big wakam

Solvency and Financial Condition Report

Financial Year 2023

Sommaire

Foreword:

Report approved by the Board of Directors on 16 May 2024.

Summary

Big Wakam – the insurance group head company – operates its insurance business with its company Wakam.

Wakam operates in B2B2C and designs tailor-made, white-label insurance solutions distributed via its Play&Plug® technology platform for its distributor partners, whether they are insurance professionals (MGAs, brokers, and insurtechs) or non-professionals (retailers, marketplaces, associations) in many product universes: home, mobility, travel and leisure, healthcare, business, consumer electronics, inclusive insurance, etc.

It is a steadfastly committed company with a mission.

As a committed stakeholder, Wakam wants to participate in the transformation of the insurance sector and facilitate the implementation of the new rules of the game in an approach based on transparency and awareness of the social and environmental impact of companies. Wakam is one of the only insurance companies in France to have a mission as early as 2021.

Highlights

Increased turnover, more than half achieved internationally for a total turnover of €925m,

- Wakam continued its sustained development in 2023, notably with a major partnership in pet insurance in the United Kingdom. As a result, Wakam has a strong international footprint with a presence in 32 countries, giving it the ability to carry out pan-European insurance programs. Its presence has increased in the UK, where the B2B2C market is very dynamic. In 2023, the company achieved a turnover of €525m (compared to €221m in 2022)

Rising loss ratio in a context of inflation and natural catastrophes

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

The Group's ambition to continue its development in the UK market.

- In October 2023, Wakam was granted authorisation by the Prudential Regulation Authority to continue its activities through a branch
- The creation of a dedicated subsidiary, Wakam UK LIMITED and the filing of its application for authorisation were initiated

Capital Management

A capital increase was made at the end of the year in order to restore the solvency ratio within prudential requirements in a context of increased sinistrality and strong growth of its insurance company, Wakam. Big Wakam maintains its solvency ratio at a stable level as at 31 December 2023.

System of Governance

Big Wakam has a system of governance in keeping with its insurance business line.

The Board of Directors determines the Group's policies and ensures their implementation at Wakam. As required by the regulations, the four key Group functions report directly to the executive officers and have direct access to the Board of Directors. The Board relies on the work carried out as part of Wakam's governance (Board of Directors, Audit and Risk Committee, reports from the four key functions).

Shareholding

Big Wakam's capital is primarily owned by Opera Finance, a family office with over one billion in assets under management. Olivier Jaillon, CEO of Big Wakam, has been a shareholder since 2001.

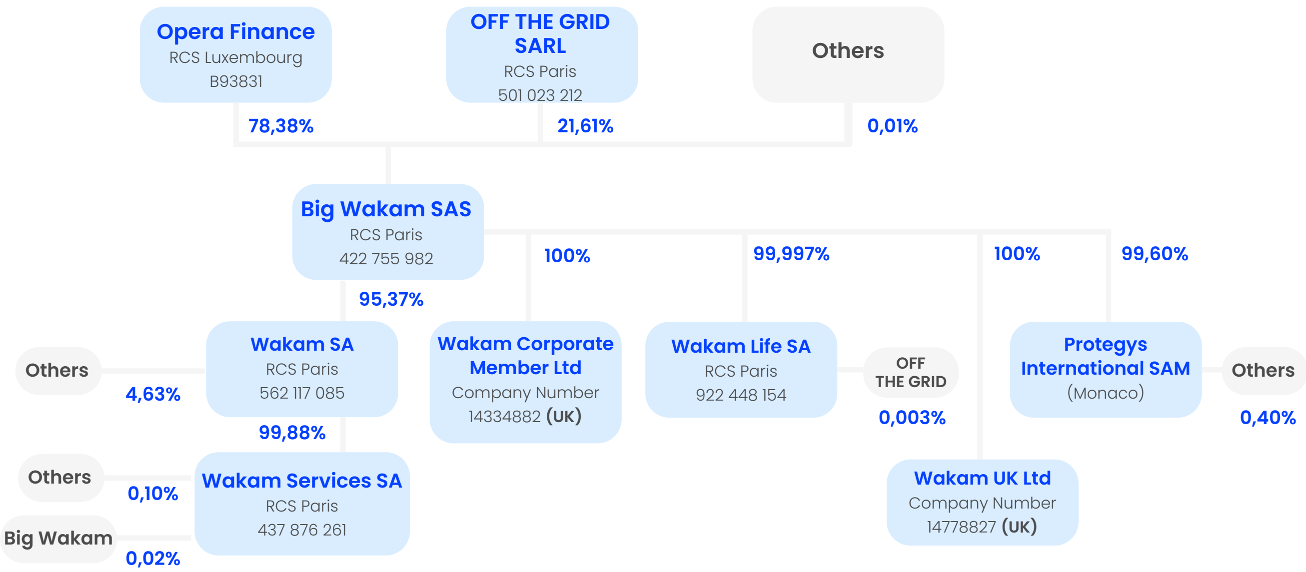
A. Business and Results

A.1. Business

Name and Legal Form

The Big Wakam Group is structured around three business divisions:

- An Insurance Division: Wakam, the Group's non-life insurance company, Wakam Life, the Group's life insurance company, and Wakam Services
- A Brokerage Division: Protegys International
- A Holding Company: Big Wakam SAS



Big Wakam is a simplified joint stock company with share capital of €12,667,891.20 as at 31 December 2023, whose registered office is at 120-122, rue Réaumur - 75002 Paris, registered with the Paris Trade and Companies Register under number 422.755.983.

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 Auditors

The Big Wakam Group’s Statutory Auditors as at 31 December 2023 are Mazars, located at 61 rue Henri Regnault - 92075 Paris La Défense Cedex, represented by Mr Pierre de Latude, Partner, and Exco Paris, located at 5 avenue Franklin D. Roosevelt 75008 Paris, represented by Mr Arnaud Dieumegard as joint auditor for the accounts of the Big Wakam consolidating entity.

Holders of Qualified Ownership Interests in the company

Shareholders having reached the thresholds for holding the capital and shares or voting rights provided for in Article L. 233-13 of the Commercial Code are shown in the above organisation chart. No Group employee held an interest in the capital and shares of the Company on the last day of the financial year just ended.

Significant Lines of Business and Geographical Areas

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

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

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

Significant events occurring over the reference period

For the Big Wakam Group, 2023 was marked by the activities of its company, Wakam:

- **Continued growth.** Wakam continued its growth outside France, particularly in the United Kingdom, with new partnerships in Germany, the Netherlands and the Scandinavian countries.
- **Claims are on the rise** in a context of inflation and natural disasters higher than in 2022 and with the review of provisioning on previous ones, particularly for the year 2022. The current financial year shows an improvement in technical results following the recovery measures implemented in 2023 and whose effect will be fully observed in 2024.
- **Human capital has been strengthened** by with the recruitment of 98 employees in the 2023 financial year, primarily to bolster the underwriting, finance, risk management and partner relations functions as well as the development of the IT and Data platforms. Similarly, workforce growth was accompanied by a new employee onboarding process.
- **A licence to operate in the United Kingdom.** In October 2023, Wakam obtained branch approval from the Prudential Regulation Authority (PRA), allowing it to conduct its business in the United Kingdom.
- **Capital management to maintain its financial strength.** The year-end solvency ratio, after the impact of the €55m capital increase, was restored to its target level of 115%.

Development Trends and Factors

Through Wakam, the Group continued its growth in financial year 2023, underpinned by two pillars:

- **Continued diversification of the products** and services on offer, with a significant share in Pet insurance;
- **Internationally**, Wakam generated 71% of its business outside France in 2023, mainly in the United Kingdom.

A.2. Underwriting Results

Overall Analysis

(in millions of euros)	31/12/2022	31/12/2023	Var in €m
Premiums issued	**653.9**	**925.0**	**+271.1**
Variation in Provision for unearned written premiums	-58.8	-191.2	-132.4
Earned premiums	**595.1**	**733.9**	**+138.8**
Gross claims expense	-392.6	-613.6	-221.0
Commissions	-182.1	-153.9	+28.2
Reinsurance Balance	46.0	40.2	-5.8
Net technical margin	**66.3**	**6.6**	**-59.7**

Progression compared to the previous reference period

Compared to the 2022 closing, the key indicators show an increase in turnover, primarily driven by the development of Affinity and Pet insurance internationally.

- **Gross Written Premiums increased by +41% to €925m** with a significant increase in Affinity and Miscellaneous (+€174m) mainly driven by the new Pet insurance partnership, the continued growth in the GIG Economy (+€68m) that was essentially focused on contracts in the United Kingdom, as well as in the Motor Vehicle lines (+€45m). Property damage activity fell by -€17m mainly in France, due to the termination of certain contracts.
- In the same way, **premiums acquired at €734m increased by €139m** in connection with the growth of the portfolio.
- **Commissions** are decreasing compared to last year, reflecting the termination or renegotiation of contracts with large commissions.
- **At 78%, the loss ratio net of reinsurance was up by +19.9 percentage points** due to unfavourable developments in previous financial years (in particular related to the deterioration of 2022 Large Losses Motor claims and a review of Affinity acquisition rates), as well as to the residual impacts on the loss ratio of ended contracts (mainly in Property Damage and Auto) due to inflation and natural disasters. This deterioration is also the result of a portfolio mix offset by the -9.5pts improvement in commission rates and fees.

