Solvency and Financial Condition Report

Financial year 2021

wakam.com

SOLVENCY AND FINANCIAL CONDITION REPORT - FINANCIAL YEAR 2021

Summary

Wakam, a reference player in white-label insurance products, returned to growth in its turnover in 2021 (+18%).

- Its turnover[1] increased from €384.0m in 2020 to €454.9m in 2021 (+18%).
- Its technical margin net of reinsurance decreased slightly from €31.7m in 2020 to €30.1m in 2021 (-5%).

The Coronavirus crisis, which began in the first quarter of 2020, enabled Wakam to demonstrate its ability to adapt, and its resilience in maintaining its business activity and its transformation.

The functions of chairman of the board of directors and managing director were separated at the beginning of 2021, with Mr Olivier Jaillon maintaining the latter position and Mr Emmanuel Clarke, previously managing director of the international reinsurer Partner Re and the Company's new independent director, was appointed as chairman of the board of Wakam SA.

The composition of the Company's board of directors also evolved at the very beginning of 2021 to include, in addition to Mr Emmanuel Clarke, Mr Gilles Babinet, co-chairman of the National Digital Council, independent director, Mr Rémi Grenier, former managing director of Allianz Partners, independent director, Ms Natacha Valla, economist, former deputy managing director at the European Central Bank, non-voting director.

As of 31 December 2021, the company complies with its overall solvency requirement. The ratio of coverage of the Solvency Capital Requirement (SCR) by equity amounts in effect to 153%.

In this context in view of the growth of the portfolio, the company's risk profile is itself comparable to the previous financial year with a predominance of risks related to the outsourcing of material claims management, counterparty risks due to the high reinsurance rate and the significance of the affinity activity, non-life underwriting risks, market risk and liquidity risk.

[1] Gross premiums issued

The maintenance of the solvency margin above the appetite threshold, monitored via, in particular, the Own Risk and Solvency Assessment (ORSA) work, is the result of:

- a positive net result,
- the control of reinsurance and in particular the renewal of reinsurance agreements for the 2021 financial year,
- the reaffirmation of shareholder support through a capital increase of €20m that occurred during the financial year aimed at strengthening equity and supporting future growth.

In the continuation of the financial year 2021, the company will continue during the financial year 2022 to strengthen its risk management system through the development of operational teams and tools in order to support the strong growth of Wakam, whose first quarter of 2022 once again emphasised its dynamism.

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Olivier Jaillon
Managing Director

A. Business and Results

A.1. Business

Name and Legal Form

Wakam is a Public Limited company under the Insurance Code, with a share capital of €4.658.992 (€4.658.992), 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 2021 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 of Securities		Holding Rate	
	2021	2020	2021	2020
Big Wakam[2]	283,910	272,698	97.5%	96.65%

Wakam in the Group's legal structure

Wakam belongs to the group whose leading company is Big Wakam, which owns it at 97.5%.

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. Branch 14 and 15 approvals were obtained in the fourth quarter of 2021.

[2] Formerly Protegys

The company offers vehicle, property damage and affinity insurance covers in France under the freedom to provide services in the European countries listed below:

	Branch	FRA	BEL	DEU	GRC	IRL	ITA	POL	PRT	NLD	ESP	GBR	AUT	LUX	FIN	SWE	NOR	DNK
1	Accidents	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X
2	Illness	X	X	X	X	X	X	X	X	X	X	X	X					
3	Bodies of Land Vehicles	X	X	X	X	X	X	X	X	X	X	X						
8	Fires & Natural Elements	X	X	X		X	X	X	X	X	X	X						
9	Other Property Damage	X	X	X	X	X	X	X	X	X	X	X		X		X		
10	Land Vehicles CL [civil liability]	X	X	X	X	X	X	X	X	X	X	X	X					X
13	General CL	X	X	X	X	X	X	X	X	X	X	X			X	X	X	
14	Credit	X																
15	Surety	X																
16	Miscellaneous financial loss	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X
17	Legal protection	X	X	X	X	X	X	X	X	X	X	X						
18	Assistance	X	X	X	X	X	X	X	X	X	X	X						

In addition, the company is approved in branch 16 to operate under the freedom to provide services in 15 other countries in the European Economic Area.

Significant events occurring over the reference period

Wakam's 2021 year was marked by:

- **the continuation of sustained growth in the business activity,** in particular in the number of partnerships.
- **control of the Company's technical profitability**, through pricing and underwriting measures adapted to the profitability target, supported by the establishing of a team dedicated to monitoring the first six months of the new partnerships.
- **reinforcement of the specific "Bespoke" organisation meeting the needs of non-traditional distribution channels** (E-commerce retailers, Fintechs, Other non-insurer distributors). This is evidenced by the structuring of the product offering and the choice of third-party managers to build modular insurance solutions adapted to each partnership, and by the appointment of *country managers* allowing supervision of the activity in each of the core countries. This Bespoke organisation structures the Company's internal methodology around 4 phases (prospecting, qualification, construction and life of partnerships) in a shared and transparent manner with its partners.

- **The reinforcement of human capital** with the hiring of 63 people over the 2021 financial year, primarily supporting the functions of finance, IT development, data, digital transformation and the construction of offers and products. This growth of the workforce mitigates key human risk and has on the other hand been identified as a source of operational risk. Nevertheless, this operational risk is controlled, in particular through the new employee intake process.
- **The control of solvency and risk** through, on the one hand, a capital increase of €20m allowing Wakam to maintain its solvency ratio above its risk appetite threshold in a context of resumption of growth and through the operational strengthening of the compliance team in an accentuated regulatory context.

A.2. Underwriting Results

(in millions of euros)	31/12/20	31/12/21	Var. in €m	Var. in %
Premiums written	**384.0**	**454.9**	**70.9**	**18%**
Variation in Provision for unearned written premiums	13.1	-1.4	-14.4	-110%
Earned Premiums	**397.0**	**453.5**	**56.5**	**14%**
Gross claims expense	-266.2	-243.4	22.8	-9%
Commissions	-145.3	-168.4	-23.0	16%
Reinsurance Balance	46.2	-11.7	-57.9	-125%
Net technical margin	**31.7**	**30.1**	**-1.6**	**-5%**

The key indicators show, compared to the 2020 close, an increase in turnover, primarily driven by the development of GIG internationally.

- **Turnover increased by +18% to €455m** with a continuity of development on the GIG segment (+€41m) essentially concentrated on two neo-brokers and on the Affinity (+€21m) and property damage (+€12m) areas, driven by the growth of New Business. Inversely, the Vehicle segment (Automobile / Motorcycle) is decreasing (-€15m) in particular due to terminations.
- In the same way, **premiums acquired increased by +14% to €454m.** Unlike the 2020 close, the Provisions for unearned written premiums experienced a positive variation at the close, reflecting the losses of premiums observed over the period.
- **Commissions to partners increase by +16%**, aligned with the evolution of premiums in 2021.
- **The reinsurance net loss ratio is up +0.8 points** primarily due to a worsening of the claims rate, in particular in the Vehicle area (Automobile / Motorcycle) due to the occurrence of large claims, earned premiums mali and the negative impact of the sliding scale commissions implementation and in the GIG Economy area and an adverse change in the business mix.

Details by Segment

Turnover by Product Line and Geographical Area

(in millions of euros)	31/12/20	31/12/21	Var. in €m	Var. in %
Affinity and Miscellaneous	152.3	181.8	+29.4	+19%
GIG	57.0	97.8	+40.8	+72%
Automobile / Motorcycle	151.0	135.9	-15.1	-10%
Property damage	23.6	39.4	+15.8	+67%
TOTAL	**384.0**	**454.9**	**+70.9**	**+18%**
France	162.2	192.5	+30.3	+19%
UK	64.5	100.3	+35.8	+56%
Europe	157.3	162.1	+4.8	+3%
TOTAL	**384.0**	**454.9**	**+70.9**	**+18%**

Net Technical Margin by Product Line and Geographical Area

(in millions of euros)	31/12/20	31/12/21	Var. in €m	Var. in %
Affinity and Miscellaneous	4.8	9.1	+4.3	+89%
GIG	6.5	9.3	+2.8	+43%
Automobile / Motorcycle	23.4	4.7	-18.7	-80%
Property damage	-3.0	7.1	+10.1	-335%
TOTAL	**31.7**	**30.1**	**-1.6**	**-5%**
France	19.4	17.6	-1.7	-9%
UK	5.5	7.8	+2.3	+43%
Europe	6.8	4.7	-2.2	-32%
TOTAL	**31.7**	**30.1**	**-1.6**	**-5%**

