Solvency and Financial Condition Report

Financial year 2023

Summary

Foreword

Initial report validated by the Board of Directors on April, 8th 2024 - Summary amended on May, 3rd 2024

Summary

Our mission: to make insurance transparent and impactful with the Play&Plug® platform

Wakam is a B2B2C insurance company that designs bespoke white-label insurance solutions distributed via its Play&Plug® technology platform for its distributor partners, whether they are insurance professionals (MGA, brokers & insurtechs) or non-insurance professionals (retailers, marketplaces, associations).

In addition, Wakam is a company with a mission is to **make insurance transparent and impactful**. This desire is rooted in the conviction of its Board of Directors Chairman, Olivier Jaillon, who says "We believe in the slogan '*for-profit & for good*'".

Wakam is positioned in the rapidly expanding B2B2C market

In this market estimated at more than 150 billion[1] euros and which continues to grow with the emergence of new uses and behaviours, Wakam stands out for its agile, technological and international offer, and benefits from a single decision-making centre allowing it to easily deploy pan-European partnerships.

Present in 32 countries, Wakam is the European leader in digital and on-board insurance, and addresses many product spheres: home, mobility, travel & leisure, pet health insurance, professionals, consumer electronics, inclusive insurance, etc.

1 *Source: McKinsey Global Insurance Pool 2021*

Increased turnover, more than half achieved internationally

With a turnover of €924m, Wakam continued its sustained development in 2023 with a significant partnership in pet health insurance in the United Kingdom.

Wakam has a strong international footprint with a presence in 32 countries, giving it the ability to carry out pan-European insurance programmes.

Its presence has increased in the UK, where the B2B2C market is very dynamic. In 2023, the company achieved a turnover of €525m (compared to €221m in 2022).

Increased sinistrality in a context of inflation and natural catastrophes

In an inflationalist context, increased sinistrality ratio lands at 78% related to the review of prior years reserves, in particular regarding year 2022. Current year presents an improvement in technical results following the implementation of remedial measures. Degradation of technical results, partly compensated by an improvement in commission and expense rates, lead to a significant loss on the net result of the year.

Unique technological positioning

Wakam's technological approach (simplified interface, digital onboarding of partners, API architecture[2], data management, etc.) is designed to provide flexible support for the development of both specialist and non-specialist insurance professionals.

Wakam's unique Play&Plug® technology platform, launched in 2022, brings all of the digital services together for its partners.

Wakam has developed a methodology that allows it to build the product hand-in-hand with its partners for a business line or country. Once the product has been validated by the partner and the scoping study has been carried out, a dual commitment is made over an implementation period.

A true exchange platform, it allows users to manage the technical data of each partnership in real time and with a shared vision. It also provides the tools for developing policy underwriting and management policies for partners who wish to do so.

2 *Application Programming Interface*

Varied products to meet **all distributor needs**

Wakam ensures new uses and consumption methods by addressing both insurance professionals and non-professionals and offers the possibility to build a wide variety of customised insurance products in a digital way.

Wakam operates in **eight product spheres:**

Mobility

Eco-mobility, pay-as-you-go cars, excess buy-back, bicycle breakage and theft, fleets, etc.

Home

Co-living, comprehensive home, etc.

Travel & Leirure

Flight delay and cancellation, loss of luggage, etc.

Pet health

Health dog/cat, etc.

Health

Individual accident, hospitalisation, etc.

Professionals

Comprehensive building, Professional Civil Liability, etc.

Consumer electronics

Mobile devices

Inclusive insurance

Micro-insurance, comprehensive social housing, judicial police for school harassment, etc.

A company with **powerful and differentiating features**, anchored in its mission

A unique corporate culture

Wakam has a corporate culture that revolves around 11 cultural markers that are defined and shared internally, fostering collaboration, curiosity, learning, open-mindedness, innovation and an advanced vision of work.

Wakam is “HappyIndex@Work” certified for 2023, confirming a particularly dynamic brand as an employer.

In 2023, Wakam scored 91/100 on the Gender Equality Index, marking an improvement on 2022. This result is above the national average of 88/100 in 2023.

A steadfastly committed company with a mission

As a committed stakeholder, Wakam wants to participate in the transformation of the insurance sector and facilitate the implementation of the new rules of the game in a transparent process in awareness of the societal and environmental impact of companies. Wakam is one of the only insurance companies in France to have a mission as early as 2021.

This mission is concretely broken down into six operational commitments in 2023, to which the Wakam business model aligns. This particularly includes:

- **With inclusive insurance, Wakam protects those in need or in a precarious situation** through products dedicated to combating over-indebtedness, harassment and hardship compounded by low incomes.
- Wakam **ensures a fair redistribution of value among stakeholders** by excluding **excessive commission levels or low claims rates** and providing **the best protection coverage**.
- Wakam drafts its contract clauses in **plain language** to improve **readability and understanding of its products** and uses a **readability score** to demonstrate their impact.
- The creation of the "**Wakam for Good**" endowment fund, funded by Wakam and its distribution partners, to finance charitable initiatives for the benefit of financially and psychologically precarious populations.

This goal is monitored by an independent **Mission Committee** and is audited every two years by an independent third party.

A well-established insurance company

A long-term shareholder base, supporting innovation

Wakam is supported by a long-term shareholder base eager to transform the insurance sector, which believes that insurance has a role to play as an economic and social stabiliser in the face of increasing crises and risks, while meeting the expectations of transparency for policyholders. The company's capital is owned and managed by Opera Finance, Family office with more than one billion assets under management (Wakam has opened its capital to employees). Olivier Jaillon, Chairman of the Board of Directors of Wakam has been a shareholder since its acquisition in 2001.

Governance based on an experienced management team

Wakam changed its governance in April 2023. The company is managed by Ms Catherine Charrier-Leflaive, Managing Director and assisted by Mr Alexandre Morillon, Deputy Managing Director.

The company therefore operates with a Board of Directors led by a Chairman of the Non-Executive Board, Mr Olivier Jaillon, and a separate Managing Director.

The management team saw the arrival of experienced profiles with international and complementary backgrounds.

Wakam was strengthened during 2023 with hirings in the fields of underwriting, experts in each key geographical area, or in finance or data.

The managers of the four key functions (risk management, compliance, actuarial and internal audit) report to the Executive Office and have direct access to the Board of Directors.

Capital management : A solvency ratio of 150% with the support of a capital injection

A capital injection was made at the end of the year in order to restore the solvency ratio within prudential requirements in a context of an increased sinistrality and strong growth. With a 150% solvency ratio, higher than the requirements of the European Solvency II directive, Wakam maintains its solvency level at December, 31st 2023.

Wakam has also implemented a risk transfer diversification strategy, particularly supported by about 15 reinsurers rated A to AA among the main global stakeholders.

A. Business and Results

A.1. Business

Name and Legal Form

Wakam is a Public Limited company under the Insurance Code, with share capital of €5,432,928, whose registered office is located at 120-122, rue Réaumur - 75002 PARIS, registered in the Trade and Companies Register of Paris under number 562 117 085.

Contact details of the Supervisory Authority

The company is subject to the control of the Prudential Supervisory and Resolution Authority, located at 4 Place de Budapest – 75436 PARIS.

Name and Contact Information of the Company's External Auditor

The company's Statutory Auditor as of 31 December 2023 is the firm Mazars, located at 61 rue Henri Regnault – 92075 PARIS LA DEFENSE CEDEX, represented by Mr Pierre de Latude, Partner.

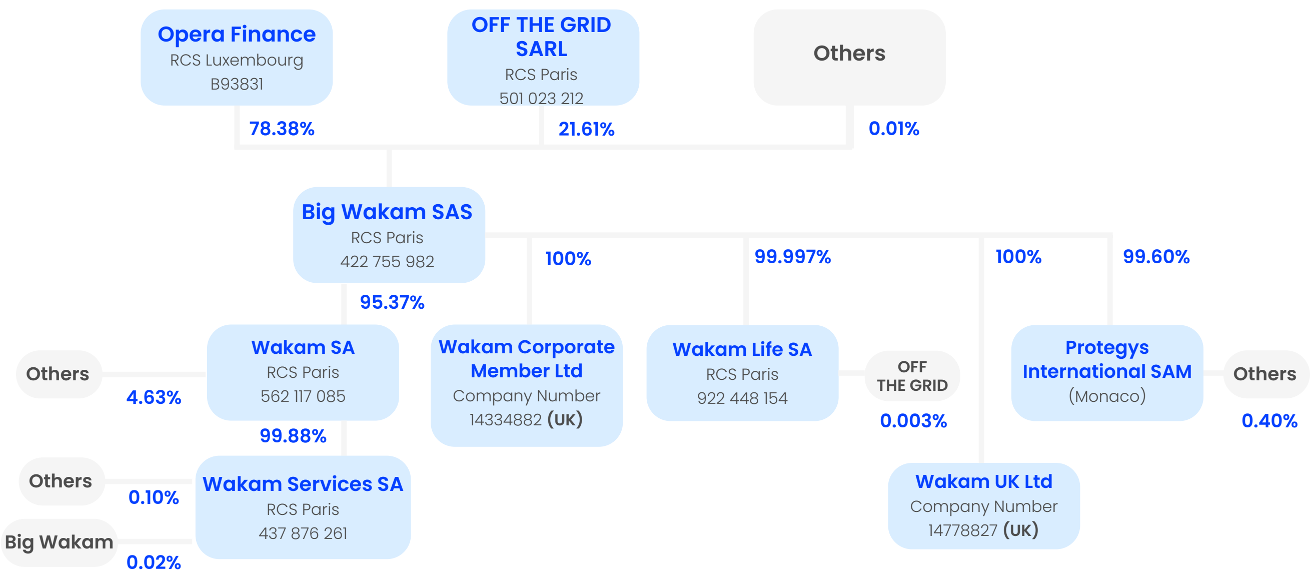
Holders of Qualified Ownership Interests in the company

Shareholders having reached the thresholds for holding the share capital or voting rights provided for in Article L. 233-13 of the Commercial Code are presented in the table below.

	Number de Securities		Holding Rate	
	2022	2023	2022	2023
Big Wakam SAS	288 604	323 829	96.32%	95.37%

Wakam in the Group's legal structure

Wakam belongs to the group whose leading company is Big Wakam, which owns it at 95.37%.



Significant Lines of Business and Geographical Areas

Wakam is authorised in France in the branches mentioned in subparagraphs 1, 2, 3, 8, 9, 10, 13, 14, 15, 16, 17 and 18 of Article R. 321-1 of the Insurance Code. Wakam designs and insures non-life insurance products, essentially intended for individuals, distributed through a network of partners.

The company offers vehicle, property damage and affinity insurance cover in France under the freedom to provide services in 29 European countries. It also operates in Monaco.

In addition, Wakam is also authorised to market products in the branches above in the United Kingdom through a branch authorised by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) in October 2023.

Significant events occurring over the reference period

- **Continued growth.** Wakam's presence has also continued to strengthen outside France, with the UK in particular, and new partnerships in Germany, the Netherlands and the Nordic countries.
- **Claims are on the rise** in a context of inflation and natural disasters higher than in 2022 and with the review of provisioning on previous ones, particularly for the year 2022. The current financial year shows an improvement in technical results following the recovery measures implemented in 2023 and whose effect will be fully observed in 2024.
- **Human capital has been strengthened** by the recruitment of 98 employees in the 2023 financial year, mainly strengthening the roles of underwriting, finance, risk management, monitoring of our partners, and development of our IT and Data platforms. Similarly, workforce growth was accompanied by a new employee onboarding process.
- **Capital management to maintain its financial strength.** The solvency ratio at the end of the year after the support of the capital increase of €53m remains as desired, above the risk appetite threshold. The risk organisation framework has been strengthened in the areas of compliance and risk management.
- **A licence to operate in the United Kingdom.** In October 2023, Wakam obtained branch approval from the Prudential Regulation Authority (PRA), allowing it to conduct its business in the United Kingdom.

Strategic objectives

In 2024, Wakam’s development will be based on four key strategic goals:

- Increase the **profitability of its portfolios**;
- **Continue the selective growth** initiated at the end of 2023;
- **Strengthen its operational model** with the transformation plan already underway;
- Consolidate the **risk transfer model.**

A.2. Underwriting Results

Overall Analysis

(in millions of euros)	31/12/2022	31/12/2023	Var en m€
Gross written premiums	653.9	924.0	+270.1
Variation in Provision for unearned premiums	-58.8	-189.7	-130.9
Earned premiums	595.1	734.3	+139.2
Gross claims expense	-392.6	-613.0	-220.4
Commissions	-182.10	-153.9	+28.2
Reinsurance Balance	46	40.2	-5.8
Net technical margin	**66.3**	**7.6**	**-58.7**

Progression compared to the previous reference period

The key indicators show, compared to the 2022 close, an increase in turnover, primarily driven by the development of Affinity and Pet health insurance internationally:

- **Gross Written Premiums increased by +41% to €924m** with a significant increase in Affinity and Miscellaneous (+€174m) mainly driven by the new Pet health insurance partnership, the continued development on the GIG Economy (+€68m) mainly focused on contracts in the United Kingdom as well as on the Motor area (+€45m). Property damage activity fell by -€17m mainly in France, due to the termination of certain contracts.
- In the same way, **earned premiums at €734m increased by +€139m** in connection with the growth of the portfolio.
- **Commissions** are decreasing compared to last year, reflecting the termination or renegotiation of contracts with large commissions.
- **The Ratio of net reinsurance claims at 78% is up +19.7pts**, explained by adverse changes over previous financial years (in particular related to the deterioration of 2022 Large Losses Motor claims and a review of Affinity acquisition rates) as well as the residual impact of losses of ended contracts (mainly on Property damage and Motor) in connection with inflation and natural disasters. This deterioration is also the result of a portfolio mix offset by the -9.5pts improvement in commission rates and fees.

Details by segments: product line and geographical area

(in millions of euros)	Gross Written Premiums			Net Technical Margin		
	31/12/2022	31/12/2023	Var. in €m	31/12/2022	31/12/2023	Var. in €m
Affinity and Miscellaneous	222.1	396.3	+174.2	31.1	12.6	-18.5
GIG	177.7	245.8	+68.1	9.2	-3.6	-12.8
Motor / Motorcycle	180.8	225.7	+44.9	23.2	2.2	-21.0
Property damage	73.4	56.2	-17.2	2.8	-3.6	-6.4
TOTAL	**653.9**	**924.0**	**+270.1**	**66.3**	**7.6**	**-58.7**
France	231.8	267.9	+36.1	37.1	8.8	-28.3
UK	211.0	524.9	+313.9	12.4	-8.4	-20.8
Others	211.2	131.2	-80.0	16.8	7.2	-9.6
TOTAL	**653.9**	**924.0**	**+270.1**	**66.3**	**7.6**	**-58.7**

A.3. Investment results

(in millions of euros)	31/12/2022	31/12/2023	Var. in €m
Shares	0.0	0.0	*-0.0*
Bonds	1.1	2.2	*+1.1*
Real Property	0.4	0.6	*+0.1*
UCITS	-	-	-
Paid cash	-	0.4	+0.4
Private Equity	-	-	-
Private Debt	1.2	0.4	*-0.8*
Investment income	**2.7**	**3.5**	**+0.8**
Shares	-0.1	-0.5	*-0.5*
Bonds	-0.0	-1.5	*-1.5*
Private Equity	0.1	0.1	*+0.0*
Private Debt	0.7	1.0	*+0.2*
Unrealised and realised gains and losses	**0.7**	**-1.0**	**-1.7**
Variation in Provision for Depreciation	-0.1	0.5	*+0.6*
Other - management fees	-0.3	-0.8	*-0.5*
Other - intra-group cash pooling interest	-	0.3	+0.3
Other - foreign exchange income	-3.7	4.3	*+8.0*
Interest on subordinated debt	-1.2	-1.2	*-0.0*
Interest on repo	-	-0.1	-0.1
Correction of balance sheet (non-liquid assets)	-4.4	-	*+4.4*
Others	**-9.7**	**3.0**	**+12.7**
Financial Income	**-6.2**	**5.5**	**+11.7**
Average Assets for the Period	113.2	138.3	*+25.1*
Accounting Rate of Return	n.a.	0.8%	
Including Income	*n.a.*	*2.5%*	
Including gains/losses made	*n.a.*	*-0.7%*	
Inculding Others	*n.a.*	*-1.0%*	

Overall Analysis

The 2023 year recorded a financial result of €5.5m, up +€11.7m compared to 2022. This increase is mainly related to:

- The recognition of a latent foreign exchange gain of €4.3m, in connection with the increase in the pound sterling, while 2022 recorded a foreign exchange loss of -€3.7m;
- The effect on 2022 of a correction letter for an amount of -€4.4m;
- The full year effect of investments in bonds at the end of 2022 at rates higher than the historical average of the portfolio, leading to an impact of +€1.1m in 2023 compared to 2022;
- The increase is partially mitigated by the realisation of a capital loss (-€2.0m) on the sale of shares and bonds.

A.4. Results of other activities

Since the 1st of January 2019, Wakam has been marketing, incidentally to its non-life insurance business, an offer of services known as "IPaaS" or "Insurance Product as a Service" consisting of assisting its partners in the digitisation of their activities. As of 31 December 2023, this activity represents an income of €1.5m compared to €0.4m in 2022.

A.5. Other Information

In accordance with Articles R. 356-29 and R. 356-30 of the French Insurance Code and Articles 376 and 377 of Delegated Regulation (EU) No. 2015/35, we inform you that the following intra-group transactions between Wakam and other entities of the Big Wakam Group were carried out during the 2023 financial year:

- Re-invoicing of the brand (Wakam); and
- Assignment of intellectual property rights.

The company opened a branch in the United Kingdom following approval on 24 October 2023. The branch's liabilities have been transferred to this new establishment for the 2023 financial year. As a result, an opening and closing balance sheet was drawn up for this financial year. In addition, this operation resulted in an initial allocation of £35.5m for the equity of this branch. Technical flows are allocated in the branch's financial statements for regulatory requirements and then aggregated for accounting purposes within Wakam.