Details by Segment

(in millions of euros)	Turnover by Product Line and Geographical Area			Net Technical Margin by Product Line and Geographical Area		
	31/12/2022	31/12/2023	Var. in €m	31/12/2022	31/12/2023	Var. in €m
Affinity and Miscellaneous	222.1	397.3	+176.1	31.1	11.6	-19.8
GIG	177.7	245.8	+68.1	9.2	-3.6	-12.8
Automobile / Motorcycle	180.8	225.7	+44.9	23.2	2.2	-21.0
Property damage	73.4	56.2	-18.0	2.8	-3.6	-6.1
TOTAL	**653.9**	**925.0**	**+271.1**	**66.3**	**6.6**	**-59.7**
France	231.8	267.9	+36.1	37.1	7.8	-29.3
UK	211.0	525.9	+314.9	12.4	-8.4	-20.8
Others	211.2	131.2	-80.0	16.8	7.2	-9.6
TOTAL	**653.9**	**925.0**	**+271.1**	**66.3**	**6.6**	**-59.7**

A.3. Investment Results

(in millions of euros)	31/12/2022	31/12/2023	Var in €m
Shares	0.0	0.0	*-0.0*
Bonds	1.1	2.2	*+1.1*
Real Property	0.4	0.6	*+0.1*
UCITS	-	-	-
Paid cash	-	0.4	*+0.4*
Earnings from Lloyds strategic holding	-	0.7	*+0.7*
Private Equity	-	-	-
Private Debt	1.2	0.4	*-0.8*
Investment income	**2.7**	**4.2**	**+1.4**
Shares	-0.1	-0.5	*-0.5*
Bonds	-0.0	-1.5	*-1.5*
Private Equity	0.1	0.1	*+0.0*
Private Debt	0.7	1.0	+0.2
Unrealised and realised gains and losses	**0.7**	**-1.0**	**-1.7**
Variation in Provision for Depreciation	-0.1	0.5	*+0.6*
Other - management fees	-0.3	-0.8	-0.5
Other - foreign exchange income	-3.7	4.3	*+8.0*
Interest on subordinated debt	-1.2	-1.2	*-0.0*
Interest on repo	-	-0.1	-0.1
Correction of balance sheet (non-liquid assets)	-4.4	-	*+4.4*
Others	**-9.7**	**2.7**	**+12.4**
Financial Income	**-6.2**	**5.9**	**+12.1**
Average Assets for the Period	113.2	138.3	*+25.1*
Accounting Rate of Return	n.a.	4.3%	
Including Income	*n.a.*	*3.0%*	
Including gains/losses made	*n.a.*	*-0.7%*	
Including Others	*n.a.*	*2.0%*	

Overall Analysis

The 2023 year recorded a financial result of €5.9m, up +€12.1m compared to 2022. This increase is mainly related to:

- The recognition of a latent foreign exchange gain of €4.3m, in connection with the increase in the pound sterling, while 2022 recorded a foreign exchange loss of -€3.7m.
- The effect on 2022 of a correction letter for an amount of -€4.4m.
- The full year effect of investments in bonds at the end of 2022 at rates higher than the historical average of the portfolio, leading to an impact of +€1.1m in 2023 compared to 2022.
- The increase is partially mitigated by the realisation of a capital loss (-€2.0m) on the sale of shares and bonds.
- Interest on funds deposited at Lloyds (+€0.7m)

A.4. Résultats des autres activités

Since the 1st of January 2019, the Group has been marketing, alongside its non-life insurance business, a service offering called "IPaaS" or "Insurance Product as a Service", which consists of assisting its partners in the digitalisation of their activities. As of 31 December 2023, this activity represents an income of €1.5m compared to €0.4m in 2022.

A.5. Other Information

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

Apart from Wakam, the companies in the Group operate in the following areas:

- **NAMECO (No. 1384) LIMITED** is an entity owned exclusively by the Group.
- **Wakam Life** is an entity owned by the Big Wakam Group, born of the Group's ambition to enter the life insurance market.
- **Protegys International** is an entity whose business is focused on services relating to the contractualisation of partnership agreements between Wakam and its reinsurance partners.

Intra-group Transactions

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

- Transfer of intellectual property rights, intangible assets and domain names: the transfer of intangible fixed assets from Wakam to Big Wakam was carried out at the net book value, i.e. for an amount excluding taxes of €9,179k.
- Repayment of the loan granted in 2022 to the Corporate Member subsidiary for an amount in principal of €10,814k (£9,183k).

B. System of Governance

The governance of the Big Wakam Group is aligned with the governance of the Wakam insurance entity as described in the following sub-sections.

The Board of Directors determines the Group's policies and ensures their implementation at Wakam. The Board relies on the work carried out as part of Wakam's governance (Board of Directors, Audit and Risk Committee, heads of the four key functions).

B.1. General information about the system of governance

General organisation chart, delegations and key functions

- **The Board of Directors**, at least on a quarterly basis, validates the strategic objectives and the system of governance, the resources necessary for risk management, the risk profile in case of significant developments, prudential communication and the portfolio of key projects. It assumes responsibility for compliance with prudential requirements. It entrusts the following committees with the responsibility of preparing its work:
  - The **Audit and Risk Committee,** which meets four times a year, is chaired by an independent director who reports on these efforts to the Board of Directors. Its main tasks are to review the accounts and the statutory auditors' report; to plan and commission internal audits and to follow their recommendations. The Committee reviews the reports, follow-ups and proposals of key functions before validation by the Board of Directors. In addition, it also monitors the implementation over time of the strategic objectives and governance system; the risk management system. Finally, it reviews the prudential communication before it is presented for validation to the Board of Directors.
  - The **ALM[1] Committee** is convened four times a year. It is mandated by the Board of Directors to validate the ALM and asset management policy, and monitors its application within the Group through its subsidiary, Wakam.
  - The **Investment Committee** is held monthly and is chaired by the Vice-President Finance & Corporate Legal, in which the representatives of the asset manager (Candriam), to whom Wakam has delegated the management of its investments, participate. Its objective is to manage the company's investments within the limits of the risks set.

1 ALM: Asset/Liability Management

- The system put in place by the Board of Directors is supplemented by an **internal organisation of committees** allowing the operational steering of the company.
    - » **The Executive Committee,** chaired by the Managing Director, brings together every week, the Deputy Managing Director, as well as the Vice-Presidents. It guides the company's strategic roadmap and makes decisions in line with the strategy approved by the Board of Directors.
    - » **The Management Committee** brings together the Executive Office, all Vice-Presidents and Chiefs, representing all the activities of the company. It proposes, declines, and implements the strategy approved by the Board of Directors. It steers the operational activity, monitors the progress of projects and arbitrates as needed, and analyses the entity's financial results. It broadly covers all issues impacting the functioning of the company as a whole.
    - » **The Technical Committee** is chaired by the Vice-President Underwriting Officer and brings together the members of management and key functions. It meets monthly and presents the monitoring of the technical results as well as, where applicable, the technical recovery actions for the portfolios.
    - » **The Operational Risk Committee** is chaired by the Deputy Managing Director in charge of Transformation, Risk and Compliance. Its work is carried out with the systematic participation of the Key Risk Management function and the regular participation of all key functions and managers of the departments carrying the main risks (Information Systems, Data, Finance, Technique, Reinsurance, Partnerships, etc.). This Committee meets four times a year and its missions are detailed in section B.3.
    - » **The Strategic Committee for IT Security** is chaired by the Deputy Managing Director in charge of the Risk and Compliance perimeters. Every quarter, it brings together the Vice President Information Technology, the DPO, the key Risk Management function and the employees involved in the Company's security. Its purpose is to watch over and monitor the physical and IT security risks of the company and validate the implementation and development of control systems.
    - » **The Non-Technical Committee** is chaired by the Vice-President Finance & Corporate Legal and brings together the members of Management. It meets once a month and monitors the commitment of overhead expenses in line with the company's growth projections.
    - » **The Mission Committee** is chaired by an independent director of Wakam and is composed of eight members (four external and four employees) appointed

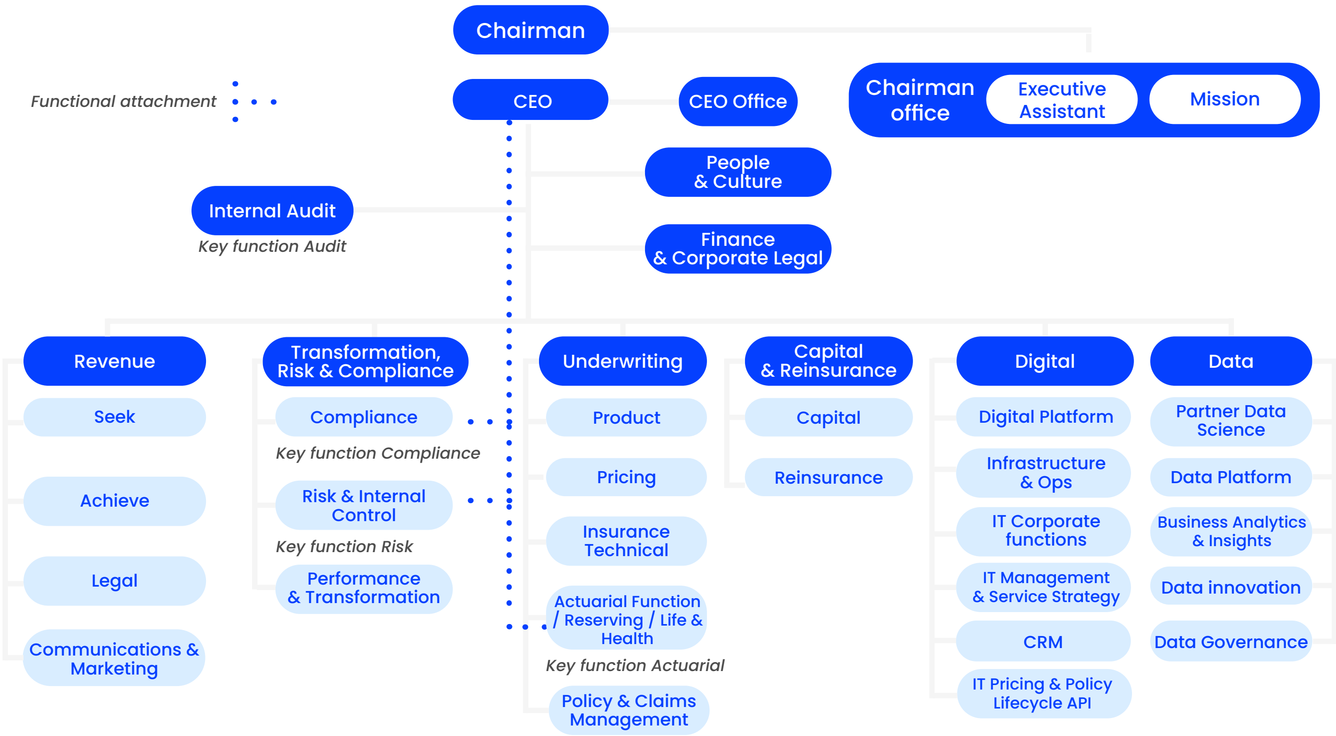
by the executives with the approval of the Board of Directors. This committee is independent of the various corporate bodies and is exclusively responsible for monitoring the execution of the mission set by the company. As such, it must present its assessment of the progress of the mission in an annual report, attached to the management report.

Other governance systems

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

- **The Opportunities Presentation Committee:** Driven by the Chief Revenue Officer, it is intended to present the opportunities presented in Phase 1 (Seek Phase) to arbitrate them and, subject to approval by the majority of voters, move them to Phase 2 (Qualify Phase).
- **The Business Approval Committee:** This weekly committee is chaired by the Executive Office, brings together all Management involved in the launch of a partnership (Revenue, Underwriting, Legal and Compliance, Audit, Mission). It is intended to validate or not validate the transition of partnership from Phase 2 (*Qualify* Phase) to Phase 3 (*Achieve* Phase).

General Organisational Chart of Wakam



The Big Wakam Group has **two executive officers** to date:

- Olivier Jaillon, Managing Director; and
- Catherine Charrier-Leflaive, Deputy Managing Director.

