Risk Management Function, the Actuarial function and the Internal Audit.

B.4.2.3 Integrity policy, whistleblowing and conflicts of interest

- *Main principles of the integrity policy*

The Board of Directors has decided to promote an ethical approach to business by the institution. The Board of Directors ensures that the institution has Company values, an appropriate integrity policy and a code of conduct.

The Executive Committee, which is responsible for mastering the compliance risk, has formulated an integrity policy which is updated regularly and ensures that all staff members are aware of and comply with it.

Central to its integrity policy are the following principles:

- compliance with legislation and regulations.
- correct and transparent provision of information integrity.
- customer satisfaction and loyalty.

- *Whistleblowing Policy*

An employee who suspects or becomes aware of a significant violation of the legal regulations in force and applicable to the Company or an infringement (concerning fraud, corruption, infringements of

[3] As of 01.01.2025, the Compliance function will report to the CRO.

accounting legislation or other infringements of criminal law) must immediately report this, either:

- via the internal channel: The contact between the Whistle-blower and his Manager/the Compliance Officer can take place either physically, by phone or by email. In case there is reasonable suspicion, the Manager will report to the Compliance Officer, who may also involve the internal Audit or other competent contacts, while maintaining the confidentiality of the information received. If required, whistle-blowers can report violations anonymously to the Compliance Department via the BKMS system.
- Via the external channel: FSMA via the portal (anonymously), direct link to FSMA tool: https://whistleblowing.fsma.be/fr OR NBB via the portal, Direct link to NBB-tool :https://www.nbb.be/en/financial-oversight/general/report-breach/breach-report-form.
  Under no circumstances may the Compliance officer, the Manager and/or the competent contact disclose the identity of the Whistle-blower unless ordered to do so in the course of a criminal investigation.

A whistle-blower may under no circumstances suffer any inconvenience (such as any civil, criminal or disciplinary action or professional sanctions) as a result of such communication if it has been made in good faith to the Compliance officer/the Manager.

The whistle-blower shall not be deemed to be in breach of any restriction on disclosure or communication of information imposed by contract or by law or regulation and shall not be liable in any way for the disclosure of such information.

Retaliation, discrimination and any other unfair treatment or disadvantageous measure arising out of or in connection with the reporting of an infringement, against a member of staff who reports an infringement in good faith or who is accused of an infringement in the report shall be prohibited.

Any misuse of the right to inform of a significant offence may result in sanctions on the part of the perpetrator. This does not prevent appropriate action or sanctions from being taken against a member of staff who has effectively committed a violation or abuse of his right.

- *Conflict of interest*

Local level: A conflict of interest is defined as a set of circumstances that creates a risk that professional judgement or actions regarding a primary interest will be unduly influenced by a secondary interest. In these cases, the primary interest refers to the principal goals of the profession or activity, such as the protection of clients or the employee’s duties in DKV Belgium, whereby the secondary interest refers to personal benefits, not limited to financial gain but also to motives as the desire for professional advancement or the wish to favour a third party.

Conflicts of interest can arise in many contexts, e.g. between DKV Belgium’s employee and a client or an insurance intermediary, between DKV Belgium and a vendor as well as between an Executive Committee Member of DKV Belgium and DKV Belgium or an employee.

Decisions made and actions taken upon domination of a personal interest may expose DKV Belgium and its employees to damages, judgements and penalties as well as harm DKV Belgium’s reputation towards its stakeholders. Furthermore, they can constitute a punishable act for the implicated persons, if the circumstances of a bribery or corruption act are given.

The general principles to avoid and assess the conflicts of interest are detailed in the code of conduct, in the Guidelines on conflicts of interest and the Policy of Conflict of interests related to clients.

Group level*:* As a member of a group, DKV Belgium is part of a global strategy that must be consistent and elaborated in the interest of each member of the group. It is fundamental that decisions taken at a global level do not become detrimental to one member or another.

DKV Belgium does not only operate on its own. DKV Belgium’s activities must meet ERGO Groups crucial requirements which ought to take into account a long-term development for DKV Belgium's activities.

Decisions related to contracts with providers or any other third parties and the placement of orders for DKV Belgium must be based solely on competitive factors. All decisions taken in that operational field must comply with the approved codes of conduct, e.g. with the procurement policy.

B.4.3 IT infrastructure and Continuity

B.4.3.1 IT and Information Security

IT and Information Security are managed in line with guiding regulatory and industry standards. IT and Information Security risks are considered as a category of Operational Risk and are managed accordingly through the Risk Management System.

Information Security Policies covers all aspects of the management of IT security and information security risks. These policies are being replaced by new Information Security Policies and Guidelines incorporating all Digital Operation Resilience Act (DORA) requirements and based on the NIST[4] framework. The objectives are defined as follows:

- Protecting all data and systems against unauthorised access and use.
- Protecting all data and systems from cyber threats and cybercriminal influences
- Guarantee the confidentiality, privacy, integrity, availability and authenticity of data:
    - **Confidentiality:** ensuring that only authorised users have access to information assets.
    - **Privacy:** ensuring that the rights of data subjects in relation to the processing of their personal data are respected.
    - **Integrity:** safeguarding the accuracy and completeness of information and information processing methods.
    - **Availability:** ensuring that authorised users have secure access when required to information assets and guarantee the availability of the systems and the network.
    - **Authenticity:** ensuring the origin of information assets.

The Company strives to implement the following key principles related to IT and Information Security:

- **Organisation and Governance:** Organisation of Information Security is defined and set up.
- **Information assets classification:** Classification, ownership and need for protection of Information assets is defined and realised.
- **Employee security:** All employees (both internal and external) are aware of their responsibilities for acting in accordance with the Information Security Policies.
- **Physical environment security:** Physical and environmental security measures are in place and actively managed.
- **Information Security measures:** necessary organisational and technical security measures are taken to ensure the consistent, correct and uninterrupted functioning of information processing activities.
- **Access Control**: All access rights are defined and in the process of being implemented through a formalised process on the basis of the need-to-know and need-to-do principles.
- **Acquisition, development, operations and maintenance:** Information security requirements are an integral part of the acquisition, development, operations and maintenance of all information systems.
- **Incident Management:** A formal incident management process is implemented for handling information security events and incidents and data breaches, including escalation, reporting and lessons learned.

[4] NIST Cybersecurity Framework is a set of guidelines for mitigating organizational cybersecurity risks, published by the US National Institute of Standards and Technology based on existing standards, guidelines, and practices.

- **Embedded in Business Continuity:** DKV Belgium ensures that the continuity of information processes (and the underlying information assets) is guaranteed and is protected from major disruptions through a formalised business continuity management process.
- **Compliance:** The Company is verifiably compliant with all relevant information security related laws and regulations, contractual obligations and policies.

B.4.3.2 Cloud Computing principles

The Cloud Computing Policy within DKV Belgium applies to all employees, contractors, sub-contractors, third-party contractors and their respective facilities supporting DKV Belgium business operations, wherever DKV Belgium data is processed.

The legal requirements and specific information security requirements that need to be adhered to when using cloud computing services. Cloud security encompasses all security domains and are reflected in contracts and service level agreements. A new ISM Policy based on the NIS2 structure has been introduced. This Policy also includes the requirements set by the Digital Operational Resilience Act (DORA). Furthermore, all requirements defined in the other information security guidelines apply when using cloud services.

New cloud computing initiatives taken as part of projects are designed in cooperation with the Cloud Advisory Panel (CAP) of ERGO Group and are subject to Outsourcing Risk Assessment including cloud computing analysis before approval from the Executive Committee.

B.4.3.3 Business Continuity policy

DKV Belgium has invested in high availability systems to decrease the risk of disaster. Next to this system, a continuity plan (including disaster recovery) is defined according to internal procedures.

Yearly business recovery tests are executed to prepare for business continuity/recovery in case of a crisis situation. A report of the test is established and sent to the risk management department of DKV Belgium. Where relevant, an action plan is defined to solve issues observed during the test.

In case of crisis, the Crisis & Emergency Management Committee decides if there is a need to activate the business continuity plan and does the follow up of the crisis till resolution.

B.4.4 Governance Committee

As a subcommittee of the Executive Committee, the Governance Committee assists the Executive Committee with all governance matters. In particular, the role of the Governance Committee includes:

- Support the implementation of a proper and effective System of Governance;
- Ensure that local legal and regulatory requirements are followed up and that responsible departments are effectively reflecting these together with Group Guidelines within the System of Governance and appropriately translating them in the Policy Framework;
- Ensure that the Key Functions (Risk, Compliance, Internal Audit and Actuarial Function) and other Functions (e.g. Legal, DPO, ISO) are appropriately implemented and coordinated;
- Review of the effectiveness of the System of Governance on the basis of the documents that are sent to the Governance Committee and report to the Executive Committee and the Board of Directors (at least annually or in case of significant change in the System of Governance).
- Communication with all stakeholders;
- Follow-up on the implementation of the action points related to the System of Governance;
- Ensure proper training on governance topics for the Board of Directors and the Executive Committee.

B.5 Internal audit function

Internal Audit is one of the four Solvency II Independent Control Functions. The Internal Audit Charter states the position of the Internal Audit Function within DKV Belgium and defines its rights, duties and authorities. The internal audit function for DKV Belgium is being executed by an audit HUB (included in DKV Belgium) and also provides services for ERGO Insurance NV/SA and DAS Belgium (outsourcing agreement). The Head of the Audit HUB is the official Internal Audit function of ERGO Insurance NV/SA and DKV Belgium.

B.5.1 Mission, Tasks and Methodology

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

The core tasks of Internal Audit include:

Audit Performance: The Internal Audit Function audits the Governance System, consequently the entire business organisation, and in particular the Internal Control System in terms of appropriateness and effectiveness. The auditing work of the Internal Audit Function must be carried out objectively, impartially and independently at all times. The audit area of the Internal Audit Function covers all activities and processes of the Governance System, and explicitly includes the other Governance Functions. The audit assignment includes the following areas in particular:

- Effectiveness and efficiency of processes and controls.
- Adherence to external and internal standards, guidelines, rules of procedure and regulations.
- Reliability, completeness, consistency and appropriate timing of the external and internal reporting system.
- Reliability of the IT systems.
- Nature and manner of performance of tasks by the employees.

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

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

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

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

B.5.2 Independence and Objectivity

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

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

The Head of Internal Audit is directly subordinated administratively to the Chief Executive Officer (CEO) of DKV Belgium. She has direct and unrestricted access to the Board of Directors of DKV Belgium and all subsidiaries. She is independent from all other functions of the Company.

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

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

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

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

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

B.5.3 Organisation

The Internal Audit department is an independent division. However, it operates within the framework of the standards applicable throughout the Munich Re Group. The Head of Internal Audit is directly subordinated administratively to the Chief Executive Officer (CEO) of DKV Belgium. It also has a so-called "dotted reporting line" to the Head of ERGO Group Audit.

The audit mandate of Internal Audit covers all units of DKV Belgium.