B. System of Governance

B.1. General information about the system of governance

General organisation chart, delegations and key functions

- **The Board of Directors,** at least on a quarterly basis, validates the strategic objectives and the system of governance, the resources necessary for risk management, the risk profile in case of significant developments, regulatory reporting and the portfolio of key projects. It assumes responsibility for compliance with prudential requirements. It entrusts the following Committees with the responsibility of preparing its work:

  » **The Audit and Risk Committee,** which meets four times a year, is chaired by an independent director who reports on these efforts to the Board of Directors. Its main tasks are to review the accounts and the statutory auditors' report; to plan and commission internal audits and to follow their recommendations. The Committee reviews the reports, follow-ups and proposals of key functions before validation by the Board of Directors. In addition, it also monitors the implementation over time of the strategic objectives and governance system; the risk management system. Finally, it reviews the prudential communication before it is presented for validation to the Board of Directors.

  » **The ALM Committee** is convened four times a year. It is mandated by the Board of Directors to validate the ALM and asset management policy, and monitors its application within the company.

  » **The Investment Committee** is held monthly and is chaired by the Vice-President Finance & Corporate Legal, in which the representatives of the asset manager (Candriam), to whom Wakam has delegated the management of its investments, participate. Its objective is to manage the company's investments within the limits of the risks set.

- The system put in place by the Board of Directors is supplemented by an **internal organisation of committees** allowing the operational steering of the company.

  » **The Executive Committee,** chaired by the Managing Director, brings together every week, the Deputy Managing Director, as well as the Vice-Presidents. It guides the company's strategic roadmap and makes decisions in line with the strategy approved by the Board of Directors.

1 Asset/Liability Management

- **The Management Committee** brings together the Executive Office, all Vice-Presidents and Chiefs, representing all the activities of the company. It proposes, declines, and implements the strategy approved by the Board of Directors. It steers the operational activity, monitors the progress of projects and arbitrates as needed, and analyses the entity's financial results. It broadly covers all issues impacting the functioning of the company as a whole.
- **The Technical Committee** is chaired by the Vice-President Underwriting Officer and brings together the members of management and key functions. It meets monthly and presents the monitoring of the technical results as well as, where applicable, the technical recovery actions for the portfolios.
- **The Operational Risk Committee** is chaired by the Deputy Managing Director in charge of the Risk and Compliance perimeters. Its work is carried out with the systematic participation of the Key Risk Management function and the regular participation of all key functions and managers of the departments carrying the main risks (Information Systems, Data, Finance, Reserving, Reinsurance, Partnerships, etc.). This Committee meets four times a year and its missions are detailed in section B.3.
- **The Strategic Committee for IT Security** is chaired by the Deputy Managing Director in charge of the Risk and Compliance perimeters. It brings together on a quarterly basis the Vice-President Information Technology, the DPO, the key Risk Management function and the employees involved in the Company's security. Its purpose is to watch over and monitor the physical and IT security risks of the company and validate the implementation and development of control systems.
- **The Non-Technical Committee** is chaired by the Vice-President Finance & Corporate Legal and brings together the members of Management. It meets once a month and monitors the commitment of overhead expenses in line with the company's growth projections.
- **The Mission Committee** is chaired by an independent director of Wakam and is composed of eight members (four external and four employees) appointed by the executives with the approval of the Board of Directors. This committee is independent of the various corporate bodies and is exclusively responsible for monitoring the execution of the mission set by the company. As such, it must present its assessment of the progress of the mission in an annual report, attached to the management report.

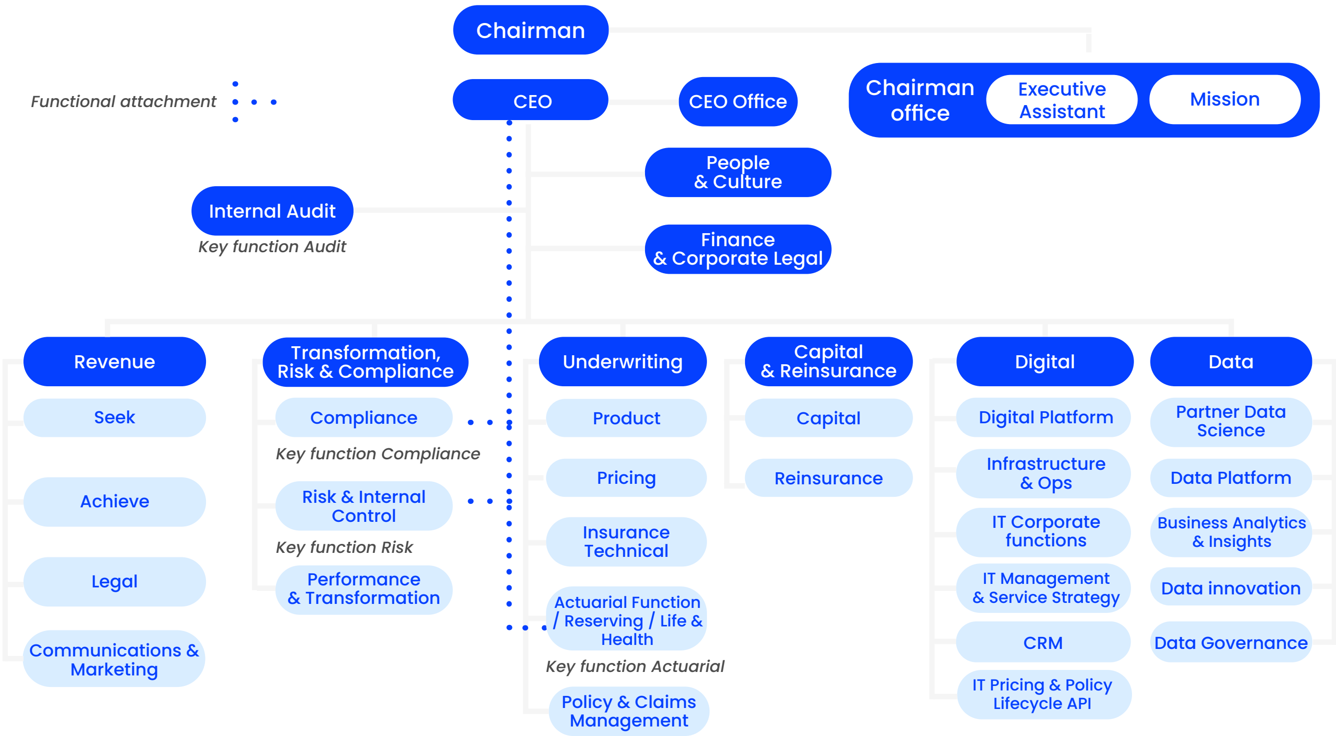
Other governance systems

The governance system presented in this and following sections is supplemented by an organisation of internal committees allowing both the preparation of the work presented to the Board Committees, the monitoring of the risk management improvement action plans, the management of the various components of the risk budget and the dissemination of the risk culture within the company. The primary Internal Committees are:

- **The Opportunities Presentation Committee:** Driven by the Chief Revenue Officer, it is intended to present the opportunities presented in Phase 1 (Seek Phase) to arbitrate them and, subject to approval by the majority of voters, move them to Phase 2 (Qualify Phase).

- **The Business Approval Committee:** This weekly committee is chaired by the Executive Office, brings together all Management involved in the launch of a partnership (Revenue, Underwriting, Legal and Compliance, Audit, Mission). It is intended to validate or not validate the transition of partnership from Phase 2 (Qualify Phase) to Phase 3 (Achieve Phase).

General Organisational Chart of Wakam



Wakam has two acting executive officers to date:

- Catherine Charrier-Leflaive, Deputy Managing Director; and
- Alexandre Morillon, Deputy Managing Director.

All key functions have been in place since 2016 in accordance with Article 268 of the Delegated Acts. They belong to the Managing Director's office and operate under the ultimate responsibility of the Board of Directors to which they report.

- **The risk management function** is responsible for overseeing the adequacy and efficacy of the risk management system. It assists the Company's Board of Directors and General Management in defining the risk management strategies and the tools to ensure the assessment and monitoring thereof, including providing, through an adequate reporting system, the elements necessary to assess the performance of the risk management system as a whole. It presents the major points of its work in particular during the Audit and Risk Committee meeting.
- **The actuarial function** is responsible for coordinating the process for calculating technical provisions. It is also responsible for recommending the appropriate assumptions for this calculation. It takes into account the adequacy of the quality of the data that is considered in this process. The actuarial function is also in charge of issuing an independent opinion on the underwriting policy and on the consistency between reinsurance agreements and the risk profile. It contributes to the effective implementation of the risk management system. The holder of the Actuarial Function is responsible for informing the Board of Directors of the reliability and adequacy of the calculation of technical provisions.

- **The compliance verification function** is responsible for determining whether the organisation and internal procedures are appropriate to prevent the risk of judicial or administrative sanctions, loss of assets, or reputational harm resulting from offences against the laws, regulations, or provisions established by the supervisory authorities. It focuses, in particular, on ethics and the group rules, on the provisions relating to its core business such as customer protection, data protection, conflicts of interest, money laundering and the financing of terrorism, etc.
- **The internal audit function** is responsible for independently evaluating the effectiveness of the internal control and risk management system and the proper functioning of controls to ensure the smoothness and reliability of key processes. It communicates any findings and recommendations to the Audit and Risk Committee and the Board of Directors, which determine what actions should be carried out and ensure their implementation. Its independence is guaranteed by a direct link with the Audit and Risk Committee and the Board of Directors. Internal audit missions are carried out, in accordance with the audit plan, from field reviews with the operational managements or from the analysis of internal or external reports on risks and controls carried out within the company.

Changes made to the governance system over the period

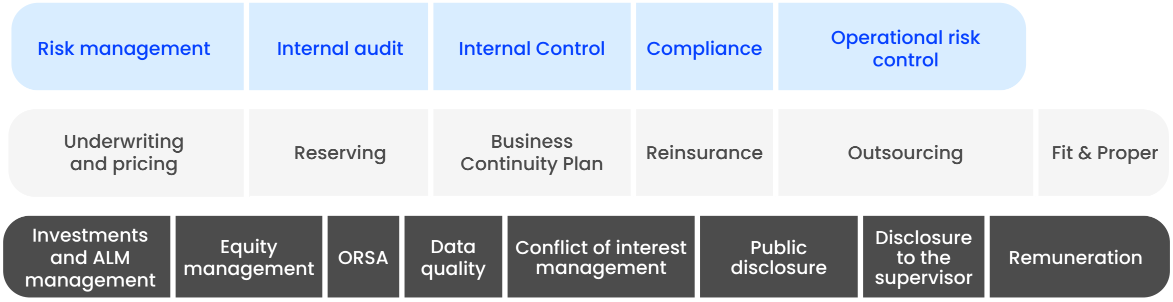
Since 4 April 2023, Ms Catherine Charrier-Leflaive has been appointed Managing Director, and Mr Alexandre Morillon Deputy Managing Director. Mr Olivier Jaillon has been appointed Chairman of the Board of Directors.

In addition, in order to support Wakam's development, the organisation has been strengthened with:

- The creation of an "Underwriting" Department, ensuring control of our insurance portfolios throughout the value chain (product design, underwriting and pricing, contract and claims management, underwriting performance and inventory).
- The creation of a "Transformation, Risk & Compliance" Department that natively incorporates, in addition to the company's transformation work, the changes to be carried out in terms of risk management and compliance.

Wakam's Policies

Wakam Policy Framework as of 31 December 2023



Remuneration of members of the administrative and supervisory bodies

Directors serving on the Wakam Board of Directors receive a remuneration ("attendance fees"). The members of the administrative and supervisory bodies, as well as the holders of the key functions, do not have any supplementary or early retirement plan other than those in force for all employees or the categories of employees to which they belong. In this sense, members of the administrative and supervisory bodies, or key function holders that are employees thereof, benefit from a supplementary retirement plan managed by AXA.

Employee remuneration

- **Remuneration Policy:** The remuneration policy and practices are established, implemented and maintained in force in a manner consistent with the corporate and risk management strategy, risk profile, objectives, risk management practices and long-term interests and results of the company as a whole. In particular, Wakam carries out individual increases and implemented a three-year employees incentive plan subject to the achievement of the Company's financial and strategic objectives. The remuneration policy applies to Wakam as a whole. Remuneration is the subject of clear, transparent and effective governance, in particular with regard to the supervision of the remuneration policy, which is brought to the attention of each member of the company's staff.

- **Relative importance of variable share:** The remuneration consists of fixed and variable remuneration for the vast majority of employees. For the latter, the variable component represents between 10% and 40% of their total remuneration. The components of the remuneration are thus balanced so that the fixed component represents a sufficiently high share of the total remuneration.
- **Criteria for allocating the variable remunerations:** The allocation of the variable portion of the remuneration is linked to the employee's performance, on which the total amount thereof depends, assessed according to the achievement of the objectives previously set with his/her direct manager and reviewed at the end of each period, and according to the assessment of skills (soft skills) carried out during the annual interview.

Significant Transactions concluded with Shareholders and Directors

No significant transactions were concluded during financial year 2023 between Wakam, on the one hand, and its shareholders and directors on the other hand.

B.2. Requirements of competences and integrity

Requirements for the executive officers and key functions

When someone is appointed to an executive officer position or to a manager position of a key function, the People & Culture Vice-President, in conjunction with the manager of the key compliance verification function, ensures the competence of the person for the position in question.

- **The skills required of executive officers** are those of a management nature and general knowledge of the insurance market and its environment, the business strategies and business model, the governance systems, financial analysis, actuarial analysis and the regulatory framework and provisions.
- **The skills required of key role holders** are consistent with the definition by specialty provided for in Articles 269 to 279 of the Delegated Acts:
  - **The holder of the actuarial function** has solid actuarial and financial mathematical knowledge to be able to coordinate and assess the calculation of provisions. The function holder is also competent to issue opinions on the Company's underwriting and reinsurance policies, to contribute to the implementation of the management system and to ensure the quality of the data.
  - **The holder of the risk management function** is competent to manage risks relating to underwriting, reserving, asset & liability management, investments, liquidity and concentration risk management, operational and strategic risk management and risk mitigation techniques. The role is also competent to manage the Company's own risk self-assessment (ORSA).
  - **The holder of the compliance verification function** is competent to implement preventive actions as well as internal control procedures, in particular for the identification and assessment of the legal risks of breach inherent in the company in order to comply with the regulations in force.
  - **The holder of the internal audit function** is competent to establish, implement and maintain operational an audit plan, detailing the audit work to be conducted to improve the operation of the company. The function holder is also competent to understand, test and issue an opinion on the various work carried out by the company.

Requirements for directors

When a person occupies or wishes to occupy a director position on the Board of Directors, the company shall ensure the competence and integrity of the person for the position in question, in accordance with the provisions of position 2019-P-01 of the ACPR [French Prudential Supervision and Resolution Authority]. Where applicable, Wakam establishes a plan for training directors under the responsibility of the compliance verification key function so that they can perform their duties in a sound and prudent manner.

Process for Assessment of Competences and Integrity

- **Process for assessment of competences:** The owner of the compliance verification function assesses the competence of an executive officer or key function holder based on a minimum of 10 years of experience in the field and a minimum of BAC+5 degree level training. The analysis of *Curriculum Vitae* takes place with each new hire, appointment or replacement. In addition, the executive officers of the company ensure that all information and data inherent in the areas of responsibility of the key function holders are communicated to them.

- **Integrity Assessment Process:** An individual's integrity is assessed based on his or her honesty and experience as a director, executive officer, manager of a key function, or manager of a critical role. This assessment is based, on the one hand, on concrete elements concerning his or her character, personal behaviour and professional conduct, including any element of a criminal, financial or prudential nature relevant for the purposes of this assessment. Past experience, on the other hand, allows us to know whether or not the person has previously held a position as executive officer or key role holder in a company at the time when it went bankrupt. When an individual holds or wishes to hold a position as executive officer or one of the key functions, the company ensures that the person's integrity is assessed by ensuring that the person has a good level of reputation and integrity based on documents attesting to the person's integrity and through the responses made in the questionnaire present in the appointment or renewal form for an effective officer or key function manager proposed by the ACPR. The documents requested for each individual are provided to the manager of the compliance verification key function who updates them every 3 years. In the event that a doubt arises about the integrity, the Board of Directors is invited to decide on the appointment or renewal of the person concerned.

B.3. Risk management system including internal assessment of risks and solvency

Risk Management Policy

The Risk Management Policy is established in accordance with all the regulatory provisions applicable to the insurance sector and in particular those of Order No. 2015-378 of 2 April 2015 transposing the Solvency II Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 and Article 258 et seq. of Commission Delegated Regulation 2015/35 (EU) of 10 October 2014 on the Risk Management System, that require a clearly defined governance and risk management strategy, in line with the Company's overall strategy, and policies defining significant risks and the approved risk tolerance limits.

The Wakam Risk Management Policy in place is intended to state the strategies, principles and processes for identifying, measuring, managing and monitoring the risks to which Wakam's and its affiliates' business activities are exposed, including those entrusted to its partners and delegates.

In particular, the Risk Management Policy defines:

- The governance system implemented, including the roles and responsibilities of the various stakeholders in the risk control system;
- The risk categories to which Wakam is exposed and the processes in place to identify and analyse them and the methods to measure and assess the risks in question;
- The framework for defining the insurance risk management strategy;
- Processes and procedures to ensure effective risk management and implementation of appropriate risk mitigation measures;
- Internal and external reporting obligations;
- The culture of risk in the company and its integration into key decisions.

This policy aims to ensure that risk management systems enable Wakam to meet the sectoral requirements applicable to it.