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

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

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

Changes made to the governance system over the period

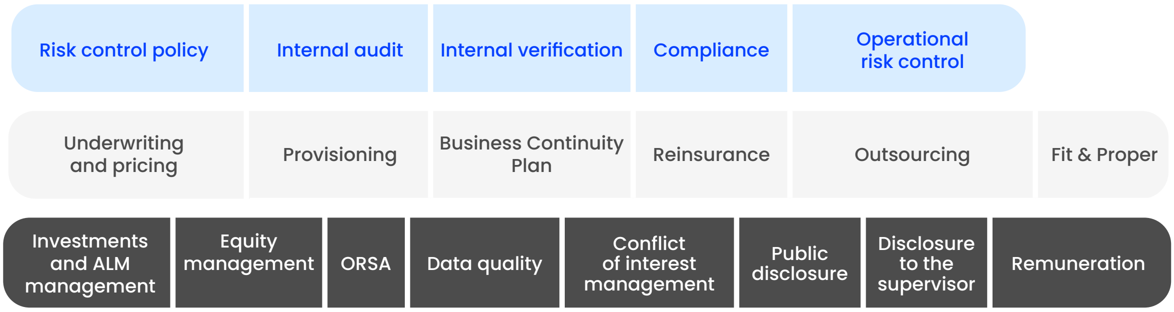
Since 4 April 2023, Ms Catherine Charrier-Leflaive has been appointed Managing Director of Wakam and Mr Alexandre Morillon Deputy Managing Director of Wakam. Mr Olivier Jaillon has been appointed Chairman of the Wakam Board of Directors.

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

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

Wakam's Policies

Wakam Policy Framework as of 31 December 2023



Remuneration of members of the administrative and supervisory bodies

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

Employee remuneration

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

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

Significant Transactions concluded with Shareholders and Directors

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

B.2. Requirements of competences and integrity

Requirements for the executive officers and key functions

When someone is appointed to a position as executive officer or head of a key function, the Vice-President People & Culture, in conjunction with the head of the Key Compliance Verification function, ensures that the person is qualified for the position in question.

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

Requirements for directors

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

Process for Assessment of Competences and Integrity

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

- **Integrity Assessment Process:** An individual's integrity is assessed based on his or her honesty and experience as a director, executive officer, manager of a key function, or manager of a critical role. This assessment is based, on the one hand, on concrete elements concerning his or her character, personal behaviour and professional conduct, including any element of a criminal, financial or prudential nature relevant for the purposes of this assessment. Past experience, on the other hand, allows us to know whether or not the person has previously held a position as executive officer or key 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 the Solvency II Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 and Article 258 et seq. of Commission Delegated Regulation 2015/35 (EU) of 10 October 2014 on the Risk Management System, that require a clearly defined governance and risk management strategy, in line with the Company's overall strategy, and policies defining significant risks and the approved risk tolerance limits.

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

In particular, the Risk Management Policy defines:

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

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

The definition and implementation of the risk management, control and monitoring system for the insurance activities carried out by Wakam are entrusted to the risk management key 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, which meets four times a year, is chaired by an independent director who reports on these efforts to the Board of Directors. Its main tasks are to review the annual financial statements and the relevance of the accounting principles applied in preparing them; to approve the annual internal audit plan and to review the conclusions of the main missions carried out; and to monitor risk management policies, procedures and systems. The Committee also reviews the work and proposals of the key functions before validation by the Board of Directors. In addition, it ensures the achievement of strategic objectives; the adequacy of the governance and the risk management system. Finally, it reviews the prudential communication before it is presented for validation to the Board of Directors.

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

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

Integration with organisational structure and decision-making procedures

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

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

Changes made to the governance system over the period

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

Internal risk assessment

Description, documentation and analysis of internal risk assessments

In accordance with the Solvency 2 Directive and as part of its risk management system, the Big Wakam Group conducts an internal risk and solvency assessment, 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 Group's business strategy;
- Ongoing compliance with capital requirements;
- The extent to which the Group'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 Group assesses its Global Solvency Need based on the risks identified and the methodology for estimating the Standard Formula set out in the Solvency 2 Directive. The Group has nevertheless identified four risks not listed in the Standard Formula that complete its own risk profile:

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

These additional risks are closely monitored.

B.4. Internal Control System

Description of the internal control system

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

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

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

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

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

Compliance Verification System Description

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

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

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

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

B.5. Internal audit function

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

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

Independence of the Internal Audit key function:

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

Methods for implementing the function:

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

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

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

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

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

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

B.6. Actuarial Function

Missions the Actuarial Function

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

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

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

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

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

Description of the Actuarial Key Function function

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

The organisation is therefore based on two independent teams:

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

B.7. Outsourcing

Definition of Outsourcing

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

List of important or critical operational duties

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

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

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

Outsourcing Decision Process

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

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

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

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

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

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

1 *BCP: Business Continuity Plan*

B.8. Other Information

Adequacy of Corporate Governance System

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

- **Concerning the outsourcing risk,** the company carries out audits of its partners regularly thanks to a team. It also regularly monitors key management indicators.

- **With regard to counterparty and reinsurance risk,** the company has several members of its Board of Directors who are experts in the field of reinsurance. It has also continuously strengthened its internal reinsurance team in recent years. Furthermore, even if this provision has no longer been mandatory since 2008, the company systematically requests collateral from its reinsurers, primarily pledges, in order to guarantee their commitment to settle claims for their quota-share.

- **Regarding the underwriting risk**, it is at the heart of the company's governance through the 4 phases of the Bespoke process (Seek, Qualify, Achieve, Develop). In this context, a pre-audit of partners is carried out in the "Seek" phase. Special attention is paid to the underwriting rules, pricing and loss ratios expected in the "Qualify" phase. The purpose of the "Achieve" phase is to ensure the quality of the computerised exchanges and the mitigation of risks by reinsurance. Lastly, during the "Develop" phase, actuarial analyses are conducted on each partnership in order to implement the necessary portfolio adjustments.

C. Risk profile

C.1. 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 Big Wakam, it includes the following categories:

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

Underwriting Risk Exposure

Measurements used to assess risks and change over the period

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

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

- **Lapse risk** is measured by the Lapse sub-module of the non-life and health 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 Group has identified a risk of underwriting concentration in the Property Damage portfolio at its subsidiary Wakam, specifically for the Comprehensive Building portfolio. 25% of the insured values in this portfolio, which represents a turnover of €21m, is indeed located in the Isère department (38), which is a known seismic zone and whose main city, Grenoble, could be massively flooded if the region's dams were to burst. This risk is controlled by the reinsurance system described below.

Mitigating of the Underwriting Risk

System description for the reference period

The Big Wakam Group, through its subsidiary Wakam, transfers part of its risks to reinsurers. The reinsurance system is tailored to each sector, with a large proportion of the risk being assigned via quota-share treaties, supplemented by excess-of-loss treaties to protect the Group 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 specific events.

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

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

Mitigation plan over the planning period

Big Wakam's mitigation plan, through its subsidiary Wakam, is based on the following Reinsurance plan:

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

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

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

- **Natural Disaster Risks:** the company protects itself against ten-year to two-hundred-year loss ratio scenarios.
- **Terrorism Risks:** the protection sought is unlimited beyond a retention equivalent to the portfolio's maximum amount at risk within a 200-metre radius.
- **Other Property Damage Risks:** the reinsurance sought aims to limit the impact of a major claim to a net amount of €600,000.
- **Motor Vehicle Liability Risks(Europe Mobility and UK/IE Mobility) and Private Life Risks:** the reinsurance sought aims to limit the impact of a large loss claim to a net amount of €1,000,000.

Lastly, the panel of reinsurers is diversified in financial year 2024.

Monitoring the effectiveness of mitigation techniques:

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

Guarantees received:

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

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

Sensitivity to Underwriting Risk

Stress Testing and Scenario Analysis

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

Assumptions of the central scenario

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

Methods and Assumptions for Stress Testing and Scenario Analyses

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

- **SG1/** The Group is not granted authorisation for its subsidiary in the United Kingdom (Wakam UK) and terminates its insurance business in that country
- **SG2/** The Group loses a major partner impacting all of its geographic regions
- **SG3/** The Group loses a major partner in the United Kingdom
- **SG4/** The Group loses a major partner in France
- **SG5/** Tensions in the reinsurance market leading to the default of the main reinsurer and an increase in reinsurance costs
- **SG6/** Drifting loss ratios (attritional and large losses)
- **SG7/** Drifting loss ratios (attritional and large losses) leading to the withdrawal of our main reinsurer and an increase in reinsurance costs
- **SG9/** Travel-related accident occurring during a seminar, resulting in the loss of key people along with a delay in the planned improvements set out in the business plan
- **SG10/** Climate scenario
- **SG11/** Cyber scenario
- **SG12/** The Group is unable to provide services to its subsidiary Wakam UK for six months

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

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2024	2025	2026
SG1 – Failure to obtain authorisation for the UK subsidiary	-32pts	-39pts	-24pts
SG2 – Loss of a major partner impacting several countries	-3pts	-3pts	-4pts
SG3 – Loss of a major partner in the United Kingdom	-4pts	-3pts	-7pts
SG4 – Loss of a major partner in France	+1pts	-1pts	-2pts
SG5 – Tight reinsurance market – Default of a major reinsurer	-46pts	-39pts	-34pts
SG6 – Drifting attritional and large loss ratios	-19pts	-25pts	-31pts
SG7 - Drifting attritional and large loss ratios and withdrawal of a major reinsurer	-53pts	-65pts	-74pts
SG9 – Accident during a seminar – Loss of key people	-29pts	-26pts	-24pts
SG10 – Climate scenario	-8pts	-8pts	-6pts
SG11 – Cyber scenario	-4pts	-6pts	-7pts
SG12 – Inability to provide services to Wakam UK	-8pts	-0pts	+1pts

The severity of these scenarios is explained:

- **For scenarios 1, 9 and 11 where the Group is faced with an unfavourable external event with repercussions on the development of its business,** by an immediate loss combined with difficulty in achieving growth and income targets over the following years, thereby reducing equity.
- **For scenarios 2, 3 and 4, which have in common the loss of a partner**, by the decrease in net income and future profits included in prudential capital, partially offset by a reduced SCR.
- **For scenarios 5 and 7, where the share of the risk borne by the Group increases with or without a simultaneous rise in the loss ratio**, by the immediate rise in the SCR, which is greater than the increase in income.
- **For scenarios 6 and 10 marked by a rise in the loss ratio**, by the cumulative effects of a deterioration in income and a increase in the SCR.
- **For scenario 12,** by the fall in net income in the year of the crisis, due to significant exceptional costs for the Wakam UK subsidiary.

C.2. Market Risk

Definition of Market Risk

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

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

Market Risk Exposure

Measurements used to assess risks and change over the period

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

Thus, concerning exposure to market risk, the exposure measures adopted by the Group are as follows:

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

These exposure measurements are presented in Section E.2.

