

# SOLVENCY AND FINANCIAL CONDITION REPORT SFCR

Cardif Lux Vie

31 December 2024



**CARDIF LUX VIE**  
GROUPE BNP PARIBAS

The insurer for  
a changing  
world

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## Introduction

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This Solvency and Financial Condition Report concerns the company Cardif Lux Vie. It is based on the results of the Solvency II valuation for the 2024 fiscal year, presented to the Board of Directors on 31 March 2025.

The requirements for the Solvency and Financial Condition Report are laid down in Articles 51 to 56 of the Solvency II Directive and its Delegated Acts, adopted on 10 October 2014 by the European Commission. They provide details on the content, structure and disclosure of reports:

Articles 290 to 292:	Definition of the structure, materiality and summary
Article 293:	Business and performance
Article 294:	System of governance
Article 295:	Risk profile
Article 296:	Valuation for solvency purposes
Article 297:	Capital management

The report contains descriptive information in quantitative and qualitative form, supplemented, where appropriate, with quantitative declaration templates.

Unless stated otherwise, all data presented in this report are in millions of euros.

### WARNING

The figures in this report have not been audited.

The report may contain forecasts based on opinions and current assumptions about future events. The value of technical provisions is based on long-term cash flow projections and is based on the use of assumptions and models. This exercise also involves judgement and use of the information available on the calculation date. The value of technical provisions therefore involves a degree of uncertainty.

No guarantee can be given as to the realisation in practice of these forecasts, which are subject to inherent risks, uncertainties and assumptions with regard to Cardif Lux Vie and its investments, as well as to any changes in economic conditions and the general financial situation.



**Alexandre DRAZNIEKS**

Chief Executive Officer

## Summary

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### Business and performance

Cardif Lux Vie is a Luxembourg insurance company positioned among the major players in the market. With strong links to its clients, partners and employees, the Company delivers high-quality solutions and services in the interests of sustainable, responsible growth.

Backed by a solid shareholding structure (BNP Paribas Cardif and BGL BNP Paribas), it successfully combines local know-how and international expertise to meet the specific needs of its clients and partners.

In 2024, Cardif Lux Vie collected €3.2 billion in premiums, an increase of 29% compared with 2023. Net inflows returned to positive territory and stood at €1 billion, supported by both unit-linked and non-unit-linked contracts.

With regard to Wealth Management, Cardif Lux Vie generated EUR 3.1 billion euros in turnover, 59% of which in unit-linked funds.

The year was punctuated by a sustained sales drive to consolidate existing partnerships and diversify inflows. Core markets such as France and Italy continue to play a major role in Cardif Lux Vie's inflows. The company has maintained the confidence of its partners with a General Fund/Unit-linked distribution in line with its strategy. The other peripheral markets complete the fund inflows, mainly in unit-linked products. Furthermore, Cardif Lux Vie pays close attention to regulatory developments in these markets in order to provide its customers with satisfactory solutions, as it did in Portugal and the United Kingdom this year.

Finally, business was also driven by the development of our unit-linked vehicles, the expansion of our catalogue of external funds and the delivery of the first section of the IT project to replace the asset management tool. The continuation of digitalisation work adapted to the demands of our insurance intermediary partners also remains a priority and will continue with the delivery of various interfaces in 2025.

Furthermore, Cardif Lux Vie continues to pursue its CSR initiatives. The company offers an ever-increasing catalogue of responsible investments while assisting financial managers in integrating their ESG strategies within the Dedicated Internal Funds.

Premium inflows from Retail and Private Banking clients resident in Luxembourg and the Greater Region amounted to €91.5 million, a 19% increase on 2023. Inflows to the Investment Savings segment rose by 25%, while inflows to the Programmed Savings segment remained stable. Provident insurance was up 38% due to a nascent recovery in the real estate market. With regard to improving its offering, Cardif Lux Vie has simplified the medical formalities for the OptiSave+ programmed savings contract to make it more inclusive.

Finally, the Company continued to place sustainability at the heart of its value proposition with the renewal of the LuxFLAG ESG Insurance Product label for its pension insurance and programmed savings contracts.

## System of governance

Cardif Lux Vie is a public limited company with a Board of Directors and General Management.

The Company's Board of Directors has four specialist committees: the Audit Committee, the Risk Committee, the ALM and Investment Committee and the Remuneration and Appointments Committee.

The internal control system is based on that of BNP Paribas Cardif, supplemented by Solvency II requirements.

The Solvency II rules, as applied within Cardif Lux Vie, define the following four key functions:

- Risk Management function;
- Compliance function;
- Audit function;
- Actuarial function.

The independence of key functions is guaranteed by a right of access to Board members for the heads of key functions in the event of a major risk or serious malfunction likely to compromise the accountability of the directors or the sound management of the Company. The heads of the key functions Risk Management, Compliance and the Actuarial function report to the CEO of Cardif Lux Vie. The Risk Management and Compliance control functions are also integrated into BNP Paribas Cardif.

## Risk profile

The Solvency Capital Requirement (SCR) has risen by 18% since 31 December 2023 due to increases in the SCR for all risk modules (market, underwriting, counterparty and operational risk).

The SCR for market risk was therefore €436 million at 31 December 2024, increasing 8% on 2023 and representing 67% of the overall SCR. It consists of six risk modules, most notably equity and spread risk.

The SCR for underwriting risk was €347 million at 31 December 2024, up 31% compared with 2023, mainly due to the increase in the risk of large-scale redemptions and expenses.

## Valuation for solvency purposes

Cardif Lux Vie's statutory financial statements are prepared in accordance with Luxembourg standards. Cardif Lux Vie prepares its balance sheet under Solvency II in accordance with Article 75 of the Solvency II Directive, i.e. principally at market value.

## Capital management

Cardif Lux Vie's Capital Management Policy aims to comply with regulatory solvency requirements and insurance coverage requirements, to provide at least 100% coverage of the SCR defined in the ORSA assessment, and to structure equity by seeking the best balance between share capital, subordinated debt and other equity elements, in compliance with the limits and levels defined by the regulations.

At 31 December 2024, the amount of own funds eligible for the SCR totalled €1,057 million. The amount of equity eligible for the Minimum Capital Requirement (MCR) came to €789 million.

The SCR was €655 million and the MCR was €295 million at 31 December 2024.

The SCR and MCR coverage ratios were 161% and 268%, respectively.

## A. Business and performance

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### A.1 Business and external environment

Cardif Lux Vie S.A. (the “Company”) is a public limited company constituted in accordance with Luxembourg law on 5 April 1994. The Company is involved in all insurance, co-insurance and re-insurance activities in the life assurance sector.

The Company is registered in Section B of the Luxembourg Companies Register under number 47.240.

Cardif Lux Vie is a market-leading Luxembourg life insurance company. With strong links to its clients, partners and employees, the Company delivers high-quality solutions and services in the interests of sustainable, responsible growth.

- In Luxembourg and the Greater Luxembourg Region, Cardif Lux Vie provides bancassurance and brokerage networks with life insurance solutions for savings, pensions and protection that offer high added value for private individuals and professionals.
- For high net worth clients active internationally, the Company offers sustainable, bespoke insurance solutions distributed through an open architecture via an extensive network of first-class partners. Underpinned by a comprehensive range of wealth structuring tools, planning solutions from Cardif Lux Vie lend long-term support to the company’s clients and partners.

#### A.1.a High-quality shareholders

Cardif Lux Vie has a solid shareholder base with strong local and international links.

Cardif Lux Vie belongs to an insurance group supervised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR): BNP Paribas Cardif is the majority shareholder of Cardif Lux Vie with 66.67% of the shares and BGL BNP Paribas holds 33.33% of the shares of Cardif Lux Vie. BGL BNP Paribas is supervised by the Commission de Surveillance du Secteur Financier (CSSF).

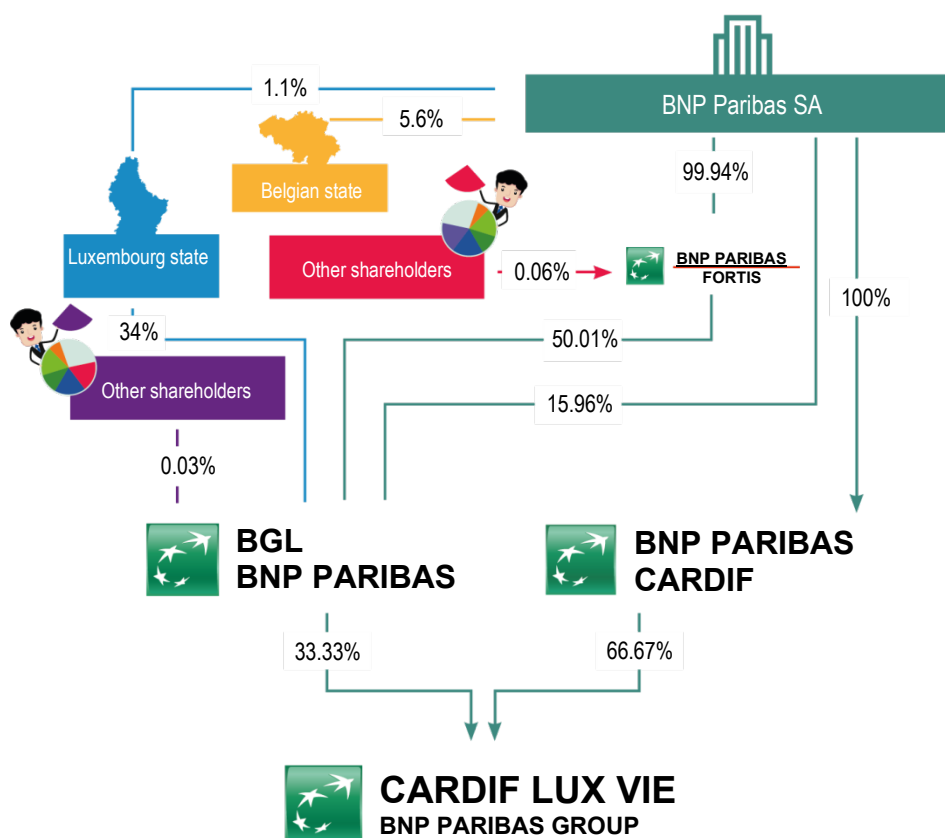
The ACPR is located at 4 place de Budapest in Paris. The CSSF is located at 283, route d'Arlon, L-1150 Luxembourg.

**BNP Paribas Cardif** is the insurance subsidiary of the BNP Paribas Group, a leading bank in the European Union and a major international banking player. Present in more than 30 countries with strong positions in three regions (Europe/Middle East/Africa, Asia and Latin America), BNP Paribas Cardif relies on a unique partnership-based business model and has become a global life and health insurance specialist and a major player in financing the economy.

**BGL BNP Paribas** is one of the largest banks in the Grand Duchy of Luxembourg and is part of the BNP Paribas Group. It offers an especially wide range of financial products and bancassurance solutions to individuals, professionals, private banking clients and businesses.



## A BROADER VISION OF SHARE OWNERSHIP 31/12/2024



In 2023, the Belgian State reduced its stake in the French banking group BNP Paribas. At 30 June 2024, the Belgian State held only 5.6% of BNP Paribas' capital via a Société Fédérale de Participations et d'Investissement (a public limited company acting on behalf of the Belgian State, as declared by SFPI on 10 July 2024), in order to remain above the 5% threshold enabling it to retain a seat on the Board of Directors.

### A.1.b Significant events during the period

Following the adoption by the Italian Senate on 28 December 2024 of the amendment to the Finance Law for 2025 (art 1. para. 87), Cardif Lux Vie recorded in its balance sheet at 31 December 2024 the total amount due in respect of the tax stamp in application of the payment obligations for 2024 and previous years.

### A.1.c Events after year-end

The Company has not recorded any significant events since the end of the fiscal year that would have a material impact on its business.

### A.1.d General information

The Company's annual accounts are audited by Deloitte Audit, 20 Boulevard de Kockelscheuer, L-1821 Luxembourg, under the responsibility of Ronan Richard, approved statutory auditor.

Cardif Lux Vie is an entity supervised by the Commissariat aux Assurances located at 11, rue Robert Stumper, L-2557 Luxembourg.

## A.2 Performance of the underwriting business

The following figures are taken from the annual financial statements of Cardif Lux Vie. Cardif Lux Vie's income statement net of reinsurance and after tax is presented below:

<i>In millions of euros</i>	2024	2023	%
Premiums	3,165	2,460	29%
Investment income	886	1,943	-54%
Unrealised capital gains on investments	2,208	2,114	4%
Other technical income	4	9	-55%
Claims incurred	- 2,177	- 3,482	-37%
Cost of life insurance provisions and other technical provisions	- 2,856	- 909	214%
Profit-sharing	- 130	- 101	28%
Acquisition and administration costs	- 116	- 102	14%
Investment expenses	- 351	- 1,426	-75%
Unrealised capital losses on investments	- 581	- 448	30%
Other technical expenses	- 2	- 2	-3%
Income from transferred investments	- 11	- 11	3%
<b>Technical result of life insurance operations</b>	<b>39</b>	<b>43</b>	<b>-10%</b>
Non-technical result (excluding taxes)	11	11	3%
<b>Pre-tax profit for the period</b>	<b>50</b>	<b>54</b>	<b>-8%</b>
Taxes	- 12	- 13	-4%
<b>Profit for the period</b>	<b>38</b>	<b>42</b>	<b>-9%</b>

### A.2.a Growth in revenue

In 2024, Cardif Lux Vie collected 3.2 billion in premiums, a 29% increase compared to 2023:

<i>In millions of euros</i>	2024	2023	%
Wealth Management – Unit-linked	1,822	1,395	31%
Wealth Management – General Fund	1,255	991	27%
<b>Total Wealth Management</b>	<b>3,077</b>	<b>2,386</b>	<b>29%</b>
Local Market, Savings	81	69	17%
Local Market, Protection	11	8	38%
<b>Total Local Market</b>	<b>91</b>	<b>77</b>	<b>19%</b>
<b>Total Inflows</b>	<b>3,169</b>	<b>2,463</b>	<b>29%</b>

The €4 million difference in premiums for 2024 between the two tables above is due to ceded reinsurance premiums.

Net inflows turned positive again at €1 billion, underpinned by unit-linked and non-unit-linked policies.

With regard to Wealth Management, Cardif Lux Vie generated EUR 3.1 billion euros in turnover, 59% of which in unit-linked funds.

The year was punctuated by a sustained sales drive to consolidate existing partnerships and diversify inflows. Core markets such as France and Italy continue to play a major role in Cardif Lux Vie's inflows. The company has maintained the confidence of its partners with a General Fund/Unit-linked distribution in line with its strategy. The other peripheral markets complete the fund inflows, mainly in unit-linked products. Furthermore, Cardif Lux Vie pays close attention to regulatory developments in these markets in order to provide its customers with satisfactory solutions, as it did in Portugal and the United Kingdom this year.

Finally, business was also driven by the development of our unit-linked vehicles, the expansion of our catalogue of external funds and the delivery of the first section of the IT project to replace the asset management tool. The continuation of digitalisation work adapted to the demands of our insurance intermediary partners also remains a priority and will continue with the delivery of various interfaces in 2025.

Premium inflows from Retail and Private Banking clients resident in Luxembourg and the Greater Region amounted to €91.5 million, a 19% increase on 2023. Inflows to the Investment Savings segment rose by 25%, while inflows to the Programmed Savings segment remained stable. Provident insurance was up 38% due to

a nascent recovery in the real estate market. With regard to improving its offering, Cardif Lux Vie has simplified the medical formalities for the OptiSave+ programmed savings contract to make it more inclusive.