The definition and implementation of the risk management, control and monitoring system for the insurance activities carried out by Wakam are entrusted to the risk management key role which:

- Implements the company's risk control systems;
- Ensures, within the company, compliance with these systems and the applicable regulations;
- And reports on this work to the governance bodies below.

Governance Bodies

The Audit and Risk Committee, which meets four times a year, is chaired by an independent director who reports on these efforts to the Board of Directors. Its main tasks are listed in section B.1.

The Operational Risk Committee is chaired by the Deputy Managing Director in charge of the Transformation, Risk and Compliance perimeters. Its work is carried out with the systematic participation of the key Risk Management function and the participation of all key functions and the heads of Wakam departments (Information Systems, Data, Finance, Technical, Human Resources, Reassurance, Partnerships, Claims). This Committee meets at least four times a year and has the following missions:

- To validate the annual internal control work programme by ensuring that the areas and activities that generate the main risks are covered with a suitable frequency;
- To review the results of the controls carried out;
- To monitor significant risks encountered by Wakam;
- To ensure the existence and relevance of the risk prevention, detection and treatment systems implemented;
- To maintain an up-to-date risk map;
- To monitor changes in key risk metrics;
- To monitor capital needs.

Integration with organisational structure and decision-making procedures

The target for integrating the risk management system into decision-making processes and the company culture can be described at several levels:

- **The company's management executives** ensure appropriate risk culture spreading to the various types of activities and ensure the right level of employee ownership.
- **The risk appetite system** is integrated into the budgeting and planning process and the strategic asset allocation process.
- **Capital allocations from planning work** are broken down into operational limits, integrated into day-to-day business management.
- **Appropriate risk measurement indicators** are integrated into the Company's performance steering mechanism.
- **Metrics using risk measurements** are used in decision making. These metrics are defined by the risk management function and validated by the Board of Directors. They are integrated into the Company's objectives.
- **Risk preferences** guide partnership and product development in line with risk appetite and tolerances.

Changes made to the governance system over the period

The Operational Risk Committee has seen its scope evolve with the integration of the risk community applicable to the branch in the United Kingdom.

Internal risk assessment

Description, documentation and analysis of internal risk assessments

According to the Solvency II Directive and as part of its risk management system, Wakam conducts an internal assessment of risk and solvency, also known as ORSA (Own Risk Self Assessment).
This assessment concerns the following elements:

- The overall need for solvency, given the specific risk profile, the approved risk tolerance limits and the business strategy of the company;
- Ongoing compliance with capital requirements;
- The extent to which the Company's risk profile deviates from the assumptions underlying the required solvency capital calculated using the standard formula.

Frequency of review by administration, risk or control bodies

The ORSA is approved at least annually by the Board of Directors after review by the Audit and Risk Committee.

Statement on the assessment of the Global Solvency Need

The company assesses its Global Solvency Need based on the risks identified and the methodology for estimating the Standard Formula set out in the Solvency II Directive. The company has nevertheless identified four risks not listed in the Standard Formula that complete its own risk profile:

- Risk of Dependence on a partner distributor arises from the excessive relative importance that a single partner distributor would represent in Wakam's business;
- The risk of heterogeneity for the accounts, related to the issuance of reliable accounts, including the risk of heterogeneity of the information received (extractions and brokers), and the risk of error related to the restatements carried out by the data integration unit;
- Cyber Risk, particularly related to the availability of computer systems, the loss, modification or dissemination of data as a result of a malicious act and/or a computer attack;
- Key Person Risk is the disappearance, incapacity or departure of a key person resulting in a decrease in turnover or a strong impact on the sustainability of the company.

These additional risks are closely monitored.

B.4. Internal Control System

Description of the internal control system

Wakam's internal control system includes all means, behaviours, procedures and actions:

- contributing to the control of its activities, including subcontracting, the efficacy of its operations and the efficient use of resources;
- and allowing significant operational, financial or compliance risks to be appropriately addressed.

Specifically, it aims to ensure compliance with the laws and regulations, the application of the instructions and guidance of the Executive Officers and the Board of Directors, the proper functioning of the company's internal processes, in particular those contributing to the safeguarding of its assets, and the reliability of financial information.

Wakam's internal control system consists of an ongoing process of evaluating controls embedded in the Company's internal processes:

- **The 1st level controls** are integrated by the operational managers into business segment processes to measure, monitor and control risks within their area of activity.
- **The 2nd level controls** have the objective to ensure the proper execution, the relevance and reliability of the 1st level controls by the hierarchy and by actors independent of the operational activity:
  - The control plan is developed from risk analysis and after consideration of existing first level controls within the activities. The 2nd level controls provide assurance of process control and identify paths for continuous improvement where appropriate.
  - Each control is the subject of a detailed description integrating in particular the role in charge of carrying out the controls, the frequency of occurrence, the applicable control methodology, the documentation to be collected and the formalisation of the result.
- **Incident monitoring** helps reinforce internal control by identifying and correcting failures in both the Company's processes and in the control plan when required.

Compliance Verification System Description

The key Compliance Verification function provides advice to employees, the Executive Office and directors on matters relating to compliance with the legislative and regulatory provisions relating to insurance activities. It carries out regulatory monitoring to anticipate the impacts of regulatory changes. It is part of the second line of defence and carries out its mission independently of the group (without involvement in operational activities).

An integral part of the permanent control system, the Compliance Verification system implemented by Wakam includes all means, behaviours, procedures and actions aimed at:

- Knowing the laws and regulations to which the company is subject;
- Contributing to the regular monitoring of changes to these laws and regulations;
- Transcribing the applicable regulations within its internal policies;
- Ensuring the proper information and training of the employees concerned;
- Controlling the exceptions made for policies in operational procedures and processes and their proper application;
- Identifying the risks of non-compliance and assessing the level of exposure of Wakam to them;
- Producing reports within the scope of activity of the function;
- And ensuring the proper reporting to the management and administration bodies on the risks of non-compliance and any subject relating to its activity.

The compliance system incorporates a regulatory monitoring process aimed at anticipating regulatory developments and analysing their impacts on Wakam's business and processes. Awareness-raising and training actions are carried out by the Compliance function or external service providers to ensure the proper appropriation of regulations by the professions.

B.5. Internal audit function

The Internal Audit function operates in compliance with the Internal Audit Policy approved by the Board of Directors in April 2023. This policy, which is in line with the Solvency II framework, is subject to an annual review.

The operational procedures for implementing the policy are specified in an audit charter that complies with international standards established by the Institute of Internal Audit (IIA).

Independence of the Internal Audit key function:

The Director of Internal Audit reports to the Wakam Managing Director as well as to the Chairman of the Audit and Risk Committee. It also has permanent access to the members of the Board of Directors to whom it presents, each year, an activity report of the function.

Methods for implementing the function:

The Internal Audit function is the third line of defence within Wakam. Its holder is the representative of the Internal Audit and the guarantor of its activity, in complete independence and free from any influence. As a result, the function has the authority to access all operations, files and all personnel to carry out its missions.

Internal Audit carries out different types of work according to a risk-based approach:

- Process and control audits: evaluation of the entire production chain;
- Health Check Audits: assesses the management of a particular risk, project or process;
- Regulatory audits: based on the requests of the supervisory authority and the risks inherent in the insurance business; and
- Investigation audits and other specific reviews.

These missions are conducted in accordance with the terms defined in the Audit Charter and are intended to assess the effectiveness of internal control procedures and to ensure compliance with internal standards and regulations in force.

The list of tasks carried out by the Internal Audit is defined in the audit plan. It is drawn up annually based on factors such as risk analysis and assessment (strategic, insurance, financial and operational) that Wakam faces, as well as information from permanent control reviews and reviews of activities carried out as part of continuous risk monitoring. The audit plan is designed to cover, on a multi-year cycle, all significant risks and processes to which Wakam is exposed. This, as well as any changes that may be made to it, is subject to prior approval by the Audit and Risk Committee.

The missions carried out by the Internal Audit result in the issuance of findings and recommendations included in reports presented to various governance bodies such as the Audit and Risk Committee. Management has a period of 6 to 12 months to implement the requested changes, according to the related risk, as well as the difficulty of implementation. The progress made by management in implementing the recommendations is presented to the Audit and Risk Committee on a quarterly basis.

B.6. Actuarial Function

Missions the Actuarial Function

Since 1st January 2016 and in accordance with Article R354-6 of the French Insurance Code, the Actuarial Function has the following purpose:

- To coordinate the calculation of prudential technical provisions,
- To ensure the appropriateness of the methodologies, underlying models and assumptions used for the calculation of prudential technical provisions,
- To assess the sufficiency and quality of the data used in the calculation of these provisions,
- And to compare the best estimates to empirical observations.

The Actuarial Function is responsible for issuing an opinion on the level of technical provisions.

In addition, it must give an opinion on the overall underwriting policy and on the adequacy of the reinsurance arrangements made. Lastly, the actuarial function actively contributes to the effective implementation of Wakam's risk management system, specifically concerning the risk modelling underlying the calculation of capital requirements and the ORSA.

In accordance with the provisions of Article 272 of European Regulation No. 2015/35, the holder of the Actuarial Function prepares a written report at least once a year which it submits to the Wakam Board of Directors. This report describes all work conducted by the holder of the Actuarial Function and the outcome thereof, clearly indicates any significant deficiencies observed and makes the recommendations necessary for remediation.

Description of the Actuarial Key function

In order to prevent any risk of conflicts of interest between the actuarial works managers and those responsible for controlling it, Wakam has set up an organisation so that the Chief Reserving, holder of the key actuarial function, relies on an Actuarial function team which reports to him/her and whose member of staff is detached from the operational activities relating to the opinion he/she issues.

The organisation is therefore based on two independent teams:

- A Reserving team, whose duties have been directed by a Team Lead manager since September 2022 and carried out by five dedicated employees, in charge of calculating technical provisions according to social norms, Best-Estimates of Claims and Premiums assessed in the economic balance sheet and liquidation gains and losses.
- A team in charge of the work and studies relating to the Key Actuarial Function, consisting of an employee who joined in November 2023.

B.7. Outsourcing

Definition of Outsourcing

Outsourcing refers to an agreement, regardless of its form, concluded between a company and a service-provider, subject or not to a control, under which this service-provider performs, either directly or by itself using outsourcing, a procedure, service or activity, which would otherwise be performed by the company itself (Art. L.310-3 of the Insurance Code).

List of important or critical operational duties

In light of the definition recalled by Article R.354-7 of the French Insurance Code, an activity is considered important or critical when it has of least two of the following characteristics:

- It is a core activity of the insurance profession (policy management, claims, etc.) or a key function;
- When outsourcing relates to an function/activity in connection with the management of insured parties, the replacement of the service-provider in case of failure or directly taking over would likely lead to an exceeding of the regulatory deadlines for responding to insured parties or for regulatory reporting;
- When outsourcing relates to an activity that is not directly related to the management of insured parties, the replacement of the service-provider in case of failure or directly taking over would likely exceed 1 month;
- The cost of the service exceeds a threshold set at €800K annually;
- The quality of service provided to the policyholders could suffer in case of failure of the service-provider;
- A reputational risk or a financial risk estimated that exceeds a threshold defined by the Risk team in case of a failure by a service-provider.

In the case of outsourcing carried out as part of the call for insurance intermediation (delegation of policy management, cash receipts, claims), to consider that the activity is critical, a materiality threshold is defined based on turnover.

Outsourcing Decision Process

For any outsourcing relating to the insurance business, whether critical or not, Wakam conducts an assessment of the prospective service providers by sending them a Due Diligence questionnaire as soon as a possible business relationship begins to become plausible. A procedure detailing the pre-screening process is drafted by the Management Department.

This procedure specifies that selective criteria are established for all service providers including:

- Verification of its approvals (if necessary);
- Verification of the integrity and competence of the executive officers;
- The existence of a BCP[1].

For critical or important activities, additional selective criteria are established as of this questionnaire ensuring at least that the service-provider has:

- a mature operational risk management and internal control system;
- sufficient financial resources to support the outsourced activity;
- reliable and qualified personnel to perform these outsourced tasks;
- an adequate AML/CFT risk control system;
- an adequate emergency plan to ensure continuity of outsourced activities.

Any deviation from these rules is the subject of a reasoned presentation, demonstrating the control of the risk incurred, which is submitted to the management team at least 15 days before a decision-making Management Committee. Derogations are also recorded in a file kept by the Management and Compliance Departments.

For outsourcing non-insurance functions, a Procurement procedure details the selection process.

1 BCP: Business Continuity Plan

B.8. Other Information

Adequacy of Corporate Governance System

The governance system set out in the preceding paragraphs is supplemented as follows:

- **Concerning the outsourcing risk**, the company carries out audits of its partners regularly thanks to a team. It also regularly monitors key management indicators.
- **With regard to counterparty and reinsurance risk**, the company has several members of its Board of Directors who are experts in the field of reinsurance. It has also continuously strengthened its internal reinsurance team in recent years. Furthermore, even if this provision has no longer been mandatory since 2008, the company systematically requests collateral from its reinsurers, primarily pledges, in order to guarantee their commitment to settle claims for their quota-share.
- **Regarding the underwriting risk**, it is at the heart of the company's governance through the 4 phases of the Bespoke process (Seek, Qualify, Achieve, Develop). In this context, a pre-audit of partners is carried out in the "Seek" phase. Special attention is paid to the underwriting rules, pricing and loss ratios expected in the "Qualify" phase. The purpose of the "Achieve" phase is to ensure the quality of the computerised exchanges and the mitigation of risks by reinsurance. Lastly, during the "Develop" phase, actuarial analyses are conducted on each partnership in order to implement the necessary portfolio adjustments.

C. Risk profile

C.1. Underwritting risk

Definition of Underwriting Risk

Underwriting risk corresponds to the risk that the insurer takes by distributing insurance policies to individuals or legal entities due to market segments or risk categories inconsistent with the Company's risk profile and business strategies, complex risk categories with difficult assessment, inadequate technical skills within internal staff and sales networks or non-compliance with limits. Concerning Wakam, it includes the following categories:

- **The Lapse Risk** (lapses) resulting from the loss, or adverse change in the value of insurance commitments, resulting from fluctuations affecting the level or volatility of the rates of termination, maturity or renewal of policies,
- **The risk of premiums and reserves** following the risk of loss, or adverse change in the value of insurance commitments, resulting from fluctuations affecting the date of occurrence, frequency and severity of insured events, and the date and amount of claims payments,
- **The risk of catastrophe** corresponding to the risk of loss, or adverse change in the value of insurance commitments, resulting from the significant uncertainty, related to extreme or exceptional events, which weighs on the assumptions made in terms of price and provisioning.

Underwriting Risk Exposure

Measurements used to assess risks and change over the period

Unless otherwise stated, the quantitative risk assessment elements are presented in Section E of this report and correspond to the Solvency Capital Requirement (SCR) as of 31 December 2023, assessed in accordance with the standard formula, before diversification between risk modules. This represents the impact on the company's bottom line of a shock of such magnitude that it would occur only once every two hundred years.

Thus, concerning exposure to underwriting risk, the exposure measures used by Wakam are as follows:

- **The lapse risk** is measured by the Lapse sub-module of the Non-Life Underwriting SCR.
- **The risk of premiums and reserves** is measured by the Premium and Reserve SCR modules of the Non-Life and Health Underwriting SCRs.
- **Catastrophe risk** is measured by the Catastrophe module of the Non-Life Underwriting SCR.

These exposure measurements are presented in Section E.2..

Concentration of Underwriting Risks

The company has identified a technical risk of concentration in its Property Damage portfolio, specifically the Comprehensive Building portfolio. 25% of the insured values of this portfolio, which represents a turnover of €21m, is indeed located in the Isère department (38) which is known as a seismic zone and whose main city, Grenoble, could be massively flooded in case of ruptures of the dams in the region. This risk is controlled by the reinsurance system described below.

Mitigating of the Underwriting Risk

System description for the reference period

Wakam transfers a portion of its risks to reinsurers. The reinsurance system is studied for each branch, with much of the risk being transferred via Share agreements, supplemented by excess claims agreements in order to protect the company against losses associated with large-scale single claims, such as those on the risks of Civil Liability for Bodily Injury but also against losses associated with events.

The transfer rates for the 2024 financial year have been set as part of the risk budget drafting work. They found:

- **maintaining retention on European mobility portfolios** on traditional programs (20%);
- **maintaining retention on mobility portfolios in Great Britain and Ireland** (20%);
- **and lower retention of the Property Damage share** (20%)

Mitigation plan over the planning period

The Wakam Mitigation Plan is focused on the following Reinsurance Plan:

Concerning quota-share agreements, the level of transfer by programme depends on:

- the level of consumption of equity by branch compared to the intrinsic profitability of each of the Product Lines, so as to approach the optimum under the constraint of available Tier 1 Equity;
- knowledge of the risks regarding Partnerships, the volumes of which do not allow sufficient pooling;
- the appetite of reinsurers for a given financial year.

Concerning the XS reinsurance programme, this meets the risk tolerance criteria set by the Reinsurance policy, examined by the Audit and Risk Committee and validated by the Board of Directors:

- **Natural Catastrophe Risks:** the company protects itself against scenarios of ten-year to two-hundred-year claims.
- **Terrorism risks:** the protection sought is unlimited beyond a retention equivalent to the maximum amount under risk of the portfolio within a radius of 200 metres.
- **Other Property Damage Risks:** the reinsurance sought aims to limit the impact of a large loss claim to a net amount of EUR 600,000.
- **Auto civil liability (Europe Mobility and UK/IE Mobility) and Private Life risks:** the reinsurance sought aims to limit the impact of a large loss claim to a net amount of EUR 1,000,000.

Finally, the reinsurer panel is diversified over the 2024 financial year.

Monitoring the effectiveness of mitigation techniques:

The mitigation techniques presented are analysed when programmes are renewed in order to reassess coverage needs, and at the time of the Own Risk and Solvency Assessment (ORSA), in particular through the risk scenarios relating to reinsurance (see below).