Market Risk Concentration

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

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

Mitigation of Market Risk

System description for the reference period

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

Monitoring the effectiveness of mitigation techniques:

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

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

Sensitivity to market risk

Stress Testing and Scenario Analysis

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

Assumptions of the central scenario

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

Methods and Assumptions for Stress Testing and Scenario Analyses

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

- **SG0/** The Group does not inject any capital into Wakam S.A. at end 2023, nor into its subsidiary Wakam UK in 2024 and 2025
- **SG1/** The Group is not granted authorisation for its subsidiary in the United Kingdom (Wakam UK) and terminates its insurance activities in this country.
- **SG5/** Tensions in the reinsurance market leading to the default of the main reinsurer and an increase in reinsurance costs
- **SG6/** Drifting loss ratios (attritional and major)
- **SG7/** Drifting loss ratios (attritional and major) leading to the withdrawal of our main reinsurer and an increase in reinsurance costs

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

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2024	2025	2026
SG0 - Central without capital injection	-21pts	-28pts	-25pts
SG1 – Failure to obtain authorisation for the UK subsidiary	-32pts	-39pts	-24pts
SG5 – Tight reinsurance market – Default of a major reinsurer	-46pts	-39pts	-34pts
SG6 – Drifting attritional and large loss ratios	-19pts	-25pts	-31pts
SG7 - Drifting attritional and large loss ratios and withdrawal of a major reinsurer	-53pts	-65pts	-74pts

The severity of these scenarios is explained:

- **For scenario 0, in which the Group is unable to carry out the planned capital injection,** by a sustainably lower level of equity for a similar level of SCR.
- **For scenario 1, where the Group is faced with an unfavourable external event with repercussions on the development of its activity,** by an immediate loss combined with difficulty in achieving growth and income targets over the following years, thereby reducing equity
- **For scenarios 5 and 7, where the share of the risk borne by the Group increases with or without a simultaneous rise in the loss ratio,** by the immediate rise in the SCR, which is greater than the increase in income.
- **For scenario 6 marked by a rise in the loss ratio,** by the cumulative effects of a deterioration in income and a increase in the SCR

Application of the prudent person principle

As stipulated in Article 132 of the Solvency 2 Directive, Big Wakam's investments, through its subsidiary Wakam, are made in accordance with the Prudent Person Principle, thanks to the investment process and the organisation of accompanying committees which ensure that risks are known in advance and that they are analysed, managed and controlled 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 financial risk appetite and based on the macro-economic context and the results of the ALM studies conducted by the Financial Department and the Risk Department and supplemented as part of the development of the budget and the ORSA report on the consequences of this allocation on the market SCR and on the Company's solvency ratio.
    - » **The central scenario** identifies outgoing cash flows over the claims settlement period, and allocates the premium to investments, primarily bond investments, backed by a maturity bracket. This central scenario takes into account a portion of the future premiums on the assumption of a conservative lapse rate.
    - » **The stressed scenario**, carried out under the assumption of a 10% shock on the portfolio's claims expense, makes it possible to identify the safety margin to be maintained in monetary or short-term assets.
    - » **The surplus identified** in this projection is allocated to diversified assets (shares, real property, etc.)

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

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

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

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

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

C.3. Credit Risk

Definition of Credit Risk

Credit Risk is the risk of loss, or of an adverse change in the financial position, resulting directly or indirectly from fluctuations in the creditworthiness or credit quality of the Group'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 potential losses that could result from an unexpected default or deterioration in the credit quality of the Group's counterparties and debtors. The scope of counterparty risks includes contracts that mitigate risks such as reinsurance agreements, securitisations and derivatives, and receivables from intermediaries and insured parties. This risk is provided for in the standard formula.

Exposure to Credit Risk

Measurements used to assess risks and change over the period

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

Thus, concerning exposure to credit risk, the exposure measures adopted by the Group 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

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

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

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

Mitigation of Credit Risk

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

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

Sensitivity to credit risk

Stress Testing and Scenario Analysis

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

Assumptions of the central scenario

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

Methods and Assumptions for Stress Testing and Scenario Analyses

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

- **SG5/** Tensions in the reinsurance market leading to the default of the main reinsurer and an increase in reinsurance costs
- **SG7/** Drifting loss ratios (attritional and large loss) leading to the withdrawal of our main reinsurer and an increase in reinsurance costs
- **SG8/** Default of the main TPA[1] in charge of international claims management

1 *Third Party Administrator*

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

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2024	2025	2026
SG5 – Tight reinsurance market – Default of a major reinsurer	-46pts	-39pts	-34pts
SG7 - Drifting attritional and large loss ratios and withdrawal of a major reinsurer	-53pts	-65pts	-74pts
SG8 – Default of our main TPA	-5pts	-4pts	-3pts

The severity of these scenarios is explained:

- **For scenarios 5 and 7, where the proportion of risk assumed by Wakam increases with or without a simultaneous rise in the loss ratio,** by the immediate rise in the SCR, which is greater than the increase in income.
- **For scenario 8, marked by the default of the main TPA**, by a sustainable decrease in equity due to the negative impact of the TPA replacement costs.

C.4. Liquidity risk

Definition of liquidity risk

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

Exposure to liquidity risk

Measurements used to assess risks and change over the period

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

Concentration of liquidity risks

No concentration of liquidity risk was identified in Big Wakam's risk profile in 2023.

Mitigation of the liquidity risk

Big Wakam mitigates its liquidity risk through annual asset and liability allocation work aimed in particular at ensuring that durations remain consistent.

Sensitivity to liquidity risk

Stress Testing and Scenario Analysis

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

Assumptions of the central scenario

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

Methods and Assumptions for Stress Testing and Scenario Analyses

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

- **SG0/** The Group does not make any capital injections at end 2023
- **SG1/** The Group is not granted authorisation for its subsidiary in the United Kingdom (Wakam UK) and terminates its insurance business in that country
- **SG2/** The Group loses a major partner impacting all of its geographic regions
- **SG3/** The Group loses a major partner in the United Kingdom
- **SG4/** The Group loses a major partner in France
- **SG5/** Tensions in the reinsurance market leading to the default of the main reinsurer and an increase in reinsurance costs
- **SG6/** Drifting loss ratios (attritional and major)
- **SG7/** Drifting loss ratios (attritional and major) leading to the withdrawal of our main reinsurer and an increase in reinsurance costs
- **SG8/** Default of the main TPA in charge of international claims management
- **SG9/** Travel-related accident occurring during a seminar, resulting in the loss of key people along with a delay in the planned improvements set out in the business plan
- **SG10/** Climate scenario
- **SG11/** Cyber scenario
- **SG12/** The Group is unable to provide services to its subsidiary Wakam UK for six months

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

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2024	2025	2026
SG0 - Central without capital injection	-21pts	-28pts	-25pts
SG1 – Failure to obtain authorisation for the UK subsidiary	-32pts	-39pts	-24pts
SG2 – Loss of a major partner impacting several countries	-3pts	-3pts	-4pts
SG3 – Loss of a major partner in the United Kingdom	-4pts	-3pts	-7pts
SG4 – Loss of a major partner in France	+1pts	-1pts	-2pts
SG5 – Tight reinsurance market – Default of a major reinsurer	-46pts	-39pts	-34pts
SG6 – Drifting attritional and large loss ratios	-19pts	-25pts	-31pts
SG7 - Drifting attritional and large loss ratios and withdrawal of a major reinsurer	-53pts	-65pts	-74pts
SG8 – Default of our main TPA	-5pts	-4pts	-3pts
SG9 – Accident during a seminar – Loss of key people	-29pts	-26pts	-24pts
SG10 – Climate scenario	-8pts	-8pts	-6pts
SG11 – Cyber scenario	-4pts	-6pts	-7pts
SG12 – Inability to provide services to Wakam UK	-8pts	-0pts	+1pts

The severity of these scenarios is explained:

- **For scenario 0, in which the Group is unable to carry out the planned capital injection,** by a sustainably lower level of equity for a similar level of SCR.
- **For scenarios 1, 9 and 11 where the Group is faced with an unfavourable external event with repercussions on the development of its activity,** by an immediate loss combined with difficulty in achieving growth and income targets over the following years, thereby reducing equity.
- **For scenarios 2, 3 and 4, which have in common the loss of a partner,** by the decrease in net income and future profits included in prudential capital, partially offset by a reduced SCR.
- **For scenarios 5 and 7, where the proportion of risk assumed by Big Wakam increases with or without a simultaneous rise in the loss ratio,** by the immediate rise in the SCR, which is greater than the increase in income.
- **For scenarios 6 and 10 marked by a rise in the loss ratio,** by the cumulative effects of a deterioration in income and a rise in the SCR.
- **For scenario 8, marked by the default of the main TPA**, by a sustainable decrease in equity due to the negative impact of the TPA replacement costs.
- **For scenario 12,** by the decrease in net income in the year of the crisis, due to significant exceptional costs for the Wakam UK subsidiary.

Expected Profits from future premiums

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

C.5. Operational Risk

Definition of Operational Risk

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

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

Exposure to Operational Risk

Measurements used to assess risks and change over the period

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

Thus, as regards exposure to operational risk, the exposure measurement used by Big Wakam is the Operational SCR.

This exposure measurement is presented in Section E.2.

Concentration of Operational Risks

No concentration of operational risk was identified in Big Wakam's risk profile.

Mitigation of Operational Risk

Operational risk is mitigated by the entire risk management system in place at Big 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 in response to the identification of each operational failure.

Sensitivity to operational risk

Stress Testing and Scenario Analysis

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

Assumptions of the central scenario

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

Methods and Assumptions for Stress Testing and Scenario Analyses

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

- **SG0/** The Group does not make any capital injections at end 2023
- **SG1/** The Group is not granted authorisation for its subsidiary in the United Kingdom (Wakam UK) and terminates its insurance business in that country.
- **SG8/** Default of the main TPA in charge of international claims management
- **SG9/** Travel-related accident occurring during a seminar, resulting in the loss of key people along with a delay in the planned improvements set out in the business plan
- **SG11/** Cyber scenario
- **SG12/** The Group is unable to provide services to its subsidiary Wakam UK for six months

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

Results of the Stress Tests

Scenarios / (in solvency ratio pts relative to the central scenario)	2024	2025	2026
SG0 - Central without capital injection	-21pts	-28pts	-25pts
SG1 – Failure to obtain authorisation for the UK subsidiary	-32pts	-39pts	-24pts
SG8 – Default of our main TPA	-5pts	-4pts	-3pts
SG9 – Accident during a seminar – Loss of key people	-29pts	-26pts	-24pts
SG11 – Cyber scenario	-4pts	-6pts	-7pts
SG12 – Inability to provide services to Wakam UK	-8pts	-0pts	+1pts

The severity of these scenarios is explained:

- **For scenario 0, in which the Group is unable to carry out the planned capital injection,** by a sustainably lower level of equity for a similar level of SCR.
- **For scenarios 1, 7 and 9 where the Group is faced with an unfavourable external event with repercussions on the development of its activity,** by an immediate loss combined with difficulty in achieving growth and income targets over the following years, thereby reducing equity.
- **For scenario 6, marked by the default of the main TPA,** by a sustainable decrease in equity due to the negative impact of the TPA replacement costs.
- **For scenario 12,** by the decrease in net income in the year of the crisis, due to significant exceptional costs for the Wakam UK subsidiary.