#### A.2.b Growth in profit for the financial year

Cardif Lux Vie closed the year with a technical result from its insurance activities of €39.5 million, down €3.9 million compared to 2023, due to non-recurrent items which penalised the positive impact of the recovery in business and the favourable financial markets.

All in all, the company posted net profit after tax of €37.9 million at 31 December 2024, compared to €41.6 million for the previous year.

### A.3 Performance of investment activities

#### A.3.a Composition of investments

**Assets representing** the liabilities of Cardif Lux Vie in Units of Account amounted to €26 billion at 31 December 2024 (2023: €23.6 billion). The breakdown is as follows:

<i>In millions of euros, at</i>	31 December 2024	31 December 2023
Internal funds	23,144	21,230
Specialised Insurance Funds	1,131	888
External funds	1,772	1,529
<b>Total unit-linked investments</b>	<b>26,046</b>	<b>23,647</b>

At 31 December 2024, the net carrying amount of **investments for which the investment risk is not borne by the policyholder** was €8.5 billion (2023: €8.0 billion) including accrued interest not yet due for €87.2 million (2023: €67.1 million). These are reported as **investments other than unit-linked investments**.

Cardif Lux Vie's asset allocation, excluding assets covering Unit-linked liabilities, was as follows:

<i>Market value in millions of euros*, at</i>	31 December 2024	31 December 2023
Equity holdings	150	152
Listed equities	127	181
Sovereign bonds	2,228	2,148
Corporate bonds	4,323	3,559
Structured bonds	315	307
Investment funds	1,339	1,519
Other investments	8	8
Derivatives	24	73
Deposits	-	-
<b>Investments (excluding investments representing Unit-linked liabilities)</b>	<b>8,513</b>	<b>7,947</b>

\*Including accrued coupons

The main part of these investments was carried by the General Fund in euros: a net carrying amount of €8.6 billion in 2024, including accrued coupons (2023: €8.0 billion) and €8.5 billion at market value, including accrued coupons (2023: €7.9 billion), of which the breakdown is given below.

<i>In millions of euros*, at</i>	31 December 2024		31 December 2023	
	Net carrying amount	Market value	Net carrying amount	Market value
Fixed-rate bonds	6,540	6,194	5,732	5,337
Floating-rate and inflation-linked bonds	701	672	719	676
Equity-linked bonds	-	-	-	-
Equities and similar	479	748	466	720
Real estate	267	272	267	286
Short term	412	413	677	681
Diversification assets (fixed income)	142	180	135	159
Derivatives	14	24	32	73
<b>Total</b>	<b>8,555</b>	<b>8,503</b>	<b>8,028</b>	<b>7,932</b>

\*Including accrued coupons

In terms of market value, the proportion of fixed-rate investments in the Cardif Lux Vie General Euro Fund portfolio is up to 72.8% at the end of 2024 compared to 67.3% of the portfolio at the end of 2023. The proportion of the portfolio made up of floating-rate bonds fell to 7.9% at the end of 2024 compared to 8.5% at the end of 2023. Short-term investments are on the rise, reaching 4.9% in 2024 compared to 8.6% in 2023.

Beta equity exposure (convertibles, equity indexed, other equity and diversified) is down to 8.8% at the end of 2024 from 9.1% at the end of 2023.

For 2024, the real estate allocation is slightly down at 3.2% compared to 3.6% in 2023.

#### A.3.b Financial performance

**The rate of return on unit-linked investments** is +7.91% in 2024, slightly down on 2023 (+8.84%).

With regard to the **General Fund**, the high reinvestment rates in 2024 has enabled the portfolio's bond yield to continue to rise relative to 2023. In addition, the realisation of exceptional capital gains on equities and on our macro-hedges as interest rates rose contributed to the portfolio's overall return.

The difference between the rate of return on General Fund assets and the gross rate paid to customers is taken to the provision for bonuses.

#### A.4 Performance of other activities

There are no other activities to review.

#### A.5 Other information

There is no other specific information.

## B. System of governance

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### B.1 General information about the system of governance

Cardif Lux Vie is a public limited company with a Board of Directors and General Management.

#### B.1.a Board of Directors

The Board of Directors determines the strategic policies and ensures their implementation. It plays a major role in the control and supervision of the company's management. It approves the financial statements and ensures the quality of the financial information provided to shareholders.

The Board of Directors is involved in the internal risk and solvency assessment process. It approves the written policies referred to in circular letter 22/15 of the Commissariat aux Assurances relating to the Board of Directors of insurance and reinsurance undertakings, as well as the various regulatory reports required.

The Board of Directors is responsible for the appointment and termination of the duties of the Effective manager, whose actions it supervises. The Board of Directors may carry out or cause to be carried out such controls and verifications as it deems appropriate.

The decisions of the Board of Directors are implemented by the General Management.

The Board meets at least four times a year, and whenever it is in the Company's interests to do so or the circumstances so require. Prior to Board meetings, directors receive information enabling them to discharge their duties in the appropriate manner.

At 31 December 2024, the Board is composed of nine directors, two women and seven men. Two of these directors are independent. In 2024, the Board of Directors of Cardif Lux Vie met five times.

#### B.1.b Special committees of the Board of Directors

The Company's Board of Directors is supported by four specialist committees: the Audit Committee, the Risk Committee, the ALM and Investment Committee and the Remuneration and Appointments Committee.

These committees have an advisory and supervisory role. They issue proposals, recommendations or opinions to the Board of Directors of Cardif Lux Vie within their field of competence.

Each Committee reports on its activity to the Board of Directors.

**The Audit Committee** meets in its normal format or as a select committee<sup>1</sup>. Its role is to assist the Board of Directors in the following areas: reviewing the financial statements and any other financial documentation, in particular those submitted to any government authority or to the public; reviewing the Company's internal control system in the areas of finance, accounting, legal affairs, compliance and ethics; and the auditing processes for the Company's accounting and financial statements in general.

**The Risk Committee** is responsible for assisting the Board of Directors in monitoring the effectiveness of the risk management system and the permanent control system, as well as all matters relating to solvency and capital management. It is an independent and objective body that oversees risk management.

**The ALM and Investments Committee** is responsible for assisting the Board of Directors in the following areas: managing the credit, market and liquidity risk of the Company's portfolio; managing the match between

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<sup>1</sup> In accordance with the CAA's Circular Letter 22/15 on the governance of insurance companies, the Audit Committee meets at least once a year in the absence of any executive person and discusses matters with the approved statutory auditor.

the Company's assets and liabilities; ensuring that investment limits are controlled and complied with, and reviewing the performance of the Company's portfolio on an annual basis; validating the strategic allocation of the General Fund; and informing the Board of Directors of any significant event affecting the portfolio.

**The Remuneration and Appointments Committee** is responsible for assisting the Board of Directors in the following areas: advising the Board of Directors and validating the remuneration policy for the Company's employees; determining the remuneration of Executive Committee members; preparing and analysing the 'fit and proper' grid; advising the Board of Directors on its composition; selecting and presenting independent directors; advising the Board of Directors on the appointment of key function holders as defined by Solvency II.

#### B.1.c Effective manager

At 31 December 2024, the Executive Committee comprised seven managers, one of whom is an Effective manager.

Alexandre DRAZNIEKS is the Effective Manager appointed by the Board of Directors; he is the CEO of Cardif Lux Vie.

The CEO proposes strategic guidelines to the Board of Directors and implements the strategy to achieve the objectives. Among other matters, he sets out the organisation and decision-making processes and implements risk management and internal control systems. He reports regularly to the Board of Directors on his actions.

The Managers are responsible for the achievement of the targets set in the strategy. To this end, they organise, manage and supervise the transactions and teams for which they bear responsibility. They report to the Managing Director. They meet as the Executive Committee, which is responsible for preparing strategic decisions.

#### B.1.d Operational governance bodies

The **Executive Committee** of Cardif Lux Vie participates in the development of strategic policies and in the decisions necessary for their implementation. It allocates resources, organizes and controls the implementation of decisions, monitors the company's results and financial balance, and examines significant business operations, development and transformation projects, as well as human resources issues. It pays particular attention to monitoring the effectiveness of internal control, internal audit and risk management systems, which are considered essential to the company's good internal governance.

At 31 December 2024, the Executive Committee was comprised of seven members, four of whom were women and three men.

The Executive Committee is supported by so-called "tactical" and "supervisory" committees. Tactical committees are decision-making bodies in which certain risks or sensitive issues are studied. Supervisory committees supervise and coordinate the internal control and risk management systems. Opinions and recommendations required for risk oversight may be expressed by these committees.

The heads of key functions are members of the tactical and supervisory committees in accordance with their purpose and responsibilities.

The system of delegated powers is essentially organised around panels of delegates whose members may, under certain conditions, bind Cardif Lux Vie vis-à-vis third parties exclusively for current transactions (i.e. transactions concluded in the normal course of Company's business and concluded under normal market conditions). A specific delegation of powers concerns asset management operations.

#### B.1.e Key functions

The Solvency II rules, as applied within Cardif Lux Vie, define the following four key functions:

- The **Risk Management function**, headed by the Head of Risk Management, assists the General Management and the other functions in implementing the risk management system. It monitors the

- risk profile and ensures that it is in line with the risk appetite defined by the Board of Directors. It reports on risk exposure and advises the Board of Directors on any questions in relation to risk management;
- The overall mission of the **Compliance function**, provided by the Head of the Compliance Department, is to give the Chief Executive Officer and the Board of Directors reasonable assurance that compliance, regulatory and reputational risks are properly monitored, controlled and mitigated;
  - The **Audit function**, headed by the Chairman of the Risk Committee, is responsible for assessing the adequacy and effectiveness of the internal control system and other elements of the governance system. It is in charge of periodic control within Cardif Lux Vie. Its purpose is to provide General Management and the Board of Directors with an independent assessment of the quality and effectiveness of the governance and internal control system. It makes recommendations to improve its quality and compliance;
  - The **Actuarial function**, headed by the Actuarial Director, is responsible for coordinating the calculation of technical reserves, ensuring the appropriateness of the methodologies, underlying models and assumptions used to determine them, assessing the sufficiency and quality of the data used to supervise this calculation and comparing the best estimates with empirical observations. It reports to the Board of Directors on the reliability and appropriateness of the calculation of technical reserves, gives an opinion on underwriting and reinsurance policies and contributes to the risk management system. It is also in charge of the calculations for producing regulatory solvency reports.

Like the Effective manager, each person responsible for these key functions undergoes a review of his/her integrity, experience and competence, and is notified to the Commissariat aux Assurances (CAA) upon appointment.

The heads of the Risk Management and Compliance functions report to the Managing Director of Cardif Lux Vie and to the heads of the corresponding functions at BNP Paribas Cardif. This organization helps to strengthen the independence of these functions and the consistency of the systems within the BNP Paribas Cardif Group.

In the event of disagreement between the Managing Director of Cardif Lux Vie and the head of the BNP Paribas Cardif function concerned, switching is carried out by the Board of Directors.

In accordance with Solvency II regulations, the heads of the key functions have a right of direct access to the Board of Directors in the event of a major risk or serious malfunction likely to compromise the accountability of the directors or the proper conduct of the company.

The heads of the 4 key functions are standing invitees of the Audit Committee and the Risk Committee. The heads of the Risk Management and Actuarial functions are standing invitees on the ALM and Investment Committee.



#### B.1.f Remuneration policy

The remuneration policy is based on the principles of fairness and non-discrimination, and is underpinned by an annual review of fixed and variable remuneration. It is in line with the remuneration policy of the BNP Paribas Cardif Group.

The method used to determine individual variable remuneration includes the evaluation of quantitative and qualitative performance. It is established on the basis of the achievement of objectives, the contribution to risk management and the assessment of each person's professional conduct with regard to team spirit, compliance rules and the Code of Conduct.

The Board of Directors of Cardif Lux Vie is responsible for the remuneration of Executive Committee members.

#### B.1.g Internal regulations of the Board of Directors

The internal regulations of the Board of Directors define the principles and rules applicable to the directors and to the conduct of the Board of Directors and Board committees of Cardif Lux Vie.

In 2024, no conflict of interest was reported by the directors of Cardif Lux Vie.

#### B.1.h Adequacy of the system of governance

The system of governance at Cardif Lux Vie is based on an organisational structure that is tailored to the nature, scale and complexity of the risks inherent in its business and on adequate supervision by the Board of Directors.

## B.2 Requirements for competence and integrity

The Board of Directors appoints the Effective manager and the heads of key functions in view of their expertise and experience, evaluated according to their professional qualifications, know-how and experience in the insurance industry or other financial sectors.

In addition to the skills related to their field of expertise, the managers of key functions have the managerial skills necessary to manage their function. In particular, they know how to adapt their communication according to their interlocutors in order to be understood and to emphasize the essential points.

The skills and integrity of the Effective manager and those responsible for key functions are re-examined each year as part of the professional evaluation process.

The Effective manager and the heads of the key functions of Cardif Lux Vie possess – both individually and collectively – the necessary expertise, experience, skills, understanding and personal qualities, particularly in terms of professionalism and integrity, to discharge their duties in relation to each of Cardif Lux Vie's core businesses and ensure effective governance and supervision.

## B.3 Risk management system

### B.3.a Global risk management framework

Risk management is a process used to identify, measure, monitor, manage and account for risks originating from the external environment and those intrinsic to the Company. The aim is to guarantee the solvency, business continuity and development of the Company while maintaining satisfactory levels of risk and profitability.

The risk management framework is organized by the Chief Risk Officer (CRO) and the Risk Department (RISK).

The CRO is responsible for advising the Board of Directors and General Management on risk management governance, policies and strategy. He/she is a member of the main tactical and supervisory committees and gives his/her prior opinion on decisions that have a significant impact on Cardif Lux Vie's risks in application of the "independent review" principle.

RISK exercises second-level control over credit, market, underwriting and operational risks<sup>2</sup>. As part of this task, it is responsible for ensuring the soundness and sustainability of development projects and operating practices, as well as their overall compliance with the risk appetite set by the Board of Directors. RISK's permanent duties include providing advice on Cardif Lux Vie's risk policies, analysing the risk portfolio from a long-term perspective, ensuring the quality and effectiveness of monitoring procedures, and defining or validating risk measurement methods. It is also responsible for verifying that all the consequences in terms of risk of launching new activities or products have been adequately assessed. RISK also performs these functions for risks related to information and communication technology (ICT) and personal data protection, drawing on the expertise of BNP Paribas Cardif's teams.

RISK also acts as a second line of defence for cross-sectoral risk factors such as sustainability and model risk.

The risk management framework is structured around key processes or families of risks on which RISK's independent review is applied.

### B.3.b Roles, responsibilities and key risk management processes

#### Risk strategy process

RISK advises the Effective manager and the Board of Directors on risk management strategy, particularly through the risk appetite framework. RISK monitors and reports regularly on the risk profile and its adequacy in relation to the approved risk limits.

#### Identification of risks

RISK conducts an annual risk assessment through the **risk identification process**. All significant risks to which Cardif Lux Vie is exposed are identified, regardless of who is responsible for them. At the end of this assessment, a risk map is established. It allows the definition of the stress scenarios that will be tested as part of the ORSA process. It is updated on an ongoing basis and any new risks or significant changes are reported to the Board of Directors.

**Risk and Control Self Assessment (RCSA)** is a structured approach to identifying and measuring operational risks. This is a risk management exercise carried out by operational managers with the help of permanent controllers, reviewed by the contacts in the second lines of defence consisting of Compliance, Finance, and RISK. The result of the RCSA feeds into the risk identification process.

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<sup>2</sup> Operational risk is supervised in the second line by the RISK function, which is responsible for the overall framework, and also by the Compliance, Legal and Finance functions in their respective areas.