A.3. Investment Results

(in millions of euros)	31/12/20	31/12/21	Var. in €m	Var. %
Shares	0.0	0.0	0.0	33%
Bonds	1.3	1.0	-0.3	-22%
Real Property	0.5	0.5	0.0	-9%
UCITS	0.0	0.0	0.0	0%
Private Equity	0.1	1.4	1.3	1499%
Private debt	1.4	2.1	0.8	55%
Investment income	**3.3**	**5.0**	**1.7**	**53%**
Shares	0.0	0.0	0.2	0%
Bonds	-0.2	0.3	0.6	-252%
Unrealised and realised gains and losses	**-0.2**	**0.3**	**0.8**	**-200%**
Variation in Provision for Depreciation	-0.2	0.1	0.0	0%
Interest on subordinated debt	-1.2	-1.2	0.0	0%
Other - management fees	-0.3	-0.3	0.0	0%
Other - foreign exchange income	-0.2	1.2	1.3	-895%
Other	**-1.8**	**-0.2**	**1.3**	**-79%**
Financial income	**1.2**	**5.0**	**3.8**	**324%**
Average Assets for the Period	112.2	108.5	-3.7	-3%
Accounting Rate of Return[3]	2.1%	5.8%		+3.7 pts
Including income	2.4%	5.5%		+3.1 pts
Including gains/losses made	-0.2%	0.3%		+0.5 pts

Overall Analysis

The 2021 year recorded a financial result of €5.0m, up €3.8m compared to 2020. This increase is primarily related to the increase in income on long-term investments (+€2.1m, including €1.3m on "Private Equity" and €0.8m on private debt) and the recording of an unrealised foreign exchange gain of €1.2m.

Progression compared to the previous reference period

The Financial Result increased by €3.8m, primarily due to:

- An increase of +€0.8m on **income from private debt**
- An increase of €1.3m on **income from private equity**
- An increase in the gain of +€0.2m on **the shares** (net reversal of the PDD [provision for durable depreciation] of €98k in 2021 vs. an allocation of €172k in 2020, and a gain of €40k related to the sale of the securities) of +€0.6m on **bonds** in connection with sales of securities

[3] Calculated as the ratio of the financial result excluding interest of the subordinated debt and the amount of the average assets for the period

- A decrease of -€0.3m on **bond income** related to the sale of securities
- An exchange gain of +€1.2m on operations abroad (primarily on technical flows)

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.

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 the Big Wakam Group were carried out during the 2021 financial year:

- Assignment of trademark; In 2021, the La Parisienne and La Parisienne Assurances trademarks were valuated and transferred from Wakam SA to Big Wakam for an amount excluding taxes of €164,000. Insofar as the brand has been sold, it no longer appears in the assets of Wakam's balance sheet.
- Assignment of intellectual property rights, intangible assets and domain names: in the continuity of 2020, the transfer of tangible fixed assets from Wakam to Big Wakam was carried out at the net book value, i.e. for an amount excluding taxes of €6,658,177.

B. System of Governance

B.1. General information about the system of governance

General organisation chart, delegations and key functions

- The **Board of Directors**, on a quarterly basis, validates the strategic objectives and the system of governance, the means necessary for risk management, the risk profile in case of significant developments, prudential communication and the portfolio of key projects. It assumes responsibility for compliance with prudential requirements. It entrusts the following two 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. It has the missions of planning and sponsoring internal audits and monitoring the recommendations thereof, reviewing reports, studies and proposals for key functions before validation by the Board of Directors. It also monitors the application over time of the strategic objectives and system of governance, the risk management system and reviews prudential communication before validation by the Board of Directors. Lastly, it carries out the review of the accounts and the auditors' report.
- The **ALM [Asset liability management] and Investment Committee** is convened four times a year. It has a mandate from the Board of Directors to validate the ALM and Asset Management policy, and monitors the application thereof within the company.

- 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.
- Each week the **Executive Committee** brings together the Managing Director, the 6 *Chief Operating Officers* and *Vice-Presidents* and the *Chiefs*, representing the company's areas of expertise. It proposes, declines and implements the strategy approved by the Board of Directors. It steers the operational activity, monitors the progress of projects and ensures necessary arbitrations, and analyses the Company's financial results. It covers extensively all technical, financial, project-related and product-related problems.
- The **Risk Operational Committee** is chaired by the *Chief Operating Officer Risk & Capital*. Its work is carried out with the systematic participation of the Risk Management Key Function and the regular participation of all key functions and, where applicable, the other heads of Wakam departments (Information Systems, Human Resources, Accounting, Management Control, Partnerships, Claims, Products, Technical and *Data Management*). This Committee meets 8 times a year and its missions are detailed in section B.3.
- The **Technical Committee** is chaired by the *Chief Operating Officer Risk & Capital* and brings together the *Chief Officers* and key functions. It meets monthly and presents the monitoring of the technical results as well as, where applicable, the corrective actions taken.
- The **Non-Technical Committee** is chaired by the *Vice-President Finance & Corporate Legal* and brings together the *Chiefs*. It meets once a month and follows up on the commitment of overhead expenses in line with the company's growth projections.

- The **Strategic Committee for Information Systems Security** is chaired by the *Chief Operating Officer Risk and Capital*. It brings together on a quarterly basis the *Vice President People & Culture*, the *Chief IT Officer*, the *Chief Data Officer*, the Risk Management key function and the employees involved in the Company's security. It aims to watch over and monitor the physical and IT security risks of the company and validates the implementation and development of the control systems.

Wakam has **two actual managing directors** to date :

- Olivier Jaillon, Managing Director of Wakam,
- Christophe Neves, Deputy Managing Director.

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

- The **risk management function** has the responsibility of 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** contributes to the effective implementation of the risk management system, in particular with regard to the modelling of the risks underlying the calculation of the SCR and the evaluation of the technical commitments in "Best Estimate". Performing the calculation and validation of the appropriate technical provisions, processes and procedures are implemented to avoid conflicts of interest and ensure appropriate independence.
- 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 and transactions between related parties.

- 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.

Wakam's Policies

Wakam's policies have not been significantly updated in 2021.

Remuneration of members of the administrative and supervisory bodies

Directors serving on the Wakam and Big Wakam Board of Directors receive a remuneration ("attendance fees"). The members of the administrative and supervisory bodies and the holders of the key functions do not have any supplementary and early retirement plans in connection with the legal and contractual provisions. However, Wakam complies with the obligation to join the B2V group for members of the administrative and supervisory bodies or key function holders that are employees thereof, who thus benefit from the B2V supplementary retirement plan, and from an Article 83 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 during the 2019 financial year 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 100% of employees. For the latter, the variable component represents between 10% and 40% of their total remuneration. Additionally, free shares can be distributed. 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 2021 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 appointing a key function holder to an executive officer or a supervisor position, the HR Manager, in conjunction with the head of the compliance verification key function, ensures the competence of the person for the position in question, while the head of the Internal Audit key function ensures the individual competence of the compliance verification key function.

- **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 function holders** are consistent with the definition by specialty provided for in Articles 269 to 279 of the Delegated Acts:
- **The holder of an actuarial duty** 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 a risk management function** is competent to manage risks relating to underwriting, provisioning, asset & liability management, investments, liquidity and concentration risk management, operational and strategic risk management and risk mitigation techniques. The function is also competent to manage the Company's own risk self-assessment (ORSA).
- **The holder of the compliance verification function** is competent to implement internal control procedures, in particular for the identification and assessment of the legal risks 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 manager of the compliance verification function and the HR Manager assess 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 honesty and experience as a director, executive officer, manager of a key function, or manager of a critical function. 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 function 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 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 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.

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 function 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 is chaired by an independent director. Its work is carried out with the participation of two directors appointed by the Board of Directors, the Key Function holders, the Statutory Auditors and a portion of the members of the Management Committee. This committee meets at least 4 times a year and has the following missions:

- To review reports, follow-ups and proposals of key functions before validation by the Board of Directors,
- To carry out the review of the accounts and the report produced by the auditors
- To monitor the application over time of the strategic objectives and governance system,
- To monitor the risk management system,
- To review the prudential communication before validation at the Board of Directors meeting.

The Risk Operational Committee is chaired by the *Chief Operating Officer Risk & Capital*. Its work is carried out with the systematic participation of the Risk Management Key Function and the participation of all key functions and, where applicable, the other heads of Wakam departments (Legal, Information Systems, Human Resources, Accounting, Management Control, Partnerships, Claims, Products, Technical and *Data Management*). This Committee meets at least 8 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 the risk mapping up to date
- 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 Risk Operational Committee has seen its frequency increase to 2 Committees by quarter in connection with the needs of assessing changes in Wakam's risk profile.

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 two risks not listed in the Standard Formula that complete its own risk profile: The Risk of Dependence on a distributor partner that arises from the excessive relative weight that a single distributor partner would represent in Wakam's business and the Risk of heterogeneity for accounts that relates 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 restatement carried out by the data integration unit. These two additional risks are considered to be under control.