C.6. Other significant risks

The other significant risks that may be encountered by the Group are risks whose assessment is not covered by the standard formula provided for in the Solvency 2 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 distributor partner** arises from the excessive relative share that a single distributor partner would represent in the Group's business. This risk is controlled due to the growth of the number of partners present in the portfolio thus increasing diversification, and the successful extension of the agreements effective on 31 December 2023, sometimes for a period of several years.
- **The Risk related to the quality of the data provided by the partners** relates to the reliability of the accounts and financial statements published by Big Wakam due to insufficient quality of the data provided by the partners or the insufficient checks carried out on this data. The management information (contracts, invoices and losses) comes exclusively from files sent by broker partners. Poor data transmission can occasionally lead to errors in quarterly accounts. The mechanism for controlling the risk of errors in the monthly data sent by partners is based on technical and governance elements. Big Wakam pays meticulous and constant attention to the quality of the data supplied by the partners.
- **The Cyber Risk** relates to the availability of computer systems, the loss, modification or dissemination of data as a result of a malicious act and/or a computer attack. This risk is common to all businesses due to the increase in malicious acts and attacks. This is why Wakam has made IT Security a priority and has stepped up its actions since 2021, mainly through actions to tighten controls, secure employee access to the Group's information systems and train employees in cyber security topics. In view of the improvements deployed in 2023, the company believes that the control of this risk is optimal given the tools and practices available to date.
- **Key Person Risk** is the disappearance, incapacity or departure of a key person, leading to a decline in turnover or a major impact on the Group's long-term sustainability. A key person is anyone who plays a key role in the operation and development of a company. This is a person who possesses unique know-how, expertise, techniques and responsibilities that make him/her an indispensable part of the company. To reduce its exposure to this risk, the Group rolled out an action plan in 2023 which includes, among other things, appointing a Managing Director, adding Vice-Presidents and Chiefs, further increasing the number of employees and automating certain processes. In this context, the key person risk is considered to be under control.

C.7. Other Information

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

D. Valuation for solvency purposes

D.1. Assets

Value, Methods and Assumptions by Asset Type

- **Valuation of investments:** As at 31 December 2023, Big Wakam has a volume of investments in market value of €150.4m compared to a book value of €147.9m. All of the Company's investments are valued at market value in the Solvency 2 prudential balance sheet. The accrued interest is taken into account in the valuation. Ownership in Wakam Services (100% subsidiary) is positioned at 0. The accrued interest not due on the balance sheet is repositioned by nature in the various investment lines appearing in market value on the Solvency II prudential balance sheet, as is the premium/ discount, so as to avoid double counting. Deposits and sureties as well as strategic investment in Lloyds' have the same value in the balance sheet and the Solvency II prudential balance sheet.

Comparative breakdowns of Wakam's investments

(Net book value excluding Cash)

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

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

- **Valuation of receivables:** As of 31 December 2023, the receivables are broken down as follows:
  - » The claims for insurance transactions amount to €615.4m on the balance sheet and are not subject to any restatement in the Solvency II prudential balance sheet.
  - » Reinsurance receivables amount to €145.5m on the balance sheet and are subject to a restatement of €38.1m in the Solvency II prudential balance sheet.
  - » The other €59.5m in receivables, which relate to administrative transactions with public organisations (tax, social security contributions, etc.) and with suppliers, are not subject to any adjustment between the corporate balance sheet and the Solvency 2 prudential balance sheet.
  - » In all, the amount of receivables in the statutory accounts comes to €820.4m and €782.3m in the Solvency 2 prudential balance sheet.
- **Valuation of the Other Assets:** the book value of the other assets appearing in the corporate balance sheet came to €112.8m, with an economic value of zero. These restatements results from the following effects:
  - » **Cancellation of the Deferred Acquisition Fees (DAF) (-€97.8m),** the DAFs corresponding to the amounts already paid by Big Wakam in respect of acquisition commissions on premiums written but not vested at 31 December 2023. In the accounting, increasing this item makes it possible to link the Company's acquisition fees to the proper financial year. Conversely, Solvency II is based on a logic of future cash flows. Since the DACs have already been disbursed by the company and are not the subject of a future cash flow, they are therefore completely cancelled in the Solvency II prudential balance sheet. It should be noted that this operation generates no loss of wealth for Big Wakam, since these acquisition fees on existing contracts will not give rise to a cash flow from the Company and are not forecast in the "Best Estimate of Premiums" in the Solvency 2 prudential balance sheet.
  - » **The offsetting of Prepaid Expenses (-€0.8m),** according to the same principle as the deferred acquisition expenses, these expenses having already been disbursed by the company. Given their relative weakness, the basis used to calculate the Best Cost Estimate has not been corrected for this favourable impact.
  - » **Offsetting of conversion differences (-€0.8m),** these have no value in Solvency II.
  - » **The offsetting of Accrued Interest Not Due (-€0.7m) and discounts (-€0.8m)** whose amounts are already integrated into the market value of the company's investments. Thus, in order to avoid any double counting of balance sheet items, this amount is entirely cancelled in the company's Solvency II prudential balance sheet.

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

- **Valuation of Deferred Tax:** The deferred taxes appearing on the Solvency II prudential balance sheet correspond to the expense (Liabilities) or the tax credit (Assets) applicable to the change in net assets following the restatement between the corporate balance sheet and the prudential balance sheet. As at 31 December 2023, the value of the deferred tax assets amounts to €14.8m.

Difference from the Financial Statements

(in millions of euros)	Company Balance Sheet	Solvency II Prudential Balance Sheet	Differences
Intangible assets (including goodwill)	62.2	-	-62.2
Tangible assets	3.7	3.7	-
Investments	147.9	150.4	+2.5
Reinsurers' share in the technical provisions, including:	1,119.7	915.8	-203.9
Provisions for unearned premiums / Best Estimate of Premiums Provisions	*262.2*	*159.5*	*-102.7*
Provisions for Claims / Best Estimate of Claims Provisions	*857.5*	*756.3*	*-101.2*
Receivables	820.4	782.3	-38.1
Current accounts and cash in hand	112.8	112.8	-
Other Assets	101.0	-	-101.0
Deferred taxes		14.8	8
Total Assets	**2,367.8**	**1,980.0**	**-387.8**

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

- Intangible assets (-€64.9m, including -€22.6m for goodwill): Cancellation in the Solvency II Prudential Balance Sheet
- Investments (+€2.5m): Shift to market value
- Reinsurers' share in the technical provisions (-€203.9m): Cf. Section D.2.
- Receivables (-€38.1m): this restatement relates to a portion of the reinsurance receivables, the nature of which corresponds to provisions for unearned written premiums ceded on premium agreements acquired entering into cash exchanges with the reinsurers, and which are therefore cancelled on the Solvency II prudential balance sheet.
- Current accounts and cash in hand: No restatement
- Other assets (-€101.0m): detail above
- Deferred taxes (+€14.8m): Linked to the restatement between the company balance sheet and the Solvency II prudential balance sheet

The total value of the assets in the Solvency 2 prudential balance sheet is €1,980m, compared with €2,367.8m in the corporate financial statements.

D.2. Technical Provisions

Value, methods and assumptions by type of provisions

- **The segmentation** used for the valuation of technical provisions is based on homogeneous risk categories. For presentation purposes, these are then aggregated by Line of Business, as described by the regulations.
  - » The company's commitments on 2-wheeler and 4-wheeler products are distributed in the «Automobile Civil Liability» and «Other motor vehicle insurance» Lines of Business
  - » The commitments relating to the Property Damage products (Home Comprehensive, Building Comprehensive, Glass Breakage and Breakage/Theft of Property) are presented in the «Fire and other Property Damage» and "General Civil Liability" Lines of Business
  - » Commitments related to Mechanical Failure, Unpaid Rent, Over-Redemption, Property Warranty Extension and Ticket Cancellation products are classified in the «Miscellaneous Financial Losses» Line of Business,
  - » Commitments regarding Legal Protection and Assistance cover are reflected in the Line of Business of the same name.
  - » Commitments relating to Individual Accident products are classified in the "Income Protection" Line of Business.
- **The Best Estimate of the Provisions for Gross Reinsurance Claims** is the sum of future cash flows related to claims already occurring, updated according to the curves of the regulatory rates (in currency) as at 31/12/2023, without a volatility adjustment.

  The settlement rates used were constructed to account for differences in liquidation between large loss and other claims. On the other hand, the rates used for Affinity products are those anticipated when pricing products.
  - » **«Annuity» claims:** the valuation of the annuity claims is based on amounts of compensation determined by loss item, assessed for probability using applicable mortality tables in force.
- **Recurring Expenses related to the management of commitments during the claims settlement period** are charged to future cash flows as long as they have not already been disbursed on the valuation date. They include expenses that can be directly allocated to the management of commitments and indirect expenses allocated to the management of commitments in the Group's cost accounting:

- **Management Fees for the compensation of material claims** are not forecast as they are fully borne by the Group's delegates and already disbursed by the Group in the form of management fees paid in accordance with the delegation protocols.

- **Acquisition Fees** are also excluded from the forecast, insofar as they have already been paid to the contributors in the form of distribution commissions paid in accordance with the distribution protocols.

- **Other overhead costs relating to contract administration and investment management** are forecast in proportion to the flow of future claims settlements by following the company's analytical distribution rules and the business continuity scenario provided for in Article 31 of the Delegated Regulation.

- **Before discounting, the amount of Expenses included in the Best Estimate of Claim Provisions and annuities resulting from non-life commitments gross of Reinsurance amounts to €3.6m.**

- **The Best Estimate of Claims Reserves Ceded in Reinsurance**, represented as an asset, is the sum of future cash flows relating to claims already incurred, forecast using the same segmentation and methodology as the Best Estimate of Gross Reinsurance Claims Reserves, but assigned in accordance with the terms of the Reinsurance Treaties in force within the Group:

  - **Proportional Treaties** are modelled by applying the transfer rates to the gross future cash flows separately by Treaty, Reinsurer and Financial Year of Occurrence.

  - **Non-proportional Treaties** are taken into account individually for each claim or event putting these coverages into play, by applying the indexing and reconstitution clauses.

  - **A Probability of default of reinsurers**, identical to that used for the assessment of the Type 1 counterparty SCR, and based on the individual rating of each of the reinsurers is applied to the ceded future cash flows thus obtained.