### Independent review

RISK ensures that key risk policies are consistent with the risk management framework. It performs an independent review of the risk assessment and proposes any risk mitigation actions that might be required. This independent review is also applied to data, tools and models, methods and results.

### Stress tests

In order to benefit from dynamic risk management and monitoring, Cardif Lux Vie has developed a system of stress tests.

Stress tests are an integral part of risk management. It aims to identify the evolution of solvency and value indicators in more or less favourable hypothetical environments, in order to better understand the nature of the risks to which the Company is exposed and to better anticipate critical situations.

Stress tests are mainly carried out during the ORSA process and specifically in the event of a significant change in the risk profile.

Following the stress tests, action plans are defined to realign the risk exposure with risk appetite, if necessary.

### Capital management

Cardif Lux Vie's capital management policy aims to ensure a sound level and quality of capital in order to meet prudential requirements and guarantee sufficient financial resilience.

Capital management is the joint responsibility of the Finance Department and the Actuarial Department, in close interaction with RISK. To ensure that it has a sufficient level of capital, the Company applies the following principles:

- Maintaining the capital at an appropriate level taking into account the business, risk profile, growth, strategic initiatives and regulatory requirements;
- Optimising the prudential equity capital structure according to the different types of equity in accordance with the regulatory limits;
- Forecasting capital requirements and defining their allocation.

### Own Risk and Solvency Assessment (ORSA)

Cardif Lux Vie conducts an annual long-term assessment of its solvency and risks, including:

- The definition and evaluation of a capital requirement specific to the risk profile;
- The level of equity capital that the Company wishes to hold to cover this specific requirement;
- The prospective solvency ratios in the context of the medium-term plan;
- The resilience of these ratios in the case of stress tests.

According to the solvency ratios observed and the projections made during the ORSA, equity capital adjustments may be applied.

Through the ORSA, Cardif Lux Vie ensures that the budget and medium-term plan are developed and tested against risk appetite indicators, for those that can be projected such as the solvency ratio or net investment.

### Solvency II reporting

Within the framework of the Solvency II Directive, Cardif Lux Vie submits this report annually to the Commissariat aux Assurances, the regular report to the supervisor in accordance with circular letter 17/11 of the Commissariat aux Assurances and the ORSA report.

### Risk culture

Sound risk management is one of the principles of the BNP Paribas Group, which has always prioritised a culture of risk control and management.

The Risk Department plays a coordinating role in risk culture initiatives.

Training is provided by permanent operational controllers to raise awareness of operational risks (in particular fraud, incident detection and reporting, and risk mapping).

### Remuneration Process

The annual guidelines for the remuneration review process state that during the annual performance review, the manager should pay particular attention to the employee's professional conduct. This assessment covers compliance with the Group's values, Code of Conduct, procedures and risk management, as well as the proper application of compliance rules.

#### B.3.c Management of risk families

### Underwriting risk management

Underwriting risk is the risk of loss in value due to sudden and unexpected fluctuations in insurance payouts that may result from inadequate pricing or provisioning assumptions due to internal or external factors, including sustainability risk. Depending on the type of activity, this risk is the result of statistical, macroeconomic or behavioural changes, as well as phenomena linked to public health or disasters.

The governance set up to prevent and control underwriting risks is based on reference documents and tools that define the principles, rules, methodologies and best practices to be followed by the actuarial teams throughout the life cycle of the policies, as well as the work to be carried out and the reports to be produced. It also specifies which practices are prohibited or accepted subject to conditions.

The underwriting of risks is governed by precise rules of delegation, involving several levels depending on the assessment of the maximum acceptable loss, the estimated Solvency II capital requirement and the estimated profitability of the policies in question.

Reinsurance is an additional element of the underwriting risk management policy, especially in reducing exposure by outsourcing risks that do not feature among Cardif Lux Vie's risk preferences or as part of its risk appetite.

The regular monitoring of these risks by Cardif Lux Vie's Effective manager is based on a series of weekly indicators on the activity (redemptions and net inflows) of the General Fund and of the Units of Account. These indicators are monitored by the Executive Committee and the various control functions.

### Market, liquidity and credit risk management

**Market risk** is the risk of loss associated with adverse movements in the financial markets. These adverse movements are mainly reflected in price variations (exchange rates, bonds, equities and commodities, derivatives, real estate, etc.) and are the result of fluctuations in interest rates, spreads, volatility or correlation.

**Liquidity risk** is the risk of not being able to meet expected or unexpected future liquidity demands from insurance commitments, through the inability to sell assets in a timely manner for an acceptable amount without significant impact on market prices, and/or to have alternative financing instruments available in a timely manner. The liquidity policy validated in the Local Risk Committee describes the rules for identifying, measuring, managing and controlling liquidity risk so that it remains in line with risk appetite.

**ALM risk or asset and liability management risk** is the risk of financial loss or loss of solvency caused by an inconsistency between investment policy and underwriting and reinsurance policy. This risk may relate, for example, to asset allocation, duration differences, the rates paid to policyholders or the rate at which benefits

are paid. It materialises in the form of differences between the expected financial flows and those actually observed (inflows or outflows) due to the uncertainty inherent in the modelling of the interactions between assets and liabilities. Asset and liability management risk can lead to strategic errors, damage to reputation, liquidity problems or insolvency. This risk is managed through the production of studies that enable the strategic allocation of assets to be set, validated in committees at various levels to ensure that it is in line with risk appetite. This strategic allocation is then used to manage the investments.

The investment policy validated by the Board of Directors dictates the framework applicable to Cardif Lux Vie's asset management, in accordance with the prudent person principle defined in Article 132 of the Solvency II Directive, Article 114 of the Law of 7 December 2015 on the insurance sector and Article 53 of the Regulation of the Commissariat aux Assurances N°15/03 of 7 December 2015. The implementation of the investment policy is entrusted to the Asset Management Department for the General Fund and to the Finance Department for the Units of Account and is governed, for each portfolio, by a management agreement. The latter sets out the investment limits according to the asset classes. For the General Fund, the margins for manoeuvre defined take into account the ALM recommendations and the strategic allocation adopted.

The investment policy provides for dedicated Asset Management committees. The Director of Asset Management is a member of the Executive Committee.

The governance of *Investment and Asset Management BNP Paribas Cardif* defines the key asset management processes to be implemented at local level in order to control major risks.

**Credit risk** is the risk of loss or adverse change in financial condition related to the credit quality of issuers of securities, counterparties or any other debtor to whom the Company is exposed. Among debtors, risks associated with financial instruments (including banks in which Cardif Lux Vie holds deposits) and risks associated with receivables related to the insurance business (reinsurance balances) are distinguished into two categories: credit risk on assets and credit risk on liabilities.

Market and credit risks factor in **concentration risk**, which corresponds to all exposures for which the risk of loss would be significant.

### Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, information systems failures or external events, whether deliberate, accidental or natural.

Operational risk includes the following categories: execution, delivery and process management, internal and external fraud, cyber security, business and information systems disruption, third party risk management, privacy, employment practices, workplace and property security.

Operational risk excludes risks arising from strategic decisions and reputational risks. It includes legal, tax and compliance risks. Compliance risk is defined as the risk of sanctions (judicial, administrative or disciplinary), as well as the associated financial penalties, resulting from non-compliance with laws, regulations, codes of conduct, standards of good practice applicable to insurance and financial activities (including instructions given by the Executive Committee, in particular those pursuant to a recommendation or guidance given by a supervisory authority). This risk is covered by all the processes, tools and methods put in place by Cardif Lux Vie, and in particular by the work of the Compliance function.

This risk must be managed, in the sense that it must be kept within acceptable limits through avoidance, mitigation or transfer measures.

The aims of Cardif Lux Vie's operational risk management are:

- to reduce the likelihood of occurrence of an operational risk event jeopardising:
  - o the trust that its customers, partners and employees have in the Company;
  - o the quality of its products and services;
  - o the profitability of the activities it conducts;
  - o the efficiency of the processes it manages;
- to put in place a system providing reasonable assurance of risk management to the Effective manager, the Board of Directors and the regulator.

### Strategic risk management

The Board of Directors is responsible for the **strategic risk** and arises from the failure of strategic initiatives (acquisitions, mergers, new products, new markets etc.) resulting in losses. This risk is linked to:

- the external environment through the risk of losses associated with fluctuations in volumes, margins and costs due to external or sector-based factors or market factors more generally;
- poor implementation of the risk strategy for the development of activity.

Strategic risk includes reputation risk and emerging risks.

- Emerging risks are new or evolving risks that are difficult to quantify and with regard to which the nature, timing and extent of potential losses are particularly uncertain.
- Reputational risk is defined as the risk of damage to the trust placed in the company by its customers, suppliers, counterparties, shareholders, employees, regulators or any other third parties whose trust, for whatever reason, is a necessary condition for the normal carrying on of the business. Reputation risk is essentially contingent on all the risks incurred by Cardif Lux Vie and is covered by all the processes, tools and methods in place, and in particular by the work of the Compliance function.

### Cross-sectoral risk factors

Cross-sectoral risk factors are underlying risks that may affect more than one of the risk categories mentioned above.

### Model risk

The use of models can have an impact on each risk category depending on the purpose of the model, how they are used and the effectiveness of the model risk management system.

Model risk is the negative consequence:

- of decisions based on models developed or deployed incorrectly, or on the inappropriate use of results of models, called **model error**;
- the uncertainty inherent in the model relative to the reality that it seeks to measure, which is called **model uncertainty**. In this case, it is the main risk intended to be captured by the model (for example, market risk for an economic scenario generator, underwriting risk for a pricing model).

With contribution of the actuarial function, RISK (at local and BNP Paribas Cardif level) is responsible for second-level control of the models: it defines and leads the governance of model risk management, which it assesses in particular through independent reviews.

### Sustainability risks

Sustainability risks are Environmental, Social or Governance (ESG) events or conditions whose occurrence could have an actual or potential negative impact on the value of an investment or the liabilities of an insurance policy.

Cardif Lux Vie is more specifically exposed to climate change risks, either directly in its own operations or indirectly through its investment activities. There are two main types of risks related to climate change: (i) transition risks, which result from a change in the behaviour of economic and financial agents in response to the implementation of energy policies or technological changes; (ii) physical risks, which are the consequence of the direct impact of climate change on people and property via extreme weather events or long-term risks such as rising water levels or increased temperatures. In addition, liability risks may arise from both categories. They correspond to the damages that a legal entity would have to pay if it were judged responsible for global warming.

ESG risks associated with investments are monitored using dedicated risk management tools. Cardif Lux Vie defines and applies its investment policies while managing activity restriction lists according to the level of ESG risks identified. Cardif Lux Vie may therefore prohibit any investment relationship, or set up a specific framework. Controls are put in place in the pre-investment and post-investment phases. The Asset Management Risk Management team monitors controls in the event of an alert.

Cardif Lux Vie's underwriting policy also takes into account ESG risks, the occurrence of which may have an actual or anticipated negative impact on the value of liabilities.

**Conduct risk**

Conduct risk is the risk that inappropriate behaviour, i.e. behaviour contrary to the rules of conduct set forth in the Code of Conduct, by Cardif Lux Vie or one of its employees may lead to the provision of inappropriate financial services.

**B.3.d** Significant events in 2024

There were no significant events affecting governance in 2024.



## B.4 Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment (ORSA) is an ongoing risk management process coordinating and consolidating all processes relating to the identification, quantification, management and oversight of risks and how these are reported.

The main objective is to ensure that Cardif Lux Vie identifies and assesses all the major risks inherent in its activities and then determines the corresponding capital requirements, or identifies other means of mitigating these risks, on an ongoing basis throughout the period of the Medium-Term Plan, under both normal and less favourable conditions.

The process is coordinated by the Risk Management Function.

### B.4.a ORSA process

The ORSA process is defined in a policy that is reviewed annually and validated by the Board of Directors.

- 1) Definition of the Company's strategy and Medium-Term Plan;
- 2) A bottom-up and top-down risk analysis is used to draw up a risk map, which is updated annually and provides an integrated view of risks, initially validated by the Local Risk Committee made up of the Executive Committee and the various control functions. This risk map is then presented to the Risk Committee (a specialist committee of the Board of Directors) and incorporated into the ORSA report.

Top-down and bottom-up approaches complement each other to cover all risks as effectively as possible. The 'top-down' approach reflects the perception of the most serious risks from the point of view of the Executive Committee and certain operational managers. Bottom-up risk mapping, based on an analysis of processes and operations, provides a more detailed view and a more accurate assessment of risks, and is an operational tool for managing risks on a day-to-day basis;

- 3) Risk profile analysis;
- 4) Identification and evaluation of the global solvency requirement (GSR) taking into account the specific risk profile of Cardif Lux Vie and including the risks not considered in the standard formula;
- 5) Identification and assessment of the extent to which Cardif Lux Vie's risk profile deviates significantly from the assumptions underlying the calculation of the Solvency Capital Requirement (SCR) using the standard formula;
- 6) Identification and assessment of the solvency position, including the impact of certain stress tests and adverse scenarios, as well as the future solvency underpinned by the assumptions of the Business Plan;
- 7) Development of a solvency plan or other means of mitigation based on the conclusions of previous valuations;
- 8) ORSA report. The assessment process results in a report that is presented to the Risk Committee and then to the Board of Directors for approval. The report is then sent to the Commissariat aux Assurances;
- 9) Integration of the solvency plan or other means of mitigation (see point 7) into the decision-making and operational processes.

#### B.4.b Frequency of ORSA

The ORSA process is carried out annually and whenever there is a significant change in the entity's risk profile. The exercise could therefore be triggered on an "ad-hoc" basis, in particular in the following cases:

- a material change in the results of Pillar 1 indicators (SCR, MCR);
- an internal company event, such as a strategic decision affecting the current Medium-Term Plan;
- an event external to the company that has an impact on the current Medium-Term Plan (e.g. economic event, legislative event).

The report prepared in 2024 was approved by the Board of Directors on 3 December 2024 after being reviewed by the Risk Committee. It was sent to the Commissariat aux Assurances.

#### B.4.c Consideration of the own risk profile

As indicated above, the information collected as part of the ORSA process is integrated into the Company's decision-making process:

- Strategic decisions are integrated into the ORSA process, which takes account of the Medium-Term Plan;
- The conclusions of the ORSA are reviewed by the Board of Directors and incorporated into the strategic decision-making process, particularly with regard to equity capital management.

In addition, Cardif Lux Vie has set up a risk monitoring process that gives the General Management a continuous and up-to-date view of the Company's risk profile. Cardif Lux Vie's risk profile is determined on the basis of the risk appetite statement, which sets limits on the nature, quantity and quality of the risks that the Company is prepared to underwrite on a long-term basis as part of its strategy. The limits are approved by the Board of Directors.

The risk profile is measured using a set of metrics assessed at least quarterly to ensure that it matches the risk appetite. The governance structure in place defines the system for validating corrective measures and for reporting to the Effective manager, the Risk Committee or the Board of Directors in the event of non-compliance with limits.

## B.5 Internal control system

### B.5.a Organisation of internal control

#### Definition, objectives and standards of internal control

Cardif Lux Vie has set up an internal control and operational risk management system designed to ensure overall control of risks and to provide reasonable assurance that the objectives set by the company are met.

The implementation of this control system is based on three lines of defence:

- operational staff are the first line of defence and deploy the risk management system for the activities under their responsibility;
- the functions of the second line of defence define the normative framework within which the risk management for which they are responsible is carried out and supervise its proper implementation;
- the third line of defence, among other things, checks the effectiveness and quality of the Permanent Control system.