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 function 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.
  - The methods for developing and deploying the control plan are specified in the procedure for implementing the internal control system.
- **Incident monitoring** helps reinforce internal control by identifying and correcting failures in both the Company's processes and in the control plan when required.
- In addition, on a regular basis with a frequency that depends on the severity of the risk or incidents, the Internal Control activities manager organises verification campaigns: spot checks targeting a risk or an activity. Following these evaluations, the Internal Control activities manager makes recommendations to remedy failed controls.

Compliance Verification System Description

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

- Enabling knowledge of the laws and regulations to which the company is subject,
- Contributing to the regular monitoring of changes to these laws and regulations,
- Aiming to transcribe the applicable regulations within its internal procedures,
- And ensuring the proper information and training of the employees concerned.

The compliance verification system defines the monitoring processes, raises awareness and shares regulatory developments with all employees and participates in the development of the risk mapping.

2021 compliance verification actions

The issuance of compliance opinions and their integration into the Bespoke process as part of new partnerships and the creation of new insurance products was expanded in 2021.

Two employees were hired to hold the positions of *head of compliance* and *senior compliance and regulatory officer* respectively.

The appointment of a new Tracfin reporter was made in October 2021.

A redesign of the AML-CFT risk mapping has been carried out and a compliance plan has been drafted. Business partners were also reminded of the requirements directly applicable to them following the ministerial order of 6 January 2021 and the point on the obligations applicable to insurance brokers and intermediaries issued by the ACPR in April 2021.

The target organisation of the DPO function[4] has been defined and validated by the governance bodies.

Compliance Verification Governance Points to be Achieved in 2022

The 2022 plan for compliance verification provides for the monitoring and launch of numerous compliance projects, aiming in particular to strengthen the system of compliance with the Insurance Distribution Directive.

In addition, the function will develop the verification systems in place jointly with the development of insurance activities for the new approvals obtained in 2021 (branches 14 and 15).

B.5. Internal audit function

Description of the Internal Audit system

The internal audit system implemented by Wakam constitutes the 3rd level of Control of the company. As an independent function, the internal audit gives the company assurance on the level of control of its operations, advises it on how to improve them and helps create added value. Its main missions are:

- To identify and control risks through a structured and focused approach to company issues,
- To assess the control of operational and functional processes and the completion of operations in light of the organisation's concerns, in strategic, operational and financial matters,
- To assess the relevance and effectiveness of these processes in connection with their compliance with the rules, standards, procedures, laws and regulations in force,
- To verify the integrity, reliability, completeness and traceability of information produced, whether accounting, financial or management,
- To propose areas for improvement or progress for the organisation.

Independence of the Internal Audit key function

In order to ensure their independence, the Internal Audit key function does not have any other function within the company. This is entrusted to an independent director, chairman of the audit and risk committee.

Independence is enhanced:

- by the outsourcing of the operational performance of the audit tasks, which is entrusted by delegation to an international consulting firm which can be referred to at any time by the Internal Audit key function holder,
- by the statutory capacity of the internal audit to have access at all times, at all locations, to all the documents and all the information systems that it needs for the performance of its mission, by requesting the full collaboration of the company's staff.

Internal audit missions conducted during the period

The audit missions carried out in 2021 focused on the following topics:

- Internal fraud
- External Fraud

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[4] Data Protection Officer

- Quality of technical and financial data

All recommendations are the subject of an action plan led by each of the managers of the audited activities, this action plan is shared in the corresponding bodies and its effective application will be subject to steering throughout 2022 and monitoring by the internal audit team.

As also planned, the internal audit team has followed up on the recommendations on audits conducted in 2020 and previous years.

Summary table of the internal control and internal audit system

	1st Level Operational Controls	2nd Level Continuous Control, Risk Management and Compliance	3rd Level Periodic Monitoring and Internal Audit
Manager	Operational staff	Internal Control Managers and Compliance Verification Key Function	Internal audit key function
Frequency	High frequency	Recurring	Periodic
Scope	Limited to scope of responsibility of the operational staff	All operational processes	Company-wide
Control Type	Self-check (punching, reconciliation, anomaly listing, etc.)	Oversight, verification of the adequacy of controls with process objectives	On-the-spot and on-site
Reporting Type	Contributes to permanent control	Risk Indicators, Mappings and Alerts	Audit reports

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,
- To supervise the calculation of the prudential technical provisions in cases where the insurance company does not have sufficient data of appropriate quality to apply a reliable actuarial method to a set or subset of its commitments,
- And to compare the best estimates to empirical observations.

The Actuarial Function holder is also responsible for informing the Wakam Board of Directors of the reliability and adequacy of the calculation of prudential 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 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 Actuarial Function holder 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 Actuarial Function holder and the outcome thereof, clearly indicates any significant deficiencies observed and makes the recommendations necessary for remediation.

Organisation of the Actuarial Function in 2021

The actuarial function reports directly to the *Chief Operating Officer Risk & Capital*. This duty is assumed by the Technical Director.
In order to prevent the risk of conflicts of interest between the actuarial work managers and their control managers, Wakam has put in place the following organisation:

- The *Chief Insurance Technical Officer* supervises but does not directly perform:
- Work relating to the Inventory, carried out by 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,
- The technical monitoring and profitability studies of the portfolios, entrusted to persons in charge of studies specialising in the risks of 2-wheeler and 4-wheeler vehicles not included in Fleets, on the one hand, and on the other risks relating to fleets, affinity insurance and property damage, on the other hand.

B.7. Subcontracting

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 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 an ACP [Activity Continuity Plan].

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 derogation from these rules is the subject of an argued presentation, demonstrating the control of the risk incurred.
For outsourcing non-insurance functions, a Procurement procedure details the selection process.

B.8. Other Information

Adequacy of Corporate Governance System

The company continues to deploy and enhance its governance system, in particular in terms of internal control and the development of risk budgets, with the aim of disseminating a risk culture to all employees.
This adequacy is further reinforced by complementary measures to reduce the main risks to which Wakam is exposed. Given its economic model focused on delegating the management of material claims, its very protective capital reinsurance agreements and its strong growth, the company is in fact more particularly exposed to the operational risk of subcontracting, counterparty risk and underwriting risk. In order to take these specificities into account, the complete governance system that is set out in the preceding paragraphs is thus supplemented:

- Concerning the outsourcing risk, the company carries out audits of its partners regularly thanks to a dedicated team supplemented by an external consulting firm and insurance expert.
- Concerning counterparty and reinsurance risk, an independent director and the Company's president are experts in the field of reinsurance and the company reinforced its internal reinsurance team in 2020. 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.
- Concerning the underwriting risk, it is at the core of the company's governance through the 4 phases of the Bespoke process (Seek, Qualify, Achieve, Develop) for which the *COO Revenue, Chief Product and Pricing Officer, Chief IT Officer* and *COO Risk & Capital* bear responsibility for this risk, respectively. 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.

Other governance systems

The governance system presented in points B.1 to B.7 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: This committee is chaired by the Managing Director and is led by the *Chief Operating Officer Revenue* and gathers together all employees of the company. 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 committee is chaired by the Managing Director, is led by the Products Director and brings together the Extended Management. It is intended to validate or not validate the transition of partnership from Phase 2 (Qualify Phase) to Phase 3 (Achieve Phase).

C. Risk profile

C.1. Underwriting 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** 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 2021, 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. 15.6% of the insured values of this portfolio, which represents a turnover of €35m, are 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 2021 financial year have been set as part of the risk budget drafting work. They found:

- for maintaining retention in the traditional Auto branch in the traditional programmes (20%);
- for maintaining retention in the insurance portfolios on a by-use basis (20%);
- and for maintaining the retention rate of the Property Damage quota-share (50%):

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 Level 1 Equity,
- knowledge of the risks regarding Partnerships, the volumes of which do not allow sufficient pooling. This is the case, for example, for the Real Property Multi-Risk for which the volumes are still limited,
- the appetite of reinsurers for a given financial year.

Concerning the XS reinsurance programme, it 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 serious claim to a net amount of €490,000.
- Auto civil liability (Europe Mobility and UK/IE Mobility) and Private Life risks: the reinsurance sought aims to limit the impact of a serious claim to a net amount of €400,000.

Lastly, the panel of reinsurers is diversified in financial year 2021.