Guarantees received:

Although since 2008 there has been no regulatory requirement for reinsurers to provide a pledge for their commitments to the benefit of the transferors, Wakam's risk-covering reinsurance contracts provide, in the majority of cases, for a guarantee of the reinsurer's commitment, through a pledge with a bank, a letter of credit or a cash deposit. These guarantees have the effect of reducing counterparty risk.

The valuation of these guarantees should correspond at the least to the amount of the Provisions for Claims Payable at the end of the accounting year for each programme and to the share of each reinsurer.

Sensitivity to Underwriting Risk

Stress Testing and Scenario Analysis

Wakam performed stress scenarios as part of preparing the 2023 ORSA report. The company complies with the necessary level of MCR in both the central scenario and the stress scenarios tested. Concerning the ongoing compliance with the SCR requirements, the result of the stress tests shows that the level of capital generally appears sufficient.

Assumptions of the central scenario

Tests were conducted around a central scenario developed in November 2023. The changes observed between the assumptions of the central scenario and the scenario achieved do not significantly affect the findings or the classification of the scenarios for their impact on the Company's solvency ratio.

Methods and Assumptions for Stress Testing and Scenario Analyses

The stress tests implemented as part of the 2023 ORSA report and their respective impacts in 2024, 2025 and 2026 are as follows:

- **Sc_1/** The company does not obtain approval for the subsidiary in the United Kingdom (Wakam UK) and terminates its insurance activities in this country
- **Sc_2.1/** The company loses a major partner impacting all its geographical areas
- **Sc_2.2/** The company loses a major partner in the UK
- **Sc_2.3/** The company loses a major partner in France
- **Sc_3/** Tensions in the reinsurance market leading to the default of our main reinsurer and an increase in reinsurance costs
- **Sc_4/** Deviation of claim (attritional and large losses)
- **Sc_5/** Deviation of claim (attritional and large losses) resulting in the departure of our main reinsurer and an increase in reinsurance costs
- **Sc_7/** Travel accident during a seminar resulting in the loss of key people and the delay of forecast improvements in the business plan
- **Sc_8/** Climate scenario
- **Sc_9/** Cyber scenario

The choice of these stress tests resulted from the main risks identified by all risk owners and key function managers. The scenarios were also discussed and amended with the Executive Office and the directors. Finally, they have been validated by the Audit and Risk Committee.

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2024	2025	2026
Sc_1 – No obtainment of approval for the UK subsidiary	-7pts	-14pts	-18pts
Sc_2.1 – Loss of a major partner impacting several countries	-7pts	-11pts	-12pts
Sc_2.2 – Loss of a major partner in the UK	-2pts	-9pts	-13pts
Sc_2.3 – Loss of a major partner in France	+1pts	-1pts	-2pts
Sc_3 – Context of tensions in the reinsurance market – Default of a major reinsurer	-57pts	-51pts	-52pts
Sc_4 – Context of deviation in attritional + large losses	-23pts	-32pts	-40pts
Sc_5 - Deviation of attritional + large losses and departure of a major reinsurer	-55pts	-65pts	-76pts
Sc_7 – Accident during a seminar – Loss of key people	-37pts	-36pts	-32pts
Sc_8 – Climate scenario	-11pts	-12pts	-10pts
Sc_9 – Cyber scenario	-4pts	-9pts	-10pts

The severity of these scenarios is explained:

- For scenarios 1, 7 and 9 where the company is facing an unfavourable external event with repercussions on the development of its activity, by an immediate loss combined with difficulty in achieving growth and profit objectives over the following years, thus degrading equity.
- For scenarios 2.1, 2.2 and 2.3, which have in common the loss of a partner, by the decrease in net income and future profits integrated into prudential equity, partially offset by a reduced SCR.
- For scenarios 3 and 5, where the share of the risk borne by Wakam increases, with or without a simultaneous increase in claims, by the immediate increase in the SCR, which is found to be greater than the increase in the results.
- For scenarios 4 and 8, marked by an increase in claim rates, by the cumulative effects of a deterioration in results and an increase in SCR.

C.2. Market Risk

Definition of Market Risk

Market risk is the risk of loss, or adverse change in financial condition, resulting, directly or indirectly, from fluctuations affecting the level and volatility of the market value of the assets, liabilities and financial instruments. They include:

- **Interest rate risk** which results from the sensitivity of the value of the assets, liabilities and financial instruments to changes affecting the interest rate curve or interest rate volatility,
- **Risk on equity** related to the sensitivity of the value of the assets, liabilities and financial instruments to changes in the level or volatility of the market value of the equities,
- **Risk on real estate assets** arising from the sensitivity of the value of assets, liabilities and financial instruments to changes affecting the level or volatility of the market value of real property assets,
- **Spread risk**, reflecting the sensitivity of the value of assets, liabilities and financial instruments to changes affecting the level or volatility processes or sustained in the context of relations with commercial counterparties and suppliers,
- **Currency risk** related to fluctuations in the level or volatility of exchange rates between the currency of the asset and that of the liability,
- **Concentration risk**, as a result of a lack of diversification of the asset portfolio, or significant exposure to the risk of default of a single issuer of securities or a group of related issuers.

Market Risk Exposure

Measurements used to assess risks and change over the period

Unless otherwise stated, the quantitative risk assessment elements are presented in Section E of this report and correspond to the Solvency Capital Requirement (SCR) as of 31 December 2023, assessed in accordance with the standard formula, before diversification between risk modules. This represents the impact on the company's bottom line of a shock of such magnitude that it would occur only once every two hundred years.

Thus, concerning exposure to market risk, the exposure measures used by Wakam are as follows:

- **Interest rate risk** is measured by the Rate sub-module of market SCR.
- **Risk on equity** is measured by the Equity sub-module of the market SCR.
- **Risk on real estate assets** is measured by the Real Estate sub-module of the market SCR.
- **Spread risk** is measured by the Spread sub-module of the market SCR.
- **Currency risk** is measured by the Currency sub-module of the market SCR.
- **Concentration risk** is measured by the Concentration sub-module of the market SCR.

These exposure measurements are presented in Section E.2.

Market Risk Concentration

Wakam's market risk concentration is measured via the Concentration sub-module of the market SCR.

On Wakam's bond portfolio, this risk measure represents an amount of €0.1m (see section E.2).

Mitigation of Market Risk

System description for the reference period

Wakam has put in place an investment strategy aiming to align the technical assets and liabilities. Thus, the assets representing the technical liabilities must necessarily be chosen from the sovereign and corporate bonds rated at least BBB whose duration and currency must be consistent with these same technical liabilities. This makes it possible to limit the market risk both by taking intrinsic risk and also by neutralising the effects between assets and liabilities.

Monitoring the effectiveness of mitigation techniques:

The congruence of technical assets and liabilities is presented quarterly to each ALM committee and partially orders decision-making to each investment committee.

Furthermore, the mitigation techniques presented are analysed at the time of the own risk and solvency assessment (ORSA) particularly through the risk scenarios relating to financial risks (see below).

Sensitivity to market risk

Stress Testing and Scenario Analysis

Wakam performed stress scenarios as part of preparing the 2023 ORSA report. The company complies with the necessary level of MCR in both the central scenario and the stress scenarios tested.

Concerning the ongoing compliance with the SCR Requirements, the result of the stress tests shows that the level of capital generally appears sufficient.

Assumptions of the central scenario

The assumptions in the central scenario are detailed in section C.1.

Methods and Assumptions for Stress Testing and Scenario Analyses

The stress tests implemented as part of the 2023 ORSA report and their respective impacts in 2024, 2025 and 2026 are as follows:

- **Sc_0/** The company does not inject capital at the end of 2023
- **Sc_1/** The company does not obtain approval for the subsidiary in the United Kingdom (Wakam UK) and terminates its insurance activities in this country.
- **Sc_3/** Tensions in the reinsurance market leading to the default of our main reinsurer and an increase in reinsurance costs
- **Sc_4/** Deviation of claim (attritional and large losses)
- **Sc_5/** Deviation of claim (attritional and large losses) resulting in the departure of our main reinsurer and an increase in reinsurance costs

The choice of these stress tests resulted from the main risks identified by all risk owners and key function managers. The scenarios were also discussed and amended with the Executive Office and the directors. Finally, they have been validated by the Audit and Risk Committee.

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2024	2025	2026
Sc_0 - Central without capital injection	-27pts	-23pts	-18pts
Sc_1 – No obtainment of approval for the UK subsidiary	-7pts	-14pts	-18pts
Sc_3 – Context of tensions in the reinsurance market – Default of a major reinsurer	-57pts	-51pts	-52pts
Sc_4 – Context of deviation in attritional + large losses	-23pts	-32pts	-40pts
Sc_5 - Deviation of attritional + large losses and departure of a major reinsurer	-55pts	-65pts	-76pts

The severity of these scenarios is explained:

- **For scenario 0, in which the company is unable to perform the planned capital injection,** by a sustainably lower level of equity for a similar level of SCR.
- **For scenario 1, where the company is facing an unfavourable external event with repercussions on the development of its activity**, by an immediate loss combined with a difficulty in achieving growth and profit objectives over the following years, thus degrading equity.
- **For scenarios 3 and 5, where the share of the risk borne by Wakam increases, with or without a simultaneous increase in claims,** by the immediate increase in the SCR, which is found to be greater than the increase in the results.
- **For scenario 4, marked by an increase in claim rates,** by the cumulative effects of a deterioration in results and an increase in SCR.

Application of the prudent person principle

As stipulated in Article 132 of the Solvency II Directive, Wakam's investments are made in accordance with the Prudent Person Principle, thanks to the investment processes and the organisation of accompanying committees that make it possible to ensure the knowledge of a priori risks and the analysis, management and control of risk once the investment has been made.

The investment policy is structured around three major processes:

- **The strategic allocation of assets,** defined according to the Company's appetite for financial risk and based on the macro-economic context and the results of the ALM [Asset and Liability Management] studies conducted by the Financial Department and the Risk Department and supplemented as part of the development of the budget and the ORSA report on the consequences of this allocation on the market SCR and on the Company's solvency ratio.
  - **The central scenario** identifies outgoing cash flows over the claims settlement period, and allocates the premium to investments, primarily bond investments, backed by a maturity bracket. This central scenario takes into account a portion of the future premiums on the assumption of a conservative lapse rate.
  - **The stressed scenario,** carried out under the assumption of a 10% shock on the portfolio's claims expense, makes it possible to identify the safety margin to be maintained in monetary or short-term assets.
  - **The surplus identified** in this projection is allocated to diversified assets (shares, real property, etc.)

- **Tactical asset allocation**, which makes it possible to adjust the strategic allocation based on short-term expectations in interaction with the asset management agent (see below).
- **Ongoing investment management**, which includes the selection of securities by the asset management agent in compliance with the constraints defined in the management mandate.

While the Board of Directors remains the ultimate decision-making body regarding financial risk management and investment policy, it has appointed the **ALM Committee**, whose role is in particular to review investment risk policies and strategies, in order to define the investment strategy. This is carried out in particular via the Monthly **Investment Committees** as presented in section B.1.

Thus defined, the main guidelines of the investment policy are as follows:

- **A target asset allocation** of 64% in bonds, 4% in real property and 20% in illiquid assets ("Private equity", private debt).
- **A 12% liquidity pocket,** without the need to leave a minimum amount available on the cash accounts managed by the mandate.
- **Investments excluding:**
  - **By asset class,** derivatives, and generally no leveraged transactions, insurance-related bonds to avoid concentration risk, subordinated bonds, perpetuity bonds, and securitisation products and listed shares.
- **Limits by rating for bond investments:**
  - **Bonds rated AAA to A-:** Minimum 45% of the bond portfolio;
  - **Bonds rated BBB+ to BBB-:** Maximum 40% of the bond portfolio;
  - **High Yield and Unrated Bonds:** Maximum 15% of the bond portfolio.

Lastly, asset management is primarily entrusted to a specialised external management company, via a management mandates consolidating the management of bonds and shares. Monthly investment committees relying on complete monthly reports make it possible to monitor the profitability of the asset portfolio, compliance with the investment rules and limits presented above, and to share the managers' tactical choices on future investments and projections of contributions to the company's mandate. These are based on Wakam's monthly cash flow monitoring reporting which systematically includes an annual reforecast.

C.3. Credit Risk

Definition of Credit Risk

Credit risk is the risk of loss, or adverse change in financial condition, resulting, directly or indirectly, from fluctuations affecting the level of solvency or credit quality of the company's counterparties. They include:

- **Spread risk,** reflecting the sensitivity of the value of assets, liabilities and financial instruments to changes affecting the level or volatility of credit spreads relative to the risk-free interest rate curve.
- **Counterparty risk,** which is the risk of possible losses that could result from the unexpected default, or the deterioration of the credit quality, counterparties and debtors of the company. The scope of counterparty risks includes contracts that mitigate risks such as reinsurance agreements, securitisations and derivatives, and receivables from intermediaries and insured parties. This risk is provided for in the standard formula.

Exposure to Credit Risk

Measurements used to assess risks and change over the period

Unless otherwise stated, the quantitative risk assessment elements are presented in Section E of this report and correspond to the Solvency Capital Requirement (SCR) as of 31 December 2023, assessed in accordance with the standard formula, before diversification between risk modules. This represents the impact on the company's bottom line of a shock of such magnitude that it would occur only once every two hundred years.

Thus, concerning exposure to credit risk, the exposure measures used by Wakam are as follows:

- **Spread risk** is measured by the Spread sub-module of the market SCR.
- **Counterparty risk** is measured by the Counterparty Default SCR module.

These exposure measurements are presented in Section E.2.

Concentration of Credit Risk

Wakam's spread risk concentration is measured via the Concentration sub-module of the market SCR.

On Wakam's bond portfolio, this risk measure represents an amount of €0.1m (see section E.2).

Counterparty risk on receivables materialises at Wakam through its relationships with its partners, reinsurers and banks. Concerning the concentration of these risks, they materialised in particular at the end of 2023 on the historically largest reinsurers and on the main bank in which the cash is held.

Mitigation of Credit Risk

Spread risk is mitigated by the provisions of strategic allocation of assets and by all the governance over the investment decisions and the recourse to a manager.

The counterparty risk and in particular that which is manifested by the activity of transfer to reinsurance is largely mitigated by the implementation throughout the contractualisation process of financial guarantees (cash deposit or security pledge) across from the ceded provisions In addition, the counterparty risk on reinsurers is mitigated by the strong diversification of the panel (30). Finally, it is verified that each reinsurer's rating is aligned with Wakam's reinsurance underwriting policy.

Sensitivity to credit risk

Stress Testing and Scenario Analysis

Wakam performed stress scenarios as part of preparing the 2023 ORSA report. The company complies with the necessary level of MCR in both the central scenario and the stress scenarios tested. Concerning the ongoing compliance with the SCR Requirements, the result of the stress tests shows that the level of capital generally appears sufficient.

Assumptions of the central scenario

The assumptions in the central scenario are detailed in section C.1.

Methods and Assumptions for Stress Testing and Scenario Analyses

The stress tests implemented as part of the 2023 ORSA report and their respective impacts in 2024, 2025 and 2026 are as follows:

- **Sc_3/** Tensions in the reinsurance market leading to the default of our main reinsurer and an increase in reinsurance costs
- **Sc_5/** Deviation of claim (attritional and large losses) resulting in the departure of our main reinsurer and an increase in reinsurance costs
- **Sc_6/** Default of the main TPA[2] in charge of international claims management

The choice of these stress tests resulted from the main risks identified by all risk owners and key function managers. The scenarios were also discussed and amended with the Executive Office and the directors. Finally, they have been validated by the Audit and Risk Committee.

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2024	2025	2026
Sc_3 – Context of tensions in the reinsurance market – Default of a major reinsurer	-57pts	-51pts	-52pts
Sc_5 - Deviation of attritional + large losses and departure of a major reinsurer	-55pts	-65pts	-76pts
Sc_6 – Default of our main TPA	-7pts	-6pts	-5pts

La sévérité de ces scénarios s'explique :

- **For scenarios 3 and 5, where the share of the risk borne by Wakam increases,** with or without a simultaneous increase in claims, by the immediate increase in the SCR, which is found to be greater than the increase in the results.
- **For scenario 6, marked by the default of our main TPA,** by a sustainable decrease in equity following the negative impact of the replacement costs of the TPA.

C.4. Liquidity risk

Definition of liquidity risk

Liquidity risk consists for Wakam of being unable to realise investments and other assets in order to meet its financial commitments when they become due.

Exposure to liquidity risk

Measurements used to assess risks and change over the period

Unless otherwise stated, the quantitative risk assessment elements are presented in Section E of this report and correspond to the Solvency Capital Requirement (SCR) as of 31 December 2023, assessed in accordance with the standard formula, before diversification between risk modules. This represents the impact on the company's bottom line of a shock of such magnitude that it would occur only once every two hundred years.

Concentration of liquidity risks

No concentration of liquidity risk has been identified in Wakam's risk profile in 2023.

Mitigation of the liquidity risk

Wakam mitigates its liquidity risk by the annual work for asset and liability allocation aiming to ensure in particular that the durations remain consistent.

Sensitivity to liquidity risk

Stress Testing and Scenario Analysis

Wakam performed stress scenarios as part of preparing the 2023 ORSA report. The company complies with the necessary level of MCR in both the central scenario and the stress scenarios tested. Concerning the ongoing compliance with the SCR Requirements, the result of the stress tests shows that the level of capital generally appears sufficient.

Assumptions of the central scenario

The assumptions in the central scenario are detailed in section C.1.