Cardif Lux Vie's internal control and operational risk management policy is established in accordance with the regulatory provisions and standards of the BNP Paribas Cardif Group.

It specifies the framework of this system and constitutes the basic internal control framework. It aims to contain operational risk within acceptable limits by reducing, transferring or avoiding risks while at the same time maintaining a balance between the risks taken and the cost of managing them. Firstly, it sets out the objectives of internal control, namely:

- the development of a risk culture among staff;
- the efficiency and quality of the company's internal operations;
- the reliability of internal and external information;
- the security of operations;
- compliance with laws and regulations and with internal policies.

The policy then sets out the rules for the organisation, responsibilities and scope of intervention of the various internal control players, and establishes the principle that the control functions (in particular Compliance, Legal and Tax, Finance, Risk Management, Internal Audit and Actuarial) operate independently.

#### Scope of internal control

One of the fundamental principles of internal control is the exhaustive nature of its scope: it applies to all risks regardless of type and to all of Cardif Lux Vie's activities. It also covers the provision of essential or important operational services or tasks that have been outsourced, subject to the regulatory conditions.

#### Fundamental principles of internal control

The internal control system at Cardif Lux Vie is based on the values and Code of Conduct of BNP Paribas and on the following additional principles:

- clearly established responsibilities: internal control is the business of every employee, regardless of level in the hierarchy or responsibilities. The exercise of a management function brings the additional responsibility of ensuring that the internal control system is properly implemented in the area being managed;
- a structured risk identification, assessment and management system (involving, among other aspects, a decision-making and delegation system, organisational principles, controls, a reporting and warning system etc.);
- independent control and supervision of risks: those responsible for operational activities bear ultimate responsibility for the risks that their activities generate, which means primary responsibility for setting

up and operating a risk identification, assessment and management system. The internal control system provides for the compulsory involvement, at the earliest possible stage, of functions that have independent control in the form of a second level of control.

This intervention takes the following forms:

- definition of overall normative framework for risk identification, assessment and management,
- definition of cases where an independent review from a function exercising second-level control and shared with the operational entity is necessary in the decision-making process,
- independent controls, known as second-level controls, carried out by the aforementioned function on the system put in place by the managers responsible for operational activities and on its operation (result of the risk identification and assessment process, relevance and compliance of risk control systems and, in particular, compliance with defined limits).
- separation of tasks: this is one of the essential elements of the risk control system. This involves assigning certain operational tasks that contribute to the same process to participants who report to different line managers or separating such tasks by other means, in particular IT;
- proportionality to risks: the internal control system must be implemented in a manner and with an intensity proportionate to the risks. This proportionality is assessed on the basis of one or more criteria, specifically:
  - intensity of risks,
  - amount of allocated capital and/or solvency ratios,
  - complexity of the designed/marketed products and/or services provided.
- appropriate governance: the system is subject to governance involving the various players and covering the different aspects of internal control, both organisational and supervisory;
- a requirement for formalization and traceability: internal control is based on validated written policies and procedures. The related controls, their results, their use and the feedback to higher levels of Group governance are documented and traceable;
- a duty of transparency: all employees, whatever their position, have a duty to report the following transparently, i.e. spontaneously and without delay, to a higher level in their organisation:
  - any information required for proper analysis of the situation of the entity in which the employee works, and that may impact the risks or reputation of Cardif Lux Vie or the Group,
  - any issue that the employee cannot resolve alone when performing his/her role,
  - any abnormal situation that the employee observes.

Employees also have a right to report information in confidence, as provided for in the BNP Paribas Group's Code of Conduct and exercised within the framework of the right of ethical alert ("Whistleblowing") organised by Compliance;

- continuous adaptation of the system to changes: the internal control system must be managed dynamically by the various parties involved. This adaptation to changes of any kind, which Cardif Lux Vie must cope with, must be done according to a periodic cycle defined in advance, but also continuously as soon as events justify it.

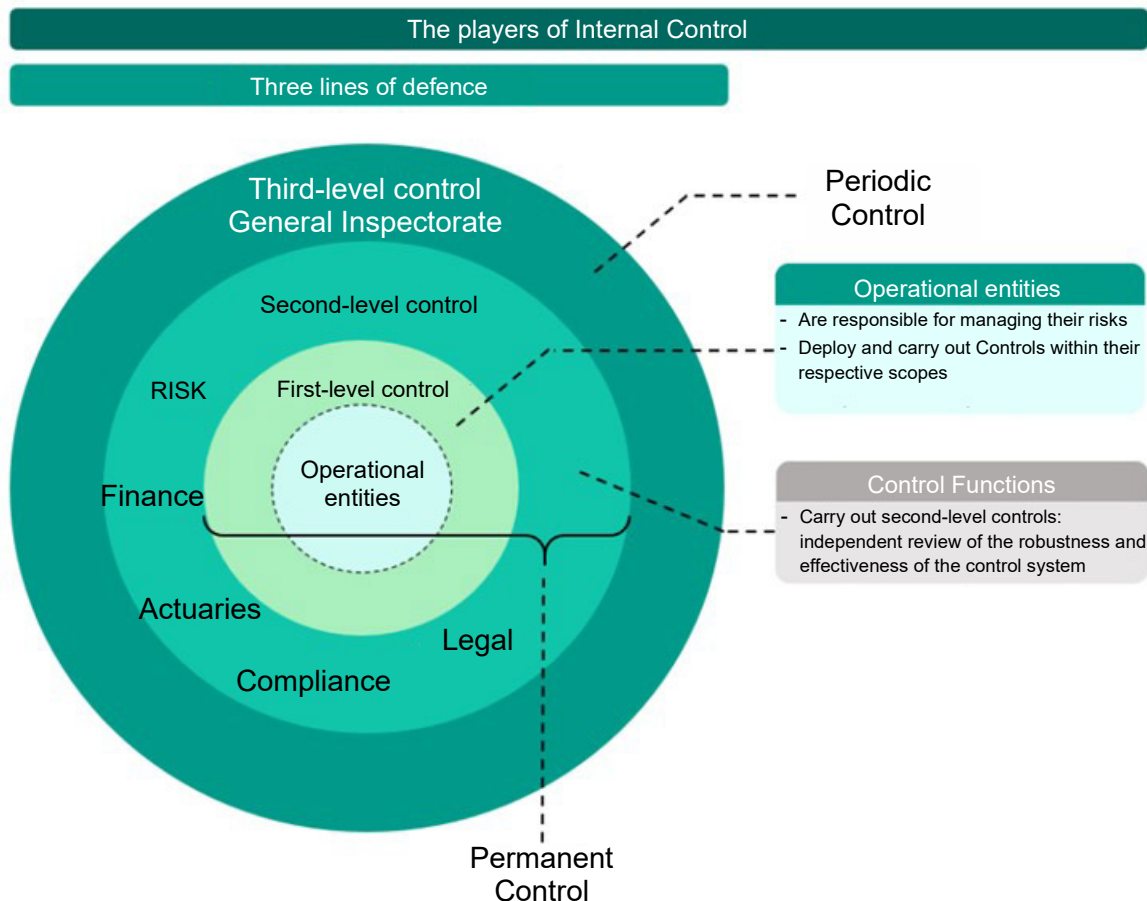
Observance of these principles is regularly verified, particularly during actions by the periodic control team (Internal Audit).

### Organisation of internal control

Cardif Lux Vie's internal control system is organized around three lines of defence, under the responsibility of the Effective manager and the supervision of the Board of Directors.

Permanent control is the continuous implementation of the risk management system and is ensured by the first two lines of defence. Periodic control, carried out by the third line of defence, is a verification and evaluation function that takes place according to a specific audit cycle.

The second and third line of defence functions are referred to as independent control functions. The Compliance, Risk Management, Finance, Legal and Tax, Actuarial and Internal Audit functions report on the performance of their duties to the Board of Directors or its specialized committees.



### Main parties responsible for internal control

Operational staff are the first line of defence: operational staff are the first people responsible for controlling their risks and the first players in permanent control. They act within the framework defined by Cardif Lux Vie's Effective manager and reviewed by its Board of Directors, and transcribed into policies and procedures.

The risk control system operated by the first line of defence forms what is known as the first-level control system. It is implemented by the employees and/or their line management. In addition, Cardif Lux Vie has a team of permanent controllers who do not operate processes that they control.

There are functions that provide a second level of control (second line of defence):

- The functions exercising second-level control are responsible for the proper functioning of the risk management system and its compliance with laws and regulations in a number of areas (themes and/or processes).
- In this respect, in their area of expertise and after consulting operational staff if necessary, they define the general regulatory framework within which the risk management for which they are responsible must be carried out, the terms of their intervention (thresholds, delegations, escalation, etc.), implement this system for the part that concerns them, and are responsible, in their area of expertise,

for second-level permanent control. In relation to the operational entities, they keep a critical and independent eye on the identification and assessment of risks. They also contribute to dissemination of a risk culture and an ethical culture within Cardif Lux Vie.

The functions exercising second-level control are Risk Management, Compliance, Actuarial, Finance and Legal and Tax functions. The Risk Management, Compliance and Legal functions are integrated within BNP Paribas Cardif. These functions break down as follows:

- The **Compliance** function is responsible for the organization and supervision of the compliance risk management system. Alongside RISK, Human Resources and Legal, Compliance is also responsible for the second line of defence against risks relating to the rules of conduct. As such, it contributes to the ongoing monitoring of compliance with legal and regulatory provisions, professional and ethical standards, as well as the guidelines of the Board of Directors and the instructions of the General Management. The manager reports to the Chief Executive Officer of Cardif Lux Vie and to the Head of Compliance of BNP Paribas Cardif.
- The **Risk Management function** takes a second look at operational, underwriting, credit and market risks, as well as sustainability and model risks, to ensure that they are consistent and compatible with internal policies and profitability objectives. The function's missions are carried out independently of operational staff, which contributes to the objectivity of this second view. Its manager reports to the Chief Executive Officer of Cardif Lux Vie and to the Deputy Head of Risk at BNP Paribas Cardif.
- The **Finance** function also exercises second-level control through its responsibility for defining and implementing the risk management system for accounting and financial information. The manager reports directly to the Managing Director of Cardif Lux Vie.
- The **Legal and Tax** function, which is responsible for organising and supervising the legal risk management system, exercises its responsibility for preventing and managing legal risks through its advisory and control roles. Its control is exercised by monitoring the implementation of legal opinions issued to avoid or limit the effects of a major legal risk and by controlling the legal processes. The Legal and Tax function is part of the BNP Paribas Cardif hierarchy. The LRO (Legal Risk Oversight) at BNP Paribas Cardif level acts as a second line of defence for all legal risks falling under the LEGAL area of expertise (legal risks by nature).
- The **actuarial function** is responsible for ensuring the adequacy of technical provisions. It ensures the appropriateness of the methods, underlying models and assumptions used and the quality of the data used to calculate the technical provisions. It informs the Board of Directors of the adequacy of the technical provisions by issuing an opinion on the underwriting policy and the subcontracting policy and by drafting the actuarial function report.

The third line of defence is exercised by the independent and specialized **Internal Audit function**, which verifies the effectiveness and quality of the **permanent control** system. This periodic control system takes the form of investigative missions, known as third-level controls, which are carried out independently by the BNP Paribas Group's General Inspectorate unit.

The **General Management**, under the supervision of the Board of Directors, is responsible for the overall internal control system.

The **Board of Directors**, acting on proposals from the Risk Committee, the Audit Committee and the ALM and Investments Committee, reviews and approves the strategies and policies governing the assumption, management, monitoring and reduction of risks.

#### B.5.b Key internal control procedures

Procedures are one of the key elements of the permanent control system, alongside risk identification and evaluation, checks, reporting and management of the control system.

Cardif Lux Vie is based on the system deployed by BNP Paribas Cardif.

Cardif Lux Vie documents the procedures to be applied, as well as the checks to be performed. These procedures constitute the basic reference framework for internal control.

Cardif Lux Vie is responsible for:

- identifying the procedures that it needs in order to carry out the tasks for which it is responsible and exercising its responsibilities, in compliance with the applicable regulations and the group's instructions, expressed in particular through the higher-level procedures already in place;
- establishing, maintaining and preserving the set of procedures identified in this way;
- making the procedures accessible to those who need to know them, informing them of their existence or evolution, and training them if necessary;
- ensuring the proper application of these procedures.

The practical rules and procedures are detailed in BNP Paribas Cardif procedure management, which is applied locally by Cardif Lux Vie.

## B.6 Internal Audit function

The Internal Audit function is in charge of periodically monitoring the activities of Cardif Lux Vie. It aims to give the Effective manager and the Board of Directors an independent assessment of the quality and effectiveness of the system of governance and internal control. It makes recommendations to improve its quality and compliance.

Internal Audit is outsourced to the General Inspectorate – Luxembourg Hub. The outsourcing relationship is documented in a framework agreement between Cardif Lux Vie and BGL BNP Paribas.

The Internal Auditors work independently across the entire auditable scope of Cardif Lux Vie. They can examine any topic and have free access to all documents, assets and personnel working directly or indirectly for Cardif Lux Vie. Similarly, they are free to issue their conclusions independently of the management of Cardif Lux Vie. They must remain independent, objective and impartial in their investigations and cannot be directly involved in operational management. They rely on a set of internal audit procedures maintained by the General Inspectorate of the BNP Paribas Group.

The head of the key Internal Audit function is the Chairman of the Cardif Lux Vie Risk Committee and guarantees the independence of the key function. The head of the Luxembourg Hub General Inspectorate reports regularly to the Cardif Lux Vie Audit Committee on the results of the key function's work. In addition, each year it submits to the Board for approval a proposed audit plan covering a complete audit cycle and detailing the internal audit assignments to be carried out during the following calendar year. This draft audit plan is drawn up on the basis, in particular, of an assessment of the risks borne by the various activities, and by ensuring that all material activities are periodically reviewed.

The mandate of the key Internal Audit function is defined by an audit policy approved and reviewed annually by the Board of Directors of Cardif Lux Vie.



## B.7 Actuarial function

The Actuarial & Risk Management Department of Cardif Lux Vie is responsible for the Actuarial function. The head of this department reports directly to the Effective manager of Cardif Lux Vie. And thus represents the Actuarial key function.

As part of the actuarial function, for each of the product lines marketed by Cardif Lux Vie, the Actuarial & Risk Management Department & is responsible for identifying, monitoring, quantifying and rationalizing underwriting risks and asset/liability management (ALM) risks. It organises its work in two units:

- *Product Actuarial unit*
- *Actuarial Risk Monitoring & ALM unit*

The **Product Actuarial unit** is in charge of the introduction of new products. It guarantees the quality of the business written (product approval, pricing and monitoring of the new business plan, approval of the technical bases). It ensures not only the appropriate level of valuation methods and reserves under local Lux GAAP and IFRS standards, but also the reporting of underwriting risks. Finally, the unit provides an opinion on the adequacy of the level of risk transfer (reinsurance) as part of its underwriting activities.

The **Risk Monitoring & ALM Actuarial unit** is responsible for the calculation of Solvency II technical provisions, ensuring that the methods, underlying models and assumptions used are appropriate. It oversees the implementation and monitoring of behavioural rules (redemption rules) during prospective studies, monitors and quantifies underwriting and market risks as part of its prudential closing activities, and assesses the adequacy and quality of the data used to calculate technical provisions and in the implementation of behavioural rules. As part of its assets and liabilities risks monitoring (ALM) it is responsible for the implementation of the strategic asset allocation and work relating to liquidity risk. Finally, it is responsible for coordinating and writing the regulatory narrative reports (RSR: regular supervisory report, SFCR: solvency and financial conditions report, AFR: actuarial function report), and supplies information to the Actuarial function regarding the reliability and adequacy of the Solvency II calculation of technical provisions.