The Head of Internal audit fulfils the following fit and proper requirements:

- her professional qualifications, knowledge and experience is adequate to enable sound and prudent management (fit).
- she is of good repute and integrity (proper).

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

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

Regular meetings are held with other Independent Control Functions to ensure regular communication between the different Independent Control Functions of DKV Belgium. The results of audits are also shared with the Risk Management Function and the Compliance Function.

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

B.5.4 Internal Audit charter and Group Audit Policy

The principles for the Internal Audit Function are laid down in two documents: the "Group Audit Policy and the "Internal Audit Charter".

a) Group Audit Policy

The Group Audit Policy for Internal Audit was prepared by Munich Re Group Audit and was authorised by the Management Board of Münchener Rückversicherungs-Gesellschaft AG. The minimum requirements for Internal Audit within Munich Re Group as well as the tasks and rights of Munich Re Group Audit towards the audit units of the subsidiaries are set out here.

The Group Audit Policy lays down in detail the following topics:

- Addressees, scope and principles for the Internal Audit Function (all companies of the Munich Re Group).
- Processes and reporting lines.
- Policy updates.

ERGO Group Audit oversees and steers the functioning of the Internal Audit Units in the ERGO international organisation as well as ensures the appropriate implementation of the Group Audit Policy at subordinated levels.

b) Internal Audit Charter

The Internal Audit Charter specifies the general rules of the Group Audit Policy. In addition, with the Internal Audit Charter Solvency II requirements are implemented. It regulates in detail the following topics:

- Addressees and scope.
- Principles.
- Processes and reporting lines.
- Policy update.

c) Terms of Reference

The Terms of Reference define the role of ERGO Group Audit in relation to the Internal Audit functions of ERGO Group AG's affiliated companies.

The Internal Audit Charter of Internal Audit is reviewed annually by Internal Audit and, if necessary, adjusted. Proposed changes are submitted to the Board of Directors for approval. The Internal Audit Charter was updated in 2024 and approved by the Board of Directors on the 18th of December 2024

B.5.5 Audit activities

The activities performed contain:

- The Audit plan accomplished during the reference period.
- The Audit findings during the reference period.
- The Audit follow-up during the reference period.
- The Audit planning for the next reference period.

B.6 Actuarial function

B.6.1 Tasks and methodology

The purpose of the Actuarial Function - as an independent control function - is to provide the Executive Committee and the Board of Directors with a quality assurance measure of the actuarial calculations and of the underlying methods and assumptions. More specifically, the Actuarial Function:

- Coordinates the calculation of the technical provisions, i.e.:

    - Ensures the appropriateness of the methods and underlying models used as well as the assumptions made in the calculation of the technical provisions.
    - Assesses the sufficiency and quality of the data and IT applications used for calculating the technical provisions.
    - Compares best estimates against experience.

- Expresses an opinion on the Solvency II technical provisions and on the BEGAAP Technical Provisions according to the Belgian Royal Decree 17/11/1994 on annual accounts of insurance and reinsurance companies.
- Expresses an opinion on the Profit Sharing & Rebates Policy according to the Article 59 of Belgian Solvency II Law 13/03/2016 and the Royal Decree 16/09/2016.
- Expresses an opinion on the general underwriting including the profitability and on the pricing policy.
- Expresses an opinion on the effectiveness and the appropriateness of reinsurance arrangements.
- Contributes to the effective implementation of the risk management system.
- Provides a written report for the administrative, management, or supervisory body, at least annually.

As such, the Actuarial Function participates in the 3-line of defence model, in the second line, alongside the Risk Management and Compliance Functions, which ensure that risks have been identified and managed by the business units in accordance with the rules and procedures provided for.

- *Principal tasks*

The tasks to be performed by the Actuarial Function are extensively described in the European and Belgian Solvency II regulation, especially in the circular NBB_2016_31 (with additional precisions in Circular NBB_2022_26). In pursuing its legal objectives, the Actuarial Function concerns itself with the following:

- Coordinating the calculation of the technical provisions (i.e. the sum of the best estimate of liabilities and the risk margin) which includes the following tasks:
    - Applying methodologies and procedures to assess the sufficiency of the technical provisions and to ensure that their calculation is consistent with the requirements set out in Articles 75 to 86 of Directive 2009/138/EC and Articles 123 to 139 of the Belgian Solvency II Law.
    - Assessing the uncertainty associated with the estimates made in the calculation of the technical provisions.
    - Ensuring that any limitations of data used to calculate the technical provisions are properly dealt with.
    - Ensuring, in accordance with Article 272 of the Delegated Regulation (EU) 2015/35, that the most appropriate approximations for the purpose of calculating the best estimate are used. Additionally, for Individual Health insurance, the Actuarial Function must verify that any deviations from the base case do not result in an underestimation of the technical provisions as detailed in the Communication NBB_2021_024.
    - Ensuring that homogeneous risk groups of insurance and reinsurance obligations are identified for an appropriate assessment of the underlying risks.
    - Considering the relevant information provided by financial markets and generally available data on underwriting risks and ensuring that it is integrated into the assessment of the technical provisions.
    - Comparing in the calculation of the technical provisions from year to year and justifying any material differences.
    - Ensuring that an appropriate assessment is provided of options and guarantees

included in insurance and reinsurance contracts.

- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions and issuing an opinion on the sources and the degree of uncertainty of the estimate of the technical provisions.
- Assessing the sufficiency and quality of the data and IT systems used in the calculation of technical provisions and eventually make recommendations on the processes.
- Making sure that best estimates are compared against experience and that material differences are explained.
- Informing the administrative, management or supervisory body of the reliability and adequacy of the calculation of the technical provisions, considering sensitivity results of underlying risks and explaining clearly any eventual concern on the technical provisions adequacy.
- Controlling the adequacy of the technical provisions as defined in the Royal Decree 17.11.1994 on the annual accounts of insurance and reinsurance companies ('accounting decree').
- In case of transfer of an insurance or reinsurance portfolio to another party, providing for a report on the technical provisions of the transferred portfolio and an assessment on the impact of this transfer on the total technical provisions of the undertaking.
- With respect to the underwriting and pricing policy, having regards to the tariff sufficiency to cover the future claims and expenses including the impact of options and guaranties, the effect of the inflation, the legal risk[5], the premium adjustment mechanism and the anti-selection:
    - Expressing an opinion on the pricing, the reserving and the reinsurance of new products or adaptation of products having an impact on the profitability.
    - Analysing annually the profitability of the portfolio based on prospective and retrospective (i.e. annual accounts) base.
    - Analysing the underwriting limits.
    - Making recommendations and providing advice with respect to risk acceptance.

  As part of this task, the Actuarial Function assesses in particular the consistency between the underwriting policy and the risk profile and risk appetite of the Company, including with respect to the sustainability risks[6]. the adequacy of product pricing. the assumptions used to calculate the future profitability of the products to which the underwriting policy relates and the main risks determining the profitability of the business.
- Expressing an opinion on the adequacy of reinsurance arrangements considering the Company's risk profile and underwriting policy, the credit rating of the reinsurers, the expected cover under stress scenarios in relation to the underwriting policy and the calculation of the best estimate of the amounts recoverable from reinsurance contracts and special purpose vehicles.
- Contributing to the effective implementation of the risk management system on the ORSA with respect to the modelling of the risks and the assessment of the ORSA by acquiring input on the question of whether the Company permanently complies with the requirements for the calculation of the technical provisions and establishing the potential risks arising from uncertainties relating to this calculation.
- According to the article 59 of the Belgian Solvency II Law, providing an opinion on Profit Sharing

[5] The analysis of the legal risk occurs in consultation with the Legal and Compliance departments.
[6] Art. 272 of the Delegated Regulation 2015/35 was amended in 2021 by Delegated Regulation 2021/1256 stating that the opinion on the underwriting policy shall include conclusions on the effect of sustainability risks. Cf. paragraph 24 of the "Technical Advice on the integration of sustainability risks and factors in the delegated acts under Solvency II and IDD" published by EIOPA on 30 April 2019, which defines sustainability risks as follows: "sustainability risks should be understood as risks that could affect the insurance and reinsurance undertakings' risk profile, on the investments and liabilities side, due to ESG factors, i.e. (i) Environmental (E) issues relate to the quality and functioning of the natural environment and natural systems. (ii) Social (S) issues relate to the rights, well-being and interests of people and communities. and (iii) Governance (G) issues relate to the governance of companies and other investee entities".

and Rebate Policy as well as on compliance with the legislation and regulations on the matter which consists in explaining that:

  - the amount of the profit-sharing is in line with the policy drawn up in writing and approved by the statutory governing body.
  - correct account was taken of this written policy in the calculation of the best estimate.

- Reporting to the Board of Directors, Executive Committee, the ERGO Group Segment Actuarial Function and Supervisory Authority on the Actuarial Function Activities.

In addition, DKV Belgium Actuarial Function performs independent validations of model and assumption changes used in the Solvency II valuation of the Best Estimate of Liabilities.

Other ad hoc tasks can be assigned to the Actuarial Function by the regulator or the administrative bodies of the Company provided they generate no conflict of interest and that the Actuarial Function does not have to express an opinion about its own work, work for which it is responsible or work that used to be performed by one of its members of staff.

- *Delegation*

  - From the Board of Directors and the Audit and Risk Committee to assess, monitor and report on the technical provisions, underwriting policy and reinsurance policy.
  - From the management effort to fulfil the above-mentioned tasks in the respect of the governance.

- *Reporting lines*

  - Annual Actuarial Function Report: The Actuarial Function provides annually a report that documents all tasks that are performed and their results. This report:
    - Is presented at least once a year directly to the Board of Directors with information to the Executive Committee.
    - Clearly identifies any deficiencies and gives recommendations as to how such deficiencies should be remedied, at least with respect to the technical provisions of the last accounting year, the underwriting policy, the reinsurance policy, the profit sharing and rebates policy and the follow-up of former Actuarial Function’s recommendations.
    - Is prepared according to actuarial standards and is based on the structure of the Actuarial Function missions detailed in the circular NBB_2016_31/section 5.3.1.
    - Contains in the appendices of the version presented to the Board of Directors all relevant technical documents that includes the detailed analyses and tests that have been performed and on which the Actuarial Function assessment and tasks are based on.
    - Constitutes an annex to the RSR.
  - Other Actuarial Function Reports: The Actuarial Function provides regular reports, for instance:
    - On the reliability and adequacy of the calculation of the technical provisions under the Solvency II framework during the year.
    - On the tariffs, the reserving and the reinsurance of new products or adaptation of products having a material impact on the profitability.
    - On new reinsurance agreements.
    - When a formal opinion is given on the underwriting and the Profit Sharing & Rebate Policies.
    - On insurance or reinsurance portfolio transfers.
    - On the follow-up of Actuarial Functions’ Recommendations.
    - When an event with a material effect occurs and requires the intervention of the validation of the Actuarial Function.

The Actuarial Function must, in all cases, inform the Executive Committee and the Board of Directors in the event of changes in the risks affecting or likely to affect the Company, in particular when damaging its reputation.