- **The Best Estimate of Provisions for Premiums Gross of Reinsurance** is the discounted sum of future cash flows (Premiums, Settlements of claims not yet occurred net of recoveries collected and related Expenses) which will be generated by policies in the portfolio on the valuation date for the non-acquired portion of the risk or which are renewed or underwritten over the next financial year in cases where the company could not unilaterally release itself from its commitment to the final insured party or increase the policy price.

The Group thus retains within its «Boundary» the following contracts:

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

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

- **The Best Estimate of Premium Reserves Ceded in Reinsurance,** represented as an asset, is the sum of future cash flows, forecast using the same segmentation and methodology as the Best Estimate of Gross Reinsurance Claims Reserves, but ceded in accordance with the terms and conditions of the Group's Reinsurance Treaties for financial year 2024.
- **Valuation of the Provision for Ongoing Risks:** by construction, the best estimate of premium provisions including the elements constituting the provision for ongoing risk, the provision for ongoing risks is positioned at 0 in the Solvency II prudential balance sheet.
- **The Risk Margin** is added to all of the Best Estimates of Provisions for Claims and Premiums in order to constitute the technical provisions within the meaning of the Solvency II Directive. It is calculated so as to ensure that the value of the underwriting reserves is equivalent to the amount that insurance and reinsurance companies would require to take over and meet Big 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. For simplification purposes, the Group estimated the risk margin in the Solvency 2 prudential balance sheet on the basis of 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 Net Reinsurance Claims Provisions. **The risk margin is thus valued at €12.2m** in the Solvency 2 prudential balance sheet.

Level of Uncertainty

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

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

Differences from the Financial Statements

Summary of Differences with Technical Provision as of 31 December 2023

(in millions of euros)	Company Balance Sheet	Solvency II Prudential Balance Sheet	Differences
Technical provisions, including :	1,337.0	1,094.5	-242.5
Provisions for unearned premiums / Best Estimate of Premiums Provisions	346.8	207.7	-139.1
Provisions for Claims / Best Estimate of Claims Provisions	921.2	838.8	-82.4
Other technical provisions (provisions for claims not yet manifested, provision for ongoing risks, math provisions for annuities)	68.9	35.8	-33.1
Risk margin	-	12.2	+12.2
Reinsurers' share in the technical provisions, including :	1,119.7	915.8	-203.9
Provisions for unearned premiums / Best Estimate of Premiums Provisions	262.3	159.5	-102.8
Provisions for Claims / Best Estimate of Claims Provisions	793.6	722.7	-70.9
Other technical provisions (provisions for claims not yet manifested, provision for ongoing risks, math provisions for annuities)	63.8	33.6	-30.2
Technical provisions net of reinsurance	**217**	**179**	**-39**

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

- Net premium provisions (-€36.3m): Reclassification of ceded UPR reinsurance receivables and debt (see section D.1.) (-€38.1m), integration of discounted profits on unearned premiums in the financial year 2023 net of expenses related to the management of commitments and renewal (+€2.2m), integration of discounted profits on policies not yet formed in 2023 but belonging to the «Boundary» of policies (-€0.4m).
- Net claims and other technical provisions (+€11.8m): Cancellation of the Provision for Unexpired Risks (-€2.7m) offset by integration of the claims provision including expenses and discounting (-€11.7m).
- Risk margin (+€12.2m): Integration of the risk margin valued according to the standard formula.

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

Technical Provisions by Line of Business

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

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

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

Matching Adjustment

Big Wakam does not use this option.

Correction for Volatility

Big Wakam does not use this option.

Transitional Risk-Free Interest Rate Curve

Big Wakam does not use this option.

Transitional Deduction

Big Wakam does not use this option.

Amounts recoverable under Reinsurance

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

Changes in assumptions compared to the previous period

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

D.3. Other Liabilities

Value, methods and assumptions by type for other liabilities

- **Valuation of debts arising from insurance and reinsurance operations:** debts arising from insurance operations correspond to the balances of claims settlements and commissions owed to brokers in the short-term, and the cash balances of the treaties underwritten by Big Wakam. The economic value presented in the prudential balance sheet amounts to €719.8m. Reinsurance debts were reduced compared to the amount recorded in the balance sheet by €8.9m **from a reclassification entry of reinsurance commissions carried forward on the agreements into acquired premiums because they are included in cash exchanges with reinsurers.**
- **Valuation of Deferred Reinsurance Commissions:** Deferred Reinsurance Commissions (DRCs) correspond to the amount already received by Big Wakam in respect of reinsurance commissions on premiums issued but not acquired as of 31 December 2023. In the accounting, increasing this item makes it possible to link the Company's 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 Big Wakam, since these reinsurance commissions on existing contracts will not give rise to a future cash flow and are not forecast in the Best Estimates of Net Provisions in the Solvency 2 prudential balance sheet. The restatement of the DRCs amounts to €93.5m in the prudential balance sheet of 31 December 2023.
- **Valuation of transferees' [reinsurers'] deposits:** these cash deposits are constituted according to the contractual terms of certain Reinsurance Treaties and make it possible to guarantee Big Wakam the repayment of claims by the Reinsurer up to its quota share. The economic value in the Solvency 2 prudential balance sheet remains zero, identical to the value recorded in the corporate financial statements.
- **Valuation of the Provision for risks and expenses:** The provision for risks and expenses consists of provisions for disputes, provisions for fines and penalties and provisions for retirement benefits. These provisions are not restated in the Solvency II prudential balance sheet.

- **Valuation of subordinated liabilities:** in accordance with Article 14 of Delegated Regulation 2015/35 of 10 October 2014 and the Guidelines published by EIOPA on the valuation of financial liabilities, the company takes into account changes in market conditions affecting the value of its subordinated debt, with the exception of changes in market conditions affecting its own credit risk. Subordinated debt is thus valued in the economic balance sheet as the sum of the coupons and redemption at maturity discounted at the risk-free interest-rate curve at 31 December 2023 to which the credit risk premium specific to Big Wakam is added.

- **Valuation of other debts:** The other debts correspond to the amounts owed to government agencies (Taxes, Social Security Contributions, etc.) and to suppliers. Their economic value remains identical to the book value in the prudential balance sheet for the following debts:

  » securities repurchased for €25m,

  » bank debts for €8.9m,

  » Employee-related debts: €7.4m

  » State and social bodies: €22.0m

  » Sundry creditors and payables: €7.3m

- **Valuation of liabilities accrual accounts:** The economic value of the other liabilities is restated for the depreciation of premiums in the Solvency II prudential balance sheet because these elements are integrated into the market value of investments which appear in the Assets, along with accrued interest not due on subordinate debt, as it affects the latter's economic value. This restatement represents €0.2m and €0.8m respectively as at 31 December 2023.

Differences compared to the Financial Statements

(in millions of euros)	Company Balance Sheet	Solvency II Prudential Balance Sheet	Differences
Technical provisions, including:	1,337.0	1,094.5	-242.5
Provisions for unearned premiums / Best Estimate of Premiums Provisions	*346.8*	*207.7*	*-139.1*
Provisions for Claims / Best Estimate of Claims Provisions	*990.1*	*874.6*	*-115.5*
Risk margin	–	*12.2*	*+12.2*
Provision for contingencies and charges	1.4	1.4	-
Transferee Deposits	-	-	-
Debt	799.1	790.2	-8.9
Deferred reinsurance commissions	93.5	-	-93.5
Subordinated debt	19.0	19.8	+0.8
Other liabilities	1.8	0.8	-1.0
Deferred taxes	-	-	-
Total Liabilities	**2,251.9**	**1,906.8**	**-345.1**
Subordinated debt, included in S2 Equity		19.8	+19.8
Equity	**116.0**	**93.0**	**-23.0**

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

The total value of the liabilities in the Solvency 2 prudential balance sheet is €1,906.8m, compared with €2,251.9m in the corporate 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 takes account of regulatory constraints as well as of Big Wakam's internal assessment of the amount of capital required to cover its risks. The Group thus identifies the different types of capital it is likely to hold in order to classify them according to the tiers and characteristics set out 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 Group must first establish a classification by type of equity:**
  - **Basic equity** is made up of the following items: the surplus of assets over liabilities, valued in accordance with Chapter II of Title I of the Delegated Acts, and any subordinated liabilities that Big Wakam may hold.
  - **Ancillary Equity** consists of items, other than basic equity, that can be called upon to absorb losses. They may include the following: The uncalled portion of the initial fund, letters of credit and guarantees or any other legally-binding commitments received by the Group. 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.
- **Big Wakam must then classify its equity according to three levels in order to assess the quality of the capital 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.

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

- **Level 1 basic equity elements,** including paid-up ordinary share capital and the related share premium account, has a number of attributes listed in Article 71 of the Delegated Regulations, the most significant of which for Big 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 noncompliance, 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 Big Wakam to make distributions.
- In the event that Big Wakam increases its capital, the unpaid and uncalled ordinary share capital, which is callable on demand, is recognised as ancillary Tier 2 capital. When this capital is paid up, it is reclassified as Level 1 basic equity.
- In accordance with Article 73 of the Delegated Regulation, subordinated debts subscribed by the company are recorded as Tier 2 basic equity.
- In accordance with Article 76 of the Delegated Regulations, the value of net deferred tax assets and preferred shares is recognised as Level 3 basic equity. In particular, the recoverability of these deferred tax assets was tested to justify a sufficient level of profits generated over the projection period of the business plan..
- If Big Wakam holds types of equity with features that are not covered in the usual features of Tier 1, Tier 2 or Tier 3 capital, these items will only be valued if they have been approved for valuation and classification by the supervisory authorities.

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 in particular led to the setting of a target solvency ratio of 115%. The Vice-President Capital & Reinsurance ensures adherence to the medium-term capital management plan, under the supervision of the Executive Officer.

Structure of Big Wakam's Equity

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 at 31 December 2023, 48% of Big Wakam's equity (€44.3m) is classified as Tier 1,** as the sum of the company's share capital and of the net assets generated in the valuation of the Solvency 2 prudential balance sheet; **21% is classified as Tier 2**, corresponding to the subordinated debt issued on 9 March 2017 and 28 September 2018 (valued at €19.8m in the economic balance sheet); and **31% is classified as Tier 3**, corresponding to deferred tax assets due to valuation restatements that are overall negative.
- **Total equity thus stood at €93.0m** as at 31 December 2023, 80% of which was eligible to cover the SCR and 53% eligible to cover the MCR.