As part of its responsibilities, the Actuarial & Risk Management Department has an overview of underwriting, ALM and liquidity risks throughout the product life cycle.

To carry out its functions, the Actuarial & Risk Management Department complies with a strong and evolving governance structure at the BNP Paribas Cardif Group level. This technical and decision-making framework enables the owner of the actuarial function to manage situations previously approved by the Group Actuarial function.

For any underwriting business not covered by this framework, the system of governance requires formal approval from the Group Actuarial function at the appropriate level and – depending on the issue – from the other departments involved. It identifies the bodies in which this approval must be obtained, and imposes a consensus among the managers involved in order to obtain approval.

Regarding the prudential and statutory closing processes and risk monitoring, the system of governance determines the methods and models to be used depending on the nature and materiality of the risks, defines the relevant indicators, and establishes the Group reporting requirements. Cardif Lux Vie's compliance with the system of governance is audited annually or semi-annually, depending on the relevant points. It includes completeness checks and random checks.

Pursuant to Solvency II, insurance companies must produce annual and quarterly quantitative reports (QRT - Quantitative Reporting Templates), annual narrative reports RSR (Regular Supervisory Report) for the supervisor, SFCR (Solvency and Financial Condition Report) for the public and AFR (Actuarial Function Report).

The Actuarial & Risk Management Department is the process owner for coordinating and producing these statements and reports. It directs the work and the Finance Department is one of the principal contributors.

## B.8 Outsourcing

### B.8.a Outsourced activities

As part of its operations, Cardif Lux Vie outsources certain important and/or critical activities that are part of key operational processes. These Critical Outsourced Services (COS) include IT infrastructure, fund accounting and internal audit.

### B.8.b Governance of outsourcing

In accordance with the requirements of the Solvency II directive, Cardif Lux Vie has an outsourcing policy, which is reviewed annually.

Validated by the Board of Directors, Cardif Lux Vie's outsourcing policy defines the framework for major/critical outsourced activities (COS), including:

- a definition of the scope of activities that could be provided as an outsourced service;
- a definition of activities considered important or critical by nature and by risk, with their assessment criteria;
- the risk management arrangements relating to outsourcing;
- the requirements in terms of contractual security;
- the system for monitoring, control and management of outsourced activities during the production phase;
- relations with internal governance bodies and supervisory authorities, including the obligation to notify the CAA of outsourced activities deemed to be important and/or critical.

### Organisation of outsourcing

Defining the risk management framework for outsourcing is the responsibility of the risk management function, particularly with regard to the risk framework, while the ETO Office is responsible for the operational implementation.

The Chief Operating Officer (COO) is responsible for:

- the appraisal and management of subcontracting governance;
- permanently monitoring the outsourcing process and overseeing monitoring campaigns;
- advice on the outsourcing of activities or functions, and more specifically on outsourcing criteria and the evaluation of the COS character;
- contributing to internal and regulatory reporting on outsourcing issues.

A number of risk metrics are calculated and help to control business risks. The results are reported to the Outsourcing Committee and at least once a year to the Risk Committee (a specialist committee of the Board).

### Supervisory body

The Outsourcing Committee (or Outsourcing Local Committee) monitors and oversees the risks associated with outsourcing at Cardif Lux Vie.

In particular, it involves the Legal & Tax, Compliance, Finance, Risk, Global Security, IT and Purchasing functions.

### Delegation principles

Since Cardif Lux Vie is a subsidiary of the BNP Paribas Cardif Group, it must apply the delegation principles defined in the Group's Outsourcing operating procedure. These principles define the required level of approval for risk analyses performed on outsourcing projects or existing services, as well as the reporting requirements.

The criteria taken into account are:

- the criticality of the service;
- the operational risk associated with the delegated activity.

### B.8.c Monitoring system

A monitoring system is applied in the implementation phase of the service, notably as instructed by the Outsourcing Committee and allowing a review of the risks associated with the proposed outsourcing.

A campaign to assess the risks associated with important or critical activities already outsourced is carried out annually. A remediation plan is put in place if necessary depending on the results of this campaign.

At the end of 2024, the significant or critical activities operating on behalf of Cardif Lux Vie are the following:

Activities delegated	Registered office	Intra- or Extra-Group
Accounting – valuation of investments of Collective Internal Funds	Luxembourg	Intra- and Extra-Group
Provider of KIDs (PRIIPS) for investment supports	Luxembourg	Extra-Group
IT services (workstations, help desk)	Luxembourg	Extra-Group
IT services (IT infrastructure, network, access rights, servers, etc.)	Luxembourg	Intra-Group
IT infrastructure services. Datacentre	Luxembourg	Extra-Group
Trading desk service (receipt and transmission of orders)	France	Intra-Group
Reporting for managed funds, macro-economic review, follow-up of orders	France	Intra-Group
Datacentre hosting (DRP site), telephony, Local Area Network, WiFi, CFT gateway (for exchanging reports with partners), FIRCOSOFT (AML screening of third party and SWIFT payments)	Luxembourg	Intra-Group
Internal Audit functions	Luxembourg	Intra-Group
Financial payment flows of rebates on UCITS securities	France	Extra-Group
Human resources and other support functions	Luxembourg	Intra-Group
Accounting and valuation for General Fund	France	Intra-Group
EMIR - Delegation to Custodian Banks for reporting to the central reference systems for the General Fund and Internal Funds	France Spain Switzerland Luxembourg Monaco Belgium	Intra- and Extra-Group
SFTR - Delegation to the Custodian Banks for reporting to the central reference systems for the General Fund	France	Intra- and Extra-Group
AML Support KYC for Compliance	Luxembourg	Extra-Group

## B.9 Other information

There is no other material information.

## C. Risk profile

The SCR (Solvency Capital Requirement) represents the level of equity capital required to absorb a set of shocks after taking account of the correlation between risks. It is calibrated to cover such an event with a probability of occurrence of once every 200 years over a one-year horizon (Value at Risk at 99.5%).

Cardif Lux Vie's Solvency Capital Requirement (SCR) is calculated using the standard formula proposed by the European Insurance and Occupational Pensions Authority (EIOPA). It corresponds to the sum of the net BSCR (Basic Solvency Capital Requirement), the operational SCR and the tax adjustment. The BSCR is based on a bottom-up approach, i.e. its calculation is divided into risk modules, which in turn are divided into sub-modules. The capital requirements for each of the different risks are aggregated via a correlation matrix.

The information contained in this chapter covers the nature of the risks to which Cardif Lux Vie may be exposed, the valuation techniques applied, significant risk concentrations, the mitigation techniques used and the procedures for monitoring their effectiveness.

The risk classification applied by the BNP Paribas Cardif Group, of which Cardif Lux Vie forms part, changes in line with the regulatory requirements and methods. It is based on the following main categories:

- underwriting risk;
- market risk;
- counterparty risk;
- liquidity risk;
- operational risk;
- other risks.

### C.1 Underwriting risk

#### C.1.a Definition

Underwriting risk is the risk of loss in value due to sudden and unexpected fluctuations in insurance payouts that may result from inadequate pricing or provisioning assumptions due to internal or external factors, including sustainability risk. Depending on the type of activity, this risk is the result of statistical, macroeconomic or behavioural changes, as well as phenomena linked to public health or disasters.

#### C.1.b Risk exposure

Cardif Lux Vie's underwriting SCR amounted to €347 million at 31 December 2024 (2023: €266 million). The increase in the Life Underwriting SCR is mainly due to the rise in the SCR for large-scale redemptions and expenses.

The underwriting SCR is composed of the Life and Health modules and breaks down as follows:

<i>In millions of euros, net amount, at</i>	31 December 2024	31 December 2023
SCR Life Underwriting	347	266
SCR Health Underwriting	-	-
<b>TOTAL UNDERWRITING RISK SCR</b>	<b>347</b>	<b>266</b>

The **Life module**, like biometric risks, redemptions and management fees for savings and protection policies, aggregates several risk sub-modules as defined by Solvency II.

Cardif Lux Vie's main risk sub-modules are:

- The **expense risk** sub-module, which assesses the impact of a 10% increase in costs and a 1% rise in inflation.

Cardif Lux Vie's expense risk could result from a miscalculation, higher cost inflation than expected, lower management fees on assets under management due to a contraction in business, spending overruns, regulatory developments and company-wide changes.

- The **redemption risk** sub-module, which assesses the impact of a change in redemptions using the most sensitive of the following events:
  - o a permanent 50% rise or fall in redemption rates,
  - o a sizeable redemption of 40%.

Cardif Lux Vie is sensitive to the impact of sizeable redemptions mainly originating from unit-linked policies where the future profits largely depend on the duration of the liabilities in the portfolio.

- The biometric risk sub-modules (**mortality risk, longevity risk and disability risk**) assess the impact of a deterioration or improvement in the life expectancy of policyholders. Since the portfolio is mainly composed of savings policies, these biometric risks have a low impact on the Life Underwriting SCR.

### C.1.c Concentration

Given Cardif Lux Vie's Wealth Management business, the underwriting risk exhibits a **significant degree of concentration**. To limit this risk, Cardif Lux Vie has introduced governance for underwriting large policies.

In protection insurance, the reinsurance policy limits "peak" risks (high individual exposures).

### C.1.d Risk management and monitoring

#### Risk management and mitigation

The risk monitoring and management system for underwriting risk is based on a **system of governance and documented processes**. Risk underwriting is consistent with the specific delegation rules, involving several levels – both within Cardif Lux Vie and at the BNP Paribas Cardif Group level – depending on the assessment of the maximum acceptable loss, the estimated capital requirement under Solvency II, and the estimated return on the policies in question.

Past experience and market analysis are used to regularly update the databases used for risk pricing, taking into account various parameters (type of credit for borrower insurance, coverage, insured population, etc.). Each tariff is based on the profitability and return on equity objectives set by Cardif Lux Vie's General Management.

**Contractual clauses** make it possible to manage underwriting risk in compliance with the regulatory and commercial framework, by means of technical and legal measures such as medical selection for products offering large sums insured, contractual repricing clauses in the event of cost increases or degradation in the rate of claims, and limits on the duration of cover.

Reinsurance is an additional element of the underwriting risk management system. Its objective is to protect Cardif Lux Vie against five main risks, subject to appropriate pricing:

- "peak" risk, associated with exposure to an individual risk exceeding a predefined threshold, referred to as the "retention amount";
- "accumulation" risk, the main form of which is catastrophe risk linked to exposure to a single rare event with a severe financial impact (concentration risk);
- cycle risk linked to changes in macro-economic trends (incapacity for work, disability, loss of employment);
- new product risk, associated with insufficient pooling, lack of control over technical bases, or uncertainty regarding the data of policyholders;
- financial risk, linked to the financial guarantees associated with unit-linked insurance products, such as floor guarantees, which provide for the payment of capital to beneficiaries in the event of the policyholder's death.

In the Savings business, underwriting risk is managed by monitoring and supervising the range of products and services on offer, in line with market conditions.

In addition, Cardif Lux Vie limits its exposure to the risk of inadequate investment performance in relation to the obligation to remunerate policies, i.e. the risk associated with the presence of a guaranteed minimum rate in its policies.

Finally, in view of the significant redemptions observed in 2023 on the General Fund, Cardif Lux Vie has strengthened its risk management framework. To facilitate the management of cash requirements in such situations and preserve the balance of the General Fund and its ability to recover at a later date, additional liquidity has been lent by the shareholders BNP Paribas Cardif and BGL BNP Paribas, under a shareholders' current account for a total of 200 million euros, which was repaid in full in 2024, as the General Fund returned to a more favourable situation with positive net inflows.

### Risk monitoring

Periodic monitoring of the underwriting risks is carried out at several levels. Firstly, by means of control campaigns on compliance with delegations in risk taking and on the technical bases in force and finally by the quarterly analysis of technical results. Secondly, by means of a series of weekly indicators on activity (redemptions and net inflows). These indicators are monitored by the Executive Committee and the various control functions.

#### C.1.e Stress tests and sensitivity analyses

At the time of pricing, the approval of a product requires a systematic analysis of unfavourable scenarios (stress tests) or very unfavourable scenarios (crash tests) even if their probability of occurrence is low. The stress and crash tests are performed over the same time horizon as the central scenario.

## C.2 Market risk

### C.2.a Definition

Market risk is the risk of loss associated with adverse movements in the financial markets. These adverse movements are mainly reflected in price variations (exchange rates, bonds, equities and commodities, derivatives, real estate, etc.) and are the result of fluctuations in interest rates, spreads, volatility or correlation.

### C.2.b Cardiff Lux Vie investments

The composition of the Cardiff Lux Vie investment portfolio and its sensitivity to market risk are as follows for each major category of insurance liability:

#### Investment portfolio covering the liabilities of the General Fund, protection business and equity capital

The investment portfolio of the general assets (General Fund, protection business and equity capital) is mainly composed of bonds (81%) and investment funds (16%), as shown below:

In millions of euros, at	31 December 2024		31 December 2023	
	Market value	%	Market value	%
Real estate	0	-	0	-
Equity holdings	150	2%	152	2%
Listed equities	127	1%	181	2%
Bonds	6,866	81%	6,014	76%
Government bonds	2,228	26%	2,148	27%
Bonds of corporate issuers	4,323	51%	3,559	45%
Structured bonds	315	4%	307	4%
Guaranteed securities	0	-	0	-
Collective funds	1,339	16%	1,519	19%
Equity funds	381	4%	310	4%
Bond funds	166	2%	150	2%
Money market funds	413	5%	681	9%
Asset allocation funds	0	-	0	-
Real estate funds	122	1%	134	2%
Alternative/Infrastructure/Private Equity funds	254	3%	239	3%
Other	2	0%	6	0%
Derivatives	24	0%	73	1%
Other investments	8	0%	8	0%
Deposits	0	-	0	-
<b>TOTAL GENERAL FUND INVESTMENTS</b>	<b>8,513</b>	<b>100%</b>	<b>7,946</b>	<b>100%</b>

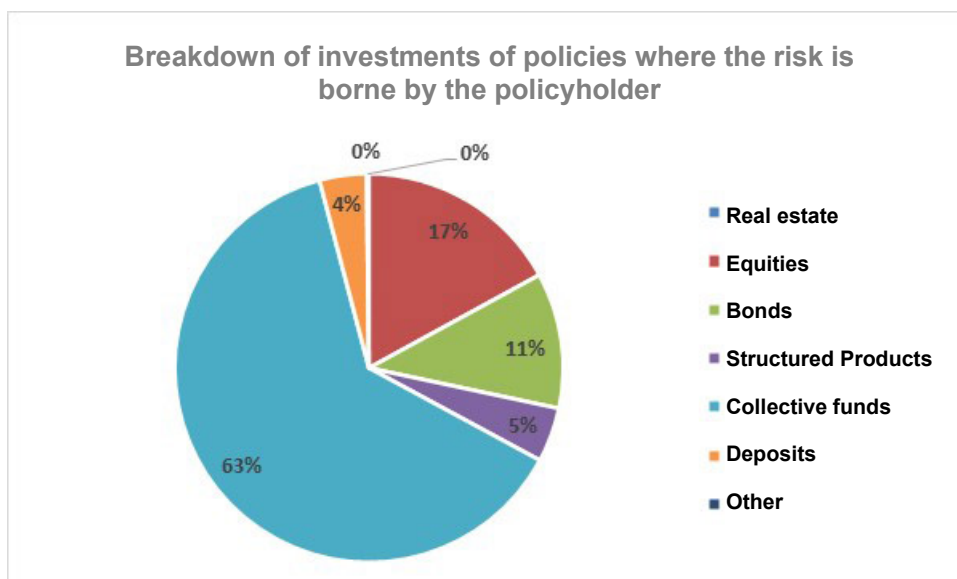
For this general asset, the market risk is mainly borne by Cardiff Lux Vie, which guarantees the liability commitments for its policyholders. As part of its Prudent Person policy, Cardiff Lux Vie invests in asset classes that enable it at least to meet its commitments to its policyholders.