Guarantees Received

Although there has been no regulatory requirement for reinsurers to provide a pledge for their commitments to the benefit of the transferors since 2008, Wakam's risk-covering reinsurance contracts provide for a guarantee of the reinsurer's commitment, through a pledge with a bank or a cash deposit. These guarantees have the effect of reducing counterparty risk.
The valuation of these guarantees corresponds 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 2021 ORSA report. The company complies with the necessary level of MCR in both the central scenario and the stress scenarios tested. Concerning ongoing compliance with the SCR [Solvency Capital Requirement] 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 2021. 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 2021 ORSA report and their respective impacts in 2022, 2023 and 2024 are as follows:

- S1.1/ The combined ratios increase evenly by 5 points across all business lines for 2022, 2023 and 2024
- S1.2/ The loss ratio of the affinity branch increases by 5 points
- S1.3/ The loss ratio of the traditional 2-wheeler and 4-wheeler branch (excluding 100% transfer) increases by 25 points
- S1.4/ The loss ratio of the usage-based insurance branch increases by 25 points
- S1.5/ The loss ratio of the property damage branch (excluding 100% transfer) increases by 25 points
- S1.6/ Impact of a two-hundred-year claim not reinsured between the date of termination of a reinsurer and the signing date of the following treaty
- S2.1/ 50% risk carrying on all branches that are 100% transferred
- S2.2/ 50% risk carrying on all branches
- S4.1/ Five-year extension of claims settlement in the Auto CL [Civil Liability] Line of Business
- S4.2/ Inventory refill of 2-wheeler and 4-wheeler claims exceeding €100k by +10%

The choice of these stress tests resulted from the main risks identified by the Technical Director and the Risk Director and they were validated and amended by the Audit and Risk Committee.

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2022	2023	2024
S1.1: the loss ratios increase evenly by 5pts	-20pts	-46pts	-70pts
S1.2: the loss ratios increase by 5pts on Affinity	-15pts	-36pts	-34pts
S1.3: the loss ratios increase by 25 points on traditional Automobile and Motorcycle (excluding 100% transfer)	-18pts	-30pts	-41pts
S1.4: the loss ratios increase by 25pts on Usage-based Insurance	-14pts	-27pts	-43pts
S1.5: the loss ratios increase by 25pts on Property Damage	-15pts	-23pts	-29pts
S1.6: Impact of a non-reinsured claim	-49pts	-37pts	-29pts
S2.1: 50% of reinsurers default in the business 100% transferred	-18pts	-18pts	-17pts
S2.2: Decrease in quota-share transfer rates across all branches (50%)	-58pts	-54pts	-54pts
S4.1: Five-year extension of claims settlement in the Auto CL [Civil Liability] Line of Business	-18pts	-26pts	-29pts
S4.2: Inventory refill of 2-wheeler and 4-wheeler cases exceeding €100k by +10%	-18pts	-26pts	-29pts

The severity of these scenarios is explained:

- **For scenarios 1.1, 1.3 and 1.4, which have in common a significant impact on net income primarily related to claims rate,** by the decrease in net income and future profits integrated into the prudential equity whereas their impact on the SCR is lower.
- **For scenario 2.2, where all or part of the risk is borne entirely by Wakam**, by the immediate increase in the SCR, which is found to be greater than the increase in the results.

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 shares** 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 shares,
- **Risk on real property 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 of credit spreads relative to the risk-free interest rate curve,
- **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 2021, 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 shares** is measured by the Shares sub-module of the market SCR.
- **Risk on real property assets** is measured by the Real Property 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 measurement represents an amount of €0.3m (cf. section E.2), resulting from a single bond line that exceeds the concentration threshold defined by regulation.

➢ Mitigation of Market Risk

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.

➢ Sensitivity to market risk

Stress Testing and Scenario Analysis

Wakam performed stress scenarios as part of preparing the 2021 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 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 2021. 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 2021 ORSA report and their respective impacts in 2022, 2023 and 2024 are as follows:

- S5.1/ Increase in the risk-free rate by 200bps

The choice of these stress tests resulted from the main risks identified by the Technical Director and the Risk Director and they were validated and amended by the Audit and Risk Committee.

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2022	2023	2024
S5.1: Increase in the risk-free rate by 200bps	-4pts	-3pts	-3pts

The scenario tested on market risk has little impact on the Company's solvency ratio.

➢ 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 and Investment 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** organised with the asset management agent in which the managers of the agent, the Managing Director, the *Chief Operating Risk & Capital* and the *Vice-President Finance & Corporate Legal* of Wakam participate, and a representative. of the shareholder.

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

- **A target asset allocation** of 68% in bonds, 5% in listed shares, 2% in real property and 25% in illiquid assets ("Private equity", private debt)
- **A liquidity pocket** awaiting reinvestment on mandates that must not exceed 10%
- **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,
- **By country**, the sovereign bonds issued by the states of the "peripheral" countries (Portugal, Ireland, Italy, Greece and Spain).
- **Limits by rating for bond investments:**
- **Bonds rated AAA to BBB+**: Minimum 65%
- **Bonds rated BBB- and below**: 20% maximum

Lastly, asset management is primarily entrusted to a specialised external management company, via two management mandates: a first bond mandate and a second equity portfolio management mandate. 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. These are based on Wakam's monthly cash flow monitoring report 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 2021, 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 measurement represents an amount of €0.3 million (cf. section E.2), resulting from a single bond line that exceeds the concentration threshold defined by regulation.

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 2021 on the historically largest reinsurers and on the main bank.

➢ 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 of financial guarantees (cash deposit or security pledge) across from the provisions transferred.

➢ Sensitivity to credit risk

Stress Testing and Scenario Analysis

Wakam performed stress scenarios as part of preparing the 2021 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 requirements of SCR, 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 October/November 2021. 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 2021 ORSA report and their respective impacts in 2022, 2023 and 2024 are as follows:

- S2.1/ 50% risk carrying on all branches that are 100% transferred
- S2.2/ 50% risk carrying on all branches
- S3.2/ Failure of a partner and operational impacts

The choice of these stress tests resulted from the main risks identified by the Technical Director and the Risk Director and they were validated and amended by the Audit and Risk Management Committee.

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2022	2023	2024
S2.1: 50% of reinsurers default in the business 100% transferred	-18pts	-18pts	-17pts
S2.2: Decrease in quota-share transfer rates across all branches (50%)	-58pts	-54pts	-54pts
S3.2: Failure of one of the partners	-1pt	-1pt	-1pt

The severity of these scenarios is explained:

- **For scenario 2.2, where all or part of the risk is borne entirely by Wakam**, by the immediate increase in the SCR, which is found to be greater than the increase in the results.

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 2021, 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 liquidity risk concentration was identified in Wakam's risk profile at the end of 2021, with Wakam having significant liquidity at close.

➢ 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 2021 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 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 October/November 2021. 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 2021 ORSA report and their respective impacts in 2022, 2023 and 2024 are as follows:

- S1.6/ Impact of a two-hundred-year claim not reinsured between the date of termination of a reinsurer and the signing date of the following treaty
- S4.2/ Inventory refill of 2-wheeler and 4-wheeler claims exceeding €100k by +10%

The choice of these stress tests resulted from the main risks identified by the Technical Director and the Risk Director and they were validated and amended by the Audit and Risk Management Committee.

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2022	2023	2024
S1.6: Impact of a non-reinsured claim	-49pts	-37pts	-29pts
S4.2: Inventory refill of 2-wheeler and 4-wheeler claims exceeding €100k by +10%	-18pts	-26pts	-29pts

The scenarios tested on liquidity risk have little impact on the Company's solvency ratio.

➢ 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 €4.7m, of which €22.0m of future profit before expenses and €17.3m of related expenses. As a comparison, in 2020, the expected profit from future premiums was €11.7m. This change is explained by the mechanical decrease in commitments over the major three-year agreements.

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 2021, 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 2021 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 October/November 2021. 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 2021 ORSA report and their respective impacts in 2022, 2023 and 2024 are as follows:

- S3.1/ Net income at 0 in 2022, 2023 and 2024 due to non-achievement of the company's technical objectives
- S3.2/ Failure of a partner and operational impacts
- S3.3/ Data quality issue impacting actuarial monitoring
- S3.4/ Cancellation of adjustment of the SCR by deferred tax

The choice of these stress tests resulted from the main risks identified by the Technical Director and the Risk Director and they were validated and amended by the Audit and Risk Management Committee.

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2022	2023	2024
S3.1: Net income at 0 in 2021, 2022 and 2023	-12pts	-27pts	-41pts
S3.2: Failure of one of the partners	-1pt	-1pt	-1pt
S3.3: Data quality issue impacting actuarial monitoring	-1pt	-1pt	-1pt
S3.4: Cancellation of the SCR Adjustment by Deferred Taxes	-26pts	-25pts	-23pts

The severity of these scenarios is explained:

- **For scenario 3.1, where Wakam is unable to straighten out its technical profitability and achieves a zero net result,** by the lack of wealth creation in a context of growth that increases the SCR.