B.6.2 Organisation

DKV Belgium has an insourced Actuarial Function that is established in a fully separate organisational unit, ensuring its independence.

The head of the Actuarial Function reports hierarchically directly to the DKV Belgium's CRO who is member of the Board of Directors and the Executive Committee and responsible for the Risk Management Function. Operational business functions and independent control functions are clearly segregated at the level of the board of management. In addition, the Actuarial Function has a direct reporting line to the Board of Directors, eventually via the Audit & Risk Committee, with information to the Executive Committee. It reports at least once a year directly to the Board of Directors on the execution of its missions.

A three line of defence model is established in the Company ensuring that there is no undue influence, control or constraint exercised on the control functions with respect to the performance of their duties by other operational functions. As such, the independent control functions are the Risk Management Function, the Compliance Function, the Internal Audit and the Actuarial Function. Independently of the organisational structure, the independent control functions are equally ranked side by side without being authorised to give instructions amongst themselves and therefore acting independently. The four independent control functions form a coherent whole of transversal independent control functions between which coordination is required. Given the fact that these independent control functions are connected, they harmonise their activity and ensure sufficient sharing of relevant information via quarterly Legal and Independent Control Functions meetings.

Additionally, the Actuarial Function interacts when appropriate with the 1st line, the ERGO Group persons of contact, the external auditors, and the regulator.

With respect to the resources dedicated to the Actuarial Function to enable it to perform its tasks:

- The Actuarial Function staff is composed of the head of the Actuarial Function and Actuarial Function Officers.
- The Actuarial Function has an unrestricted right to receive relevant information upon request according to DKV Belgium's Information and Communication Principle.
- The Actuarial Function has access to needed trainings to enhance and develop its actuarial knowledge.

The effectiveness of the Actuarial Function system is supported by:

- An adequate written Actuarial Function policy, e.g. that include at least a definition and categorisation of the main objectives and responsibilities.
- Appropriate documented processes and procedures which enable the Company to identify, assess, manage, monitor, and report the planned and possible outcome.
- Appropriate reporting procedures and feedback loops that ensure that the information is actively monitored and managed by all relevant staff, management or supervisory body e.g. Actuarial Function Recommendations status report.
- Reports that are submitted to the administrative, management or supervisory bodies.

Practical details on the Actuarial Function are given and regularly updated in the Annual Actuarial Function Report.

B.6.3 Actuarial Function Policy

The Actuarial Function Policy sets out how the Actuarial Function is implemented within DKV Belgium and specifies the Actuarial Function's structure and setup (positioning within the organisational chart, independence, resources, rights and prerogatives, etc.) and defines its main tasks, roles and responsibilities.

It is defined in accordance with the ERGO Group Actuarial Function Policy, internal and regulatory standards and based on the Belgian and European Solvency II regulations. If the Actuarial Function Policy is in conflict with a Group rule or requirement, the former will prevail, and such conflict is reported to the ERGO Group Actuarial Function as soon as it arises.

The Actuarial Function Policy is to be reviewed annually by the local Actuarial Function in agreement with the local Chief Risk Officer and approved by the DKV Belgium's Board of Directors and Executive Committee. Simple editorial or minor changes to this policy are within the responsibility of the local Chief Risk Officer to approve. Material changes to this policy such as changes or extensions in relation to responsibilities, significant procedural changes or changes of the scope of application of the Actuarial Function Policy are to be submitted to the ERGO Group for consultation and the DKV Belgium's Board of Directors and Executive Committee for approval.

B.7 Outsourcing & third party risk management

Third party risk arises from activities, processes, process developments, or functions which are, for economy of scale, strategic or technical reasons, provided by a third party. Outsourcing management is considered a sub aspect of Third Party Risk Management. Following Belgian legislation, DKV Belgium has the objective to ensure that any outsourcing arrangement is properly managed and controlled. This means that all risks related to outsourcing, the outsourcing party and the offered service of the outsourced party need to be known, followed up and assessed on a regular basis. In this context, the Outsourcing Policy refers to the organisational requirements and processes in place to actively manage all outsourcing arrangements.

The Outsourcing framework defines principles, roles & responsibilities in order to maintain service providers and outsourced tasks under DKV Belgium's control. These procedures defined are in line with Belgian regulation & requirements set out by the ERGO Group Outsourcing framework. Monitoring is installed to ensure that this framework is implemented by all relevant stakeholders.

The outsourcing risk arises from activities, processes, process developments, or functions which are, for economy of scale, strategic or technical reasons, provided by a third party.

The following critical tasks are outsourced by DKV Belgium:

- Cloud solution for calculation in context of Solvency II, IFRS closing procedures using Prophet.
- Asset management.
- Cash management process using Corporate Payment Factory solution.
- DKV assistance - organisation of hospitalisation and assistance services abroad.
- IT:
    - System of data exchange regarding e-billing (with data storage)
    - Data Centre / Data Warehouse

B.8 Other information

The assessment of the Executive Committee on the corporate governance structure of DKV Belgium revealed a general result classified as good in terms of design and performance. This indicates that management feels overall comfortable on the way the corporate governance structure is set up (all designs are assessed as good) and is functioning (performance). Improvements compared to previous assessment are seen on the side of the design. However, some further points of attention and further embedding of these points in the processes are indicated on the side of the performance.

Compared to the reporting for year-end 2023, we see an improvement of the design of the corporate governance structure, which is now considered “good”. There is a status quo of the performance and mainly the implementation of the general policies in business processes.

C. Risk profile

The exposure to risk and the willingness to accept some degrees of risks are translated in the risk strategy of the company. This strategy helps the management to find an optimal balance between risk and return, promote a healthy risk environment in the organisation.

As DKV Belgium is a part of the ERGO Group, an overall risk strategy on group level has been defined and adapted in a local risk strategy. The following common objectives are set:

- Maintain the financial strength, thereby ensuring that the liabilities to the clients can be met.
- Protect and increase the value of the shareholders' investment.
- Safeguard the reputation of Munich Re, its sub-groups and each legal entity.

DKV Belgium has developed a Risk Management Policy which provides internal and external stakeholders with a classification and a comprehensive description of the risks considered material for DKV Belgium. A risk appetite per risk category has been defined by the Board of Directors. These defined risk tolerances are a binding specification for the planning process. The business plans will only be accepted if these requirements are met or if measures have been initiated to comply with these requirements. The objective is to ensure that the risks assumed are in-line with profit expectations.

Additional to the above-mentioned risk tolerances, risks are also steered in a qualitative form. This is particularly valid with regard to risks which are not explicitly modelled in the risk models. Due to the diversity and complexity of the business model of DKV Belgium, an appropriate risk culture plays a fundamental role in addition to qualitative risk management.

DKV Belgium is continuing with its de-risking strategy, as reflected in the product strategy. Implementation & monitoring of management actions result in positive effects on the company's profitability and Solvency II position, further strengthening the intention to continue applying the different de-risking measures.

C.1 DKV Belgium's Risk Profile according to Standard Formula

DKV Belgium applies the Standard Formula to calculate the Solvency Capital Requirement, whereby those risk categories are taken up which can be quantified. The risk capital is calculated as the delta Own Funds before and after shock, where the level of the shock is defined by EIOPA in the application of the standard formula.

C.2 Health Underwriting risk

Underwriting risk is defined as the risk of change in the value of insurance liabilities due to a deviation of the actual claims payments from the expected amount of claims payments. Of particular relevance are the lapse and biometric risks (i.e. risks related to human life conditions). The result of the Company strongly depends upon the extent to which actual claims evolution is in line with the assumptions set in the pricing and reserving processes.

This Underwriting risk is managed by a sound governance laid down in a number of policies such as product policy, assumption setting policy and underwriting policy. More detailed processes and instructions are defined in guidelines such as claims management and underwriting guidelines. Particular attention is given to the underwriting process to ensure that the actual portfolio segment buying this product is in line with the target portfolio assumptions used when designing and pricing the product.

Health insurance business at DKV Belgium can be categorised into two major types of business. There is the **Similar to Life Techniques (SLT)** business line on one hand and the **Non-Similar to Life Techniques (NSLT)** business line on the other hand. A third risk category within DKV Belgium's Health Underwriting risk is catastrophe risk.

C.2.1 Underwriting risk – Similar to Life Techniques (SLT business)

The **SLT** business is driven by the individual contracts, which are underwritten by natural persons and which are lifelong contracts.

C.2.1.1 Lapse risk

Lapse risk is defined as the risk of change in the value of insurance liabilities due to a deviation of the actual lapse rate from the expected lapse rate.

The overall impact of higher lapses than expected on DKV Belgium's profit will depend on the characteristics of the policyholder. The most important parameters are the age attained and the number of years since the underwriting of the contract.

The calculation of the lapse risk according to standard formula approach implies that no compensating effects are to be considered and so it is assumed that the non-profitable contracts lapse less (stay longer) or the profitable contracts lapse more. This has a significant impact on DKV Belgium risk capital calculation. Therefore, the lapses are closely monitored & reported to the management (in, among others, the Quarterly Risk Dashboard & Monthly Sales reporting).

C.2.1.2 Expense risk

Expense risk is defined as the risk of change in value of the insurance liabilities due to a deviation of the administration expenses from the amount expected.

The expense risk is considered to be under control via active monitoring and managing of the company's costs.

C.2.1.3 Morbidity risk

Morbidity risk is defined as the risk of change in the value of insurance liabilities, due to a higher claims profile, burning cost and medical inflation than expected.

Health insurance is the core business of DKV Belgium and paying back health-related claims is part of its business model. Hence, managing the morbidity risk is very important for DKV Belgium.

As the health contracts at DKV Belgium are supplementary to the Belgian social security, DKV Belgium's claims payments depend directly on the amount covered by the Belgian social security. This increases the uncertainty and therefore the morbidity risk.

As morbidity risk is one of the major risks for DKV Belgium, risk mitigation measures are taken from the start, namely at the underwriting of the contract. There are clear underwriting guidelines that specify how pre-existing diseases should be dealt with (e.g. via exclusion or additional premium).

C.2.1.4 Disability risk

Disability risk is defined as the risk of change in the value of insurance liabilities, due to a higher probability of becoming partially or totally disabled, or a lower-than-expected probability of recovery in the insured population.

In the disability line of business, the claims payments depend on the current state of the insured person (active versus disabled), the age attained, the chosen annuity type (constant, increasing or indexed annuity) and the professional class (because the inception probabilities will be higher for persons in a more dangerous working environment than for white-collar employees). Clearly, actual circumstances that diverge from assumptions made could lead to lower profits for DKV Belgium.

DKV Belgium, based on the new Assuralia code of conduct, is giving existing concerned clients the possibility for prolongation of their disability cover to follow the extension in pension age in Belgium.

C.2.1.5 Revision risk

Revision risk is defined as the risk of change in the value of insurance liabilities, resulting from variation of the revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

This risk is only relevant for the disability line of business. However, the disability portfolio is smaller in terms of number of contracts and premium volume, which reduces the importance of this revision risk.