The general asset investment portfolio is exposed to the following risks: interest rate risk, equity risk, credit risk, issuer concentration risk, exchange rate risk and real estate risk. These risk exposures are described below.



### Investment portfolio covering unit-linked liabilities

The investment portfolio representing unit-linked policies is mainly composed of collective investment funds (63%), as illustrated below:



For this portfolio of unit-linked policies, the prudent person policy also applies during the selection of investment assets by policyholders. Here, the market risk is mainly borne by policyholders; however, a fall in assets under management would have an impact on Cardif Lux Vie's revenue.

The unit-linked investment portfolio is exposed to the following risks: interest rate risk, equity risk, bond risk, foreign exchange risk and real estate risk. These risk exposures will be described below.

#### C.2.c Risk exposure

The market SCR for Cardif Lux Vie totalled €436 million at 31 December 2024 (2023: €403 million):

<i>In millions of euros, net amount, at</i>	31 December 2024	31 December 2023
Interest rate risk	29	43
Equity risk	272	242
Real estate risk	22	27
Credit spread risk	127	122
Concentration risk	12	14
Exchange rate risk	105	93
Diversification effect	-131	-138
<b>TOTAL MARKET SCR RISK</b>	<b>436</b>	<b>403</b>

The six risk sub-modules comprising the market SCR are:

**- The interest rate risk sub-module**, which seeks to quantify the capital requirement necessary to absorb the impact on the balance sheet of a rise or fall in the interest rate term structure. The capital requirement is equal to the maximum impact of a rise or fall in the interest rate term structure. For each maturity, upward or downward shocks are expressed in proportion to the interest rates.

The interest rate shocks applied to assets are largely absorbed by adjusting the liability discounting rate. As a result, the asset duration gap, shorter than for liabilities, generates most of the SCR of this sub-module. It originates from the prudence required when setting the asset investment horizon, given the option of redemption of liabilities at any time. It is essential therefore that any acceleration in liability cash flows can be met.

In addition, guaranteed minimum rate exposure is minor and only has a limited impact on the SCR of the interest rate risk sub-module.



The absorption capacity of liabilities with regard to other shocks (equities, real estate, credit spread) is solely derived from the adjustment of profit-sharing. It is therefore proportionally lower than in the case of interest rate shocks.

- **The equity risk sub-module** represents 48% of the market SCR before diversification at 31 December 2024 (2023: 45%). This sub-module is significant, taking into account the unit-linked investment portfolio which is mainly invested in investment funds and the shock level applied of 39% for equities listed in a European Economic Area or OECD member state and 49% for other equities.

To avoid pro-cyclical behaviour, this shock is corrected by a symmetrical adjustment mechanism or “dampener”: it attenuates equity shock when the markets are at their lowest, and increases it when the markets reach a peak, i.e. when a fall is highly probable. As of 31 December 2024, the dampener is 2.86% (2023: 1.46%), and the shocks applied were 41.86% or 51.86% depending on the type of share (2023: 40.46% and 50.46% respectively).

- **The real estate risk sub-module**, which measures the impact of a fall in real estate markets on asset value. It consists of an immediate 25% reduction in the market value of real estate assets. The capital charge is consistent with Cardif Lux Vie’s exposure.

- **The credit spread risk sub-module** represents 22% of the market SCR before diversification at 31 December 2024 (2023: 23%).

This sub-module is intended to quantify the capital requirement corresponding to the risk of widening credit spreads (actuarial difference between a bond rate and the equivalent risk-free government bond rate). The spread shock depends on the duration and rating of fixed income products. It only covers corporate bonds and bonds issued by non-European States, considering that bonds issued by European States are not subject to spread risk. Like interest rate risk, it varies according to the composition of the fixed income portfolio.

- **The currency risk sub-module**, which quantifies the capital cost of a 25% fall in foreign currencies against the euro. Cardif Lux Vie’s exposure is due to securities denominated in foreign currencies and held by the General Fund, and unit-linked investments.

- **The concentration risk sub-module**, which is covered in the next section.

#### C.2.d Concentration

The SCR for concentration risk reflects the decrease in equity following an exposure beyond a threshold defined by the standard formula on one or more issuers.

The asset dispersion rules are laid down by the asset management government system. These rules are integrated into the General Fund management agreements and specify the dispersion ratios by issuer for each fixed income instrument and rating category.

In addition, the General Fund is specifically monitored through a statistical analysis of its assets.

#### C.2.e Risk management and monitoring

##### Risk management and mitigation

Cardif Lux Vie has the management tools necessary to calibrate its strategic asset allocation and to measure its asset-liability adjustment risks. The **asset-liability review** is used to project the expected cash flows for the assets and liabilities of the General Fund. They can be used to adjust the asset duration based on the profile of the different liabilities.

The **investment policy** dictates the framework applicable to asset management. It defines the principles used to match the structure of the asset portfolios with obligations towards policyholders upon the sale of insurance policies, while maximising the expected return on investment compared with the risk limit set. The implementation of the investment policy, entrusted to the Asset Management Department, is governed for each portfolio by a **management agreement** that specifies the investment limits for each asset class.

Exposure to market risk is also monitored through **specific, targeted studies**, such as a review of securities with unrealised losses.

Furthermore, Cardif Lux Vie is exposed to **exchange rate risk** on its foreign currency investments. Exchange-rate risk is strictly controlled by the company's investment policy. Hedges may be put in place depending on market expectations.

##### Risk monitoring

Market risk is monitored via management charts organised by asset class and geographical area, and by checking compliance with management agreements.

The asset management committees are involved in monitoring market risk.

#### C.2.f Stress tests and sensitivity analyses

Stress tests are regularly reviewed as part of the asset-liability review. These test the ability of Cardif Lux Vie to honour its commitments in adverse market situations, taking into account the impact of such situations on policyholder behaviour. In addition, specific stress tests can be performed at the request of the regulators. Finally, upward and downward sensitivities to market risks have been carried out after each quarterly closing in accordance with Solvency II.

### C.3 Counterparty risk

#### C.3.a Definition

Counterparty risk is the risk of losses in value or of adverse changes in financial position linked to the credit quality of the issuers of securities, counterparties or any other debtor to which the Company is exposed. Among debtors, the risks associated with financial instruments (including banks in which the Company holds deposits) and the risks associated with receivables related to the insurance business (reinsurance balances, etc.) are divided into two categories: asset credit risk and liability credit risk.

#### C.3.b Risk exposure

The counterparty SCR totalled €20 million at 31 December 2024 (2023: €16 million). Of this, 87% relates to default risk exposures arising from reinsurance operations and cash deposits with credit institutions.

<i>In millions of euros, at</i>	31 December 2024	31 December 2023
<b>TOTAL COUNTERPARTY RISK SCR</b>	<b>20</b>	<b>16</b>

#### C.3.c Concentration

The **exposure to reinsurers** at 31 December 2024 mainly concerns two reinsurers. These are the most significant reinsurance treaties. The **counterparty** risk on these treaties is reduced by a cash deposit guarantee for the part of the commitments in euros. This guarantee is not recognised as collateral in accordance with the provisions established by Solvency II.

#### C.3.d Risk management and mitigation

Counterparty risk on **reinsurers** is managed through careful counterparty selection, the negotiation of guarantees and regular monitoring of the main exposures. The Actuarial Department is responsible for this monitoring.

## C.4 Liquidity risk

### C.4.a Definition

Liquidity risk is the risk of not being able to meet expected or unexpected future liquidity demands arising from insurance liabilities to policyholders, due to the inability to sell assets in an appropriate time frame for an acceptable amount without significant impact on market prices and/or to have alternative financing instruments available in an appropriate time frame.

### C.4.b Risk exposure

#### General Fund

Exposure to liquidity risk is assessed over a one-year horizon mainly through the liquidity policy, validated by the Local Risk Committee, under the responsibility of the Asset Management Department, and over the medium term through studies carried out by the Actuarial Department on projected cash flows on the assets and liabilities side of the General Fund.

In 2023, Cardif Lux Vie experienced an increase in redemptions without any pressure on the liquidity of the General Fund. In 2024, redemptions slowed significantly and inflows to the General Fund returned to positive territory.

#### Unit-linked

As of 31 December 2024, the exposure to alternative assets is below the warning thresholds and maximum limits set by the Board of Directors of Cardif Lux Vie. These are limits for acceptance of liquidity risk on unit-linked investments. By "alternative" assets, we mean complex or illiquid products such as hedge funds, structured products, private equity funds, real estate funds, derivatives and, historically and marginally, direct private equity lines.

### C.4.c Risk management and mitigation

Liquidity risk is managed by approving securities and monitoring (in line with the limits set) the composition of the assets of the General Fund and the Unit-linked investments, in particular the internal funds.

For the General Fund, risk is managed through regular monitoring of redemptions and monitoring of the concentration of liabilities. The aim is to limit the concentration of liabilities on a small number of policyholders who may generate a liquidity risk in the case of large-scale redemptions.

Finally, liquidity risk is managed on the basis of studies carried out at intervals appropriate to the risk exposure.

### C.4.d Sensitivity

Stress tests are conducted as part of the monitoring of liquidity risk. These test the ability of Cardif Lux Vie to honour its commitments in adverse market situations, taking into account the impact of such situations on policyholder behaviour.

The latest sensitivities show that the General Fund has sufficiently liquid assets.

## C.5 Operational risk

### C.5.a Definition

Operational risk is the risk of loss resulting from inadequate or failed internal processes, IT failures or external events, whether deliberate, accidental or natural. These external events include both man-made and natural events.

Internal events mainly involve personnel and computer systems. External events include flooding, fires, earthquakes and terrorist attacks. Credit or market events such as defaults or changes in value are not classified as operational risk.

Operational risk covers fraud, human resources risk, legal risk, compliance risk, tax risk and information systems risk. It is particularly impacted by cross-sectoral risk factors such as Environmental, Social and Governance (ESG) risk, conduct risk and model risk.

### C.5.b Risk exposure

The amount of SCR exposed to operational risk totalled €73 million at 31 December 2024 (2023: €58 million).

<i>In millions of euros, at</i>	31 December 2024	31 December 2023
SCR linked to operational risk calculated on the basis of mathematical provisions	48	44
SCR linked to operational risk calculated on the basis of earned premiums	73	58
<b>TOTAL OPERATIONAL RISK SCR</b>	<b>73</b>	<b>58</b>

The increase in the SCR linked to operational risk between the two financial years is mainly explained by the increase in inflows to the General Fund in 2024.

### C.5.c Main risk management or mitigation techniques

Cardif Lux Vie relies on its general internal control and operational risk management system, which includes both permanent and periodic controls.

The governance of the internal control system of Cardif Lux Vie is carried out through the following committees:

- The Risk Committee (a specialist committee of the Board), which meets at least four times a year. It is responsible for monitoring the effectiveness of the risk management and permanent control mechanisms.
- The Audit Committee (a specialist committee of the Board), which meets at least four times a year. Its role is to review the Company's internal control system in the areas of finance, accounting, legal affairs, compliance and ethics; and the auditing processes for the Company's accounting and financial statements in general.
- The Local Risk Committee, which meets at least four times a year. Its purpose is to provide the Executive Committee of Cardif Lux Vie with an overview of the major operational risks and the action plans in place to manage them.
- The Internal Control Committee, which meets at least twice a year. Its purpose is to assess the status of risks and the associated permanent control system and to take the necessary measures.

## C.6 Other material risks

There are no other material risks.

## C.7 Other information

There is no other specific information.

## D. Valuation for solvency purposes

Cardif Lux Vie prepares its balance sheet under Solvency II in accordance with Article 75 of the Solvency II Directive.

### D.1 Assets

The balance sheet assets of Cardif Lux Vie are composed as follows:

<i>In millions of euros, at 31 December</i>	<i>Reference</i>	<b>2024 Solvency II balance sheet</b>	<b>2024 Financial statements</b>	<b>2023 Solvency II balance sheet</b>	<b>2023 Financial statements</b>
Deferred acquisition costs		-	-	-	-
Other intangible assets	A	-	9	-	5
Deferred tax assets	B	-	-	-	-
Installations and equipment held for own use		2	2	2	2
Investments (excluding investments representing Unit-linked liabilities)	C	8,513	8,536	7,946	8,033
Investments representing unit-linked liabilities	C	26,046	26,046	23,647	23,647
Loans and mortgages		-	-	-	-
Policy advances		0	0	0	0
Share of assignees and retrocessionaries in technical provisions	D	8	8	6	6
Deposits with ceding undertakings		-	-	-	-
Receivables arising from insurance transactions	E	46	58	2	2
Receivables arising from reinsurance operations		-	-	-	-
Other receivables (excluding insurance)	F	120	144	180	187
Cash and cash equivalents		239	239	422	422
Other assets		2	2	2	2
<b>ASSETS</b>		<b>34,976</b>	<b>35,044</b>	<b>32,207</b>	<b>32,306</b>

Letters A to F refer to the valuation methods described below. No specific comment is required for the other items as regards the valuation methods used to prepare the financial statements.

#### Reconciliation with the financial statements and asset valuation methods:

In accordance with Article 75a) of the Directive, assets are valued “*at the amount for which they could be exchanged between knowledgeable willing parties in an arm’s length transaction*”.

Investments representing unit-linked liabilities are valued at the market price in the financial statements according to the same valuation methods as those adopted for Solvency II.

<i>In millions of euros, at 31 December</i>	<i>Reference</i>	<b>2024 amounts</b>	<b>2023 amounts</b>
Recognition at fair value of goodwill and intangible assets	A	-	9
Tax effect on restatements	B	-	-
Recognition at fair value of financial assets	C	-	23
Valuation of the reinsurers’ share in technical provisions	D	-	0
Recognition at fair value of insurance receivables	E	-	12
Recognition at fair value of other receivables	F	-	24
<b>TOTAL RESTATEMENTS</b>		<b>-</b>	<b>68</b>

### A. Other intangible assets

Intangible assets are initially recognised at zero value. Providing they are identifiable and there is an active market for similar assets, they are subsequently measured at their market value.

### B. Deferred tax assets

Deferred taxes are determined according to the method described in paragraph D.5 (Other information). Deferred tax assets are recognised for all deductible temporary differences and tax losses that can be carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and tax losses can be utilised.

### C. Financial investments

Financial assets are classified in the balance sheet according to the Complementary Identification Codes (CIC) defined by EIOPA.

Financial investments are valued at the market price in order to determine their current value. The market price reflects the last known listed value for the period or the value at which an investment may be disposed of, estimated prudently and in good faith.

The market value of financial assets is determined either using prices obtained directly from market data, or prices resulting from valuation techniques calibrated to reflect the current market conditions.

- **Equities issued by holdings** are unlisted and valued according to the share of adjusted net equity (according to the adjusted equity method – AEM).
- **Equities** (other than from holdings<sup>3</sup>), **bonds**, **investment funds** and **other investments** are mainly valued using quoted prices in an active market, at the “Quoted Market Price (QMP)” for identical assets, or at the “Quoted Market Price for Similar Assets (QMPS)”, for similar assets. The characteristics of an active market include the existence of transactions that take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In the absence of prices quoted in an active market, the Company uses valuation techniques (see paragraph D.4).