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 2021, sometimes for a period of several years.
- **The Risk of Heterogeneity for Accounts** relates to Wakam's ability to receive reliable and complete financial and technical data from its partners. This risk is controlled due to the deployment of EDI technology at our partners since 2016. This implementation has intensified since 2019. The objective, in time, is to deploy a single data extraction and reporting framework for all partners making it possible to restate and improve the reliability of the data. Thus, as of 31 December 2021, 80% of partnerships are in EDI and an additional 16% are integrated by semi-industrialised methods complementary to the EDI approach. In addition, in 2021, the continued deployment of API technology at partners made it possible to reinforce comprehensive control of the prices applied by each of them.

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 2021, Wakam has a volume of investments in market value of €87.8m compared to a book value of €87.0m. All of the Company's investments are valued at market value in the Solvency II prudential balance sheet.

Comparative breakdowns of Wakam's investments

(Net book value excluding Cash)

(in millions of euros)	31/12/20	31/12/21
Shares	3.4	1.7
Bonds	82.8	59.1
Funds	24.3	26.2
TOTAL	110.5	87.0

- **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. 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 2021, receivables for insurance operations amount to €280.9m in the company balance sheet. Receivables from reinsurance operations amount to €18.1m in the same period. The other receivables of €30.9m, which concern receivables arising from administration operations with public organisations (Tax, Social Security Contributions, etc.) and with suppliers, are also not subject to adjustment between the company balance sheet and the Solvency II prudential balance sheet. In total, the economic value of the receivables remains identical to the book value of €329.8m and is presented as such in the prudential balance sheet.

- **Valuation of other assets:** the book value of the other assets appearing in the company balance sheet amounts to €27.8m for a zero economic value.

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

- **Valuation of Deferred Tax (+€4.7m):** As of 31 December 2021, the value of the deferred tax assets amounts to €4.7m.

Difference from the Financial Statements

(in millions of euros)	Company Balance Sheet	Solvency II Prudential Balance Sheet	Differences
Intangible assets	9.1	-	-9.1
Tangible assets	1.6	1.6	-
Investments	87	87.8	0.8
Reinsurers' share in the technical provisions, including:	539.2	486.8	-52.4
Provisions for unearned premiums / Best Estimate of Premiums Provisions	80.8	41.8	-39
Provisions for Claims / Best Estimate of Claims Provisions	458.5	445	-13.5
Receivables	329.8	329.8	-
Current accounts and cash in hand	118.1	118.1	-
Other Assets	27.8	-	-27.8
Deferred Taxes	-	4.7	4.7
Total Assets	1 113	1 029	-84

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

- Intangible assets (-€9.1m): cancellation in the Solvency II prudential balance sheet
- Investments (+€0.8m): change to market value
- Reinsurers' share in the technical provisions (-€52.4m)
- Receivables, Current Accounts and Cash in hand (-): No restatement
- Other assets (-€27.8m): transfers of accrued interest not due and discounts (-€0.7m) into the market value of investments, Cancellation of DACs (-€25.9m) and Prepaid Expenses (-€1.2m)
- Deferred taxes (€4.7m): related to restatements between the company balance sheet and the prudential balance sheet

The total value of the assets in the Solvency II prudential balance sheet is €1,029m compared to €1,113m 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 Provisions for Claims Gross of Reinsurance** is the sum of future cash flows related to claims already incurred, discounted according to the interest rate curves in the Euro zone, Poland and the United Kingdom as provided by the European Insurance and Occupational Pension Authority (EIOPA) in its "Baseline" scenario without adjustment for volatility published on 31 December 2021. Like last year, the projection of future cash flows gross of reinsurance was carried out on an aggregated basis, distinguishing homogeneous classes of settlement based on historical data from calculations of technical provisions with:
- On the one hand**, claims for less than €2m** other than the "Affinity" Product Lines: valuation is based on past records of annual settlements net of recoveries and past records of annual recoveries constituted by financial year of occurrence and financial year of settlement or collection and by Solvency II line of business (Settlements + Fees – Recoveries collected + Related management expenses). Settlements gross of recovery and recoveries are then extrapolated over a maximum period of 21 years, based on the so-called "Chain-Ladder" method and discounted.
- On the other hand, **claims for an amount greater than €2m** other than the "Affinity" Product Lines are projected from a specific settlement rhythm.
- **"Annuity" claims:** the valuation of the annuity claims is based on amounts of compensation determined by loss item, assessed for probability assessed for probability using applicable mortality tables in force.
- **Claims relating to the "Affinity" Product line:** in the absence of sufficient history on the "Breakage/Warranty Extension" products launched from the 2013 financial year, the warranty period of which can reach six years, the valuation is carried out by applying to the technical provisions recorded in the company balance sheet by underwriting year, the rate of settlement provided for in the pricing beyond the cover period that has already passed.

- **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. **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 €3.9m.**

- **The Best Estimate of Provisions for Claims Transferred 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 transferred 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 transferred 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. 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.
- The future cash flows of this scope are valuated based on the premiums, commission rates and loss ratios projected within the framework of the 2022 budget year, the latter being themselves derived from historical observations, assumptions of "aging" of the portfolio, average cost inflation, evolution of frequency and anticipated measures regarding pricing and underwriting framework.

- **Recurring Expenses related to the management of commitments and renewal** 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 renewal and indirect expenses allocated to the management of commitments and renewal in the company's cost accounting. **Before discounting, the amount of Fees included in the Best Estimate of Provisions for Premiums Gross of Reinsurance amounts to €22.0m, including €17.3m attached to the Future Premiums.**

- **The Best Estimate of Provisions for Premiums Transferred 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 transferred according to the terms provided for in the Wakam Reinsurance Treaties for the 2022 financial year.

- **Valuation of the Provision for Unexpired Risks:** The Provision for Unexpired Risks corresponds in the company's balance sheet to the losses to completion estimated by the company over the coming financial years in view of the average economic performance of a homogeneous group of risks over the last two financial years. As these losses to completion are projected in the Best Estimate of Provisions for Premiums, the Provision for Unexpired 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 Provisions Net of Reinsurance. **The risk margin is thus valued at €8.5m** 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 three 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 is strong:** despite moderate growth in 2020, Wakam experienced very significant growth in previous financial years, which is found again in 2021 (+18%). 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.

Difference from the Financial Statements

Summary of Differences with Technical Provision as of 31 December 2021

(in millions of euros)	Company Balance Sheet	*Solvency II* Prudential Balance Sheet	Differences
Technical provisions, including:	628.7	580.1	-48.6
Provisions for unearned premiums / Best Estimate of Premiums Provisions	96.8	52.8	-44
Provisions for Claims / Best Estimate of Claims Provisions	531	517.9	-13
Other technical provisions	0.9	0.9	-
Risk margin		8.5	8.5
Reinsurers' share in the technical provisions, including:	539.2	486.8	-52.4
Provisions for unearned premiums / Best Estimate of Premiums Provisions	80.8	41.8	-38.9
Provisions for Claims / Best Estimate of Claims Provisions	458.5	445	-13.5
Technical provisions net of reinsurance	89	93	4

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 (-€5.1m): Integration of discounted profits on unearned premiums in the financial year 2021 net of expenses related to the management of commitments and renewal

(-€0.3m), integration of discounted profits on policies not yet formed in 2022 but belonging to the "Boundary" of policies (-€4.8m).

- Net claims provisions (+€0.5m): Cancellation of the Provision for Unexpired Risks (-€0.6m) offset by integration of the claims provision including expenses and discounting (+€1.1m).
- Other technical provisions (-): No restatement between the company balance sheet and the Solvency II prudential balance sheet.
- Risk margin (+€8.5m): 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 €93.3m compared to €89.4m in the financial statements.

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 serious claims and a greater duration of commitments than the other branches. However, this segment is more reinsured to cover itself against the volatility of serious claims.

Breakdown of the Technical Provisions by Line of Business as of 31 December 2021 (in millions of euros)

	Best Estimate of Provisions			Risk margin	Technical provisions
(Amounts in €m)	Gross	Transferred	Net		Net S2
Income Protection Insurance	7.6	-6	1.6	0.2	1.7
Automobile civil liability insurance	364.8	-328	36.7	3.9	40.5
Other Motor Vehicle Insurance	81.1	-67	14.1	1.3	15.3
Fire and other property damage insurance	87	-65.7	21.3	2.7	23.9
General civil liability insurance	15.4	-8.3	7.1	0.1	7.2
Legal protection insurance	0.6	-0.1	0.5	0.1	0.5
Assistance Insurance	0.7	-0.6	0.1	0,0	0.1
Insurance for various financial losses	12	-9.6	2.4	0.3	2.7
Annuities arising from non-life insurance policies	1.5	-1.3	0.2	0,0	0.2
TOTAL	571	-487	84	8	92

Matching Adjustment

Article 77(3) 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 the approval of the supervisory authority, apply an matching adjustment to the relevant risk-free interest rate curve used for the valuation of their portfolio of annuity commitments that may arise from the policies they market.
Wakam does not use this option.