Possible changes in the legal environment or litigations concerning the degree of disability are dealt with by the legal department. Reserves are constituted for cases in which DKV Belgium could be sentenced by the court. Possible changes in the state of health of the insured will also be checked by the appointed medical doctor of DKV Belgium.

C.2.1.6 Longevity risk

Longevity risk is defined as the risk of change in the value of insurance liabilities, due to a longer life-expectancy (a lower mortality rate) in the insured population than expected.

This risk is material for DKV Belgium, because on average, the levelled premium charged for elderly persons is lower than the corresponding theoretical risk premium. Hence, if elderly persons live longer than expected, this will have a negative impact on DKV Belgium's profit.

C.2.1.7 Mortality risk

Mortality risk is defined as the risk of change in the value of insurance liabilities, due to a higher mortality rate in the insured population than expected.

Although DKV Belgium does not foresee any lump sum payment in case of death of an insured person, mortality risk could become material. Indeed, if an insured person dies, he will not pay any future premiums and therefore the profit of DKV Belgium could be negatively affected. This risk is most prevalent in case of unexpected death of insured persons benefitting from a recently underwritten insurance contract. For those persons, one indeed expects the present value of future premiums to be higher than the present value of future cash outflows.

On the other hand, a higher rate of mortality among the insured population would also lead to fewer future claims and larger-than-expected releases of ageing reserves. This would generate a larger profit for DKV Belgium. Obviously, this would also lead to fewer future profits due to the expiration (caused by the deceases) of the recently underwritten contracts but for the largest part of the existing portfolio, the releases of the ageing reserves combined with fewer future claims would overcompensate the loss in future profits.

C.2.2 Underwriting risk – Non-Similar to Life Techniques (NSLT business)

The **NSLT** business consists of the premium provision for the corporate contracts and the claims provisions defined by the Chain Ladder method, applied to both individual and corporate business. In contrast to individual contracts, the corporate contracts are annually renewable and premiums can be revised yearly based on loss ratio experiences. Consequently, the time horizon (contract boundary) considered for measuring the risks for corporate business is only one year.

C.2.2.1 Premium risk

Premium risk is defined as the risk that the premiums charged for a specific insurance year are not sufficient to cover expenses and future claims originated in that year.

As the premiums can only be adjusted at the anniversary date of the contract, there is a risk that claims and expenses change before premium adjustment can be incorporated. Premium risk also includes the risk resulting from the volatility of expense payments. To mitigate this risk, DKV Belgium strives for adequate pricing and/or adjustments in the coverage of the corporate contracts

C.2.2.2 Reserve risk

Reserve risk is defined as the risk that the claims reserves constituted at the end of a specific insurance year are not sufficient to cover the claims occurred during that particular year, but which are not fully paid yet.

The reserve risk also takes into account fluctuations in the timing and amount of claim settlements. The run-off pattern of the claims triangles is relatively short and stable for health insurance (more than 99,5% of all claims are paid within two years). This makes it relatively easy to determine the claims reserve with a high level of confidence and therefore reduces reserve risk.

C.2.3 Catastrophe risk

The catastrophe risk is defined as the risk that an exceptional or extreme event of major magnitude leads to a deviation in actual claims payments from the expected claims amount (e.g. the outbreak of the Covid-19 Pandemic in 2020). The importance of this type of risk is visible within QRT S.26.04.01.07, which provides more insights on the SCR catastrophic risk.

The Munich Re Group has installed an underwriting limit concerning pandemics. This limit is expressed as a percentage of the Group's risk-bearing capacity.

Catastrophe risks could also be the consequence of acts of terror or a disaster in a densely populated place (e.g. a disaster in an office from an insured group, a disaster an area with persons from individual and corporate contracts, etc.). Although the consequences of such a disaster would also be very negative, the impact is expected to be lower than a widespread pandemic impacting the full insured population.

C.3 Market & credit risk

Market risk is defined as the risk of change in value of the assets and liabilities due to a deviation of the level or volatility of market prices of financial instruments from their expected values. Because the main part of DKV Belgium's assets consists of fixed-income securities, movements of the interest rate term structure can have a considerable effect on the value of DKV Belgium's investments.

The company pursues a strategic Asset Liability Matching (ALM) risk strategy in line with the overall risk strategy, to create economic value for the company but also shape the risk profile in order to protect policyholder and reputation of the company/Group. This ALM strategy is implemented via a liability-driven investment approach, which takes the economic liabilities as a starting point of ALM risk management. The actual investments must depend on the liability profile and account for general investment principles of prudence, profitability, liquidity and diversification.

The responsibility of investments of DKV Belgium is outsourced to GIM/MEAG in the management view. In the legal view however, the responsibility remains within DKV Belgium.

Credit risk is defined as the risk of financial loss due to changes in the financial position of a counterparty (such as an issuer of securities or other debtor) or its failure to meet contractual debt obligations. In order to monitor and control the group-wide credit risks, Munich Re has implemented a cross-balance-sheet counterparty limit system valid throughout the Munich Re Group.

It has to be noted that a spread risk calculated on the government bonds is included in the yearly ORSA exercise. The standard formula for calculating spread risk does not foresee a spread risk for government bonds by countries belonging to the Euro zone. However, past experience has shown that the financial markets consider default risk also for government bonds within the Euro zone.

C.3.1 Interest rate risk

Interest rate risk is defined as the risk of change in the value of the assets and liabilities due to a deviation of the level or volatility of the interest rate term structure from the expected values.

Over the last years, market interest rates have increased significantly compared to their very low level during the decade 2010.

Changes in interest rates have an impact on both the assets (in fact the fixed income assets or bonds) and the liabilities.

For individual contracts, DKV Belgium insures clients lifelong. As a consequence, the liabilities are also long term. Therefore, the relevant risk for DKV Belgium is the risk that the yield curve would go down. This would result in reinvestment risk for DKV Belgium's bonds (i.e. DKV Belgium would have to reinvest in bonds with a lower yield to maturity).

The risk criterion that is traditionally used to measure interest rate risk, is duration. Duration is a measure of the sensitivity of the value of a portfolio of assets or liabilities to parallel movements of the interest rate curve. It also corresponds to the weighted average of time until cash-flow payments. Duration values of the asset portfolio and liabilities are quite aligned, indicating a relatively limited interest rate risk. However, the Belgian Solvency II Law, article 194 states that insurance companies should always have sufficient available assets to be able to pay out all liabilities, both on a going concern and a liquidation basis. This means that the market value of assets should always be higher than the Belgian GAAP provisions. Upward movements of the yield curve, that would lead to a drop of the market value of assets, entail therefore a risk of non-compliance for DKV Belgium. The company is currently investigating measures to reduce this risk.

C.3.2 Spread risk

Spread risk is defined as the risk of change in the value of assets and liabilities due to a deviation of the level or volatility of credit spreads over the risk-free interest rate term structure from their expected values.

DKV Belgium invests mainly in government bonds. The remaining bonds are covered bonds and corporate bonds with high ratings and well diversified. Overall, there is limited risk due to tightened spreads of the corporate bonds in the active portfolio and assets are mostly spread over the safer government bonds.

GIM/MEAG closely monitors this spread risk using limits (credit risk limit). The credit risk limit (in the sense of a default or non-payment risk on one hand and in the sense of a price volatility risk due to changes in rating or spread on the other hand) is determined by means of the credit- value-at-risk (CVaR) method by using classifications based on rating categories and remaining terms to maturity.

C.3.3 Other market risks

Other market risks for DKV Belgium are:

- Equity risk: defined as the risk of change in the value of assets and liabilities due to a deviation of the level or the volatility of market prices of equities from their expected values. Exposure for this risk is very limited as the value of equities in the asset portfolio is limited.
- Currency risk: defined as the risk of change in the value of assets and liabilities due to a deviation of the level or the volatility of market prices of exchange rates from their expected values. This risk exposure is low for DKV Belgium as the operating currency is euro, only a small part of the assets is traded in another currency, and only very limited business is performed outside the Eureo area (claims from expat business could be worldwide).
- Market concentration risk: defined as the risk of financial or economic loss due to an inadequately diversified asset portfolio. The bonds are by far the most important investments. DKV Belgium invests mainly in government bonds. These are diversified over the different European countries, with the biggest exposures in the less risky countries such as Germany. The remaining covered bonds and corporate bonds are well diversified. GIM & MEAG monitor the concentration risk for DKV Belgium.

- Property risk: defined as the risk of change in the value of assets and liabilities due to a deviation of the level or the volatility of market prices of real estate from their expected values. This risk does not exist for DKV Belgium as the company does not own any real estate property.

C.4 Counterparty default risk

The counterparty default risk reflects possible financial or economic losses due to unexpected default, or deterioration in the credit standing of the counterparties and debtors of DKV Belgium. The counterparty default risk is split into two types, namely type 1 and type 2.

Type 1 relates to reinsurance and cash at banks. DKV reinsurance partners are selected according to DKV Guidelines and their credit rating is regularly monitored. The default risk on reinsurance receivables is therefore relatively small.[7]

The counterparty default risk concerning cash at banks is also mitigated by using different banks.

Type 2 counterparty default risks contain receivables from intermediaries and policyholder debtors. The receivables from intermediaries could again be split in receivables which are due for less than 3 months and receivables which are due for more than 3 months. These receivables due for more than 3 months have of course a larger capital charge than the others.

Counterparties with excellent credit ratings who are well diversified together with well diversified policyholders will ensure that risks induced by counterparties are kept as low as possible to maintain the solvency and financial position of DKV Belgium stable and adequate.

C.5 Liquidity risk

Liquidity risk is defined as the risk of being unable to meet its financial obligations when due as a result of insufficient access to liquid funds (including in crisis situations). DKV Belgium's liquidity risk policy defines a clear framework for liquidity risk management and complies with the circular NBB_20220323. The main risk identified is a short-term liquidity risk for ongoing claims payments. Liquidity risk could also arise when a given asset cannot be traded quickly enough to serve operational expenses or claims above the liquidity buffer. DKV maintains a strong liquidity position to meet short-term payment obligations to absorb claims/expenses by buffering cash. DKV Belgium holds assets which can be sold quickly and with minimum risk in case of emergency.

C.6 Operational risk

Operational risk arises from the execution of a Company's business functions and can be defined as potential losses resulting from inadequate internal processes, technical failure, human error or external events. On a quarterly basis operational risks are identified, analysed, monitored and reported within the DKV Belgium's risk reporting. Given the context of DKV Belgium's operations, the operational risk category is further divided in three major categories: Compliance & Legal risks, IT Risks & all other operational risks.

DKV has a sound operational risk management in place for administration of its portfolio of products, systems and processes, covering the main domains of operational risk. With the focus on digital way of working & digitizing the business, the operational performance & resiliency of the IT activities is also of high importance to the Company.

Finally, compliance with laws, regulations, internal policies and industry standards is paramount for DKV Belgium's business. DKV Belgium therefore invests heavily in the organisation on all levels to achieve and maintain compliance and avoid any situation that may cause non-compliances or violations.