Investments representing **unit-linked liabilities** are primarily valued using prices quoted in an active market for identical assets (“Quoted Market Price (QMP)”). In the absence of prices quoted in an active market, the Company uses valuation techniques (see paragraph D.4).

The distribution of investments by valuation method was as follows:

In millions of euros, at	31 December 2024				31 December 2023			
	Total	Quoted price (identical or similar assets)	Alternative valuation method	Adjusted equity method	Total	Quoted price (identical or similar assets)	Alternative valuation method	Adjusted equity method
Equity holdings	150	0	0	150	152	0	0	152
Listed equities	127	127	0	0	181	181	0	0
Sovereign bonds	2,228	2,228	0	0	2,148	2,148	0	0
Corporate bonds	4,323	4,323	0	0	3,559	3,559	0	0
Structured bonds	315	315	0	0	307	307	0	0
Investment funds	1,339	1,108	231	0	1,519	1,287	231	0
Derivatives	24	0	24	0	73	0	73	0
Deposits with credit institutions	0	0	0	0	0	0	0	0
Other investments	8	0	8	0	8	0	8	0
Investments (excluding investments representing Unit-linked liabilities)	8,513	8,101	263	150	7,946	7,482	312	152
Investments representing unit-linked liabilities	26,046	22,782	3,264	0	23,647	20,575	3,071	0

<sup>3</sup> i.e. “other than shares issued by companies which are holdings within the meaning of the Solvency II Directive”.



#### D. Share of assignees and retrocessionaires in technical provisions

The valuation method of ceded technical provisions follows the same principles as the technical provisions described in paragraph D.2. At 31 December 2024, ceded technical provisions amounted to €7.7 million (2023: €5.9 million).

#### E. Receivables arising from insurance transactions

The receivable relating to stamp duty for clients resident in Italy for tax purposes is measured at fair value by discounting the cash flows to be collected on exit from the contracts concerned at the risk-free rate plus the Volatility Adjustment at 31/12/2024.

#### F. Other receivables

The receivable relating to advance taxes paid by Cardif Lux Vie in respect of tax on the mathematical reserve for clients resident in Italy for tax purposes is valued at fair value by discounting recoverable financial flows expected from the Italian tax authorities at the risk-free rate plus the original issue spread on the valuation date.

## D.2 Technical provisions

### D.2.a Summary of technical provisions by line of business under Solvency II

In millions of euros, at	31 December 2024			31 December 2023		
	BEL – Best estimate of liabilities	Risk margin	Total	BEL – Best estimate of liabilities	Risk margin	Total
Health similar to non-life	-	-	-	-	-	-
Health similar to life	-	-	-	-	-	-
<b>Health</b>	-	-	-	-	-	-
Life (excluding health, index-linked and unit-linked)	6,950	82	7,072	6,397	57	6,455
Index-linked and unit-linked policies	25,701	168	25,868	23,347	135	23,482
<b>Life (non-health)</b>	<b>32,691</b>	<b>249</b>	<b>32,940</b>	<b>29,744</b>	<b>192</b>	<b>29,936</b>
<b>TOTAL TECHNICAL PROVISIONS</b>	<b>32,691</b>	<b>249</b>	<b>32,940</b>	<b>29,744</b>	<b>192</b>	<b>29,936</b>

The change in the Best Estimate of Liabilities (BEL) is explained by the increase in commitments in the financial statements.

### D.2.b Reconciliation with the financial statements

In millions of euros, at 31 December	2024 Solvency II balance sheet	2024 Financial statements	2023 Solvency II balance sheet	2023 Financial statements
Gross technical provision – Life (excluding health, unit-linked or index-linked)	7,072	7,180	6,455	6,591
<b>Best estimate</b>	<b>6,990</b>	<b>-</b>	<b>6,397</b>	<b>-</b>
<b>Risk margin</b>	<b>82</b>	<b>-</b>	<b>57</b>	<b>-</b>
Gross technical provision – UL or index-linked	25,868	26,046	23,482	23,647
<b>Best estimate</b>	<b>25,701</b>	<b>-</b>	<b>23,347</b>	<b>-</b>
<b>Risk margin</b>	<b>168</b>	<b>-</b>	<b>135</b>	<b>-</b>
<b>SUBTOTAL TECHNICAL PROVISIONS INCLUDING BEST ESTIMATE OF LIABILITIES</b>	<b>32,940</b>	<b>33,226</b>	<b>29,936</b>	<b>30,238</b>

The main reason for the difference between the accounting technical provisions and Solvency II provisions is because the calculations include the following items:

- unrealized capital gains or losses;
- future profit-sharing;
- risk margin.

### D.2.c Valuation principles for technical provisions

In accordance with Article 101 of the Law of 7 December 2015 on the insurance sector, developed by the CAA, and Article 75 b) of the Solvency II Directive, “the value of technical provisions shall correspond to the current amount insurance and reinsurance undertakings would have to pay if they were to transfer their insurance and reinsurance obligations immediately to another insurance or reinsurance undertaking”.

The technical provisions are equal to the sum of the *best estimate of liabilities* (BEL) and *risk margin* (RM).

The BEL corresponds to the probable value of cash inflows and outflows of the portfolio at 31 December 2024, discounted with the risk-free interest rate term structure, minus the credit risk and plus the volatility adjustment.

The risk margin is calculated using “method 2” of the simplifications proposed in Guideline 61 of the Guidelines on the Valuation of Technical Provisions (EIOPA-BoS-14/166). This methodology is based on the projection of risk sub-modules in proportion to certain indicators known as “drivers” to calculate the future reference SCR.

#### D.2.d Valuation methods for technical provisions – General

##### Projection models

Cash flows are projected over a time horizon of 40 years using local deterministic and stochastic models. The projected cash flows are estimated using the best estimate of assumptions, particularly with regard to the rules on mortality, redemptions, disability claims, inflation, fees and claims expense. Where financial guarantees and options exist, including profit-sharing, stochastic calculations are made to assess these in accordance with the structure of risk-neutral economic scenarios.

#### D.2.e Valuation methods for technical provisions – Savings and Protection

##### Policy boundaries

The policy boundary is defined as the date on which the insurer has the unilateral right to terminate the policy, to reject premiums or to amend the premiums in such a way as to reflect risk. An analysis is required of the general terms and conditions of policies, partner agreements and local regulations to define the frontier of each risk and generation of policies.

#### D.2.f Level of uncertainty associated with the value of technical provisions

The main factors of uncertainty identified for technical provisions originate from two sources: process risks and model risks.

##### Process risks

Process risks are mitigated through checks carried out at each stage of the Solvency II calculation process. The system of governance identifies specific checks regarding data quality, which have been implemented throughout the process. The BNP Paribas Cardif Group also carries out checks on the calculations of Cardif Lux Vie.

##### Model risks

The value of technical provisions is based on long-term cash flow projections and requires the formulation of assumptions and the use of models. This requires judgement to be exercised and the use of information available at the calculation date. The value of technical provisions therefore involves a degree of uncertainty.

#### D.2.g Interest rate term structure

Cardif Lux Vie uses the risk-free interest rate term structure published by EIOPA, to which Volatility Adjustment (VA) is added.

However, the Company has elected not to apply the following transitional measures:

- matching adjustment;
- transitional measure on interest rates;
- transitional deduction measure.

The Volatility Adjustment for the euro interest rate published by EIOPA and used for calculations at 31 December 2024 is a maximum of 0.23% (2023: 0.20%).

### D.3 Other liabilities

The valuation of other liabilities in the Cardif Lux Vie balance sheet is explained below:

<i>In millions of euros, at 31 December</i>	<i>Reference</i>	<b>2024 Solvency II balance sheet</b>	<b>2024 Financial statements</b>	<b>2023 Solvency II balance sheet</b>	<b>2023 Financial statements</b>
Provisions other than technical provisions	A	40	39	57	56
Liabilities for reinsurers' cash deposits		3	3	4	4
Deferred tax liabilities	B	46	-	45	-
Liabilities to credit institutions	C	-	-	-	-
Liabilities arising from insurance transactions		221	221	247	247
Liabilities arising from reinsurance operations		4	4	2	2
Other liabilities (not linked to insurance transactions)		583	583	690	690
Subordinated debt included in basic equity capital	D	465	441	462	441
Other liabilities not mentioned above		1	1	2	2
<b>LIABILITIES</b>		<b>1,363</b>	<b>1,292</b>	<b>1,509</b>	<b>1,442</b>

Notes A to D refer to the valuation methods of other liabilities described below.

#### Reconciliation with the financial statements and valuation methods of other liabilities:

<i>In millions of euros, at 31 December</i>	<i>Reference</i>	<b>2024 amounts</b>	<b>2023 amounts</b>
Revaluation of employee benefit obligations	A	1	1
Tax effect on restatements	B	46	45
Revaluation of liabilities to credit institutions	C	-	-
Revaluation of subordinated debts	D	24	21
<b>TOTAL RESTATEMENTS</b>		<b>71</b>	<b>67</b>

In accordance with Article 75 of the Directive, other liabilities are valued “*at the amount for which they could be exchanged between knowledgeable willing parties in an arm’s length transaction*”.

#### A. Provisions other than technical provisions

These provisions mainly consist of provisions for income taxes, as well as provisions for other risks and charges related to litigation and provisions for employee benefit obligations.

The restatement between the local balance sheet and Solvency II amounts relates to the revaluation of provisions for employee benefit obligations. Employee benefit obligations consist of post-employment benefits (pensions and other retirement benefits) and other long-term benefits (long-service awards). These pension liabilities are valued based on the present value of the future benefits obligation, and reduced by the fair value of the plan assets.

#### B. Deferred tax liabilities

Deferred tax liabilities are tax liabilities. They are determined according to the method described in paragraph D.5 under “Other information”.

#### C. Liabilities to credit institutions

This item is measured at fair value by discounting future financial flows at the risk-free rate plus the issuer spread on the issue date.

#### D. Subordinated debt

This item is measured at fair value by discounting future financial flows at the risk-free rate plus the issuer spread on the valuation date.

#### D.4 Alternative valuation methods

In the absence of a price quoted in an active market, the Company relies on the information available, including the financial statements, custodian statements and other sources considered relevant in order to estimate the current value of the investments.

The valuation methods generally used are as follows:

- **Alternative funds (real estate funds, commodities, hedge funds, etc.)** are generally valued on the basis of the net asset values published by the registrars of the funds concerned.
- **Private equity funds** are usually valued on the basis of the net asset values published by the management company, if necessary adjusted for calls for funds/distributions made since the calculation date.
- Direct investments in equities, bonds, certificates, etc. issued by unlisted companies (**Pure Private Equity**) are usually valued on the basis of the information available, mainly taken from the financial statements or expert reports.
- **Structured products** are generally valued on the basis of the valuations provided by the structurer.
- **Deposits** (other than cash equivalents) are valued at their nominal value, which corresponds to their fair value.
- Negotiated OTC **derivatives** are usually valued on the basis of the valuations provided by banking counterparties.

#### D.5 Other information

Deferred tax is calculated on the basis of temporary differences between the carrying amounts of assets and liabilities on the Solvency II balance sheet and their tax base.

Tax credits and tax losses that can be carried forward are recognised and valued in accordance with IFRS.

Deferred tax assets and liabilities are measured using the liability method at the tax rate assumed to apply in the period in which the asset will be realised or the liability settled, on the basis of the tax rate and tax regulations that have been or will be adopted prior to the balance sheet date. They are not discounted.

Deferred tax assets are recorded in the balance sheet if it can be demonstrated that future taxable profits will be available within a reasonable time in order to absorb them.

Deferred tax assets and deferred tax liabilities are offset against each other if, and only if:

- they relate to taxes levied by the same tax authority and on the same taxable entity,
- there is a legally enforceable right to set off current tax assets against current tax liabilities.

## E. Capital management

### E.1 Equity capital

#### E.1.a Objectives and management policy of equity to cover the SCR/MCR

Cardif Lux Vie's capital monitoring aims to ensure that the capital structure is optimized and sufficient to meet the local prudential requirements of the Triangle of Security and to guarantee sufficient financial resilience.

Cardif Lux Vie applies grandfathering measures relating to the classification of equity, but has chosen target measures for the SCR calculation.

Cardif Lux Vie bases its **Capital Management Policy** on the following principles:

- Comply with regulatory requirements;
- Cover at least 100% of the SCR defined as part of the ORSA valuation (Pillar II);
- Optimise the structure of equity by searching for the best balance between share capital, subordinated debt and other components of equity, in accordance with the limits and levels defined by the regulations;
- Depending on the levels of the solvency ratio observed and the projections carried out as part of the ORSA, corrective actions to adjust equity may be initiated;
- Take into account the coverage of insurance commitments (Triangle of Security).

#### E.1.b Significant events of the fiscal year

There was no increase in equity in 2024.

A dividend of €32.85 million is expected to be distributed, broken down as follows:

- €18.54 million for allocation of 2024 profits;
- €14.17 million in respect of the wealth tax reserve for 2020 previously set aside and no longer available;
- €0.14 million in retained earnings.

#### E.1.c Structure, amount and quality of equity

**Available equity** totalled €1,105 million at 31 December 2024 (2023: €1,087 million) and consisted of the following items:

<i>In millions of euros, at</i>	31 December 2024	31 December 2023
Share capital	399	399
Issue premium	-	-
Reconciliation reserve	241	226
Subordinated debt	465	462
<b>Total equity</b>	<b>1,105</b>	<b>1,087</b>

The reconciliation reserve of €241 million (2023: €226 million), eligible for classification as Tier 1 equity capital, breaks down as follows:

<i>In millions of euros, at</i>	31 December 2024	31 December 2023
Balance sheet results and reserves	95	90
Restatements under Solvency II	146	136
<i>Impact on future profits net of taxes</i>	172	156
<i>Other restatements</i>	-	20
Expected distribution	33	137
<b>Total Reconciliation reserve</b>	<b>241</b>	<b>226</b>

The impact on future profits net of taxes reflects the revaluation differences of assets and liabilities under Solvency II standards. Other restatements mainly reflect the revaluation of subordinated debt and the cancellation of intangible assets under Solvency II.

**Equity is classified into three tiers**, depending on its availability, its subordination level in covering obligations to policyholders, and its duration.

The composition of each tier is based on transitional measures and is as follows for 2024 and 2023:

<i>In millions of euros, at</i>	31 December 2024	<i>Unrestricted tier 1 capital</i>	<i>Restricted tier 1 capital</i>	<i>Tier 2 capital</i>	<i>Tier 3 capital</i>
Share capital	399	399			
Issue premium	-	-			
Reconciliation reserve	241	241			
Subordinated debt	465		90	325	50
<b>Total equity</b>	<b>1,105</b>	<b>640</b>	<b>90</b>	<b>325</b>	<b>50</b>

<i>In millions of euros, at</i>	31 December 2023	<i>Unrestricted tier 1 capital</i>	<i>Restricted tier 1 capital</i>	<i>Tier 2 capital</i>	<i>Tier 3 capital</i>
Share capital	399	399			
Issue premium	-	-			
Reconciliation reserve	226	226			
Subordinated debt	462		91	323	48
<b>Total equity</b>	<b>1,087</b>	<b>626</b>	<b>91</b>	<b>323</b>	<b>48</b>

#### E.1.d Fungibility and transferability of equity

Not applicable.