Difference with the Financial Statements

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

(in millions of euros)	Company Balance Sheet	*Solvency* II Prudential Balance Sheet	Differences
Total Assets	2,367.8	1,980.0	-387.8
Total Liabilities	2,251.9	1,906.8	-345.1
Equity	**116**	**73**	**-43**

The valuation of the Solvency 2 balance sheet shows a decline in equity of -€42.8m before reclassification of subordinated liabilities. This corresponds to all of the following factors:

- the cancellation of -€39.6m in **intangible assets**;
- the inclusion of **Other Restatements**, consisting mainly of goodwill (-€22.6m), for a total of -€25.6m;
- the integration of the restatement in the net **technical reinsurance provisions, including risk margin**, (excluding the effect of the restatement of the ceded provisions for unearned written premiums on the agreements in acquired premiums, see section D.1.) for +€0.5m;
- unrealized gains and losses on **financial assets** for +€2.5m;
- the cancellation of **DACs reduced of DRCs** (excluding the effect of DRC restatement on agreements in acquired premiums, see section D.3.) for +€4.6m;
- the inclusion of +€14.8m in **deferred tax assets**, 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 2023 based on the Standard Formula and its parameters as described in the Solvency II Directive, the Delegated Regulation and the review clause. In addition, the elements of the review clause that went into force on 1st January 2019 were integrated into the calculation, in particular, revisions concerning shocks on premiums and reserves and the correlations, risk factors and weighting by region of the Catastrophe risk, or the evolution of certain shocks on the market SCR.

- **The Market SCR** is assessed on a "simplified" look-through basis for the funds, which represent 12% of the total investments not counting cash in bank.
    - **The Equity SCR** is calculated based on the standard formula. **As at 31 December 2023, the Equity SCR stood at €7.4m,** up +€1.2m, mainly due to the sharp rise in the shock absorber, which increases the applied impact (up +4.5 pts to 1.5%), supplemented by an increase in the assessment base, particularly for private debt.
    - **The Interest Rate SCR** is estimated based on standard scenarios up or down, applied to net cash flows (shock on bond assets and UCITS net of shocks on Solvency II Technical Provisions), the worst scenario being used. **As of 31 December 2023, the amount of the Interest Rate SCR amounts to €0.6m** down -€0.4m. Contrary to the previous closing, Wakam's sensitivity is based on a downward interest rate shock. The slight decrease in the SCR is explained by a more adequate alignment of the asset and liability bases sensitive to rate changes.
    - **The spread SCR** represents the impact of an adverse change in the issuer's solvency causing a widening of credit spreads (yield spread) between the risk-free rate and the rate of return expected from the investments. The capital requirement is based on the market value, duration and rating of the issuer. As **of 31 December 2023, the amount of the Spread SCR amounts to €3.8m**, which is -€1.9m less than the previous financial year. This decrease is mainly due to the sharp rise in the share of short-term sovereign bonds in Big Wakam's investments, which do not generate spread risk.

- **The Currency SCR** represents the change in the value of the technical assets and liabilities denominated in non-euro currencies generated by a 25% exchange rate variation up or down, barring exceptions (e.g. the Danish krone, whose variation is 0.39%). **As at 31 December 2023, Big Wakam's Foreign Exchange SCR stood at €1.9m,** up by +€0.8m mainly on exposure to zlotys. Despite the sharp increase in the company's exposure in the United Kingdom, the Foreign Exchange SCR for Pounds Sterling increased very little due to a good asset-liability correlation in this currency.

- **The Concentration SCR** represents the risk of volatility caused in its investment portfolios by overexposure to a single issuer. The capital requirement is based on the exposure to the issuer in question and its rating. **As at 31 December 2023, Big Wakam's Concentration SCR was €0.1m**, stable compared to the previous financial year due to the significant growth in the diversified issuer investment base.

- **The Real Estate SCR** represents the risk on real estate assets arising from the sensitivity of the value of assets, liabilities and financial instruments to changes affecting the level or volatility of the market value of the real property assets. **It amounted to €2.0m as at 31 December 2023**, slightly down (-€0.2m) compared to 31 December 2022. This decrease is mainly due to the decrease in the leverage of the real estate funds in which the company has invested and which impact the calculation of the Real Estate SCR.

- **After aggregation and diversification of the various risks, the Group's Market SCR came to €13.1m**, down -€0.1m from the previous financial year.

- **The Counterparty SCR** is broken down into 2 subcategories:
  - **The type 1 counterparty SCR** corresponds to the loss that would result if Big Wakam's listed counterparties defaulted. In the case of reinsurers, this SCR is based on their rating, their exposure including the Best Estimate of Net Ceded Provisions, the value of the collateral granted by the reinsurers and the non-life SCR savings following the disposals to reinsurers. In the case of bank counterparties, the SCR is based on their rating and bank deposits. **As at 31 December 2023, the Type 1 counterparty SCR stood at €8.4m**, up +€2.4m on the previous financial year, due to an increase in transfers and a higher level of cash accounts included in the exposure base.

    - **The type 2 counterparty SCR** corresponds to the loss caused by a massive default of the counterparties recorded in the insurance claims (insured parties and brokers), calculated according to the age of the claims (more or less than 3 months). A**s of 31 December 2023, the Type 2 counterparty SCR was valued at €4.4m** and shows a decrease of -€1.8m compared to the previous financial year. This change is explained by cleanings carried out on the receivables and debts in the balance sheet, reducing this exposure.
    - **After aggregation of the two sub-modules, the Counterparty SCR comes to €12.1m,** up +€0.6m compared to the previous financial year.
- **The Health Underwriting SCR** reflects the Company's risk of under-pricing and under-provisioning after geographical diversification, with Wakam's commitments being divided between countries in continental Europe, the United Kingdom, Ireland, Northern Europe and an area comprising Reunion Island and the Caribbean. This SCR also includes the risk of lapse:
    - **For the SCR known as «Premiums and Reserves» health,** the capital charge is determined by applying a volatility factor specific to each health line of business to the Best Estimate of Net Claims Provisions for the under-provisioning risk and the net «Premium Volume» for the under-pricing risk. For Big Wakam, the "Premium Volume" defined in the Standard Formula is equal to the sum of the following three items: the maximum between the Premiums acquired in the 2023 financial year and the Premiums to be acquired in the 2024 financial year; the Premiums to be acquired in 2025 for contracts renewed up to 31 December 2024; and the Premiums to be acquired in the first two months of 2026 for contracts underwritten on or after 1 November 2024. **As of 31 December 2023, the SCR of «Premiums and Reserves» amounts to €8.4m,** up €1.7m compared to the previous year. This is mainly due to the launch in 2023 of a major partnership in health insurance, which is expected to grow in 2024.
    - **The Health lapse SCR** reflects the lapse risk that results from the loss, or the adverse change in the value of health insurance commitments, resulting from changes affecting the level or volatility of the rates of policy discontinuance, terminations or renewals. **It is valued at €0.2m on 31 December 2023**, up +€0.2m compared to the previous financial year due to an increase in the best estimate of future premiums, resulting in future profits in the health segment.
    - **After aggregation and diversification of the various sub-modules, the amount of the company's Health SCR as of 31 December 2023 amounts to €8.4m**, an increase of €1.7m compared to the previous year.

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

- After applying the risk correlation matrices set out in the standard formula, the sum of the individual SCRs benefits from a diversification effect of 28%, **resulting in a BSCR of €50.5m as at 31 December 2023**, up +€6.7m on the previous financial year. This increase is primarily due to the increase in underwriting risks, explained above.

Total Solvency Capital Requirement and Total Minimum Capital Requirement

- **The total Solvency Capital Requirement (SCR) as at 31 December 2023,** i.e., the sum of the Basic SCR (BSCR), the Operational SCR and the tax amortisation, **amounts to €63.8m:**
  - **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 at 31 December 2023, Big Wakam's Operating SCR stood at €15.2m**, which is up +€2.0m on the previous financial year due to the increase in Underwriting risks.
  - **Deferred tax depreciation** corresponds to the tax credits related to the loss of the BSCR and the Operational SCR. **As at 31 December 2023, the adjustment was valued at €1.9m**, an increase of +€0.2m on the previous financial year.

SCR Modules "Tree" as of 31 December 2023

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

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

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

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

The Big Wakam Group does not use this option and calculates its Solvency Capital Requirement using the standard formula approach.

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

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

Big Wakam does not use this option.

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

SCR and MCR coverage ratios as of 31 December 2023

(in millions of euros)	31/12/2022	31/12/2023
Economic equity, including:	**70.4**	**93.0**
Level 1	35.1	44.3
Level 2	19.8	19.8
Level 3	15.5	28.9
Eligible equity in SCR coverage	**62.7**	**73.7**
SCR	55.3	63.8
SCR coverage ratio	113.3%	115.6%
Equity eligible to cover the MCR coverage	**38.4**	**48.9**
MCR	16.9	23.1
MCR coverage ratio	227%	212%

- **The Big Wakam Group met the overall solvency requirement as at 31 December 2023:**
  - **At that date, the SCR coverage ratio stood at 116%** and the MCR coverage ratio at 212%.
  - **The SCR coverage ratio** was slightly up compared to 2022 (+2 pts). This is explained by the simultaneous growth of SCRs, mainly on the underwriting risk, and equity due to the capital injection carried out at the end of the year in order to absorb the losses made over the period.
  - **The MCR coverage ratio** fell by -15 points, a trend consistent with the increase in net premiums and reserves over the period.

E.6. Other Information

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

Appendix

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

- S.02.01 - Balance sheet
- S.05.01 - Premiums, claims and expenses by line of business
- S.05.02 - Premiums, claims and expenses by country
- S.23.01 – Own funds
- S.25.01 - Solvency Capital Requirement
- S.32.01 - Companies within the scope of the Group

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

S.02.01 – Balance sheet

Assets				Solvency II value
				C0010
Goodwill			R0010	
Deferred acquisition costs			R0020	
Intangible assets			R0030	
Deferred tax assets			R0040	14 851
Pension benefit surplus			R0050	
Property, plant & equipment held for own use			R0060	3 739
Investments (other than assets held for index-linked and unit-linked contracts)			R0070	150 434
Investments (other than assets held for index-linked and unit-linked contracts)	Property (other than for own use)		R0080	
	Holdings in related undertakings, including participations		R0090	
	Equities		R100	27
	Equities	Equities - listed	R0110	27
		Equities - unlisted	R0120	
	Bonds		R0130	103 806
	Bonds	Government Bonds	R0140	71 086
		Corporate Bonds	R0150	32 721
		Structured notes	R0160	
		Collateralised securities	R0170	
	Collective Investments Undertakings		R0180	33 359
	Derivatives		R0190	
	Deposits other than cash equivalents		R0200	13 242
	Other investments		R0210	
Assets held for index-linked and unit-linked contracts			R0220	
Loans and mortgages			R0230	
Loans and mortgages	Loans on policies		R0240	
	Loans and mortgages to individuals		R0250	
	Other loans and mortgages		R0260	
Reinsurance recoverables from:			R0270	915 837
Reinsurance recoverables from:	Non-life and health similar to non-life		R0280	913 764
	Non-life and health similar to non-life	Non-life excluding health	R0290	812 715
		Health similar to non-life	R0300	101 048
	Life and health similar to life, excluding health and index-linked and unit-linked		R0310	2 073
	Life and health similar to life, excluding health and index-linked and unit-linked	Health similar to life	R0320	
		Life excluding health and index-linked and unit-linked	R0330	2 073
	Life index-linked and unit-linked		R0340	
Deposits to cedants			R0350	
Insurance and intermediaries receivables			R0360	615 414
Reinsurance receivables			R0370	107 396
Receivables (trade, not insurance)			R0380	59 492
Own shares (held directly)			R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in			R0400	
Cash and cash equivalents			R0410	112 841
Any other assets, not elsewhere shown			R0420	
Total de l'actif			**50500**	**1 980 005**