[7] December 2023, DKV Belgium renewed the reinsurance treaty for disability for the year 2024, with as lead insurer Swiss Re, also with an excellent credit rating. This will be reflected in the 2024 version of this report.

C.6.1 Internal Control System

DKV Belgium's Internal Control System (ICS) methodology is set up so that the risks and related controls are identified, analysed, assessed and managed on process level and entity level.

The self-assessments on process level are done by the Process Owner (including the Business Risk Officer and/or Business Expert). The self-assessments on entity level are performed by Control Owners.

The knowledge of the POs, BROs, Business Experts and Control Owners is used to make their teams aware of the importance of risks, controls and risk management as such. DKV Belgium has a foundation for a uniform understanding of risks and is able to substantially improve its risk awareness as well as strengthen the risk culture. This includes willingness to learn from mistakes and to recognise them as opportunities for improvement in the future.

- *RCA Results:*

The ICS exercise 2024 was performed according to the locally implemented ICS methodology, which is compliant with regulatory requirements. A comparison of results from 2023 with 2024 showed that more risks & controls were identified due to an increased maturity, knowledge and awareness of existing processes and risks and in newly added processes.

Overall, DKV considers the risks to be predominantly controlled, with the implemented controls & measures assessed as generally effective. Sample testing showed that the rating of the controls was mostly in line with the first line self-assessment.

- *ELCA Results:*

With regards to the governance principles, tested by means of Entity Level Control Assessment, an improvement is seen in 2024 compared to 2023. All open measures are planned to be mitigated by ongoing projects.

C.6.2 Compliance/Legal risk

Compliance & Legal Risk is the risk of failure to comply with all applicable legal and regulatory requirements and industry standards and the corresponding impact on the Company's business, reputation and financial condition. As a key player in the Belgian insurance sector, compliancy with relevant legislation (e.g. Solvency II Legislation, GDPR, DORA) is of major importance. DKV has the necessary processes installed to ensure that any relevant change within the regulatory framework is integrated within its activity and interaction towards the clients.

The Digital Operational Resilience Act (DORA) is an EU regulation that entered into force on 16 January 2023 and will apply as of 17 January 2025. It aims at strengthening the IT security of financial entities such as banks, insurance companies and investment firms and making sure that the financial sector in Europe is able to stay resilient in the event of a severe operational disruption. In 2024, DKV Belgium and ERGO Belgium have set up a joint dedicated DORA program to analyse the requirements from this legislation, define the internal Critical Functions and address the identified gaps to the DORA requirements via dedicated action plans.

C.6.3 IT Risk

IT Risk is defined as the potential for an unplanned, negative business outcome involving the failure or misuse of IT, i.e. the potential that a given threat will exploit vulnerabilities of an asset or group of assets and thereby cause harm to the organization. With the focus on digital way of working & digitizing the business, the operational performance, resiliency & continuity of the Information Technology activities is of high importance to the Company. Further efforts to improve the cyber security maturity continued in 2024 (& will continue onwards) to ensure the implementation of adequate security measures for DKV Belgium.

C.6.4 Other Operational risks

The other operational risks are defined as the risk of losses caused by flawed or failed processes & controls, policies, systems or events that disrupt business operations. The following main operational risks have been reported for 2024:

- initiatives have been launched and are in progress to improve business resource capacity planning and implement (efficiency) improvements in the existing project governance. While further delivery improvement measures are being developed, the DKV Belgium Project Portfolio Board closely oversees planning, monitoring, analysis, and adjustments.
- The review of the existing third party risk management framework to ensure improved & continuous monitoring of services provided by third parties.

C.6.5 Results of Standard Formula

The risk capital for operational risk is calculated according to the standard formula approach: the capital requirement for operational risk is minimum 30% of the BSCR, to be compared with the maximum of 2 volume components linked to premium volume or volume of technical provisions (excluding risk margin). In the results for DKV Belgium, the threshold is set by the premium volume component. As the BSCR is quite high, the threshold of 30% of BSCR is not met in comparison with the volume components.

The result of operational risk capital based on Standard Formula can be benchmarked with the results of the ICS and other operational risk analyses (operational risk scenario assessments). After comparing these results, it can be stated that the corresponding amounts are of the same magnitude, indicating that Operational Risk SCR provides a good estimation for the operational risk within DKV Belgium.

C.7 Other material risk

C.7.1 Strategic risk

Strategic risk is defined as the risk of making wrong business decisions, implementing decisions poorly, or being unable to adapt to changes in the operating environment. In DKV Belgium’s ambition to grow and consolidate its market leading position on the Belgian market, DKV Belgium takes a balanced approach by balancing risk against opportunity. Implementation of technology, process improvements and the introduction of new products is key to DKV Belgium’s success and cannot be realized without taking some risk.

The material strategic risks currently being monitored by DKV Belgium are:

- Further implementation of measures to reduce the sensitivity of the Solvency II results to changes in inflation rate & economic parameters.
- In our ambition to grow and consolidate the number one position on the Belgian health insurance market, DKV Belgium is prioritizing the digitization of its business activities. Quick response time to react to a changed market environment and customer expectations are key to foster the growth ambition.
- The evolutions in the hospital financing & review of RIZIV nomenclature. Supplementary hospital fees system following the political discourse.

In general, strategic risks are addressed in DKV Belgium’s planning and decisions processes, especially during the financial planning process, the internal decision process and the business strategy development.

C.7.2 Reputational risk

The reputation is of great value to the Company and therefore seeks to safeguard it and minimise reputational risk by avoiding situations that could substantially weaken stakeholders' confidence in DKV or may have an adverse effect on DKV Belgium’s primary mission.

The main reputational risks for DKV Belgium are linked to inadequate customer service, reputational impact from data privacy related issues and negative media attention. Mitigating measures are being taken to reduce potential reputational risk. Monitoring on the perception of the company's external environment is implemented.

DKV Belgium considers the reputational risk sufficiently covered in the standard formula, which includes an important risk capital for mass lapse, calculated as the immediate lapse of 40% of the people insured for which discontinuance would result in an increase of technical provisions. Therefore, DKV Belgium is of the opinion that no additional capital is needed.

C.7.3 Emerging risk

Emerging risks are either new or developing or changing risks. They include trends as well as potential shock events and are characterised by a high degree of uncertainty in terms of occurrence probability and loss amounts. Examples of such risks that could have impact on DKV Belgium's balance sheet include antibiotics overuse, nanotechnology, global warming, endocrine disrupting, compounds and chemicals, obesity, electromagnetic fields, (mis)use of AI.

The Emerging risk framework aims at detecting at an early stage new trends and evolutions in healthcare and understanding the impact this might have on underwriting. Initiatives to have Group-wide Emerging risk are launched.

This risk is considered sufficiently monitored, as a consequence DKV Belgium does not allocate additional capital at this stage.

C.7.4 Sustainability risk

Sustainability risks are defined as all events or conditions in the environmental, social or corporate governance areas (ESG) whose occurrence could have an actual or potentially significant negative impact on the net assets, financial position, results of operations or reputation of a Company. This definition includes climate-related risks in the form of physical risks and transition risks as well as the interdependencies between the two risks. DKV Belgium sees sustainability risks as an aspect of known risk types rather than a separate risk type because they affect all risk types, and demarcation as a separate risk type would thus be virtually impossible.As detailed in Section B.3.5, together with ERGO Insurance NV/SA, DKV Belgium manages multiple ESG related initiatives, aligned with the groupwide approach. This covers sustainability, in terms of impact on the product portfolio, on the investments made, and social aspects, like volunteering, from within the Company. Furthermore, developments were made during 2024 on preparing, under the Munich Re group report, for the CSRD requirements.

C.8 Stress tests and Scenario analysis

In line with article 45 of Directive 2009/138/EC and the NBB circular on ORSA (NBB_2022_09), the ORSA report of DKV Belgium includes a sensitivity analysis. The importance of these stress tests is to understand and manage risks which could unfavourably affect the overall financial situation of the Company. For these stress tests, DKV Belgium uses the following general approach based on group directives:

#	Purpose	Methodology of analysis	Term of analysis	Severity*	Metrics
1	Risk profile - Sensitivity of solvency ratio	Sensitivity or (combined) stress test	Instantaneous	Regular/ stress/ worst case	OF, MCR, SCR
2	Risk profile - Threat to the company's viability	Reverse Stress Test	Instantaneous	Worst case	OF
3	Risks in the business plan (optional)	Hypothetical & historical, adverse scenario	Forward looking: medium to long-term change	Stress/ worst case	OF, MCR, SCR

* Severity depends on the financial situation and risk profile of the company. Therefore, the following probability of occurrence should be indicative: regular: 1/5-1/10 year, stress: 1/10-1/50 year, worst: < 1/50 year

A materiality concept is also introduced: a risk is defined to be material in the context of this assessment, if at least one of the following criteria is fulfilled:

- *Qualitative criterion*: The local entity expects that the risk module will increasingly become important due to business policy and strategic decisions
- *Quantitative criterion*: The risk module significantly contributes to the SCR. All risk modules are first sorted in decreasing order in terms of their SCR and then – starting with the most significant risk module - the SCR is added risk module by risk module until the sum of these risk modules is greater than x% of the total sum of all risk modules. The percentage x depends on the current coverage ratio of the entity.

$$x = \begin{cases} 75, & ratio < 175\% \\ 50, & ratio \geq 175\% \end{cases}$$

For DKV Belgium with coverage ratio above 175%: added risk to 50% of total sum of all risks based on YE 2024 results:

Risk	SCR	Cumulative % in total SCR
Lapse risk	290.447.622	34,2%
Disability-morbidity risk	158.839.983	18,7%

The following table presents an overview of the stress testing program of the ORSA 2024 exercise (for more details: see the ORSA Report).

Stress testing program	Event
Base case	Base case scenario
Sensitivities	No new business risk premium products
	Lapse down: -50%
	Lapse up: +50%
	Sensitivity on Horizon covers (transfers/lapses & profitability) (*)
	Cancellation NBB clause after specific period (*)
	Dividend payments
	No VA application
	Set of sensitivities performed on Q4 2023 model
Stress tests	Inflation down: -100 bp
	Inflation up +100 bp
	UFMIR 2%
	Interest rate down: -100 bp or Low Yield NBB
	Interest rate up: +100 bp
	Update SF approach: (1) change in calculation of the interest rate shock; (2) risk margin calculated with lambda factor and lower CoC %; (3) alternative extrapolation method (4) combined
	- Government bonds are not risk-free - Sensitivity on operational risk (internal model vs standard model)
	Strategical decision: stop disability segment
(Reverse) stress test	Limitation of the dynamic calculation of the additional premium indexation percentage: to be defined on outcome stress tests (*)
Stress Test Scenario	Pandemic
	Climate change
	EIOPA stress test (*) (**)

(*) different or additional compared to previous ORSA
(**) scenario available 02/04; deadline NBB 09/08

D. Valuation for Solvency purposes

D.1 Assets

The following table covers information about assets, comparing SII data and Belgian GAAP balance sheet for Q4 2024.