## E.1.e Classification of equity excluding transitional measures

<i>In millions of euros, at</i>	<b>31 December 2024</b>	<i>Tier 1 capital</i>	<i>Tier 2 capital</i>	<i>Tier 3 capital</i>
Share capital	399	399		
Issue premium	-	-		
Reconciliation reserve	241	241		
Subordinated debt	375		325	50
<b>Total equity</b>	<b>1,015</b>	<b>640</b>	<b>325</b>	<b>50</b>

<i>In millions of euros, at</i>	<b>31 December 2023</b>	<i>Tier 1 capital</i>	<i>Tier 2 capital</i>	<i>Tier 3 capital</i>
Share capital	399	399		
Issue premium	-	-		
Reconciliation reserve	226	226		
Subordinated debt	371		323	48
<b>Total equity</b>	<b>997</b>	<b>626</b>	<b>323</b>	<b>48</b>

Subordinated debt classified as tier 1 equity capital under the transitional measures would no longer be eligible to cover the SCR and MCR under the target measures. These securities contain a clause allowing the contractual redemption of the subordinated debt at any time, subject to approval from the regulator, following regulatory changes or accounting events.

All these securities not eligible outside transitional measures totalled €90 million at 31 December 2024 (2023: €91 million).



## E.2 Regulatory capital requirements (SCR and MCR)

### E.2.a Amounts of SCR and MCR

At 31 December 2024, the SCR and MCR were, respectively, €655 million (2023: €553 million) and €295 million (2023: €249 million). The MCR was capped at 45% of the SCR.

<i>In millions of euros, at</i>	31 December 2024	31 December 2023
Linear minimum capital requirement	344	324
Solvency capital requirement - SCR	655	553
Minimum capital requirement – ceiling	295	249
Minimum capital requirement – floor	164	138
Minimum capital requirement – combined	295	249
Absolute floor of the Minimum Capital Requirement	4	4
Total Reconciliation reserve	295	249

### E.2.b Information on the data used to calculate the MCR

The following data were used in the MCR calculation:

- the technical provisions described in paragraph D.2;
- the amounts of premiums written net of reinsurance for the fiscal year;
- the capital at risk.

### E.2.c Amount of SCR per risk module

The SCR at 31 December 2024 was €655 million (2023: €553 million). This is mainly due to the preponderance of the market SCR and the life underwriting SCR (see Section C on Risk Profile).

Deferred taxes reflect the share of future taxes on future profits from Solvency II adjustments. The loss-absorption capacity of technical provisions represents the revaluation adjustment by profit-sharing in stress scenarios.

<i>In millions of euros, at</i>	31 December 2024		31 December 2023	
	Net amount	Gross amount	Net amount	Gross amount
Market risk	436	1,000	403	846
Default risk	20	20	16	16
Life underwriting risk	347	764	266	618
Health underwriting risk	-	-	-	-
Non-life underwriting risk	-	-	-	-
Diversification	- 175	- 375	-145	-310
Risk linked to intangible assets	-	-		
<b>BASIC SOLVENCY CAPITAL REQUIREMENT</b>	<b>628</b>	<b>1,408</b>	<b>541</b>	<b>1,171</b>
Operational risk	73	-	58	-
Absorption capacity of technical provisions	- 780	-	-631	-
Absorption capacity of deferred tax	- 46	-	-45	-
<b>SOLVENCY CAPITAL REQUIREMENT - SCR</b>	<b>655</b>	<b>-</b>	<b>553</b>	

The change by risk module is described in Section C on Risk Profile.

### E.2.d Coverage ratios

The SCR and MCR coverage ratios were 161% and 268% respectively at 31 December 2024 (2023: 179% and 308%).

In millions of euros, at	31 December 2024					31 December 2023
	Total	Unrestricted tier 1 capital	Restricted tier 1 capital	Tier 2 capital	Tier 3 capital	Total
Equity eligible for the solvency capital requirement	1,057	639	90	325	2	992
Equity eligible for the minimum capital requirement	789	639	90	59	-	765
Solvency capital requirement (SCR)	655					553
Minimum capital requirement	295					249
Eligible equity as a ratio of the solvency capital requirement	161%					179%
Eligible equity as a ratio of the minimum capital requirement	268%					308%

The SCR coverage level is consistent with Cardif Lux Vie's capital management policy.

### E.2.e Information on simplified calculations

No simplified calculation has been applied.

### E.2.f Use of undertaking-specific parameters (USP)

Not applicable.

## E.3 Calculation option used to calculate the SCR (Article 304)

The duration was not taken into account in the assessment of equity risk, in accordance with Article 304 of Directive 2009/138/EC.

## E.4 Differences between the standard formula and the internal model

Not applicable.

## E.5 Amount of non-conformities with MCR and SCR

Not applicable.

## E.6 Other information

There is no other specific information.

## F. Acronyms

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AEM	Adjusted Equity Method
ALM	Asset and Liability Management
BEL	Best Estimate of Liabilities
GSR	Global solvency requirement
BSCR	Basic Solvency Capital Requirement
CAA	Commissariat aux Assurances
CRO	Chief Risk Officer
EIOPA	European Insurance and Occupational Pensions Authority
GAAP	Generally Accepted Accounting Principles
MCR	Minimum Capital Requirement
OECD	Organisation for Economic Co-operation and Development
ORSA	Own Risk and Solvency Assessment
QMP	Quoted Market Price
QMPS	Quoted Market Price for Similar Assets
SCR	Solvency Capital Requirement
UC	Unit-linked
VA	Volatility Adjustment

## G. Appendix - Quantitative Reporting Templates

### S.02.01.02 – Balance sheet

		Solvency II Value
		C0010
<b>Assets</b>		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	1 557 426
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	8 512 838 265
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	149 566 142
Equities	R0100	126 846 639
Equities - listed	R0110	126 846 639
Equities - unlisted	R0120	0
Bonds	R0130	6 865 601 349
Government Bonds	R0140	2 228 043 105
Corporate Bonds	R0150	4 322 725 344
Structured notes	R0160	314 832 899
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	1 338 673 733
Derivatives	R0190	24 483 517
Deposits other than cash equivalents	R0200	0
Other investments	R0210	7 666 886
Assets held for index-linked and unit-linked contracts	R0220	26 046 467 509
Loans and mortgages	R0230	74 745
Loans on policies	R0240	74 745
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	7 748 037
Non-life and health similar to non-life	R0280	0
Non-life excluding health	R0290	0
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	7 748 037
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	7 748 037
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	45 539 291
Reinsurance receivables	R0370	29 259
Receivables (trade, not insurance)	R0380	119 628 722
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	239 174 616
Any other assets, not elsewhere shown	R0420	1 624 211
<b>Total assets</b>	<b>R0500</b>	<b>34 974 682 081</b>

		Valeur Solvabilité II
		C0010
<b>Liabilities</b>		
Technical provisions – non-life	R0510	0
Technical provisions – non-life (excluding health)	R0520	0
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	0
Risk margin	R0550	0
Technical provisions - health (similar to non-life)	R0560	0
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	0
Risk margin	R0590	0
Technical provisions - life (excluding index-linked and unit-linked)	R0600	7 071 808 124
Technical provisions - health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	7 071 808 124
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	6 990 292 502
Risk margin	R0680	81 515 622
Technical provisions – index-linked and unit-linked	R0690	25 868 241 586
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	25 700 711 223
Risk margin	R0720	167 530 363
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	39 751 430
Pension benefit obligations	R0760	202 925
Deposits from reinsurers	R0770	2 875 182
Deferred tax liabilities	R0780	45 788 207
Derivatives	R0790	0
Debts owed to credit institutions	R0800	6 116
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	221 333 800
Reinsurance payables	R0830	3 527 305
Payables (trade, not insurance)	R0840	582 912 720
Subordinated liabilities	R0850	465 366 484
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	465 366 484
Any other liabilities, not elsewhere shown	R0880	637 426
<b>Total liabilities</b>	<b>R0900</b>	<b>34 302 451 305</b>
<b>Excess of assets over liabilities</b>	<b>R1000</b>	<b>672 230 776</b>

S.04.05.21 – Premiums, claims and expenses by country

		Home country	Top 5 countries (by amount of gross premiums written) - life insurance					Total top 5 countries and home country
		C0030	FR	IT	BE	GB	MC	C0040
		C0040	C0040	C0040	C0040	C0040	C0040	C0040
Gross Written Premium	R1020	112 092 163	2 166 781 742	568 190 020	106 811 002	68 500 903	46 531 436	3 068 907 266
Gross Earned Premium	R1030	112 092 163	2 166 781 742	568 190 020	106 811 002	68 500 903	46 531 436	3 068 907 266
Claims incurred	R1040	161 441 548	824 447 196	560 232 194	254 191 238	78 191 691	49 359 816	1 927 863 684
Gross Expenses Incurred	R1050	13 976 917	71 353 179	14 814 982	11 518 484	3 153 985	1 201 765	116 019 311

## S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
<b>Premiums written</b>										
Gross	R1410	0	1 323 568 766	1 834 183 927	10 808 971	0	0	0	0	3 168 561 663
Reinsurers' share	R1420	0	0	0	3 687 599	0	0	0	0	3 687 599
Net	R1500	0	1 323 568 766	1 834 183 927	7 121 372	0	0	0	0	3 164 874 064
<b>Premiums earned</b>										
Gross	R1510	0	1 323 568 766	1 834 183 927	10 808 971	0	0	0	0	3 168 561 663
Reinsurers' share	R1520	0	0	0	3 687 599	0	0	0	0	3 687 599
Net	R1600	0	1 323 568 766	1 834 183 927	7 121 372	0	0	0	0	3 164 874 064
<b>Claims incurred</b>										
Gross	R1610	0	777 342 172	1 386 340 459	10 500 112	0	0	0	0	2 174 182 744
Reinsurers' share	R1620	0	0	0	4 275 334	0	0	0	0	4 275 334
Net	R1700	0	777 342 172	1 386 340 459	6 224 778	0	0	0	0	2 169 907 409
<b>Expenses incurred</b>	R1900	0	30 934 251	89 056 601	6 605 354					126 596 207
<b>Other expenses</b>	R2510									0
<b>Total expenses</b>	R2600									126 596 207

## S.12.01.02 – Life technical provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees	Contracts with options or guarantees		
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0150
Technical provisions calculated as a whole	R0010	0	0			0			0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0	0			0			0
Technical provisions calculated as a sum of BE and RM									
Best Estimate									
Gross Best Estimate	R0030	6 899 926 482		25 700 711 223	0		90 366 019	0	32 691 003 724
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	0		0	0		7 748 037	0	7 748 037
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	6 899 926 482		25 700 711 223	0		82 617 983	0	32 683 255 688
Risk Margin	R0100	68 142 827	167 530 363			13 372 795			249 045 985
Technical provisions - total	R0200	6 968 069 309	25 868 241 586			103 738 815			32 940 049 710



S.22.01.21 – Impact of long-term guarantees and transitional measures

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	32 940 049 710	0	0	25 918 091	0
Basic own funds	R0020	1 104 743 972	0	0	-19 731 443	0
Eligible own funds to meet Solvency Capital Requirement	R0050	1 057 076 173	0	0	-17 387 071	0
Solvency Capital Requirement	R0090	654 967 374	0	0	4 688 744	0
Eligible own funds to meet Minimum Capital Requirement	R0100	788 539 550	0	0	-19 309 456	0
Minimum Capital Requirement	R0110	294 735 318	0	0	2 109 935	0

## S.23.01.01 – Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
<b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>						
Ordinary share capital (gross of own shares)	R0010	398 704 950	398 704 950		0	
Share premium account related to ordinary share capital	R0030	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	240 672 538	240 672 538			
Subordinated liabilities	R0140	465 366 484		90 214 999	325 151 485	50 000 000
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
<b>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</b>						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
<b>Deductions</b>						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0
<b>Total basic own funds after deductions</b>	<b>R0290</b>	<b>1 104 743 972</b>	<b>639 377 488</b>	<b>90 214 999</b>	<b>325 151 485</b>	<b>50 000 000</b>
<b>Ancillary own funds</b>						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			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			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
<b>Total ancillary own funds</b>	<b>R0400</b>	<b>0</b>			<b>0</b>	<b>0</b>
<b>Available and eligible own funds</b>						
Total available own funds to meet the SCR	R0500	1 104 743 972	639 377 488	90 214 999	325 151 485	50 000 000
Total available own funds to meet the MCR	R0510	1 054 743 972	639 377 488	90 214 999	325 151 485	
Total eligible own funds to meet the SCR	R0540	1 057 076 173	639 377 488	90 214 999	325 151 485	2 332 202
Total eligible own funds to meet the MCR	R0550	788 539 550	639 377 488	90 214 999	58 947 064	
<b>SCR</b>	<b>R0580</b>	<b>654 967 374</b>				
<b>MCR</b>	<b>R0600</b>	<b>294 735 318</b>				
<b>Ratio of Eligible own funds to SCR</b>	<b>R0620</b>	<b>161%</b>				
<b>Ratio of Eligible own funds to MCR</b>	<b>R0640</b>	<b>268%</b>				

		C0060
<b>Reconciliation reserve</b>		
Excess of assets over liabilities	R0700	672 230 776
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	32 853 288
Other basic equity items	R0730	398 704 950
Adjustment for restricted equity capital items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
<b>Reconciliation reserve</b>	<b>R0760</b>	<b>240 672 538</b>
<b>Expected profits</b>		
Expected profits included in future premiums (EPIFP) – Life business	R0770	19 321 715
Expected profits included in future premiums (EPIFP) - non-life business	R0780	0
<b>Total EPIFP</b>	<b>R0790</b>	<b>19 321 715</b>

## S.25.01.01 - Solvency capital requirement

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	1 000 019 904	0
Counterparty default risk	R0020	19 925 181	
Life underwriting risk	R0030	763 890 889	0
Health underwriting risk	R0040	0	0
Non-life underwriting risk	R0050	0	0
Diversification	R0060	-375 470 865	
Intangible asset risk	R0070	0	
<b>Basic Solvency Capital Requirement</b>	<b>R0100</b>	<b>1 408 365 108</b>	

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	72 527 174
Loss-absorbing capacity of technical provisions	R0140	-780 136 701
Loss-absorbing capacity of deferred taxes	R0150	-45 788 207
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
<b>Solvency Capital Requirement excluding capital add-on</b>	<b>R0200</b>	<b>654 967 374</b>
Capital add-on already set	R0210	0
of which, capital add-ons already set - Article 37 (1) Type a	R0211	0
of which, capital add-ons already set - Article 37 (1) Type b	R0212	0
of which, capital add-ons already set - Article 37 (1) Type c	R0213	0
of which, capital add-ons already set - Article 37 (1) Type d	R0214	0
<b>Solvency capital requirement</b>	<b>R0220</b>	<b>654 967 374</b>
<b>Other information on SCR</b>		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

		C0109
Approach based on average tax rate	R0590	No

		C0130
LAC DT	R0640	-45 788 207
LAC DT justified by reversion of deferred tax liabilities	R0650	0
LAC DT justified by reference to probable future taxable economic profit	R0660	-45 788 207
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	0

## S.28.01.01 – Minimum capital requirement (MCR)

Linear formula component for life insurance and reinsurance obligations		C0040
MCRL Result	R0200	343 515 471

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	5 835 608 425	
Obligations with profit participation - future discretionary benefits	R0220	1 064 268 960	
Index-linked and unit-linked insurance obligations	R0230	25 700 711 223	
Other life (re)insurance and health (re)insurance obligations	R0240	82 617 983	
Total capital at risk for all life (re)insurance obligations	R0250		1 857 127 443

Overall MCR calculation		C0070
Linear MCR	R0300	343 515 471
SCR	R0310	654 967 374
MCR cap	R0320	294 735 318
MCR floor	R0330	163 741 843
Combined MCR	R0340	294 735 318
Absolute floor of the MCR	R0350	4 000 000
Minimum Capital Requirement	R0400	294 735 318