Methods and Assumptions for Stress Testing and Scenario Analyses

The stress tests implemented as part of the 2023 ORSA report and their respective impacts in 2024, 2025 and 2026 are as follows:

- **Sc_0/** The company does not inject capital at the end of 2023
- **Sc_1/** The company does not obtain approval for the subsidiary in the United Kingdom (Wakam UK) and terminates its insurance activities in this country
- **Sc_2.1/** The company loses a major partner impacting all its geographical areas
- **Sc_2.2/** The company loses a major partner in the UK
- **Sc_2.3/** The company loses a major partner in France
- **Sc_3/** Tensions in the reinsurance market leading to the default of our main reinsurer and an increase in reinsurance costs
- **Sc_4/** Deviation of claim (attritional and large losses)
- **Sc_5/** Deviation of claim (attritional and large losses) resulting in the departure of our main reinsurer and an increase in reinsurance costs
- **Sc_6/** Default of the main TPA in charge of international claims management
- **Sc_7/** Travel accident during a seminar resulting in the loss of key people and the delay of projected improvements in the business plan
- **Sc_8/** Climate scenario
- **Sc_9/** Cyber scenario

The choice of these stress tests resulted from the main risks identified by all risk owners and key function managers. The scenarios were also discussed and amended with the Executive Office and the directors. Finally, they have been validated by the Audit and Risk Committee.

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2024	2025	2026
Sc_0 – Central without capital injection	-27pts	-23pts	-18pts
Sc_1 – No obtainment of approval for the UK subsidiary	-7pts	-14pts	-18pts
Sc_2.1 – Loss of a major partner impacting several countries	-7pts	-11pts	-12pts
Sc_2.2 – Loss of a major partner in the UK	-2pts	-9pts	-13pts
Sc_2.3 – Loss of a major partner in France	+1pts	-1pts	-2pts
Sc_3 – Context of tensions in the reinsurance market – Default of a major reinsurer	-57pts	-51pts	-52pts
Sc_4 – Context of deviation in attritional + large losses	-23pts	-32pts	-40pts
Sc_5 – Deviation of attritional + large losses and departure of a major reinsurer	-55pts	-65pts	-76pts
Sc_6 – Default of our main TPA	-7pts	-6pts	-5pts
Sc_7 – Accident during a seminar – Loss of key people	-37pts	-36pts	-32pts
Sc_8 – Climate scenario	-11pts	-12pts	-10pts
Sc_9 – Cyber scenario	-4pts	-9pts	-10pts

The severity of these scenarios is explained:

- **For scenario 0, in which the company is unable to perform the planned capital injection,** by a sustainably lower level of equity for a similar level of SCR.
- **For scenarios 1, 7 and 9 where the company is facing an unfavourable external event with repercussions on the development of its activity,** by an immediate loss combined with a difficulty in achieving growth and profit objectives over the following years, thus degrading equity.
- **For scenarios 2.1, 2.2 and 2.3, which have in common the loss of a partner,** by the decrease in net income and future profits integrated into prudential equity, partially offset by a reduced SCR.
- **For scenarios 3 and 5, where the share of the risk borne by Wakam increases, with or without a simultaneous increase in claims,** by the immediate increase in the SCR, which is found to be greater than the increase in the results.
- **For scenarios 4 and 8, marked by an increase in claim rates**, by the cumulative effects of a deterioration in results and an increase in SCR.
- **For scenario 6, marked by the default of our main TPA,** by a sustainable decrease in equity following the negative impact of the replacement costs of the TPA.

Expected Profits from future premiums

The expected Profit from future premiums after application of reinsurance as recorded in the Best Estimate of Premium Provisions is €0.4m. As a comparison, in 2022, the expected profit from future premiums was €2.4m. This change (-€2m) is explained by an increase in the claim rate as well as a change in reinsurance conditions.

C.5. Operational Risk

Definition of Operational Risk

Operational and non-compliance risks are unforeseen losses arising from inadequate or lacking internal processes, personnel and internal systems or from external events. Operational risk includes legal risks, but does not include risks arising from strategic decisions nor reputational risks. They include:

- **The risk of internal fraud**, risk of losses resulting from acts not compliant with the laws or agreements relating to employment, health or safety, requests for compensation in respect of personal injury or infringement of equal treatment/acts of discrimination,
- **The risk of external fraud**, the risk of losses due to acts aiming to defraud, misappropriate assets or circumvent laws, on the part of a third party,
- **Risks concerning employment and safety practice in the workplace**, risk of losses resulting from acts not in compliance with legislation or agreements relating to employment, health or safety, claims for compensation for personal damage or breaches of equality/acts of discrimination,
- **Risks in regard to customers, products and business practices,** risk of losses resulting from a breach, whether unintentional or due to negligence, a professional obligation to specific customers (including trust and compliance requirements) or the nature or design of the product,
- **The risk of damage to tangible assets**, the risk of destruction or damage resulting from a natural catastrophe or other loss,
- **The risks of business interruption and systems malfunctions,** risk of losses resulting from interruptions in business or malfunctioning of systems,
- **Risks related to the implementation, delivery and management of processes,** risk of losses resulting from a problem in the processing of a transaction or in the management of processes or sustained in the context of relations with commercial counterparties and suppliers.

Exposure to Operational Risk

Measurements used to assess risks and change over the period

Unless otherwise stated, the quantitative risk assessment elements are presented in Section E of this report and correspond to the Solvency Capital Requirement (SCR) as of 31 December 2023, assessed in accordance with the standard formula, before diversification between risk modules. This represents the impact on the company's bottom line of a shock of such magnitude that it would occur only once every two hundred years.

Thus, regarding exposure to operational risk, the exposure measurement used by Wakam is the Operational SCR.

This exposure measurement is presented in Section E.2.

Concentration of Operational Risks

No concentration of operational risk has been identified in Wakam's risk profile.

Mitigation of Operational Risk

Operational risk is mitigated by the entire risk management system implemented at Wakam and in particular through the construction and monitoring of the risk mapping, the implementation of the first and second level control plan, the escalation and monitoring of incidents, the monitoring of the action plans following the identification of each operational failure.

Sensitivity to operational risk

Stress Testing and Scenario Analysis

Wakam performed stress scenarios as part of preparing the 2023 ORSA report. The company complies with the necessary level of MCR in both the central scenario and the stress scenarios tested. Concerning the ongoing compliance with the SCR Requirements, the result of the stress tests shows that the level of capital generally appears sufficient.

Assumptions of the central scenario

The assumptions in the central scenario are detailed in section C.1.

Methods and Assumptions for Stress Testing and Scenario Analyses

The stress tests implemented as part of the 2023 ORSA report and their respective impacts in 2024, 2025 and 2026 are as follows:

- **Sc_0/** The company does not inject capital at the end of 2023
- **Sc_1/** The company does not obtain approval for the subsidiary in the United Kingdom (Wakam UK) and terminates its insurance activities in this country.
- **Sc_6/** Default of the main TPA[1] in charge of international claims management
- **Sc_7/** Travel accident during a seminar resulting in the loss of key people and the delay of projected improvements in the business plan
- **Sc_9/** Cyber scenario

The choice of these stress tests resulted from the main risks identified by all risk owners and key function managers. The scenarios were also discussed and amended with the Executive Office and the directors. Finally, they have been validated by the Audit and Risk Committee.

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2024	2025	2026
Sc_0 – Central without capital injection	-27pts	-23pts	-18pts
Sc_1 – No obtainment of approval for the UK subsidiary	-7pts	-14pts	-18pts
Sc_6 – Default of our main TPA	-7pts	-6pts	-5pts
Sc_7 – Accident during a seminar – Loss of key people	-37pts	-36pts	-32pts
Sc_9 – Cyber scenario	-4pts	-9pts	-10pts

The severity of these scenarios is explained:

- **For scenario 0, in which the company is unable to perform the planned capital injection,** by a sustainably lower level of equity for a similar level of SCR.
- **For scenarios 1, 7 and 9 where the company is facing an unfavourable external event with repercussions on the development of its activity**, by an immediate loss combined with a difficulty in achieving growth and profit objectives over the following years, thus degrading equity.
- **For scenario 6, marked by the default of our main TPA**, by a sustainable decrease in equity following the negative impact of the replacement costs of the TPA.

1 *Third Party Administrator*

C.6. Other significant risks

The other significant risks that may be encountered by the company are risks whose assessment is not covered by the standard formula provided for in the Solvency II Directive. Based on the stress scenarios carried out for the ORSA (Own Risk Self Assessment) exercise, these risks are considered to be under control:

- **Risk of Dependence on a partner distributor** arises from the excessive relative importance that a single partner distributor would represent in Wakam's business. This risk is controlled due to the growth of the number of partners present in the portfolio thus increasing diversification, and the successful extension of the agreements effective on 31 December 2023, sometimes for a period of several years.
- **The Risk related to the quality of data provided by partners** relates to the reliability of the accounts and financial statements published by Wakam due to insufficient quality of the data provided by the partners or the insufficient checks carried out on this data. The management information (contracts, invoices and losses) comes exclusively from files sent by broker partners. Poor data transmission can occasionally lead to errors in quarterly accounts. The mechanism for controlling the risk of errors in the monthly data sent by partners is based on technical and governance elements. The quality of data provided by partners is always the subject of special and constant attention within Wakam.
- **The Cyber Risk** relates to the availability of computer systems, the loss, modification or dissemination of data as a result of a malicious act and/or a computer attack. This risk is common to all businesses due to the increase in malicious acts and attacks. This is why Wakam has seen IT Security as a priority and has stepped up its actions since 2021, mainly through actions to strengthen controls, secure access to Wakam's IT systems by employees and training them on cyber security topics. In view of the improvements deployed in 2023, the company believes that the control of this risk is optimal given the tools and practices available to date.
- **Key person risk** is the disappearance, incapacity or departure of a key person resulting in a decrease in turnover or a strong impact on the sustainability of the company. A key person is anyone who plays a key role in the operation and development of a company. This is a person who possesses unique know-how, expertise, techniques and responsibilities that make him/her an indispensable part of the company. In order to desensitise itself to this risk, the company rolled out an action plan for 2023 including, among other things, the appointment of a Managing Director, the strengthening of Vice-Presidents and Chiefs, continuing to grow the workforce and automating certain processes. In this context, the key person risk is considered to be under control.

C.7. Other Information

The information relating to the risk profile as presented in paragraphs C.1 to C.6 is exhaustive.

D. Valuation for solvency purposes

D.1. Assets

Value, Methods and Assumptions by Asset Type

- **Valuation of investments:** As of 31 December 2023, Wakam has a volume of investments in market value of €150.4m compared to a book value of €147.9m. All of the Company's investments are valued at market value in the Solvency II prudential balance sheet. The accrued interest is taken into account in the valuation. Participation in Wakam Services (100% subsidiary) is positioned at 0. The accrued interest not due on the balance sheet is repositioned by nature in the various investment lines appearing in market value on the Solvency II prudential balance sheet, as is the premium/discount, so as to avoid double counting. Deposits and sureties as well as strategic investment in Lloyds' have the same value in the balance sheet and the Solvency II prudential balance sheet.

Comparative breakdowns of Wakam's investments

(Net book value excluding Cash)

(in millions of euros)	31/12/2022	31/12/2023
Equity	1.4	0.0
Bonds	110.7	105.2
Private funds	26.5	29.4
Stock certificates	0.1	0.0
Strategic participation	-	10.7
Deposits and sureties	2.5	2.5
TOTAL	**141.2**	**147.9**

- **Valuation of intangible assets:** As part of the valuation of the economic balance sheet, these assets generally do not represent a material wealth available for solvency purposes. In the case of Wakam, a significant portion of these intangible assets results from investment in the IpaaS platform and will result in future revenues in the billing of services (management of webservices estimates, automated management of contracts and claims). Consistent with the Solvency II regulations, the value of intangible assets in the statutory accounts is completely cancelled in the Solvency II prudential balance sheet.

- **Valuation of receivables:** As of 31 December 2023, the receivables are broken down as follows:
  - » The claims for insurance transactions amount to €615.4m on the balance sheet and are not subject to any restatement in the Solvency II prudential balance sheet.
  - » Reinsurance receivables amount to €145.5m on the balance sheet and are subject to a restatement of €38.1m in the Solvency II prudential balance sheet.
  - » The other receivables of €130m, which concern receivables arising from administration operations with public organisations (Tax, Social Security Contributions, etc.) and with suppliers, are not subject to any adjustment between the company balance sheet and the Solvency II prudential balance sheet.
  - » In total, the amount of receivables in the statutory accounts amounts to €890.9m and €852.8m in the Solvency II prudential balance sheet.
- **Valuation of other assets**: the book value of the other assets appearing in the company balance sheet amounts to €101.0m for a zero economic value. These restatements results from the following effects:
  - » **The cancellation of the Deferred Acquisition Costs (DAC) (-€97.8m)**, the DAC corresponding to the amounts already paid by Wakam relating to the acquisition commissions on premiums issued but not acquired as of 31 December 2023. In the accounting, increasing this item makes it possible to link the Company's acquisition fees to the proper financial year. Conversely, Solvency II is based on a logic of future cash flows. Since the DACs have already been disbursed by the company and are not the subject of a future cash flow, they are therefore completely cancelled in the Solvency II prudential balance sheet. It should be noted that these acquisition fees do not generate a loss of wealth for Wakam, since these fees on existing policies will not give rise to a future cash flow for the Company and are not projected in the "Best Estimates of Premiums" in the Solvency II prudential balance sheet.
  - » **The offsetting of Prepaid Expenses (-€0.8m)**, according to the same principle as the deferred acquisition expenses, these expenses having already been disbursed by the company. Given their relative weakness, the basis used to calculate the Best Cost Estimate has not been corrected for this favourable impact.
  - » **Offsetting of conversion differences (-€0.8m)**, these have no value in Solvency II.
  - » **The offsetting of Accrued Interest Not Due (-€0.7m) and discounts (-€0.8m)** whose amounts are already integrated into the market value of the company's investments. Thus, in order to avoid any double counting of balance sheet items, this amount is entirely cancelled in the company's Solvency II prudential balance sheet.

- **The value of "Current Accounts and Cash"** remains identical to the value of the accounting balance sheet.

- **Valuation of Deferred Tax:** The deferred taxes appearing on the Solvency II prudential balance sheet correspond to the expense (Liabilities) or the tax credit (Assets) applicable to the change in net assets following the restatement between the corporate balance sheet and the prudential balance sheet. As of 31 December 2023, the value of the deferred tax assets amounts to €3.9m.

Difference from the Financial Statements

(in millions of euros)	FGAAP Balance Sheet	Solvency II Prudential Balance Sheet	Differences
Intangible assets	19.9	-	-19.9
Tangible assets	3.6	3.6	-
Investments	147.9	150.4	+2.5
Reinsurers' share in the technical provisions, including:	1,119.7	915.8	-203.9
Provisions for unearned premiums / Best Estimate of Premiums Provisions	*262.2*	*159.5*	*-102.7*
Provisions for Claims / Best Estimate of Claims Provisions	*857.5*	*756.3*	*-101.2*
Receivables	890.9	852.8	-38.1
Current accounts and cash in hand	100.6	100.6	-
Other Assets	101.0	-	-101.0
Deferred taxes	-	3.9	+3.9
Total Assets	**2,384**	**2,027**	**-356**

In summary, the differences between the assets in the company balance sheet and the Solvency II prudential balance sheet are broken down as follows:

- Intangible assets (€-19.9m): Cancellation in the Solvency II Prudential Balance Sheet
- Investments (+€2.5m): Shift to market value
- Reinsurers' share in the technical provisions (-€203.9m): Cf. Section D.2.
- Receivables (-€38.1m): this restatement relates to a portion of the reinsurance receivables, the nature of which corresponds to ceded provisions for unearned written premiums on premium agreements acquired entering into cash exchanges with the reinsurers, and which are therefore cancelled on the Solvency II prudential balance sheet.
- Current accounts and cash in hand: No restatement
- Other assets (-€101.0m): detail above
- Deferred taxes (+€3.9m): Linked to the restatement between the company balance sheet and the Solvency II prudential balance sheet

The total value of the assets in the Solvency II prudential balance sheet is €2.027 billion compared to €2.384 billion in the financial statements.

D.2. Technical Provisions

Value, methods and assumptions by type of provisions

- The **segmentation** used for the valuation of technical provisions is based on homogeneous risk categories. For presentation purposes, these are then aggregated by Line of Business, as described by the regulations.
    - » The company's commitments on 2-wheeler and 4-wheeler products are distributed in the «Automobile Civil Liability» and «Other motor vehicle insurance» Lines of Business
    - » The commitments relating to the Property Damage products (Home Comprehensive, Building Comprehensive, Glass Breakage and Breakage/Theft of Property) are presented in the «Fire and other Property Damage» and "General Civil Liability" Lines of Business
    - » Commitments related to Mechanical Failure, Unpaid Rent, Over-Redemption, Property Warranty Extension and Ticket Cancellation products are classified in the «Miscellaneous Financial Losses» Line of Business,
    - » Commitments regarding Legal Protection and Assistance cover are reflected in the Line of Business of the same name.
    - » Commitments relating to Individual Accident products are classified in the "Income Protection" Line of Business.
- **The Best Estimate of the Provisions for Gross Reinsurance Claims** is the sum of future cash flows related to claims already occurring, updated according to the curves of the regulatory rates (in currency) as at 31/12/2023, without a volatility adjustment. The settlement rates used were constructed to account for differences in liquidation between large loss and other claims. On the other hand, the rates used for Affinity products are those anticipated when pricing products.
    - » **"Annuity" claims:** the valuation of the annuity claims is based on amounts of compensation determined by loss item, assessed for probability using applicable mortality tables in force.
- **Recurring Expenses related to the management of commitments during the claims settlement period** are charged to future cash flows as long as they have not already been disbursed on the valuation date. They include expenses directly allocatable to the management of commitments and indirect expenses allocated to the management of commitments in the company's cost accounting:

    - **The Management Costs for the compensation of material claims** are not forecast, since they are fully borne by the delegates of the company and already disbursed by the company in the form of management commissions paid in accordance with the delegation protocols.
    - **Acquisition Fees** are also excluded from the forecast, insofar as they have already been paid to the contributors in the form of distribution commissions paid in accordance with the distribution protocols.
    - **Other overhead costs relating to contract administration and investment management** are forecast in proportion to the flow of future claims settlements by following the company's analytical distribution rules and the business continuity scenario provided for in Article 31 of the Delegated Regulation.
    - Before discounting, the amount of Expenses included in the Best Estimate of Claim Provisions and annuities resulting from non-life commitments gross of Reinsurance amounts to €3.6m.
- **The Best Estimate of Provisions for Claims Ceded in Reinsurance,** represented in the assets, is the sum of future cash flows related to claims already occurred, projected according to the same segmentation and methodology as the Best Estimate of Provisions for Claims Gross of Reinsurance, but ceded according to the terms provided for in the Reinsurance Treaties in force within Wakam:
    - **Proportional Treaties** are modelled by applying the transfer rates to the gross future cash flows separately by Treaty, Reinsurer and Financial Year of Occurrence.
    - **Non-proportional Treaties** are taken into account individually for each claim or event putting these coverages into play, by applying the indexing and reconstitution clauses.
    - **A Probability of default of reinsurers**, identical to that used for the assessment of the Type 1 counterparty SCR, and based on the individual rating of each of the reinsurers is applied to the ceded future cash flows thus obtained.
- **The Best Estimate of Provisions for Premiums Gross of Reinsurance** is the discounted sum of future cash flows (Premiums, Settlements of claims not yet occurred net of recoveries collected and related Expenses) which will be generated by policies in the portfolio on the valuation date for the non-acquired portion of the risk or which are renewed or underwritten over the next financial year in cases where the company could not unilaterally release itself from its commitment to the final insured party or increase the policy price.