Liabilities				Solvency II value C0010
Technical provisions - non-life			R0510	1 090 093
Technical provisions - non-life	Provisions techniques non-vie (hors santé)		R0520	959 869
	Technical provisions - non-life (excluding health)	Technical provisions calculated as a whole	R0530	
		Best Estimate	R0540	948 906
		Risk margin	R0550	10 964
	Technical provisions - health (similar to non-life)		R0560	130 223
	Technical provisions - health (similar to non-life)	Technical provisions calculated as a whole	R0570	
		Best Estimate	R0580	129 227
		Risk margin	R0590	997
Technical provisions - life (excluding index-linked and unit-linked)			R0600	4 399
Technical provisions - life (excluding index-linked and unit-linked)	Technical provisions - health (similar to life)		R0610	
	Technical provisions - health (similar to life)	Technical provisions calculated as a whole	R0620	
		Best Estimate	R0630	
		Risk margin	R0640	
	Technical provisions - life (excluding health and index-linked and unit-linked)		R0650	4 399
	Technical provisions - life (excluding health and index-linked and unit-linked)	Technical provisions calculated as a whole	R0660	
		Best Estimate	R0670	4 182
		Risk margin	R0680	217
Technical provisions - index-linked and unit-linked			R0690	
Technical provisions - index-linked and unit-linked	Technical provisions calculated as a whole		R0700	
	Best Estimate		R0710	
	Risk margin		R0720	
Other technical provisions			R0730	
Contingent liabilities			R0740	
Provisions other than technical provisions			R0750	1 446
Pension benefit obligations			R0760	
Deposits from reinsurers			R0770	
Deferred tax liabilities			R0780	
Derivatives			R0790	
Debts owed to credit institutions			R0800	8 895
Financial liabilities other than debts owed to credit institutions			R0810	
Insurance & intermediaries payables			R0820	219 552
Reinsurance payables			R0830	500 199
Payables (trade, not insurance)			R0840	61 587
Subordinated liabilities			R0850	19 816
Subordinated liabilities	Subordinated liabilities not in Basic Own Funds		R0860	
	Subordinated liabilities in Basic Own Funds		R0870	19 816
Any other liabilities, not elsewhere shown			R0880	819
Total liabilities			**R0900**	**1 906 805**
Excess of assets over liabilities			**R1000**	**73 200**

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

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	C0020	C0030	C0040	C0050	C0060
Premiums written							
Gross - Direct Business	R0110	226 161	18 898	0	346 603	131 902	0
Gross - Proportional reinsurance accepted	R0120						
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	160 256	14 524	0	280 456	114 860	0
Net	R0200	65 905	4 374	0	66 147	17 042	0
Premiums earned							
Gross - Direct Business	R0210	111 806	17 630	0	293 667	114 739	0
Gross - Proportional reinsurance accepted	R0220						
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	75 270	13 205	0	227 641	96 246	0
Net	R0300	36 536	4 425	0	66 026	18 493	0
Claims incurred							
Gross - Direct Business	R0310	94 530	1 166	0	246 376	138 000	0
Gross - Proportional reinsurance accepted	R0320						
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	75 529	1 495	0	191 141	102 479	0
Net	R0400	19 001	-329	0	55 236	35 521	0
Expenses incurred	R0550	-3 145	1 793	0	26 863	12 778	0
Balance - other technical expenses/income	R1210						
Total technical 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	71 029	51 555	2 419	1 594	4 718	70 168	925 048
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	50 597	42 948	27	55	3 614	48 730	716 067
Net	R0200	20 433	8 607	2 392	1 539	1 105	21 438	208 981
Premiums earned								
Gross - Direct Business	R0210	71 176	49 635	798	1 598	4 660	68 167	733 876
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	49 088	41 490	8	50	3 504	45 279	551 781
Net	R0300	22 088	8 145	790	1 549	1 156	22 888	182 095
Claims incurred								
Gross - Direct Business	R0310	71 352	31 272	425	-137	5 116	31 380	619 479
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	53 084	28 313	287	-98	4 582	25 364	482 175
Net	R0400	18 267	2 958	138	-39	534	6 016	137 303
Expenses incurred	R0550	25 152	6 022	102	638	1 228	33 534	104 964
Balance - other technical expenses/income	R1210							1 924
Total technical expenses	R1300							106 889

S.05.02 – Premiums, claims and expenses by country

Engagements vie

		Line of Business for: life insurance obligations	Total
		Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	
		C0260	C0300
Premiums written			
Gross	R1410		
Reinsurers' share	R1420		
Net	R1500		
Premiums earned			
Gross	R1510		
Reinsurers' share	R1520		
Net	R1600		
Claims incurred			
Gross	R1610	1 284	1 284
Reinsurers' share	R1620	642	642
Net	R1700	642	642
Expenses incurred	R1900		
Balance - other technical expenses/income	R2510		
Total expenses	R2600		642

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						
Ordinary share capital (gross of own shares)	R0010	12 668	12 668			
Non-available called but not paid in ordinary share capital to be deducted at group level	R0020					
Share premium account related to ordinary share capital	R0030	91 920	91 920			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts to be deducted at group level	R0060					
Surplus funds	R0070	7 040	7 040			
Non-available surplus funds to be deducted at group level	R0080					
Preference shares	R0090					
Non-available preference shares to be dedcuted at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	-71 621	-71 621			
Subordinated liabilities	R0140	19 816			19 816	
Non-available subordinated liabilities to be deducted at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	28 869				28 869
The amount equal to the value of net deferred tax assets not available to be deducted at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests	R0200	4 324	4 324			
Non-available minority interests to be deducted at group level	R0210					
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 other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230					
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included via Deduction and Aggregation method (D&A) when a combination of methods are used	R0260					
Total of non-available own fund items to be deducted	R0270					
Total déductions	R0280					
Total basic own funds after deductions	R0290	**93 015**	**44 331**	**0,00**	**19 816**	**28 869**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0				
Unpaid and uncalled preference shares callable on demand	R0320	0				

A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
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					
Non available ancillary own funds to be dedcuted at group level	R0390					
Total ancillary own funds	R0400					
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies - total	R0410					
Institutions for occupational retirement provision	R0420					
Non regulated undertakings carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440					
Own funds when using the D&A, exclusively or in combination with method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and combination of method net of IGT	R0460					
Total available own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	93 015	44 331		19 816	28 869
Total available own funds to meet the minimum consolidated group SCR	R0530	64 147	44 331		19 816	
Total eligible own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	73 710	44 331		19 816	
Total eligible own funds to meet the minimum consolidated group SCR	R0570	48 956	44 331		4 625	
Minimum consolidated Group SCR	R0610	**23 127**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	**212%**				
Total eligible own funds to meet the total group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	**73 710**	**44 331**		**19 816**	**9 563**
Total Group SCR	R0680	**63 754**				
Ratio of Total Eligible own funds to Total group SCR - ratio including other financial sectors and the undertakings included via D&A	R0690	**116%**				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	73 200
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	144 821
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve	R0760	**-71 621**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	

S.25.01 – Solvency Capital Requirement

Basic Solvency Capital Requirement

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	13 128	
Counterparty default risk	R0020	12 102	
Life underwriting risk	R0030	89	
Health underwriting risk	R0040	8 373	
Non-life underwriting risk	R0050	36 102	
Diversification	R0060	-19 270	
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100	**50 524**	

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement calculated on the basis of Art. 336 (a) of Delegated Regulation (EU) 2015/35, excluding capital add-on	R0200	
Capital add-ons already set	R0210	
Capital add-ons already set		
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Consolidated Group SCR consolidation	R0220	63 754

Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	23 127
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated undertakings carrying out financial activities	R0530	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated undertakings carrying out financial activities		
Capital requirement for non-controlled participation	R0540	
Capital requirement for residual undertakings	R0550	
Capital requirement for collective investment undertakings or investments packaged as funds	R0555	
Overall SCR		
SCR for undertakings included via D&A method	R0560	
Total group solvency capital requirement	R0570	63 754

S.32.01 – Companies within the scope of the Group

	Country	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0020	C0010	C0040	C0050	C0060	C0070	C0080
LEI/969500SAORP0QQWYY227	FRANCE	BIG WAKAM	99 - Other	SAS	2 - Non-mutual	
LEI/9695000KEF4YM23WXV94	FRANCE	WAKAM	2 - Non life insurance undertaking	SA	2 - Non-mutual	ACPR
SC/437876261	FRANCE	WAKAM SERVICES	99 - Other	SA	2 - Non-mutual	
SC/59S00817	MONACO	PROTEGYS INTERNATIONAL	99 - Other	SA	2 - Non-mutual	
SC/42175297300048	FRANCE	GIE GLOBAL	99 - Other	GIE	2 - Non-mutual	
SC/922448154	FRANCE	WAKAM LIFE	1 - Life insurance undertaking	SA	2 - Non-mutual	ACPR
SC/14334882	UNITED KINGDOM	WAKAM CORPORATE MEMBER LIMITED	99 - Other	SA	2 - Non-mutual	

	Criteria of influence					
	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation
C0020	C0180	C0190	C0200	C0210	C0220	C0230
LEI/969500SAORP0QQWYY227						
LEI/9695000KEF4YM23WXV94	95%	100%	100%		1 - Dominant	
SC/437876261	100%	100%	100%		1 - Dominant	
SC/59S00817	100%	100%	100%		2 - Significant	
SC/42175297300048	100%	100%	100%		2 - Significant	
SC/922448154	100%	100%	100%		2 - Significant	
SC/14334882	100%	100%	100%		2 - Significant	

	Inclusion in the scope of Group supervision		Group solvency calculation
	Yes/No	**Date of decision** if art. 214 is applied	**Method used** and under method 1, treatment of the undertaking
C0020	C0240	C0250	C0260
LEI/969500SAORP0QQWYY227	1 - Included in the scope		1 - Method 1: Full consolidation
LEI/9695000KEF4YM23WXV94	1 - Included in the scope		1 - Method 1: Full consolidation
SC/437876261	1 - Included in the scope		1 - Method 1: Full consolidation
SC/59S00817	1 - Included in the scope		1 - Method 1: Full consolidation
SC/42175297300048	1 - Included in the scope		1 - Method 1: Full consolidation
SC/922448154	1 - Included in the scope		1 - Method 1: Full consolidation
SC/14334882	1 - Included in the scope		1 - Method 1: Full consolidation