Correction for Volatility

Article 77(5) of the Solvency II Directive authorises insurance companies to apply a Volatility Correction to the relevant risk-free interest rate curve used for the valuation of their portfolio of commitments.
Wakam does not use this option.

Transitional Risk-Free Interest Rate Curve

Article 308(4) of the Solvency II Directive authorises insurance companies to apply, subject to the prior approval of the supervisory authority, a transitional measure to the relevant risk-free interest rate curve used for the valuation of their portfolio of commitments.
Wakam does not use this option.

Transitional Deduction

Article 308(5) of the Solvency II Directive authorises insurance companies to apply, subject to the prior approval of the supervisory authority, a transitional deduction to the technical provisions of the same group of homogeneous risks.
Wakam does not use this option.

Amounts recoverable under Reinsurance

The amounts recoverable under reinsurance in the Solvency II prudential balance sheet are €486.8m.

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. They are not subject to any adjustment in the Solvency II prudential balance sheet given their regularisation as of the following financial year. The economic value thus remains identical to the value recorded in the financial statements of €286.8m.

- **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 2021. 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 €22.9m in the prudential balance sheet of 31 December 2021.

- **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 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 2021 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.

- **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. The restatement of the premiums is €0.3m as of 31 December 2021.

Differences compared to the Financial Statements

(in millions of euros)	Company Balance Sheet	Solvency II Prudential Balance Sheet	Differences
Technical provisions, including:	628.7	580.1	-48.6
Provisions for unearned premiums / Best Estimate of Premiums Provisions	96.8	52.8	-44,0
Provisions for Claims / Best Estimate of Claims Provisions	530.9	517.9	-13.1
Provision for contingencies and charges	0.9	0.9	-
Risk margin	-	8.5	8.5
Transferee Deposits	-	-	-
Other debt	370.8	369.7	-1.1
Deferred Reinsurance Commissions	22.9	-	-22.9
Other Liabilities	20.9	21.7	0.8
Deferred Taxes	-	-	-
Total Liabilities	**1 043**	**971**	**-72**
Subordinated debt, included in S2 Equity		20.1	20.1
Equity	**69**	**77**	**8**

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 (-€48.6m): Cf. section D.2
- Transferee Deposits (-): No restatement
- Other debts (-€1.1m): Restatement of accrued interest not due on subordinated debt
- Deferred reinsurance commissions (-€22.9m): Restatement of deferred reinsurance commissions
- Other liabilities (€0.8m): Fair value adjustment of subordinated debt (+€1.1m) and depreciation of premiums (-€0.3m)

The total value of liabilities in the Solvency II prudential balance sheet is €971.5m compared to €1,043.2m 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	
Quality	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 76 of the Delegated Regulations, the value of net deferred tax assets and preferred shares is recognised as Level 3 basic equity.

- 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 Risk and Capital COO 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 II 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 2021, 68% of Wakam's equity (€52.6m) 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, **26% is classified as Level 2**, corresponding to subordinated debts issued on 9 March 2017 and 28 September 2018 (valued at €20.1m in the economic balance sheet) and **6% is classified as Level 3**, corresponding to deferred tax assets due to valuation restatements that are negative overall.
- **Total equity thus amounts to €77.4m** as of 31 December 2021, 100% eligible to cover the SCR and 72% 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 2021

(in millions of euros)	Company Balance Sheet	*Solvency II* Prudential Balance Sheet	Differences
Total Assets	1 112.5	1 028.8	-83.7
Total Liabilities	1 043.2	971.5	-71.8
Equity	69	57	-12

The valuation of the Solvency II prudential balance sheet shows a -€12m decrease in equity before reclassification of subordinated liabilities. This corresponds to the integration of the restatement into the technical provisions net of reinsurance, including risk margin, for -€3.9m, to the cancellation of intangible assets for -€9.1m, DACs net of DRC for -€3.0m, other restatements (primarily prepaid expenses) for -€1.5m, to the market value adjustment of financial assets for €0.8m and deferred tax assets of €4.7m due to overall negative restatements.

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 2021 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 18% of the total investments not counting cash in bank.

- **The Shares SCR** is calculated based on the standard formula. **As of 31 December 2021, the amount of the Shares SCR thus amounts to €4.5m**, down by -€1.3m, primarily due to the look-through of a significant capital that was shocked entirely in Type 2 Shares SCR during the previous closings. This decrease in the Shares SCR is partially offset by an increased dampener value that increases the shock applied.

- **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 2021, the amount of the Interest Rate SCR amounts to €0.8m** down -€2.3m. As with the previous closing, Wakam's sensitivity is based on an upward interest rate shock. The decrease in the SCR is explained by the convergence of the bases of assets (investments) and liabilities (net technical provisions) sensitive to interest rate variations.
- **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 2021, the amount of the Spread SCR amounts to €6.0m**, which is -€2.0m less than the previous financial year. This decrease is primarily explained by the decrease in the investment base subject to the 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. The Company's exposure to currency risk is increasing, in particular due to business in Great Britain and Poland. **As of 31 December 2021, the amount of Wakam's Currency SCR amounts to €2.3m**, up by €0.1m in connection with the increase in exposure to Zlotys and Sterling Pounds.
- **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 2021, the amount of Wakam's concentration SCR is €0.3m,** with a single line exceeding the concentration threshold across the portfolio.
- **The Real Property SCR** represents the risk on real property 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 property assets. **It amounts to €2.2m as of 31 December 2021**, stable compared to 31 December 2020.
- **After aggregation and diversification of the various risks, the company's Market SCR amounts to €12.3m,** down by -€3.3m compared to the previous financial year.

• **The Counterparty SCR** is broken down into 2 subcategories:

- **The type 1 counterparty SCR** corresponds to the loss caused by the default of Wakam's listed counterparties and is based on the amount of their rating and their exposure including the Best Estimate of transferred Provisions net of the value of the pledges granted by the reinsurers, the non-life SCR economy following transfers to reinsurers and bank deposits. **As of 31 December 2021, the type 1 counterparty SCR amounts to €5.1m**, an increase of €3.4m compared to the previous financial year, in connection with an increase in transfers and a significant increase in cash accounts taken into account in the exposure base.
- **The type 2 counterparty SCR** corresponds to the loss that 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 2021, the Type 2 counterparty SCR is valued at €5.1m** and shows a decrease of -€0.3m compared to the previous

year. This change is primarily explained by actions carried out at the end of the year to clear the receivables accounts.

- **After aggregation of the two sub-modules, the Counterparty SCR amounts to €9.6m**, an increase of €2.7m compared to the previous year.

- **The Health Underwriting SCR** is marginal given the low weight of Health in the company's portfolio and **amounts to €1.6m as of 31 December 2021**, an increase of €0.3m compared to the previous year following the increase in exposure.

- **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, and an area comprising the Reunion Island and the Caribbean, and the risk of natural or human-induced catastrophes:

- **For the SCR known as "Premiums and Reserves",** 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 2021 financial year and the Premiums to be earned over the 2022 year; the Premiums to be earned in 2023 for policies renewed up to 31 December 2022; and the Premiums to be earned over the first two months of 2024 for policies underwritten as of 1 November 2022. **As of 31 December 2021, the SCR of "Premiums and Reserves" amounts to €26.9m**, up €6.2m compared to the previous year, due to the growth in net provisions and premiums expected for 2022.
- **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 2021, the Catastrophe SCR thus amounts to €5.0m**, an increase of €1.2m 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 insurance commitments, resulting from changes affecting the level or volatility of the rates of policy discontinuance, terminations or renewals. **It is valued at €1.9m as of 31 December 2021**, down by -€2.8m compared to the previous year due to a decrease in the best estimate of future premiums.
- **After aggregation and diversification of the various sub-modules, the amount of the company's Non-Life SCR as of 31 December 2021 amounts to €28.6m,** an increase of €6.2m compared to the previous year.