The company thus retains within its “Boundary” the following policies:

- » All individual policies when Wakam cannot terminate within two months of the closing date. Depending on the validity period of the renewal estimate, shorter time horizons were retained for the partnerships concerned. In certain rare cases where the distribution agreements are multi-year, without possible modification of the pricing unilaterally, the policies underwritten are retained until the end of these agreements.

- » Future cash flows for this scope are valued on the basis of premiums and commission rates, as anticipated for 2024, and using Best Estimate claims assumptions. They also take into account future costs related to the management of commitments.

- **The Best Estimate of Provisions for Premiums Ceded to Reinsurance,** represented in the assets, is the sum of future cash flows, projected according to the same segmentation and methodology as the Best Estimate of Provisions for Claims Gross of Reinsurance, but ceded according to the terms provided for in the Wakam Reinsurance Treaties for the 2024 financial year.
- **Valuation of the Provision for Ongoing Risks:** by construction, the best estimate of premium provisions including the elements constituting the provision for ongoing risk, the provision for ongoing risks is positioned at 0 in the Solvency II prudential balance sheet.

- **The Risk Margin** is added to all of the Best Estimates of Provisions for Claims and Premiums in order to constitute the technical provisions within the meaning of the Solvency II Directive. It is calculated to ensure that the value of the technical provisions is equivalent to the amount that the insurance and reinsurance companies would request to take over and honour Wakam’s insurance and reinsurance commitments. The risk margin is estimated as the discounted sum of future SCRs until the extinction of the commitments multiplied by a capital cost rate equal to 6% as provided for in Article 39 of the Delegated Regulation. As a simplification measure, the company estimated the risk margin in the Solvency II prudential balance sheet based on the level 2 simplification defined in the LTGA Technical Specifications which assumes that the SCR for each financial year is proportional to the Best Estimate of Claims Provisions Net of Reinsurance. **The risk margin is thus valued at €12.1m** in the Solvency II prudential balance sheet.

Level of Uncertainty

The valuation carried out by the company within the framework of regulatory requirements is subject to uncertainties of two types:

- **The insurance business is inherently volatile:** despite the application of risk mitigation techniques via reinsurance, which aims to achieve the tolerance levels accepted by the Company's Board of Directors, the risk cannot be completely eliminated. The valuation that relies on a deterministic projection in a central development scenario does not reflect the volatility of operations.
- **Wakam's growth remained significant in 2023:** Wakam continued its very significant growth in 2023 (premiums acquired increased by +23%), following on from 2022. This growth involves establishing new partnerships where the historical data is sometimes less deep. The valuation of the commitments is then based on the observations of comparable portfolios which cannot perfectly reflect the new risk carried by Wakam in this context, despite rigorous selection and increasing diversification of guarantees.

Differences from the Financial Statements

Summary of Differences with Technical Provision as of 31 December 2023

(in millions of euros)	FGAAP Balance Sheet	Solvency II Prudential Balance Sheet	Differences
Technical provisions, including :	**1,337.0**	**1,094.4**	**-242.5**
Provisions for unearned premiums / Best Estimate of Premiums Provisions	346.8	207.7	-139.1
Provisions for Claims / Best Estimate of Claims Provisions	921.2	838.8	-82.4
Other technical provisions (provisions for claims not yet manifested, provision for ongoing risks, math provisions for annuities)	68.9	35.8	-33.1
Risk margin	-	12.1	+12.1
Reinsurers' share in the technical provisions, including :	**1,119.7**	**915.8**	**-203.9**
Provisions for unearned premiums / Best Estimate of Premiums Provisions	262.3	159.5	-102.8
Provisions for Claims / Best Estimate of Claims Provisions	793.6	722.7	-70.9
Other technical provisions (provisions for claims not yet manifested, provision for ongoing risks, math provisions for annuities)	63.8	33.6	-30.2
Technical provisions net of reinsurance	**217**	**179**	**-39**

In summary, the differences between the net technical provisions in the company balance sheet and the Solvency II prudential balance sheet are broken down as follows:

- Net premium provisions (-€36.3m): Reclassification of ceded UPR reinsurance receivables and debt (see section D.1.) (-€38.1m), integration of discounted profits on unearned premiums in the financial year 2023 net of expenses related to the management of commitments and renewal (+€2.2m), integration of discounted profits on policies not yet formed in 2023 but belonging to the «Boundary» of policies (-€0.4m).
- Net claims and other technical provisions (+€11.8m): Cancellation of the Provision for Unexpired Risks (-€2.7m) offset by integration of the claims provision including expenses and discounting (-€11.7m).
- Risk margin (+€12.1m): Integration of the cautious margin valued according to the standard formula.

The total value of the net technical provisions in the Solvency II prudential balance sheet is €179m compared to €217m in the financial statements. The difference is mainly due to the reclassification of a portion of the assigned provisions for unearned written premiums into reinsurance debts.

Technical Provisions by Line of Business

At the end of the valuations of the technical provisions, the distribution by main Line of Business reveals a preponderance of Automobile Civil Liability Insurance due to both a greater relative importance of large loss claims and a greater duration of commitments than the other branches. However, this segment is more reinsured to cover itself against the volatility of large loss claims.

Breakdown of the Technical Provisions by Line of Business as of 31 December 2023 (in millions of euros)

(Amounts in €m)	Best Estimate of Provisions			Risk margin	Technical provisions
	Gross	Ceded	Net		Net S2
Medical expenses insurance	118.8	-92.7	26.0	0.8	26.8
Income Protection Insurance	10.5	-8.3	2.2	0.2	2.3
Automobile civil liability insurance	550.9	-488.2	62.7	5.1	67.8
Other Motor Vehicle Insurance	163.3	-131.3	32.0	2.2	34.3
Fire and other property damage insurance	125.4	-97.7	27.7	2.3	30.1
General civil liability insurance	58.5	-54.4	4.1	0.3	4.4
Credit and guarantee insurance	0.4	-0.3	0.1	0.0	0.1
Legal protection insurance	0.2	-0.0	0.2	0.0	0.2
Assistance Insurance	0.6	-0.6	0.0	0.0	0.0
Insurance for various financial losses	49.6	-40.2	9.4	0.9	10.3
Annuities arising from non-life insurance policies	4.2	-2.1	2.1	0.2	2.3
TOTAL	**1,082**	**-916**	**166**	**12**	**179**

Matching Adjustment

Wakam does not use this option.

Correction for Volatility

Wakam does not use this option.

Transitional Risk-Free Interest Rate Curve

Wakam does not use this option.

Transitional Deduction

Wakam does not use this option.

Amounts recoverable under Reinsurance

The amount recoverable under reinsurance in the Solvency II prudential balance sheet is €915.8m.

Changes in assumptions compared to the previous period

Compared to the previous financial year, the company did not make any methodological adjustments or changes to structural assumptions outside those required by the standard (interest rate curve, review clause) or specific to the evolution of its activity.

D.3. Other Liabilities

Value, methods and assumptions by type for other liabilities

- **Valuation of debts arising from insurance and reinsurance operations:** debts arising from insurance operations correspond to the balances of claims settlements and commissions owed to brokers in the short-term, and the cash balances of the treaties underwritten by Wakam. The economic value presented in the prudential balance sheet amounts to €719.8m. Reinsurance debts were reduced compared to the amount recorded in the balance sheet by €8.9m **from a reclassification entry of reinsurance commissions carried forward on the agreements into acquired premiums because they are included in cash exchanges with reinsurers.**

- **Valuation of Deferred Reinsurance Commissions:** Deferred Reinsurance Commissions (DRCs) correspond to the amount already received by Wakam in respect of reinsurance commissions on premiums issued but unearned as of 31 December 2023. In the accounting, increasing this item makes it possible to link the Company's reinsurance commissions to the proper financial year. Conversely, Solvency II is based on a logic of future cash flows. Since the DRCs have already been collected by the company and are not the subject of a future cash flow, they are therefore completely cancelled in the Solvency II prudential balance sheet. It should be noted that this operation does not generate a loss of wealth for Wakam, since these reinsurance commissions on existing policies will not give rise to a future cash flow and are not projected in the Best Estimates of Net Provisions in the Solvency II prudential balance sheet. The restatement of the DRCs amounts to €93.5m in the prudential balance sheet of 31 December 2023.

- **Valuation of transferees' [reinsurers'] deposits:** these cash deposits are constituted according to the contractual terms of certain Reinsurance Treaties and make it possible to guarantee Wakam the repayment of claims by the Reinsurer up to its quota share. The economic value in the Solvency II prudential balance sheet remains zero, identical to the value recorded in the financial statements.

- **Valuation of the Provision for risks and expenses:** The provision for risks and expenses consists of provisions for disputes, provisions for fines and penalties and provisions for retirement benefits. These provisions are not restated in the Solvency II prudential balance sheet.

- **Valuation of subordinated liabilities:** in accordance with Article 14 of Delegated Regulation 2015/35 of 10 October 2014 and the Guidelines published by EIOPA on the valuation of financial liabilities, the company takes into account changes in market conditions affecting the value of its subordinated debt, with the exception of changes in market conditions affecting its own credit risk. Subordinated debt is thus valued in the economic balance sheet as the sum of the coupons and redemption at maturity discounted at the risk-free interest-rate curve as of 31 December 2023 to which the credit risk premium specific to Wakam is added.
- **Valuation of other debts:** The other debts correspond to the amounts owed to government agencies (Taxes, Social Security Contributions, etc.) and to suppliers. Their economic value remains identical to the book value in the prudential balance sheet for the following debts:
  - securities repurchased for €25m,
  - bank debts for €0.1m,
  - debts for paid leave for €1.5m,
  - the provision for profit-sharing and incentive schemes for €0.4m,
  - the provision for variable remuneration for €4.7m,
  - contributions due to social organisations for €2.5m,
  - taxes and duties for €64.0m.
  - other open suppliers €15.7m
- **Valuation of passive accrual accounts:** The economic value of the other liabilities is restated for the depreciation of premiums in the Solvency II prudential balance sheet because these elements are integrated into the market value of investments which appear in the Assets, along with accrued interest not due on subordinate debt, as it affects the latter's economic value. This restatement represents €0.2m and €0.8m respectively as at 31 December 2023.

Differences compared to the Financial Statements

(in millions of euros)	Company Balance Sheet	Solvency II Prudential Balance Sheet	Differences
Technical provisions, including:	1,337.0	1,094.4	-242.5
Provisions for unearned premiums / Best Estimate of Premiums Provisions	*346.8*	*207.7*	*-139.1*
Provisions for Claims / Best Estimate of Claims Provisions	*990.1*	*874.6*	*-115.5*
Risk margin	-	*12.1*	*+12.1*
Provision for contingencies and charges	3.3	3.3	-
Transferee Deposits	-	-	-
Debt	842.6	833.7	-8,9
Deferred reinsurance commissions	93.5	-	-93.5
Subordinated debt	19.0	19.8	+0.8
Other liabilities	1.8	0.7	-1.0
Deferred taxes	-	-	-
Total Liabilities	**2,297**	**1,952**	**-345**
Subordinated debt, included in S2 Equity		19.8	+19.8
Equity	**86**	**95**	**+9**

In summary, the differences between the liability items in the company balance sheet and in the Solvency II prudential balance sheet are broken down as follows:

- Gross technical and other non-technical provisions (-€242.5m): Cf. Section D.2.;
- Provisions for risks and expenses: No restatement;
- Transferee Deposits: No restatement;
- Other debts (-€8.9m): Restatement reflecting the consideration of restatement relating to reinsurance commissions for acquired premium reinsurance agreements';
- Deferred reinsurance commissions (-€93.5m): Restatement of deferred reinsurance commissions;
- Subordinated debt (+€0.8m): Fair value of the subordinated debt;
- Other liabilities (-€1.0m): Restatement of accrued interest not due on subordinated debt (-€0.8m) and depreciation of overpayments (-€0.2m).

The total value of liabilities in the Solvency II prudential balance sheet is €1.952 billion compared to €2.297 billion in the financial statements.

D.4. Alternative valuation methods

Valuation for solvency purposes is carried out on the sole basis of the “Standard Formula” provided for by Directive 2009/138/EC and Delegated Regulation 2015/35 (EU) of 10 October 2014. No alternative valuation method is used

D.5. Other information

All valuation values, methods and assumptions for all assets and liabilities of the company are presented in a comprehensive manner in paragraphs D.1. to D.4.

E. Capital management

E.1. Equity

Capital Management Objectives and Policies

The capital management system must take into account the regulatory constraints and the assessment that Wakam makes internally of the amount of equity necessary to cover its risks. The company thus identifies the various elements of equity that it may hold with a view to classifying them according to the levels and features presented in section 2 of Chapter IV of the delegated acts.

	Basic Equity	Ancillary Equity
Level 1	Article 71	
Level 2	Article 73	Article 75
Level 3	Article 77	Article 78

- **The company must first establish a classification by type of equity:**
  - **Basic Equity** consists of the following: the surplus of assets over liabilities, assessed in accordance with Chapter II of Title I of the Delegated Acts and the subordinated liabilities that Wakam would have to hold.
  - **Ancillary Equity** consists of items, other than basic equity, that can be called upon to absorb losses. They may include the following: The fraction of the initial funds that was not called up, letters of credit and guarantees or any other legally binding commitment received by Wakam. When an element of ancillary equity has been paid or called up, it is treated as an asset and ceases to be part of ancillary equity.
- **Wakam must then perform a classification of the equity according to three levels, to assess the quality of the equity it holds:** The classification of these items depends on their type (Basic Equity or Ancillary Equity), their duration, which may or may not be determined, and which is compared to the duration of the commitments, where applicable, and their permanent or subordinated availability.

	Type of Equity	
Qualité	**Basic Equity**	**Ancillary Equity**
High	Level 1	
Medium	Level 2	Level 2
Low	Level 3	Level 3

- **Level 1 basic equity elements,** including ordinary share capital paid-up and the related share premium account have a number of features listed in Article 71 of the Delegated Regulations, the most significant of which for Wakam are as follows:
  - » **These equity elements do not allow distribution,** when the solvency capital is not respected or a distribution in connection with this element would lead to non-compliance, unless the supervisory authorities have exceptionally accepted that the distribution should not be cancelled, the distribution does not further weaken Wakam's solvency position and the Minimum Solvency Capital Required (MCR) is respected after distribution.
  - » There is no obligation for Wakam to make distributions.
- In the event that Wakam proceeds with a capital increase, the ordinary share capital not paid up and not called, and callable on demand, is recognised as Level 2 ancillary equity. When this capital is paid up, it is reclassified as Level 1 basic equity.
- In accordance with Article 73 of the Delegated Regulation, subordinated debts subscribed by the company are recorded as Tier 2 basic equity.
- In accordance with Article 76 of the Delegated Regulations, the value of net deferred tax assets and preferred shares is recognised as Level 3 basic equity. In particular, the recoverability of these deferred tax assets was tested to justify a sufficient level of profits generated over the projection period of the business plan.
- If Wakam holds equity items presenting features not included in the usual equity characteristics of Level 1, 2 or 3 equity, these items would be valued only after receiving approval from the supervisory authorities for their valuation and classification.

Expected progression of equity

The Board of Directors has put in place a medium-term Capital Management Plan taking into account:

- The maturity of the equity elements, including contractual maturity and any previous opportunity to redeem or buy back, related to the Company's equity elements,
- The result of the projections made in the ORSA,
- The manner in which the issue, buyback or redemption, or any other variation in the valuation of an equity element impacts the application of limits by level.

This medium-term Capital Management Plan has led in particular to the setting of a target solvency ratio of 150%. The Vice-President Capital & Reinsurance ensures compliance with the medium-term capital management plan, under the supervision of the Executive Officer.

Wakam equity structure

Eligibility of the elements of coverage defined by the Solvency 2 Directive

SCR	At most, 15% of Level 3 items
	Remaining Part Eligible for Level 2
	At least 50% of Level 1 equity
MCR	At most, 20% of Level 2 items
	At least 80% of Level 1 equity

The principles of eligibility and classification of coverage elements are defined in the Solvency II Directive. Each element of equity has a different loss absorbing capacity. The value of the SCR and MCR can be compared to the amount of eligible items, the ratio between the two corresponds to the solvency ratios allowing the company to be in line with regulatory requirements and internal capital tolerance levels.