					Solvency II value	Statutory accounts value	Reclassification adjustments
					C0010	C0020	EC0021
Assets	Goodwill			R0010		0,00	
	Deferred acquisition costs			R0020		0,00	
	Intangible assets			R0030	0,00	12.149.308,34	0,00
	Deferred tax assets			R0040	0,00	0,00	0,00
	Pension benefit surplus			R0050	0,00	0,00	0,00
	Property, plant & equipment held for own use			R0060	8.454.890,60	1.564.921,67	0,00
	Investments (other than assets held for index-linked and unit-linked contracts)			R0070	2.198.020.139,51	2.477.713.586,28	0,00
	Investments (other than assets held for index-linked and unit-linked contracts)	Property (other than for own use)		R0080	0,00	0,00	0,00
		Holdings in related undertakings, including participations		R0090	0,00	0,00	0,00
		Equities		R0100	0,00	0,00	0,00
		Equities	Equities - listed	R0110	0,00	0,00	0,00
			Equities - unlisted	R0120	0,00	0,00	0,00
		Bonds		R0130	2.149.632.528,35	2.433.599.822,72	0,00
		Bonds	Government Bonds	R0140	1.379.676.702,01	1.594.008.819,83	0,00
			Corporate Bonds	R0150	760.006.204,65	829.742.821,54	0,00
			Structured notes	R0160	9.573.957,98	9.475.403,27	0,00
			Collateralised securities	R0170	375.663,71	372.778,08	0,00
		Collective Investments Undertakings		R0180	48.253.000,73	44.113.763,56	0,00
		Derivatives		R0190	134.610,43	0,00	0,00
		Deposits other than cash equivalents		R0200	0,00	0,00	0,00
		Other investments		R0210	0,00	0,00	0,00
	Assets held for index-linked and unit-linked contracts			R0220	0,00	0,00	0,00
	Loans and mortgages			R0230	10.662.879,73	12.171.025,88	0,00
	Loans and mortgages	Loans on policies		R0240	0,00	0,00	0,00
		Loans and mortgages to individuals		R0250	0,00	0,00	0,00
		Other loans and mortgages		R0260	10.662.879,73	12.171.025,88	0,00
	Reinsurance recoverables from:			R0270	3.388.862,35	3.388.862,35	0,00
	Reinsurance recoverables from:	Non-life and health similar to non-life		R0280	0,00	0,00	
		Non-life and health similar to non-life	Non-life excluding health	R0290	0,00	0,00	
			Health similar to non-life	R0300	0,00	0,00	
		Life and health similar to life, excluding health and index-linked and unit-		R0310	3.388.862,35	3.388.862,35	
		Life and health similar to life, excluding health and index-linked and unit-linked	Health similar to life	R0320	3.388.862,35	3.388.862,35	
			Life excluding health and index-linked and unit-linked	R0330	0,00	0,00	
		Life index-linked and unit-linked		R0340	0,00	0,00	
	Deposits to cedants			R0350	0,00	0,00	0,00
	Insurance and intermediaries receivables			R0360	51.815.147,34	51.851.206,94	0,00
	Reinsurance receivables			R0370	91.353,25	91.372,40	0,00
	Receivables (trade, not insurance)			R0380	20.511.525,63	35.517.338,60	0,00
	Own shares (held directly)			R0390	0,00	0,00	0,00
	Amounts due in respect of own fund items or initial fund called up but not yet paid in			R0400	0,00	0,00	0,00
	Cash and cash equivalents			R0410	36.898.535,05	36.898.535,05	0,00
	Any other assets, not elsewhere shown			R0420	2.375.713,39	2.375.713,39	0,00
	Total assets			R0500	2.332.219.046,85	2.633.721.870,90	0,00

According to Article 75(1)(a) of Directive 2009/138/EC, all assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction, that means with their fair values. In the statutory accounts of DKV Belgium, assets are valued at their amortised costs without distinction. As the valuation basis is different, we explain the differences in more detail for the respective asset classes.

D.1.1 Intangible assets

Intangible assets are only shown in the solvency balance sheet if they are accounted for in IFRS and traded in an active market. The latter requirement is deemed to be met if an active market exists for similar assets. Since DKV Belgium's intangible assets do not currently meet this requirement, this item in the solvency balance sheet is empty.

The intangible assets are recognised at acquisition or production cost and depreciated on a straight-line basis over their planned useful life.

D.1.2 Deferred tax assets and liabilities

As there are no taxable differences on DKV Belgium's statutory accounts, no recording of deferred taxes occurs locally.

Under Solvency II (general definition), the deferred taxes are ascertained in conformity with international accounting standards (IFRS) pursuant to IAS 12 in accordance with the liability method, i.e. balance sheet oriented.

Deferred tax assets must be recognised in cases where asset items must be valued lower, or liability items higher in the economic balance sheet compared to the local tax accounts of the Company and these differences will be eliminated at a later date with a corresponding effect on taxable income (temporary differences).

The deferred tax assets as of 31st December 2024 amount to 88.247.420 EUR which are mainly attributable to the latent losses on the bond portfolio. The deferred tax liabilities amount to 327.381.176 EUR, which are mainly attributable to the difference in technical provisions. This implies that the excess of deferred tax liabilities over deferred tax assets amounts to 239.133.756 EUR. Deferred Tax Assets have the same time horizon for reversal of temporary differences as deferred Tax Liabilities. Note, all deferred taxes SII are mentioned on the liability side.

The measurement of deferred tax items depends on whether the carrying amount of an asset is expected to be recovered through use or through sale. In practice, the two are often difficult to distinguish.

D.1.3 Property, plant and equipment held for own use

DKV Belgium doesn't own any property directly.

For the purpose of Solvency II, 'property, plant and equipment' are - for reasons of simplification - measured with their statutory accounts value, this means at amortised costs, subject to scheduled depreciation over the course of their useful life in accordance with the decline in their utility to the necessity of unscheduled depreciation to a lower value.

D.1.4 Leasing (lease assets and liabilities)

The difference between local GAAP value and SII value in section "Property, plant and equipment" is caused by the right of use of our leasing contracts. For simplification purposes, the right of use asset is measured at (actualised) amortised cost on the SII Balance Sheet, as in IFRS 16. The costs of leasing are directly recognised as expenses in local GAAP.

Note that DKV Belgium is only a lessee.

D.1.5 Investments

- *Other financial assets*

All financial assets are valued at fair value in the solvency balance sheet. The fair value of a financial instrument is the amount for which a financial asset can be exchanged, or a financial liability settled, between knowledgeable willing parties in an arm's length transaction.

Where a price is quoted in active markets (i.e. a market value), it should be used. If no market value is available, valuation models are used in which observable market parameters are applied as far as possible.

In the Statutory accounts, financial assets are valued at their local book value (amortised cost value), except for over-the-counter and infrastructure products which are accounted for at their nominal/par value.

- *Determining fair values: pricing method*

Since market values are not available for all financial instruments, IFRS has a valuation hierarchy with three levels. Though Solvency II does not explicitly name the levels, it does provide for equivalent differentiation in the assessment of the fair values used.

The allocation reflects whether a fair value has been derived from transactions in the market or the valuation is based on models because there are no market transactions.

In the case of Level 1, valuation is based on unadjusted quoted prices in active markets for identical financial assets which DKV Belgium can refer to at the balance sheet date. A market is deemed active if transactions take place with sufficient frequency and in sufficient quantity for price information to be available on an ongoing basis. Since a quoted price in an active market is the most reliable indicator of fair value, this should always be used if available. The financial instruments allocated to this level usually comprise equities, investment funds (except property funds) and fixed-interest securities (bearer bonds) for which either a stock market price is available, or prices are provided by a price quoter based on actual market transactions. A marginal amount of futures might also be held to steer the benchmark portfolio (BMP) duration which is allocated to Level 1.

Assets allocated to Level 2 are valued using models based on observable market data. For this, directly or indirectly observable inputs in the market would be used, other than quoted prices. If the financial instrument concerned has a fixed contract period, the inputs used for valuation must be observable for the whole period. The financial instruments allocated to this level might comprise borrowers' note loans, Pfandbriefe, subordinated securities and derivatives not traded on the stock market.

For assets allocated to Level 3, valuation techniques not based on inputs observable in the market are used. This is only permissible insofar as no observable market data are available. The inputs used would reflect DKV Belgium's assumptions regarding the factors which market players would consider in their pricing. We would use the best available information for this, including internal Company data.

At each quarterly reporting date, DKV Belgium assesses whether the allocation of investments and liabilities to the levels of the valuation hierarchy is still appropriate. If changes in the basis of valuation occurred – for instance, if a market is no longer active or the valuation was performed using parameters requiring a change to the allocation –the necessary adjustments are made.

- *Valuation categories according to Belgian GAAP*

Unlike the solvency balance sheet, there are two categories of financial instruments with differing valuation rules in local GAAP. The classification depends on the type and purpose of financial instrument and is determined when the instrument is acquired/issued.

Initially, all financial instruments are valued at acquisition cost.

For subsequent measurement, we may consider two categories of financial assets.

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost in accordance with the effective interest method. Write-downs for impairments are considered when repayment of a loan can no longer be expected.

Fixed-interest securities are locally accounted for at amortised cost. Unlike IFRS, no unrealised gains or losses are calculated locally after deduction of deferred taxes and recognised directly in equity under "other reserves".

- *Impairment*

As all assets in the solvency balance sheet are shown at fair value, no impairment rules are required. For the same reason, no unbundling or hedge-accounting rules are necessary either. In Belgian GAAP at each balance sheet date, we do assess whether there is any substantial and objective evidence of impairment requirement of a financial asset or group of financial assets. Impairments in value are recognised as an expense in the income statement. In the case of fixed-interest securities and loans, the main basis for establishing impairment is an indication of substantial financial difficulty on the part of the issuer, the current market situation or media reports on the issuer.

Bonds impairments considered sustainable, due to the deviation in the signature of the issuer, are deducted from the constituted margin. Furthermore, losses on corporate bonds will be subject to impairment considered sustainable when the loss in value will be definitive, with a recovery of the obligation value deemed impossible.

It should be noted that none of the DKV Belgium bonds suffered any impairment at Q4 2023 as the overall rating quality of bonds held is excellent. However, one fund has been impaired this year.

D.1.6 Insurance and intermediaries' receivables

In the Solvency II balance sheet Insurance & intermediaries' receivables should be measured by their fair values. It means that the individual business partner's credit risk is also considered which materialises in a small decline of the net receivables (counterparty default risk adjustment).

For Belgian GAAP, we recognise insurance & intermediary's receivables at nominal value or acquisition cost. We do perform impairment tests in following cases:

- Bankruptcy.
- Subordinated receivable in such conditions that it appears clear that the unsecured creditors of the debtor will not be fully reimbursed.
- Based on a claims analysis at the litigation department and on management proposal when receivables appear to be permanently lost.