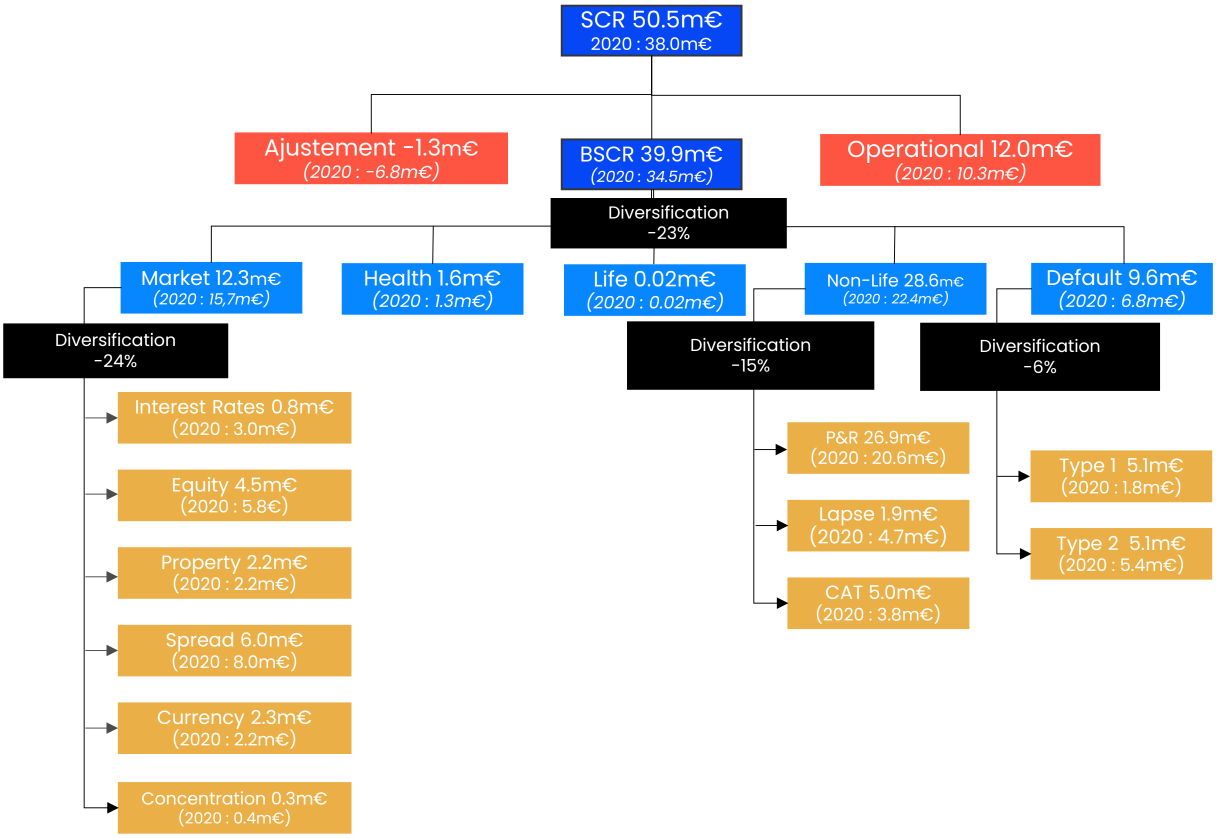
- After application of the risk correlation matrices provided for by the standard formula, the sum of the individual SCRs benefits from a diversification effect of 24% to reach **a BSCR of €39.9m as of 31 December 2021**, up by €5.4m compared to the previous year. This increase is primarily due to the increase in Counterparty and Non-Life underwriting risks, explained above.

Total Solvency Capital Requirement and Total Minimum Capital Requirement

- **The total Solvency Capital Requirement (SCR) as of 31 December 2021**, sum of the basic SCR (BSCR), the Operational SCR and depreciation by taxes, **amounts to €50.5m:**
- **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 2021, the amount of Wakam's Operational SCR amounts to €12.0m** and marks an increase of €1.6m compared to the previous financial year due to the increase in Non-Life Subscription and Counterparty risks.
- **Deferred tax depreciation** corresponds to the tax credits related to the loss of the BSCR and the Operational SCR. **As of 31 December 2021, the adjustment is assessed at €1.3m**, down by -€5.5m compared to the previous year.

SCR Modules "Tree" as of 31 December 2021

(Reminder of amounts as of 31 December 2020 in parentheses)



- **The total Minimum Capital Requirement (MCR) amounted to €14.6m as of 31 December 2021**, corresponding to the linear MCR (estimated by applying for each of the lines of business two differentiated factors, one to the premiums earned for the 2021 financial year, the other to the best estimate of the net claims provisions).

E.3. Use of the duration-based "shares 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 shares sub-module with a shares 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

Article 104 (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, a subset of its parameters with parameters that are specific to the company, to calculate the underwriting risks.
Wakam does not use this option and performs the calculation of its solvency capital requirement following the approach defined by the standard formula.

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 2021

(in millions of euros)	As of 31 December 2020	As of 31 December 2021
Economic equity, including:	63.3	77.5
Level 1	42.3	52.6
Level 2	19.8	20.1
Level 3	1.1	4.7
Eligible equity in SCR coverage	61.3	77.4
SCR	38	50.5
SCR coverage ratio	161.30%	153.3%
Equity eligible to cover the MCR coverage	44.3	55.5
MCR	10,0	14.6
MCR coverage ratio	445%	381%

- **Wakam meets the overall solvency need as of 31 December 2021:**
- **On this date, the SCR coverage ratio is 153%** and the MCR coverage ratio is 381%.
- **The SCR coverage ratio** is down compared to 2020 (-8.0pts). This is explained on the one hand by a significant increase in the SCR, linked to the growth of the activity over the period and the revision of methodology and settings on the calculations of certain SCRs, offset by actions carried out to increase the company's equity.

- **The MCR coverage ratio** declined by 64pts, 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 QRT disclosed in this appendix are those related to the annual closing for the fiscal year 2021.

Amounts are disclosed in thousands of euros (€k).

S.02.01 – Balance Sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	4 740
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	1 583
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	87 823
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	619
Equities - listed	R0110	619
Equities - unlisted	R0120	0
Bonds	R0130	59 955
Government Bonds	R0140	2 037
Corporate Bonds	R0150	57 917
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	26 789
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	461
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	486 807
Non-life and health similar to non-life	R0280	485 498
Non-life excluding health	R0290	479 471
Health similar to non-life	R0300	6 027
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	1 308
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	1 308
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	280 877
Reinsurance receivables	R0370	18 062
Receivables (trade, not insurance)	R0380	30 852
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	118 052
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	**1 028 797**

		Solvency II value
		C0010
Liabilities		
Technical provisions - non-life	R0510	577 621
Technical provisions - non-life (excluding health)	R0520	569 846
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	561 568
Risk margin	R0550	8 278
Technical provisions - health (similar to non-life)	R0560	7 775
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	7 585
Risk margin	R0590	190
Technical provisions - life (excluding index-linked and unit-linked)	R0600	1 549
Technical provisions - health (similar to life)	R0610	0
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	1 549
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	1 522
Risk margin	R0680	27
Technical provisions - index-linked and unit-linked	R0690	0
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	933
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	0
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	98 127
Reinsurance payables	R0830	188 645
Payables (trade, not insurance)	R0840	82 890
Subordinated liabilities	R0850	20 091
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	20 091
Any other liabilities, not elsewhere shown	R0880	1 603
Total liabilities	R0900	**971 457**
Excess of assets over liabilities	R1000	**57 339**

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

		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		14 282		149 522	65 187	
Gross - Proportional reinsurance accepted	R0120						
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140		12 050		135 082	49 534	
Net	R0200		2 231		14 439	15 653	
Premiums earned							
Gross - Direct Business	R0210		15 679		134 271	94 211	
Gross - Proportional reinsurance accepted	R0220						
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240		13 123		122 716	76 183	
Net	R0300		2 556		11 555	18 028	
Claims incurred							
Gross - Direct Business	R0310		2 262		144 071	33 903	
Gross - Proportional reinsurance accepted	R0320						
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340		940		123 313	26 888	
Net	R0400		1 321		20 758	7 014	
Changes in other technical provisions							
Gross - Direct Business	R0410		-11		3 846	-4 371	
Gross - Proportional reinsurance accepted	R0420						
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440		-30		8 840	-10 937	
Net	R0500		18		-4 993	6 566	
Expenses incurred	R0550		899		6 136	3 088	
Other expenses	R1200						
Total expenses	R1300						

		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	170 983	15 492		1 439	1 397	36 577	454 879
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	132 288	13 734		102	1 220	31 140	375 150
Net	R0200	38 694	1 758		1 338	177	5 437	79 728
Premiums earned								
Gross - Direct Business	R0210	161 838	13 961		1 420	1 085	31 044	453 509
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	124 919	12 802		131	881	26 179	376 935
Net	R0300	36 919	1 160		1 289	204	4 864	76 574
Claims incurred								
Gross - Direct Business	R0310	41 812	3 440		383	288	9 636	235 794
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	34 816	7 850		112	269	8 241	202 430
Net	R0400	6 996	-4 411		271	19	1 394	33 364
Changes in other technical provisions								
Gross - Direct Business	R0410	-137	6 516		0	0	0	5 843
Gross - Proportional reinsurance accepted	R0420							
Gross - Non-proportional reinsurance accepted	R0430							
Reinsurers' share	R0440	-86	3 142		0	0	0	928
Net	R0500	-51	3 374		0	0	0	4 914
Expenses incurred	R0550	31 781	666		524	84	2 053	45 231
Other expenses	R1200							1 284
Total expenses	R1300							46 514