- **As of 31 December 2023, 75% of Wakam's equity (€71.2m) is classified as Level 1,** as a sum of the company's share capital and the net assets generated in the valuation of the Solvency II prudential balance sheet, **21% is classified as Level 2**, corresponding to subordinated debts issued on 9 March 2017 and 28 September 2018 (valued at €19.8m in the economic balance sheet) and **4% is classified as Level 3,** corresponding to deferred tax assets due to valuation restatements that are negative overall.
- **Total equity thus amounts to €95.0m** as of 31 December 2023, 100% eligible to cover the SCR and 80% eligible to cover the MCR.

Difference with the Financial Statements

Difference between the Equity in the company balance sheet and the Solvency prudential balance sheet as of 31 December 2023

(in millions of euros)	Company Balance Sheet	Solvency II Prudential Balance Sheet	Differences
Total Assets	2,383.7	2,027.2	-356.5
Total Liabilities	2,297.2	1,952.1	-345.1
Equity	**86**	**75**	**-11**

The valuation of the Solvency II prudential balance sheet shows a -€11.3m decrease in equity before reclassification of subordinated liabilities. This corresponds to all of the following factors:

- cancellation of intangible assets for -€19.9m;
- the consideration of Other restatements (mainly pre-paid expenses) for -€2.9m;
- the integration of the restatement in the net technical reinsurance provisions, including risk margin, (excluding the effect of the restatement of the ceded provisions for unearned written premiums on the agreements in earned premiums, see section D.1.) for +€0.5m;
- unrealized gains and losses on financial assets for +€2.5m;
- the cancellation of DACs reduced of DRCs (excluding the effect of DRC restatement on agreements in earned premiums, see section D.3.) for +€4.6m;
- taking into account deferred taxes of +€3.9m due to negative overall restatement.

E.2. Solvency capital requirement and minimum capital requirement

Information by Risk Module

The calculations of the SCR and MCR were carried out on 31 December 2023 based on the Standard Formula and its parameters as described in the Solvency II Directive, the Delegated Regulation and the review clause. In addition, the elements of the review clause that went into force on 1st January 2019 were integrated into the calculation, in particular, revisions concerning shocks on premiums and reserves and the correlations, risk factors and weighting by region of the Catastrophe risk, or the evolution of certain shocks on the market SCR.

- **The Market SCR** is assessed on a "simplified" look-through basis for the funds, which represent 12% of the total investments not counting cash in bank.
  - **The Equity SCR** is calculated based on the standard formula. **As at 31 December 2023, the SCR Equity thus amounts to €7.4m**, up +€3.2m, mainly due to the sharp increase in the shock absorber which increased the impact applied (up from +4.5pts to 1.5%), supplemented by an increase in the base amount, in particular on private debts as well as by a strategic investment in the Corporate Member of the Big Wakam group. This ownership stake was previously positioned in the balance sheet of the holding company Big Wakam.
  - **The Interest Rate SCR** is estimated based on standard scenarios up or down, applied to net cash flows (shock on bond assets and UCITS net of shocks on Solvency II Technical Provisions), the worst scenario being used. **As of 31 December 2023, the amount of the Interest Rate SCR amounts to €0.6m** down -€0.4m. Contrary to the previous closing, Wakam's sensitivity is based on a downward interest rate shock. The slight decrease in the SCR is explained by a more adequate alignment of the asset and liability bases sensitive to rate changes.
  - **The Spread SCR** represents the impact of an adverse change in the issuer's solvency causing a widening of credit spreads (yield spread) between the risk-free rate and the rate of return expected from the investments. The capital requirement is based on the market value, duration and rating of the issuer. **As of 31 December 2023, the amount of the Spread SCR amounts to €3.8m**, which is -€1.9m less than the previous financial year. This decline is mainly due to the sharp increase in the share of short-term sovereign bonds in Wakam investments that do not generate spread risk.

    - **The Currency SCR** represents the change in the value of the technical assets and liabilities denominated in non-euro currencies generated by a 25% exchange rate variation up or down, barring exceptions (e.g. the Danish krone, whose variation is 0.39%). **As of 31 December 2023, the amount of Wakam's SCR Currency amounts to €1.6m**, down by -€2.3m mainly on exposures to zlotys. Despite the company's strong rise in exposure in the UK, SCR Change on the pound sterling is down sharply due to a good congruence between assets and liabilities in this currency.
    - **The Concentration SCR** represents the risk of volatility caused in its investment portfolios by overexposure to a single issuer. The capital requirement is based on the exposure to the issuer in question and its rating. **As of 31 December 2023, the amount of the Wakam Concentration SCR is €0.1m,** stable compared to the previous financial year due to the significant growth of the investment base on diversified issuers.
    - **The Real Estate SCR** represents the risk on real estate assets arising from the sensitivity of the value of assets, liabilities and financial instruments to changes affecting the level or volatility of the market value of the real estate assets. **It amounts to €2.0m as at 31 December 2023**, slightly down (-€0.2m) compared to 31 December 2022. This decrease is mainly due to the decrease in the leverage of the real estate funds in which the company has invested and which impact the calculation of the Real Estate SCR.
    - **After aggregation and diversification of the various risks, the company's Market SCR amounts to €13.0m**, up by +€0.3m compared to the previous financial year.
- **The Counterparty SCR** is broken down into 2 subcategories:
    - **The type 1 counterparty SCR** corresponds to the loss that would result from the default of Wakam's listed counterparties. In the case of reinsurers, this SCR is based on their rating, their exposure including the Best Estimate of CededProvisions, the value of the collaterals granted by the reinsurers and the non-life SCR savings following the disposals to reinsurers. In the case of bank counterparties, the SCR is based on their rating and bank deposits. **As of 31 December 2023, the type 1 counterparty SCR amounts to €8.3m**, an increase of €2.1m compared to the previous financial year, in connection with an increase in transfers and an increase in cash accounts taken into account in the exposure base.

- **The type 2 counterparty SCR** corresponds to the loss caused by a massive default of the counterparties recorded in the insurance claims (insured parties and brokers), calculated according to the age of the claims (more or less than 3 months). **As of 31 December 2023, the Type 2 counterparty SCR is valued at €4.1m** and shows a decrease of -€1.7m compared to the previous year. This change is explained by cleanings carried out on the receivables and debts in the balance sheet, reducing this exposure.
- **After aggregation of the two sub-modules, the Counterparty SCR amounts to €11.7m,** an increase of +€0.5m compared to the previous financial year.

- **The Health Underwriting SCR** reflects the Company's risk of under-pricing and under-provisioning after geographical diversification, with Wakam's commitments being divided between countries in continental Europe, the United Kingdom, Ireland, Northern Europe and an area comprising Reunion Island and the Caribbean. This SCR also includes the risk of lapse:
  - **For the SCR Premiums and Reserves Health,** the capital charge is determined by applying a volatility factor specific to each health line of business to the Best Estimate of Net Claims Provisions for the under-provisioning risk and the net «Premium Volume» for the under-pricing risk. For Wakam, the «Premium Volume» defined in the Standard Formula is equal to the sum of the following three items: the maximum between Premiums earned for the 2023 financial year and the Premiums to be earned over the 2024 year; the Premiums to be earned in 2025 for policies renewed up to 31 December 2024; and the Premiums to be earned over the first two months of 2026 for policies underwritten as at 1 November 2024. **As of 31 December 2023, the SCR of «Premiums and Reserves» amounts to €8.4m**, up +€1.7m compared to the previous year. This is mainly due to the launch in 2023 of a major partnership in health insurance, which is expected to grow in 2024.
  - **The Health Lapse SCR** reflects the lapse risk that results from the loss, or the adverse change in the value of health insurance commitments, resulting from changes affecting the level or volatility of the rates of policy discontinuance, terminations or renewals. **It is valued at €0.2m on 31 December 2023**, up +€0.2m compared to the previous financial year due to an increase in the best estimate of future premiums, resulting in future profits in the health segment.
  - **After aggregation and diversification of the various sub-modules, the amount of the company's Health SCR as of 31 December 2023 amounts to €8.4m,** an increase of +€1.7m compared to the previous year.

- **The Non-Life Underwriting SCR** reflects the Company's risk of under-pricing and under-provisioning after geographical diversification, with Wakam's commitments being divided between countries in continental Europe, the United Kingdom, Ireland, Northern Europe and an area comprising Reunion Island and the Caribbean. This SCR also encompasses the risk of lapse as well as the risk of natural or man-made disasters:
  - **For the SCR Premiums and Reserves Non-Life**, the capital charge is determined by applying a volatility factor specific to each line of business to the Best Estimate of Net Claims Provisions for the under-provisioning risk and the net «Premium Volume» for the under-pricing risk. For Wakam, the «Premium Volume» defined in the Standard Formula is equal to the sum of the following three items: the maximum between Premiums earned for the 2023 financial year and the Premiums to be earned over the 2024 year; the Premiums to be earned in 2025 for policies renewed up to 31 December 2024; and the Premiums to be earned over the first two months of 2026 for policies underwritten as at 1 November 2024. **As of 31 December 2023, the SCR of «Premiums and Reserves» amounts to €33.8m**, up +€6.4m compared to the previous year. This is mainly due to a sharp rise in claims volumes.
  - **The Catastrophe SCR** is estimated using the Helper Tabs provided by the EIOPA. It also incorporates the "Catastrophe" risk specific to the "Miscellaneous Financial Loss Insurance" Line of Business. The Catastrophe SCR is reduced by the application of the Reinsurance Treaties applicable to the Lines of Business "Fire and Other Property Damage" and "Other Motor Vehicle Insurance". **As of 31 December 2023, the Catastrophe SCR thus amounts to €6.8m**, an increase of +€0.6m compared to the previous year in line with Wakam's increasing exposure to risk.
  - **The Non-Life Lapse SCR** reflects the lapse risk that results from the loss, or the adverse change in the value of non-life insurance commitments, resulting from changes affecting the level or volatility of the rates of policy discontinuance, terminations or renewals. **It is valued at zero as of 31 December 2023**, down by -€1.0m compared to the previous year due to a decrease in the best estimate of future premiums, resulting in future losses on the non-life segment.
  - **After aggregation and diversification of the various sub-modules, the amount of the company's Non-Life SCR as of 31 December 2023 amounts to €36.1m**, an increase of +€6.5m compared to the previous year.

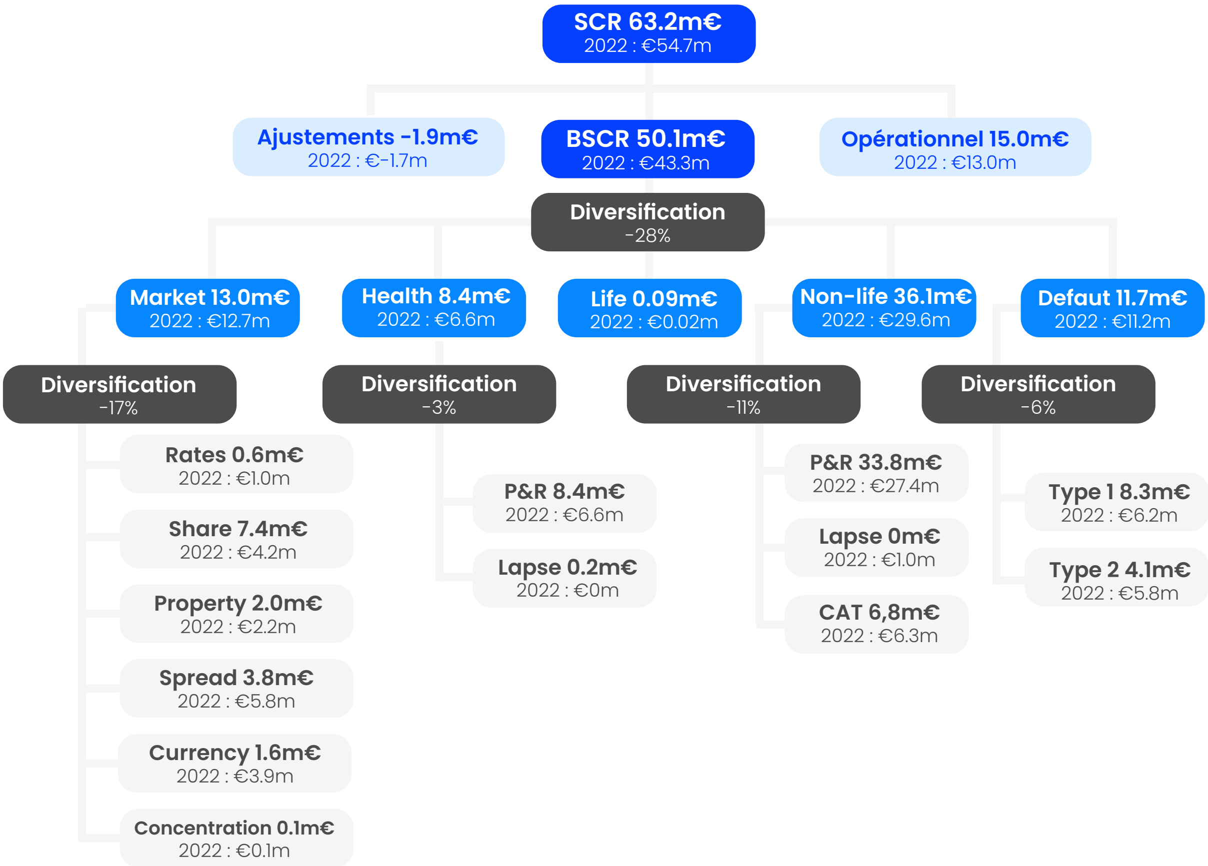
- » After application of the risk correlation matrices provided for by the standard formula, the sum of the individual SCRs benefits from **a diversification effect of 28% to reach a BSCR of €50.1m as of 31 December 2023**, up by +€6.8m compared to the previous year. This increase is primarily due to the increase in underwriting risks, explained above.

Total Solvency Capital Requirement and Total Minimum Capital Requirement

- **The total Solvency Capital Requirement (SCR) as of 31 December 2023,** sum of the basic SCR (BSCR), the Operational SCR and depreciation by taxes**, amounts to €63.2m:**
  - » **The Operational SCR** is a measure of the risk of loss resulting from inadequate or failed internal procedures, from the personnel or systems, or external events. It also includes legal risks, but it excludes reputational risks and the risks resulting from strategic decisions. **As of 31 December 2023, the amount of Wakam's Operational SCR amounts to €15.0m,** and marks an increase of +€2.0m compared to the previous financial year due to the increase in Underwriting risks.
  - » **Deferred tax depreciation** corresponds to the tax credits related to the loss of the BSCR and the Operational SCR. **As of 31 December 2023, the adjustment is assessed at €1.9m,** up by +€0.2m compared to the previous year.

SCR Modules "Tree" as of 31 December 2023

(Reminder of amounts as of 31 December 2022 in parentheses)



- **The Total Minimum Capital Requirement (MCR) amounted to €23.1m on 31 December 2023,** up +€6.2m compared to the previous financial year. It corresponds to the linear MCR (estimated by applying for each of the lines of business two differentiated factors, one to the premiums earned for the 2023 financial year, the other to the best estimate of the net claims provisions).

E.3. Use of the duration-based "equity risk" sub-module in calculating the required solvency capital

Article 304 (7) of the Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance known as «Solvency II», authorises non-life insurance companies, under certain conditions and subject to agreement by the supervisory authority, to replace, in the design of the standard formula, the equity sub-module with an equity sub-module based on duration.

Wakam does not use this option and performs the calculation of its solvency capital requirement following the approach defined by the standard formula.

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

Directive 2009/138/EC of the European Parliament and of the Council on access to insurance and reinsurance activities and their so-called Solvency II exercise authorises non-life insurance companies, under certain conditions and subject to the agreement of the supervisory authority, to use a partial or integral internal model.

Wakam does not use this option.

E.5. Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

SCR and MCR coverage ratios as of 31 December 2023

(in millions of euros)	31/12/2022	31/12/2023
Economic equity, including:	**83.3**	**95.0**
Level 1	57.7	71.2
Level 2	19.8	19.8
Level 3	5.8	3.9
Eligible equity in SCR coverage	**83.3**	**95.0**
SCR	54.7	63.2
SCR coverage ratio	152.3%	150.2%
Equity eligible to cover the MCR coverage	**61.1**	**75.9**
MCR	16.9	23.1
MCR coverage ratio	361%	328%

- **Wakam meets the overall solvency need as of 31 December 2023:**
  - **On this date, the SCR coverage ratio is 150%** and the MCR coverage ratio is 328%.
  - **The SCR coverage ratio** is down compared to 2022 (-2pts). This is explained by the simultaneous growth of SCRs, mainly on the underwriting risk, and equity due to the capital injection carried out at the end of the year in order to absorb the losses made over the period.
  - **The MCR coverage ratio** declined by -33pts, a change consistent with the increase in net premiums and provisions over the period.

E.6. Other information

All information relating to capital management is presented exhaustively in paragraphs E.1. to E.5.

Appendix

Public QRTs displayed in this Appendix
are related to annual closing 2023.
These include the following:

- S.02.01 – Balance sheet
- S.04.05 – Premiums, claims and expenses by country
- S.05.01 – Premiums, claims and expenses by line of business
- S.12.01 – Life and Health SLT Technical Provisions
- S.17.01 – Non-Life Technical Provisions
- S.19.01 – Non-life insurance claims
- S.23.01 – Own funds
- S.25.01 – Solvency Capital Requirement
- S.28.01 – Minimum Capital Requirement

Amounts displayed in the QRTs are reported in thousand of euros (€k).