D.1.7 Reinsurance receivables

In the Solvency II balance sheet reinsurance receivables must be measured with their fair values whilst in the local statutory accounts, these are measured at acquisition costs. Only receivables for reinsurance ceded are to be reported under this item.

D.1.8 Receivables (trade, not insurance)

Under Solvency II receivables (trade, non-insurance) include receivables from taxes as well as pension commitments. These receivables have to be measured at their fair values.

Receivables from taxes and other receivables are to be discounted considering the actual risk- free interest rate as well as relevant interest rate spreads. However, as all receivables are short term at DKV Belgium, no discounting is currently applied.

Under statutory accounts, we do recognise receivables at acquisition costs. the accrued interests on investments are included in this item in statutory accounts but not in Solvency II.

D.1.9 Cash and cash equivalents

For the purpose of Solvency II, fair value of cash is the par value. Transferable deposits are valued at amortised cost (usually this is the par value).

For Belgian GAAP, cash held is shown at face value.

D.1.10 Any other assets not shown elsewhere

Other assets not elsewhere shown cover all assets that cannot be allocated in any other asset class. These include prepayment assets.

As a basic principle, under Solvency II all other assets should be measured at fair value. However, similarly to Belgian GAAP, prepayments are calculated *pro rata temporis* and cover the period between the reporting date and the date the corresponding benefit is earned or becomes due.

D.2 Technical provisions

D.2.1 Methodology used for solvency purposes

- *General requirements*

According to the Solvency II European Directive, insurance and reinsurance undertakings have to establish technical provisions with respect to all their insurance and reinsurance obligations towards policyholders and beneficiaries of insurance or reinsurance contracts. The value of technical provisions shall correspond to the current amount insurance and reinsurance undertakings would have to pay if they were to transfer their insurance and reinsurance obligations immediately to another insurance or reinsurance undertaking. The calculation of technical provisions shall make use of and be consistent with information provided by the financial markets and generally available data on underwriting risks (market consistency). Technical provisions shall be calculated in a prudent, reliable and objective manner. Following the principles set out above, the calculation of technical provisions is carried out as described below.

The technical provisions are calculated using established principles for actuarial valuation. A Manual of Methods for Technical Provisions ensures consistent valuation approaches throughout the Munich Re Group and is followed by DKV Belgium. In that context, requirements regarding segmentation of business, data used, economic and non-economic assumptions as well as methods and models are set out.

- *Segmentation*

The insurance obligations are split up into homogeneous risk groups, and as a minimum by lines of business, for the calculation of technical provisions.

The insurance coverage consists of the following lines of business:

- Health individual business: that line of business consists of the levelled premiums legacy portfolio and the new semi-risk premium business generations. Obligations for these contracts are modelled using similar to life techniques (SLT). Claims provisions for these products are calculated by using non-similar to life techniques (NSLT).
- Health corporate business: that line of business is composed of annual renewable contracts without ageing reserves (non-similar to life techniques). claims provisions for these products are calculated by using non-similar to life techniques.
- Disability individual business: that product line foresees annuity payments in case of disability (similar to life techniques).

- *Covered business*

For the SLT obligations, DKV Belgium developed a cash-flow model (in the Prophet software) which considers a lifelong cash-flow projection of the existing contracts, in line with the contract boundaries detailed hereunder.

- *Contract boundaries*

Under Solvency II, the following contract boundaries are defined:

Individual premium contracts with levelled premiums	SLT contracts to which the law "Verwilghen" is applicable. As a consequence, the insurer has no unilateral right to amend the premiums payable under the contract.	All future premiums belong to the contract since premiums cannot be amended to fully reflect the risks
Individual premium contracts with risk premiums	SLT contracts to which the law "Verwilghen" is applicable. Risk premiums are fixed at contract inception and the insurer has no unilateral right to amend the premiums payable under the contract	All future premiums belong to the contract insofar risk premiums can indeed not be amended to fully reflect the risks
Collective premium contracts	NSLT contracts to which the law "Verwilghen" is not applicable. Consequently, the insurer has an unlimited ability to amend the premiums. Premiums can be amended annually on contract level	All premiums and associated obligations beyond the next annual review date do not belong to the contract

	to fully reflect the risks.	

- *Discounting*

The official EIOPA curves (including volatility adjustment) are used for discounting of the cash-flows.

The actuarial assumptions regarding interest rates are adjusted if that is shown to be necessary by a liability adequacy test.

- *Calculation of best estimate of liabilities SLT business*

The value of technical provisions is equal to the sum of the best estimate of liabilities (BEL) and the risk margin as set out below.

The best estimate of liabilities corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money (expected present value of future cash-flows), using the relevant risk-free interest rate term structure. The calculation of the best estimate is based upon up-to-date and credible information and realistic assumptions and performed using adequate, applicable and relevant actuarial and statistical methods. The cash-flow projection used in the calculation of the best estimate takes account of all the cash in- and out-flows required to settle the insurance obligations over the lifetime thereof. In the calculation of the cash-flows, the following is considered:

- all expenses that will be incurred in servicing insurance obligations, i.e. the total of the administrative expenses, claims handling expenses, commissions and investment expenses.
- inflation, including expenses and claims inflation.
- all payments to policyholders and beneficiaries, which insurance undertakings expect to make, whether or not those payments are contractually guaranteed, unless those payments fall under surplus funds authorised under national law. That future projection is performed by means of a cash-flow model developed by the Company, integrating best estimate assumptions on parameters (mortality, morbidity, lapses, transfers and expenses, as well as economic assumptions) and management rules on future premium development in line with the legal possibilities (law Verwilghen, amended by the law on status and control of insurance and reinsurance companies).

As from 2019, DKV Belgium applies the volatility adjustment in the calculation of the best estimate of liabilities.

- *Calculation of best estimate of liabilities NSLT business*

The best estimate health non-similar to life is the sum of the premium and claims provisions.

The claims provision is a provision for claims which have already occurred in the past, but which are not yet (fully) settled (due to late or incomplete reporting of the claims or backlog). These values are calculated based on claims triangles and completion factors (Chain Ladder method).

The premium provision is a provision set up in order to be able to pay back all future claims and expenses.

- *Calculation of risk margin (SLT and NSLT business)*

Solvency II prescribes an explicit risk adjustment (i.e. the risk margin). By contrast, Belgian statutory (or local GAAP) requirements are based on actuarial assumptions which include some provision for adverse deviation to make allowance for the risks of change, error and random fluctuations, therefore in that framework no explicit risk adjustment is calculated.

The risk margin is such as to ensure that the value of the technical provisions is equivalent to the amount that insurance undertakings would be expected to require in order to take over DKV Belgium and meet its insurance obligations.

The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the solvency capital requirement (SCR) necessary to support the insurance obligations over the lifetime thereof. The calculation method applied by DKV Belgium is in line with the technical specifications set out by EIOPA.

The rate (cost-of-capital rate) used in the determination of the cost of providing that amount of eligible own funds follows the technical specifications of the EIOPA.

D.2.2 Methodology used for the valuation for Local GAAP purposes

The methodology for local GAAP ageing provisions is based on cash-flow projection, which allows DKV Belgium to align its methodologies for Solvency II and local GAAP reporting as much as possible. A review of actuarial parameters is performed recurrently, as described in the assumption setting policy.

The ageing provisions Health and Disability, set up for covering future claims, are calculated on the portfolio at year end, considering assumptions, model and a BNR (Benefit Net Ratio) computed based on the previous year-end situation.

The assumptions, model changes and resulting BNR set at the beginning of the year will remain fixed to calculate ageing provisions till year-end. This means that assumptions / models to calculate the ageing provisions for year-end are not updated for insights gained later in the current year.

The BNR for the year aligns the reserves of the portfolio end of previous year (= reserves before model and assumption changes) with the economic value end of previous year (after model and assumption changes) of that portfolio.

If, at a certain moment, the BNR would hit 1, the portfolio ageing provisions would be considered as not sufficient anymore to cover for future obligations. In that case, additional reserves need to be added at once to bring the BNR to an acceptable level again. This situation needs to be avoided by management actions upfront.

The Health claims provisions are calculated using the Chain Ladder (completion factors) and Bornhuetter-Ferguson methods in line with Munich Re Group standards. The methodology involves looking at the historical development of paid claims and is using this pattern to predict future claims developments. For claims incurred months which are under- developed, the Bornhuetter-Ferguson approach is used to allow an ultimate loss ratio or an ultimate burning cost to be set to avoid any random claims development patterns affecting the claims estimate.

The Disability claims provisions relate to long-term obligations and are therefore, just as the ageing provisions, based on cash-flow projection and periodically reviewed parameters.

D.2.3 Uncertainty associated with the amount of technical provisions

In Health insurance business there is a risk of insured benefits payable being higher than expected. Of paramount importance are the interest rate, biometric and lapse risks. We differentiate between risks that have a short-term effect and risks that have a long-term effect on our portfolio. Random annual fluctuations in insurance benefits can lead to short-term falls of the portfolio value. This applies particularly to claims payments which can rise as a result of exceptional one-off events, such as a pandemic.

Changes in client biometrics or lapse behaviour are risks that have a long-term effect on the value of a portfolio, making it necessary to adjust actuarial assumptions. In health insurance, morbidity risks are understandably important.

D.2.4 Results for Solvency II and local GAAP – YE 2024

Following table gives an overview of technical provisions and compares Solvency II and Statutory values