S.05.02 – Premiums, claims and expenses by country

		Home country	Total Top 5 and home country	Country (by amount of gross premiums written) - non-life obligations
		C0080	C0140	C0090
Country	R0010			
Premiums written				
Gross - Direct Business	R0110	192 888	454 879	
Gross - Proportional reinsurance accepted	R0120			
Gross - Non-proportional reinsurance accepted	R0130			
Reinsurers' share	R0140	56 915	375 150	
Net	R0200	135 973	79 728	
Premiums earned				
Gross - Direct Business	R0210	190 097	453 509	
Gross - Proportional reinsurance accepted	R0220			
Gross - Non-proportional reinsurance accepted	R0230			
Reinsurers' share	R0240	39 930	376 935	
Net	R0300	150 168	76 574	
Claims incurred				
Gross - Direct Business	R0310	90 498	235 794	
Gross - Proportional reinsurance accepted	R0320			
Gross - Non-proportional reinsurance accepted	R0330			
Reinsurers' share	R0340	-56 947	202 430	
Net	R0400	147 445	33 364	
Changes in other technical provisions				
Gross - Direct Business	R0410	5 544	5 843	
Gross - Proportional reinsurance accepted	R0420			
Gross - Non-proportional reinsurance accepted	R0430			
Reinsurers' share	R0440	-	928	
Net	R0500	5 544	4 914	
Expenses incurred	R0550	**61 363**	**45 231**	
Other expenses	R1200		**1 284**	
Total expenses	R1300		**46 514**	

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	C0150
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	1 522	1 522
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	1 308	1 308
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	214	214
Risk Margin	R0100	27	27
Amount of the transitional on Technical Provisions			
Technical Provisions calculated as a whole	R0110		
Best estimate	R0120		
Risk margin	R0130		
Technical provisions - total	R0200	1 549	1 549

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		501		27 407	20 518	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140		429		21 995	16 237	
Net Best Estimate of Premium Provisions	R0150		72		5 412	4 281	
Claims provisions							
Gross	R0160		7 084		337 368	60 595	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240		5 599		306 051	50 781	
Net Best Estimate of Claims Provisions	R0250		1 486		31 317	9 814	
Total Best estimate - gross	R0260		**7 585**		**364 775**	**81 112**	
Total Best estimate - net	R0270		**1 558**		**36 730**	**14 095**	
Risk margin	R0280		**190**		**3 873**	**1 252**	
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0290						
Best estimate	R0300						
Risk margin	R0310						
Technical provisions - total							
Technical provisions - total	R0320		7 775		368 648	82 364	
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330		6 027		328 046	67 018	
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340		1 747		40 602	15 346	

		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	-1 773	3 408		43	371	2 340	**52 815**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-2 021	2 705		69	306	2 125	**41 846**
Net Best Estimate of Premium Provisions	R0150	248	703		-26	65	215	**10 970**
Claims provisions								
Gross	R0160	88 729	11 991		516	349	9 706	**516 338**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	67 726	5 641		34	334	7 487	**443 653**
Net Best Estimate of Claims Provisions	R0250	21 002	6 350		482	16	2 218	**72 685**
Total Best estimate - gross	R0260	**86 956**	**15 399**		**559**	**721**	**12 046**	**569 153**
Total Best estimate - net	R0270	**21 251**	**7 053**		**456**	**81**	**2 433**	**83 655**
Risk margin	R0280	**2 679**	**128**		**61**	**2**	**283**	**8 467**
Amount of the transitional on Technical Provisions								
Technical Provisions calculated as a whole	R0290							
Best estimate	R0300							
Risk margin	R0310							
Technical provisions - total								
Technical provisions - total	R0320	89 635	15 527		620	723	12 329	**577 621**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	65 705	8 346		103	640	9 613	**485 498**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	23 929	7 181		517	83	2 716	**92 122**

S.19.01 – Non-Life insurance claims

		Gross Claims Paid (non-cumulative) - Development year (absolute amount). Total Non-Life Business											Gross Claims Paid (non-cumulative) - Current	
		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											63 211	63 211	63 211
N-9	R0160	15 534	9 963	3 472	2 993	1 372	889	140	268	629	151		151	35 410
N-8	R0170	13 717	7 704	3 028	1 490	1 283	2 931	-1 031	1 418	530			530	31 072
N-7	R0180	15 472	9 573	5 051	1 582	5 611	416	740	693				693	39 136
N-6	R0190	15 215	9 502	5 249	6 656	624	3 619	972					972	41 837
N-5	R0200	16 549	18 399	16 071	69	13 940	-486						-486	64 543
N-4	R0210	28 781	28 328	7 983	15 309	6 036							6 036	86 437
N-3	R0220	37 655	43 887	22 155	12 313								12 313	116 010
N-2	R0230	47 539	58 682	41 416									41 416	147 637
N-1	R0240	56 123	39 023										39 023	95 146
N	R0250	45 687											45 687	45 687
Total	R0260												**209 546**	**766 124**

		Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount). Total Non-Life Business											Gross discounted Best Estimate Claims Provisions - Current year, sum of years (cumulative). Total Non-Life Business
		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											42 503	11 656
N-9	R0160	0	0	0	4 865	5 151	3 674	2 272	1 997	1 502	1 302		1 291
N-8	R0170	0	0	6 402	5 220	2 550	3 276	1 546	2 416	1 700			1 702
N-7	R0180	0	14 833	16 989	6 882	7 199	5 770	6 281	5 664				5 642
N-6	R0190	43 747	18 954	9 248	6 582	5 285	5 224	4 035					4 030
N-5	R0200	49 038	25 966	44 357	34 945	26 965	14 400						14 306
N-4	R0210	43 232	51 460	36 950	38 053	45 600							45 308
N-3	R0220	117 070	83 773	71 314	61 876								60 939
N-2	R0230	150 703	105 309	66 702									64 866
N-1	R0240	157 173	99 942										97 717
N	R0250	209 621											204 967
Total	R0260												**512 423**

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	4 515	4 515			
Share premium account related to ordinary share capital	R0030	438	438			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070	64 358	64 358			
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-16 712	-16 712			
Subordinated liabilities	R0140	20 091			20 091	
An amount equal to the value of net deferred tax assets	R0160	4 740				4 740
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	**77 430**	**52 599**	**0**	**20 091**	**4 740**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	77 430	52 599		20 091	4 740
Total available own funds to meet the MCR	R0510	72 690	52 599		20 091	
Total eligible own funds to meet the SCR	R0540	77 430	52 599		20 091	4 740
Total eligible own funds to meet the MCR	R0550	55 509	52 599		2 910	
SCR	R0580	**50 498**				
MCR	R0600	**14 550**				
Ratio of Eligible own funds to SCR	R0620	**1.53**				
Ratio of Eligible own funds to MCR	R0640	**3.81**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	57 339
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	74 051
Adjustment for restricted own fund items in respect of matching adjustment	R0740	
Reconciliation reserve	R0760	**-16 712**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	4 658
Total Expected profits included in future premiums (EPIFP)	R0790	**4 658**

S.25.01 – Solvency Capital Requirement

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	12 344	0
Counterparty default risk	R0020	9 566	
Life underwriting risk	R0030	16	0
Health underwriting risk	R0040	1 577	0
Non-life underwriting risk	R0050	28 591	0
Diversification	R0060	-12 216	
Intangible asset risk	R0070	0	
Basic Solvency Capital Requirement	R0100	**39 878**	

		Value
		C0100
Operational risk	R0130	11 964
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-1 344
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	R0200	**50 498**
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	50 498
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

S.28.01 – Minimum Capital Requirement

		MCR components
		C0010
MCR_{NL} Result	R0010	14 546

		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		
Income protection insurance and proportional reinsurance	R0030	1 558	4 664
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	36 730	1 216
Other motor insurance and proportional reinsurance	R0060	14 095	29 797
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsura	R0080	21 251	22 125
General liability insurance and proportional reinsurance	R0090	7 053	1 800
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110	456	1 323
Assistance and proportional reinsurance	R0120	81	2 770
Miscellaneous financial loss insurance and proportional reinsurance	R0130	2 433	16 035
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

		C0040
MCR_{L} Result	R0200	4

		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	214	
Total capital at risk for all life (re)insurance obligations	R0250		4

		C0070
Linear MCR	R0300	14 550
SCR	R0310	50 496
MCR cap	R0320	22 723
MCR floor	R0330	12 624
Combined MCR	R0340	14 550
Absolute floor of the MCR	R0350	2 500
Minimum Capital Requirement	**R0400**	**14 550**