S.02.01 - Balance sheet

Assets				Solvency II value
				C0010
Goodwill			R0010	
Deferred acquisition costs			R0020	
Intangible assets			R0030	0
Deferred tax assets			R0040	3,911
Pension benefit surplus			R0050	0
Property, plant & equipment held for own use			R0060	3,638
Investments (other than assets held for index-linked and unit-linked contracts)				150,427
Investments (other than assets held for index-linked and unit-linked contracts)	Property (other than for own use)		R0080	0
	Holdings in related undertakings, including participations		R0090	0
	Equities			27
	Equities	Equities - listed	R0110	27
		Equities - unlisted	R0120	0
	Bonds		R0130	103,806
	Bonds	Government Bonds	R0140	71,086
		Corporate Bonds	R0150	32,721
		Structured notes	R0160	0
		Collateralised securities	R0170	0
	Collective Investments Undertakings		R0180	33,359
	Derivatives		R0190	0
	Deposits other than cash equivalents		R0200	13,235
	Other investments			0
Assets held for index-linked and unit-linked contracts			R0220	0
Loans and mortgages			R0230	0
Loans and mortgages	Loans on policies		R0240	0
	Loans and mortgages to individuals		R0250	0
	Other loans and mortgages		R0260	0
Reinsurance recoverables from:			R0270	915,837
Reinsurance recoverables from:	Non-life and health similar to non-life		R0280	913,764
	Non-life and health similar to non-life	Non-life excluding health	R0290	812,715
		Health similar to non-life	R0300	101,048
	Life and health similar to life, excluding health and index-linked and unit-linked		R0310	2,073
	Life and health similar to life, excluding health and index-linked and unit-linked	Health similar to life	R0320	0
		Life excluding health and index-linked and unit-linked	R0330	2,073
	Life index-linked and unit-linked		R0340	0
Deposits to cedants			R0350	0
Insurance and intermediaries receivables			R0360	615,414
Reinsurance receivables			R0370	107,396
Receivables (trade, not insurance)			R0380	129,966
Own shares (held directly)			R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in			R0400	0
Cash and cash equivalents			R0410	100,628
Any other assets, not elsewhere shown			R0420	0
Total assets				**2,027,217**

Liabilities				Solvency II value C0010
Technical provisions - non-life			R0510	1,090,035
Technical provisions - non-life	Technical provisions - non-life (excluding health)		R0520	959,817
	Technical provisions - non-life (excluding health)	Technical provisions calculated as a whole	R0530	0
		Best Estimate	R0540	948,906
		Risk margin	R0550	10,911
	Technical provisions - health (similar to non-life)		R0560	130,218
	Technical provisions - health (similar to non-life)	Technical provisions calculated as a whole	R0570	0
		Best Estimate	R0580	129,227
		Risk margin	R0590	992
Technical provisions - life (excluding index-linked and unit-linked)			R0600	4,398
Technical provi-sions - life (excluding index-lin-ked and unit-lin-ked)	Technical provisions - health (similar to life)		R0610	0
	Technical provisions - health (similar to life)	Technical provisions calculated as a whole	R0620	0
		Best Estimate	R0630	0
		Risk margin	R0640	0
	Technical provisions - life (excluding health and index-linked and unit-linked)		R0650	4,398
	Technical provisions - life (excluding health and index-linked and unit-linked)	Technical provisions calculated as a whole	R0660	0
		Best Estimate	R0670	4,182
		Risk margin	R0680	216
Technical provisions - index-linked and unit-linked			R0690	0
Technical provisions - index-linked and unit-linked	Technical provisions calculated as a whole		R0700	0
	Best Estimate		R0710	0
	Risk margin		R0720	0
Other technical provisions			R0730	
Contingent liabilities			R0740	0
Provisions other than technical provisions			R0750	3,348
Pension benefit obligations			R0760	0
Deposits from reinsurers			R0770	0
Deferred tax liabilities			R0780	0
Derivatives			R0790	0
Debts owed to credit institutions			R0800	58
Financial liabilities other than debts owed to credit institutions			R0810	0
Insurance & intermediaries payables			R0820	219,552
Reinsurance payables			R0830	500,199
Payables (trade, not insurance)			R0840	113,916
Subordinated liabilities			R0850	19,816
Subor-dinated liabilities	Subordinated liabilities not in Basic Own Funds		R0860	0
	Subordinated liabilities in Basic Own Funds		R0870	19,816
Any other liabilities, not elsewhere shown			R0880	748
Total liabilities				**1,952,069**
Excess of assets over liabilities			**R1000**	**75,149**

S.04.05 – Premiums, claims and expenses by country

Home country: Non-life insurance and reinsurance obligations

			Home country
			C0010
Premiums written (gross)	Gross Written Premium (direct)	R0020	267,477
	Gross Written Premium (proportional reinsurance)	R0021	
	Gross Written Premium (non-proportional reinsurance)	R0022	
Premiums earned (gross)	Gross Earned Premium (direct)	R0030	241,675
	Gross Earned Premium (proportional reinsurance)	R0031	
	Gross Earned Premium (non-proportional reinsurance)	R0032	
Claims incurred (gross)	Claims incurred (direct)	R0040	208,290
	Claims incurred (proportional reinsurance)	R0041	
	Claims incurred (non-proportional reinsurance)	R0042	
Expenses incurred (gross)	Gross Expenses Incurred (direct)	R0050	124,287
	Gross Expenses Incurred (proportional reinsurance)	R0051	
	Gross Expenses Incurred (non-proportional reinsurance)	R0052	

Top 5 countries (by amount of gross premiums written): Non-life insurance and reinsurance obligations

			UNITED KINGDOM	ITALY	IRELAND	POLAND	SPAIN
			C0020	C0020	C0020	C0020	C0020
Premiums written (gross)	Gross Written Premium (direct)	R0020	509,323	50,066	34,772	30,844	8,969
	Gross Written Premium (proportional reinsurance)	R0021					
	Gross Written Premium (non-proportional reinsurance)	R0022					
Premiums earned (gross)	Gross Earned Premium (direct)	R0030	377,975	32,054	23,822	30,844	7,044
	Gross Earned Premium (proportional reinsurance)	R0031					
	Gross Earned Premium (non-proportional reinsurance)	R0032					
Claims incurred (gross)	Claims incurred (direct)	R0040	312,047	42,093	26,847	9,679	4,261
	Claims incurred (proportional reinsurance)	R0041					
	Claims incurred (non-proportional reinsurance)	R0042					
Expenses incurred (gross)	Gross Expenses Incurred (direct)	R0050	29,934	25,025	1,263	41,888	3,522
	Gross Expenses Incurred (proportional reinsurance)	R0051					
	Gross Expenses Incurred (non-proportional reinsurance)	R0052					

Home country: Life insurance and reinsurance obligations

		Home country
		C0030
Gross Written Premium	R1020	
Gross Earned Premium	R1030	
Claims incurred	R1040	-1,284
Gross Expenses Incurred	R1050	

S.05.01 – Premiums, claims and expenses by line of business

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	C0020	C0030	C0040	C0050	C0060
Premiums written							
Gross - Direct Business	R0110	226,161	18,898	0	346,603	131,902	0
Gross - Proportional reinsurance accepted	R0120						
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	160,256	14,524	0	280,456	114,860	0
Net	R0200	65,905	4,374	0	66,147	17,042	0
Premiums earned							
Gross - Direct Business	R0210	111,806	17,630	0	293,667	114,739	0
Gross - Proportional reinsurance accepted	R0220						
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	75,270	13,205	0	227,641	96,246	0
Net	R0300	36,536	4,425	0	66,026	18,493	0
Claims incurred							
Gross - Direct Business	R0310	94,530	1,166	0	246,376	138,000	0
Gross - Proportional reinsurance accepted	R0320						
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	75,529	1,495	0	191,141	102,479	0
Net	R0400	19,001	-329	0	55,236	35,521	0
Expenses incurred		-3,145	1,793	0	26,863	12,778	0
Balance - other technical expenses/income							
Total technical expenses							

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Total
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
		C0070	C0080	C0090	C0100	C0110	C0120	C0200
Premiums written								
Gross - Direct Business	R0110	71,029	51,555	2,419	1,594	4,718	70,168	925,048
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	50,597	42,948	27	55	3,614	48,730	716,067
Net	R0200	20,433	8,607	2,392	1,539	1,105	21,438	208,981
Premiums earned								
Gross - Direct Business	R0210	71,176	49,635	798	1,598	4,660	68,167	733,876
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	49,088	41,490	8	50	3,504	45,279	551,781
Net	R0300	22,088	8,145	790	1,549	1,156	22,888	182,095
Claims incurred								
Gross - Direct Business	R0310	71,352	31,272	425	-137	5,116	31,380	619,479
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	53,084	28,313	287	-98	4,582	25,364	482,175
Net	R0400	18,267	2,958	138	-39	534	6,016	137,303
Expenses incurred	R0550	25,152	6,022	102	638	1,228	33,534	104,964
Balance - other technical expenses/income	R1200							1,924
Total technical expenses	R1300							106,889

		Line of Business for: life insurance obligations	
		Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Total
		C0260	C0300
Premiums written			
Gross	R1410		
Reinsurers' share	R1420		
Net	R1500		
Premiums earned			
Gross	R1510		
Reinsurers' share	R1520		
Net	R1600		
Claims incurred			
Gross	R1610	1,284	1,284
Reinsurers' share	R1620	642	642
Net	R1700	642	642
Expenses incurred	R1900		
Balance - other technical expenses/income			
Total expenses			

S.12.01 – Life and Health SLT Technical Provisions

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Total (Life other than health insurance, incl. Unit-Linked)
		C0090	
Technical provisions calculated as a whole	R0010		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020		
Technical provisions calculated as a sum of BE and RM			
Best Estimate			
Gross Best Estimate	R0030	4,182	**4,182**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	2,073	**2,073**
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	2,109	**2,109**
Risk Margin	R0100	216	**216**
Technical provisions - total	R0200	4,398	**4,398**

S.17.01 – Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0020	C0030	C0040	C0050	C0060	C0070
Technical provisions calculated as a whole	R0010						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050						
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross	R0060	73,505	1,487	0	55,321	45,239	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	55,313	1,181	0	42,085	35,101	0
Net Best Estimate of Premium Provisions	R0150	18,192	306	0	13,236	10,139	0
Claims provisions							
Gross	R0160	45,263	8,972	0	495,577	118,089	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	37,428	7,127	0	446,116	96,192	0
Net Best Estimate of Claims Provisions	R0250	7,835	1,845	0	49,461	21,896	0
Total Best estimate - gross	R0260	**118,768**	**10,459**	**0**	**550,898**	**163,328**	**0**
Total Best estimate - net	R0270	**26,027**	**2,151**	**0**	**62,697**	**32,035**	**0**
Risk margin	R0280	**803**	**189**	**0**	**5,067**	**2,243**	**0**
Technical provisions - total							
Technical provisions - total	R0320	119,571	10,648	0	555,965	165,571	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	92,741	8,308	0	488,201	131,293	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	26,830	2,340	0	67,765	34,278	0

S.17.01 – Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance						Total Non-Life obligation
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
		C0080	C0090	C0100	C0110	C0120	C0130	C0180
Technical provisions calculated as a whole	R0010							
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050							
Technical provisions calculated as a sum of BE and RM								
Best estimate								
Premium provisions								
Gross	R0060	20,927	7,835	13	24	215	3 109	**207,675**
Total recoverable from reinsurance/ SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	16,155	6,623	10	46	193	2,786	**159,492**
Net Best Estimate of Premium Provisions	R0150	4,772	1,212	3	-23	22	323	**48,183**
Claims provisions								
Gross	R0160	104,486	50,649	375	185	417	46,445	**870,457**
Total recoverable from reinsurance/ SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	81,557	47,751	300	-1	397	37,405	**754,272**
Net Best Estimate of Claims Provisions	R0250	22,929	2,898	75	186	21	9,040	**116,186**
Total Best estimate - gross	R0260	**125,413**	**58,484**	**388**	**208**	**632**	**49,554**	**1,078,132**
Total Best estimate - net	R0270	**27,701**	**4,110**	**78**	**163**	**43**	**9,363**	**164,369**
Risk margin	R0280	**2,349**	**297**	**8**	**19**	**1**	**926**	**11,903**
Technical provisions - total								
Technical provisions - total	R0320	127,762	58,781	396	227	634	50,480	**1,090,035**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	97,712	54,374	310	45	589	40,191	**913,764**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	30,050	4,407	86	182	44	10,289	**176,271**

S.19.01 – Non-life insurance claims

		Gross Claims Paid (non-cumulative) - Development year (absolute amount). Total Non-Life Business											Gross Claims Paid	
		0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											4,289	-110	167,663
N-9	R0160	15,472	9,573	5,051	1,582	5,611	416	740	693	660	62		62	39,859
N-8	R0170	15,215	9,502	5,249	6,656	624	3 619	972	2,253	485			485	44,575
N-7	R0180	16,549	18,399	16,071	69	13,940	-486	3,329	465				465	68,337
N-6	R0190	28,781	28,328	7,983	15,309	6,036	9 061	1,156					1,156	96,653
N-5	R0200	37,655	43,887	22,155	12,313	8,479	3 538						3,538	128,027
N-4	R0210	47,539	58,682	41,416	15,728	10,145							10,145	173,511
N-3	R0220	56,123	39,023	23,067	16,018								16,018	134,230
N-2	R0230	45,687	72,006	30,297									30,297	147,989
N-1	R0240	71,435	116,072										116,072	187,507
N	R0250	147,382											147,382	147,382
Total	R0260												**325,510**	**1,335,732**

		Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount). Total Non-Life Business											Gross discounted Best Estimate Claims Provisions
		0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											12,862	9,049
N-9	R0160	0	14,833	16,989	6,882	7,199	5,770	6,281	5,664	5,375	5,442		4,798
N-8	R0170	43,747	18,954	9,248	6,582	5,285	5,224	4,035	1,662	1,408			1,320
N-7	R0180	49,038	25,966	44,357	34,945	26,965	14,400	11,034	12,412				11,165
N-6	R0190	43,232	51,460	36,950	38,053	45,600	35,140	34,426					31,003
N-5	R0200	117,070	83,773	71,314	61,876	52,616	46,686						42,127
N-4	R0210	150,703	105,309	66,702	49,000	45,222							40,664
N-3	R0220	157,173	99,942	64,082	47,248								43,680
N-2	R0230	209,621	137,993	99,971									91,288
N-1	R0240	319,521	249,629										224,960
N	R0250	405,533											370,403
Total	R0260												**870,457**

S.23.01 – 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	5,433	5,433			
Share premium account related to ordinary share capital	R0030	82,423	82,423			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0			
Subordinated mutual member accounts	R0050	0				
Surplus funds	R0070	-1,377	-1,377			
Preference shares	R0090	0				
Share premium account related to preference shares	R0110	0				
Reconciliation reserve	R0130	-15,241	-15,241			
Subordinated liabilities	R0140	19,816		0	19,816	0
An amount equal to the value of net deferred tax assets	R0160	3,911				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0				
Total basic own funds after deductions	R0290	**94,964**	**71,238**	**0**	**19,816**	**3,911**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0				
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				
Unpaid and uncalled preference shares callable on demand	R0320	0				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0				
Other ancillary own funds	R0390	0				
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	94,964	71,238	0	19,816	3,911
Total available own funds to meet the MCR	R0510	91,054	71,238	0	19,816	
Total eligible own funds to meet the SCR	R0540	94,964	71,238	0	19,816	3,911
Total eligible own funds to meet the MCR	R0550	75,863	71,238	0	4,625	
SCR		**63,245**				
MCR		**23,127**				
Ratio of Eligible own funds to SCR		**150.2%**				
Ratio of Eligible own funds to MCR		**328.0%**				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	75,149
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	90,390
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	**-15,241**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	5,372
Total Expected profits included in future premiums (EPIFP)	R0790	**5,372**

S.25.01 – Solvency Capital Requirement

Basic Solvency Capital Requirement

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	13,001	
Counterparty default risk	R0020	11,657	
Life underwriting risk	R0030	89	
Health underwriting risk	R0040	8,373	
Non-life underwriting risk	R0050	36,102	
Diversification	R0060	-19,078	
Intangible asset risk	R0070	0	
Basic Solvency Capital Requirement	R0100	**50,144**	

$		Value
		C0100
Operational risk		15,043
Loss-absorbing capacity of technical provisions		0
Loss-absorbing capacity of deferred taxes		-1,942
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC		0
Solvency Capital Requirement excluding capital add-on		**63,245**
Capital add-on already set		0
Solvency capital requirement	R0220	**63,245**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

Approach to tax rate

		Yes / No
		C0109
Approach based on average tax rate	R0010	Yes

Calculation of loss absorbing capacity of deferred taxes

			LAC DT
			C0130
LAC DT		R0130	-1,942
LAC DT	LAC DT justified by reversion of deferred tax liabilities	R0650	
	LAC DT justified by reference to probable future taxable economic profit	R0660	-1,942
	LAC DT justified by carry back, current year	R0670	
	LAC DT justified by carry back, future years	R0680	
	Maximum LAC DT	R0690	

S.28.01 – Minimum Capital Requirement

Linear formula component for non-life insurance and reinsurance obligations

		MCR components
		C0010
MCRNL Result	R0010	23 081

Background information		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	26,027	45,646
Income protection insurance and proportional reinsurance	R0030	2,151	1,284
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	62,697	19,632
Other motor insurance and proportional reinsurance	R0060	32,035	17,855
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	27,701	16,993
General liability insurance and proportional reinsurance	R0090	4,110	1,581
Credit and suretyship insurance and proportional reinsurance	R0100	78	8
Legal expenses insurance and proportional reinsurance	R0110	163	1,458
Assistance and proportional reinsurance	R0120	43	433
Miscellaneous financial loss insurance and proportional reinsurance	R0130	9,363	16,245
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		Result
		C0040
MCRL Result	R0200	44

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

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re) insurance obligations	R0240	2,109	
Total capital at risk for all life (re) insurance obligations	R0250		44

Overall MCR calculation

		C0070
Linear MCR	R0300	23,127
SCR	R0310	63,245
MCR cap	R0320	28,460
MCR floor	R0330	15,811
Combined MCR	R0340	23,127
Absolute floor of the MCR	R0350	2,500
Minimum Capital Requirement	R0400	**23,127**