					Solvency II value	Statutory accounts value	Reclassification adjustments
Liabilities	Technical provisions - non-life			R0510	148.950.818,45	53.249.537,43	0,00
	Technical provisions - non-life	Technical provisions - non-life (excluding health)		R0520	0,00	0,00	
		Technical provisions - non-life (excluding health)	Technical provisions calculated as a whole	R0530	0,00		
			Best Estimate	R0540	0,00		
			Risk margin	R0550	0,00		
		Technical provisions - health (similar to non-life)		R0560	148.950.818,45	53.249.537,43	
		Technical provisions - health (similar to non-life)	Technical provisions calculated as a whole	R0570	0,00		
			Best Estimate	R0580	144.607.767,16		
			Risk margin	R0590	4.343.051,29		
	Technical provisions - life (excluding index-linked and unit-linked)			R0600	549.187.688,48	1.938.990.265,60	0,00
	Technical provisions - life (excluding index-linked and unit-linked)	Technical provisions - health (similar to life)		R0610	549.187.688,48	1.938.990.265,60	
		Technical provisions - health (similar to life)	Technical provisions calculated as a whole	R0620	0,00		
			Best Estimate	R0630	-2.739.670,89		
			Risk margin	R0640	551.927.359,37		
		Technical provisions - life (excluding health and index-linked and unit-linked)		R0650	0,00	0,00	
		Technical provisions - life (excluding health and index-linked and unit-linked)	Technical provisions calculated as a whole	R0660	0,00		
			Best Estimate	R0670	0,00		
			Risk margin	R0680	0,00		
	Technical provisions - index-linked and unit-linked			R0690	0,00	0,00	0,00
	Technical provisions - index-linked and unit-linked	Technical provisions calculated as a whole		R0700	0,00		
		Best Estimate		R0710	0,00		
		Risk margin		R0720	0,00		
	Other technical provisions			R0730		0,00	
	Contingent liabilities			R0740	0,00	0,00	0,00
	Provisions other than technical provisions			R0750	1.850.254,93	1.850.254,93	0,00
	Pension benefit obligations			R0760	21.647.296,00	0,00	0,00
	Deposits from reinsurers			R0770	531.519,73	531.519,73	0,00
	Deferred tax liabilities			R0780	239.133.756,75	0,00	0,00
	Derivatives			R0790	101.426,28	0,00	0,00
	Debts owed to credit institutions			R0800	0,00	0,00	0,00
	Debts owed to credit institutions	Debts owed to credit institutions resident domestically		ER0801	0,00		0,00
		Debts owed to credit institutions resident in the euro area other than		ER0802	0,00		0,00
		Debts owed to credit institutions resident in rest of the world		ER0803	0,00		0,00
	Financial liabilities other than debts owed to credit institutions			R0810	7.048.235,76	0,00	0,00
	Financial liabilities other than debts owed to credit institutions	Debts owed to non-credit institutions		ER0811	7.048.235,76		0,00
		Debts owed to non-credit institutions	Debts owed to non-credit institutions resident domestically	ER0812	7.048.235,76		0,00
			Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	0,00		0,00
			Debts owed to non-credit institutions resident in rest of the world	ER0814	0,00		0,00
		Other financial liabilities (debt securities issued)		ER0815	0,00		0,00
	Insurance & intermediaries payables			R0820	43.164.443,51	43.164.443,51	0,00
	Reinsurance payables			R0830	337.350,90	337.350,90	0,00
	Payables (trade, not insurance)			R0840	20.282.307,97	20.282.307,97	0,00
	Subordinated liabilities			R0850	0,00	0,00	0,00
	Subordinated liabilities	Non-negotiable instruments held by credit institutions resident domestically		ER0851	0,00		0,00
		Non-negotiable instruments held by credit institutions resident in the euro		ER0852	0,00		0,00
		Non-negotiable instruments held by credit institutions resident in rest of the		ER0853	0,00		0,00
		Non-negotiable instruments held by non-credit institutions resident		ER0854	0,00		0,00
		Non-negotiable instruments held by non-credit institutions resident in the		ER0855	0,00		0,00
		Non-negotiable instruments held by non-credit institutions resident in rest		ER0856	0,00		0,00
		Subordinated liabilities not in Basic Own Funds		R0860	0,00	0,00	0,00
		Subordinated liabilities in Basic Own Funds		R0870	0,00	0,00	0,00
	Any other liabilities, not elsewhere shown			R0880	127,50	127,50	0,00
	Total liabilities			R0900	1.032.235.226,26	2.058.405.807,57	0,00
Excess of assets over liabilities				R1000	1.299.983.820,59	575.316.063,33	0,00

The main drivers for the liabilities are the SLT and NLST technical provisions:

- *Differences in Belgian GAAP and Solvency II figures for SLT technical provisions*

The underlying models for calculation of the technical provisions for Belgian GAAP and Solvency II are aligned as both make use of a cash-flow projection in Prophet. Nevertheless, the assumptions for future cash-flow development are different. The model for Belgian GAAP reserving doesn't consider any additional premium evolution nor future inflation or indexation. The Solvency II model, on the other hand, takes into account, for the whole run-off of the portfolio, claims inflation and future premium indexation, subject to specific management rules.

- *Differences in Belgian GAAP values and Solvency II figures for NSLT technical provisions*

Under Belgian GAAP, the Health non-similar to life technical provisions consist of the IBNR (Incurred But Not Reported) provisions calculated for the corporate contracts. IBNR provisions for the other lines of business (Disability and individual Health contracts) are reported under Belgian GAAP Health similar to life technical provisions.

For Solvency II reporting, the Health non-similar to life technical provisions consist of the IBNR provisions for all lines of business (Disability, individual and corporate) and of the premium provisions for corporate contracts.

For both reporting frameworks, Belgian GAAP and Solvency II, the same amounts of IBNR provisions are considered. The difference is hence only driven by a different allocation between similar to life and non-similar to life.

The other components of balance sheet liability positions are:

- *Provisions other than technical provisions*

Both in Solvency II and Belgian GAAP balance sheets, we consider a best estimate of the sum that would be required to settle the liabilities at balance sheet date, which is the amount we would reasonably have to pay to satisfy them or transfer them to a third party at the balance sheet date. If there is a range of possible estimates having an equal degree of probability, the mid-point of the range is used. If the interest rate is a material factor, we value the provision at the present value of the expected expenditure and if it is immaterial, we disregard it for Solvency II purposes.

If no valuation can be performed on material parameters (e.g. for court cases provisions), we use all information available, e.g. letters received from lawyers with estimated amounts which should be due.

- *Pension benefit obligations*

In the statutory accounts, no pension benefit obligations are shown in the balance sheet.

- *Deferred tax liabilities*

Please refer to section D.1.3.

- *Financial liabilities including derivatives*

According to Solvency II, financial liabilities inclusive derivatives are to be measured at fair value. However, no subsequent adjustment to take account of the own credit standing of the insurance undertaking shall be made after initial recognition. Thus, financial liabilities shall be measured at their reporting date fair value without taking into account any upsides or downsides for the own credit risk of DKV Belgium. If for reasons of materiality the impact of such upsides or downsides is negligible, we do not adjust the fair values accordingly.

If available, we take the stock market prices as fair values. For the other financial liabilities, we determine the fair values using net present value methods with observable market parameters.

For the purposes of financial reporting under Belgian GAAP, we value our financial liabilities at amortised cost (in fact not different from the historical cost or original book value), except for derivatives with a negative mark to market value, which are accounted for at fair value.

- *Insurance & intermediaries payables*

Under Solvency II, "insurance & intermediaries payables" must be recognised at fair value, and under Belgian GAAP, at the amount actually required to redeem or settle them.

- *Reinsurance payables*

Under Solvency II, reinsurance payables must be recognised at fair value. Under Belgian GAAP, they must be recognised at the amount actually required to redeem or settle them.

- *Payables (trade, not insurance)*

In the Solvency II balance sheet, the item “Payables” (trade, non-insurance) covers in particular Payables from taxes as well as other Payables. These payables (trade, not insurance) shall be measured at their reporting date fair value without taking into account any upsides or downsides for the own credit risk of DKV Belgium.

Insurance & intermediaries payables are shown as separate items in the solvency balance sheet as well as in statutory accounts.

E. Capital Management

E.1 Own funds

E.1.1 Differences between Belgian GAAP equity and SII excess of assets over liabilities

Material differences between equity in DKV Belgium’s Belgian GAAP financial statements and excess of assets over liabilities as calculated for Solvency II purposes arise from different rules and regulations for valuation and consideration of balance sheet items, as detailed in the previous chapter.

As per Solvency II methodology, fair value principles are applied comprehensively. This means, either a market value is available and applicable (e.g. investments), or a predefined approach determines the fair value of assets and liabilities without an active market (e.g. best estimate and risk margin for technical provisions). The time value of money is taken into account under Solvency II and requires the discounting of cash flows which is only the case for selected technical provisions in Belgian GAAP. Most other investments are valued in the Belgian GAAP accounts at acquisition cost or the quoted price or market value as at the balance sheet date if lower.

E.1.2 Composition of own funds

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Ordinary share capital (gross of own shares)	R0010	19.250.000,00	19.250.000,00		0,00	
	Share premium account related to ordinary share capital	R0030	0,00	0,00		0,00	
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0,00	0,00		0,00	
	Subordinated mutual member accounts	R0050	0,00		0,00	0,00	0,00
	Surplus funds	R0070	0,00	0,00			
	Preference shares	R0090	0,00		0,00	0,00	0,00
	Share premium account related to preference shares	R0110	0,00		0,00	0,00	0,00
	Reconciliation reserve	R0130	1.280.733.820,59	1.280.733.820,59			
	Subordinated liabilities	R0140	0,00		0,00	0,00	0,00
	An amount equal to the value of net deferred tax assets	R0160	0,00				0,00
	Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0,00	0,00	0,00	0,00	0,00
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0,00				
Deductions	Deductions for participations in financial and credit institutions	R0230	0,00	0,00	0,00	0,00	0,00
Total basic own funds after deductions		R0290	1.299.983.820,59	1.299.983.820,59	0,00	0,00	0,00
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300	0,00			0,00	
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0,00			0,00	
	Unpaid and uncalled preference shares callable on demand	R0320	0,00			0,00	0,00
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0,00			0,00	0,00
	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0,00			0,00	
	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0,00			0,00	0,00
	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0,00			0,00	
	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0,00			0,00	0,00
	Other ancillary own funds	R0390	0,00			0,00	0,00
Total ancillary own funds		R0400	0,00			0,00	0,00
Available and eligible own funds	Total available own funds to meet the SCR	R0500	1.299.983.820,59	1.299.983.820,59	0,00	0,00	0,00
	Total available own funds to meet the MCR	R0510	1.299.983.820,59	1.299.983.820,59	0,00	0,00	
	Total eligible own funds to meet the SCR	R0540	1.299.983.820,59	1.299.983.820,59	0,00	0,00	0,00
	Total eligible own funds to meet the MCR	R0550	1.299.983.820,59	1.299.983.820,59	0,00	0,00	
SCR		R0580	371.747.702,53				
MCR		R0600	92.936.925,64				
Ratio of Eligible own funds to SCR		R0620	3,4970				
Ratio of Eligible own funds to MCR		R0640	13,9878				

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Under the current model assumptions and methodology, the year-end 2024 solvency position for DKV Belgium of 350% (18% lower when excluding volatility adjustment) shows a sufficient capitalisation.

During the last years the implementation of model changes on BEL and changes in calculation methodology of the risk capitals have resulted in much more stable solvency ratios, solving the issue of the excessive sensitivity of these results to economic shocks (inflation and interest rates) and better reflecting the capital adequacy of DKV Belgium.

With regards to the MCR, we observe a result of 1399%, indicating a comfortable capitalisation position compared to the minimum requirements (for more detail on the MCR, see QRT S.28.01.01).

The results of the base case projections performed as part of the ORSA exercise in 2024 leads to the conclusion that DKV Belgium is adequately capitalised to cover the risks arising from current and expected business activities. In addition, the results show an increasing solvency position driven by the own funds increasing percentage wise more than the total risk capital.

The increase of own funds is mainly driven by profitable new business in line with the de-risking and product strategy of DKV Belgium with focus on risk premium products (and hence less asset intensive business).

The ORSA exercise also comprises a Capital Management Plan, for which the stress tests performed based on the year-end 2023 model show that DKV Belgium Solvency II position is very stable against the evolution of macroeconomic and non-economic variables. The successful outcome of the stress tests confirms the robustness of the model and its stability against potential significant shocks.