Made possible

QBE

Solvency and Financial Condition Report

QBE European Operations plc

QBE UK Limited

QBE Europe SA/NV

For the year ended 31 December 2023

Contents

Summary

This document (the Solvency and Financial Condition Report, or 'SFCR') is a single Group SFCR which sets out qualitative and quantitative information on the business and performance, system of governance, risk profile, valuation for solvency purposes and capital management on a Solvency II group basis for QBE European Operations plc ('EO plc' or 'the Company') for the year ended 31 December 2023, and similar information on a solo basis for its UK and Belgian insurance company subsidiaries.

EO plc is a company incorporated in England and Wales whose principal activity is that of a holding and investment company. EO plc is the UK ultimate insurance holding company of the 'EO Group'. UK Solvency II group reporting to the Prudential Regulation Authority ('PRA') is required to be prepared at EO plc level.

EO plc's ultimate parent is the Sydney headquartered QBE Insurance Group Limited ('QBE Group'). QBE Group is listed on the Australian Securities Exchange ('ASX'), is subject to supervision by the Australian Prudential Regulation Authority and is a globally recognised general insurer and reinsurer.

QBE Group manages its operations through three divisions:

- QBE International (consisting of European Operations and Asia);
- QBE North America ('QBE NA'); and
- QBE Australia Pacific (consisting of Australia, New Zealand, The Pacific Islands).

EO plc indirectly owns the following insurance company subsidiaries through its wholly owned subsidiary QBE Holdings (EO) Limited (QHEO):

QBE UK Limited ('QBE UK'): QBE UK is incorporated in England and Wales. QBE UK is a (re)insurer authorised by the Prudential Regulatory Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and the PRA. QBE UK writes UK and other non-European (re)insurance business. QBE UK has a branch in the United Arab Emirates.

QBE Europe SA/NV ('QBE Europe'): a Belgium incorporated (re)insurer authorised by the National Bank of Belgium ('NBB'). QBE Europe writes (re)insurance business across the European Economic Area ('EEA') on a Freedom of Services ('FOS') basis through its head office (based in Brussels, Belgium), Freedom of Establishment ('FOE') basis through its EEA branches and in the UK and Bermuda through its UK and Bermudian branches. The Company also has a Representation Office in Colombia, Latin America.

EO plc also owns other subsidiary undertakings, through QBE Holdings (EO) Limited, including QBE Corporate Limited ('QBE Corporate') and QBE Underwriting Limited ('QUL'). QBE Corporate participates in two Lloyd's Syndicates (Syndicate 2999 and Syndicate 386). These syndicates are managed by EO Group's Lloyd's managing agent QUL.

For the purposes of this document the EO Group is defined as EO plc and its subsidiary undertakings including QBE UK, QBE Europe, QBE Corporate and QUL.

QBE UK is required to provide Solvency II reporting at both a solo level and at EO plc Group level (the level of the ultimate UK insurance holding company). QBE UK holds a waiver from the PRA that allows it to publish a single Group SFCR that includes both the EO Group on a group basis and QBE UK on a solo basis. Solo reporting for QBE Europe is also included within this single Group SFCR. QBE Europe also publishes a separate solo SFCR.

The single Group SFCR has been prepared in compliance with the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council, and the relevant Prudential Regulation Authority (PRA) rules. The structure of this document follows Annex XX and discloses the information referred to in Articles 292 to 298 of the Delegated Regulation. The single Group SFCR has also been prepared in accordance with the NBB Rules and Solvency Regulations as regards QBE Europe.

For the purposes of Solvency II group reporting, QBE UK and QBE Europe are required to be fully consolidated as insurance undertakings whereas EO plc's investment in QBE Corporate is required to be treated as a single line participation as a Lloyd's Corporate member does not meet the definition of an insurance undertaking under the Solvency II rules. QBE Group financial statements are prepared under IFRS basis, EO plc entities financial information is fully consolidated under IFRS.

Business and Performance

Key drivers of the business model and performance are the gross income written by each of the underlying insurance undertakings, the claims experience in relation to that net income, performance of the investment portfolio and management of the underlying expense and commission base.

Despite some challenging operating conditions that have characterised 2023, including inflationary pressures and geopolitical tensions, the EO Group undertakings achieved strong growth in the year. Trading conditions are expected to remain favourable in the year ahead. Challenges associated with changing market dynamics, inflation, geopolitics and climate will maintain a continued focus on underwriting discipline. Premium rates remain supportive of profitable growth after several years of compound increases.

QBE EO continues to monitor the war in Ukraine, the conflict in Gaza as well as disruption to supply chains arising from escalating tensions in the Middle East and any resulting developments that may impact its assessment of potential exposures.

As announced by QBE Group on 17 February 2023, the underlying insurance undertakings in the EO Group (QBE UK, QBE Europe, Syndicate 2999 and Syndicate 386) entered into a 100% retrospective reinsurance arrangement. This covers certain prior year claims reserves. The effective date of the arrangement is 1 January 2023.

In an increasingly competitive marketplace for talent, QBE EO have been focussed on establishing QBE as the employer of choice and is supported by our new Employee Promise, 'Why QBE' initiative. This year QBE EO was voted a five-star employer and placed third best in the large insurer category of a major industry publication and awarded the Working Dad's Employer Award in the Policies category for the new UK Paternity leave policy.

Underwriting performance

As explained above, only QBE UK and QBE Europe (and not QBE Corporate (which participates in Syndicates 2999 and Syndicate 386)) are required to be fully consolidated in the Solvency II balance sheet. Consistent with this approach, the Group underwriting performance for Solvency II reporting purposes (as reported in the public disclosures **S.05.01.02** for EO Group and QBE UK and **S.04.05.21** for QBE Europe and presented in **Appendix A**) is required to aggregate only the QBE UK and QBE Europe underwriting performance and therefore does not include the underwriting performance of QBE Corporate.

Commentary on the underwriting performance of QBE UK and QBE Europe is included below. Further information is included in **Section A.2**.

QBE UK

Details of QBE UK's underwriting performance and comparison to the prior year on a UK Generally Accepted Accounting Principles ('UK GAAP') basis are set out in **Section A.2.2**.

The Company reported a total profit of £247.6m (2022 £91.5m) and a combined operating ratio of 84.1% (2022 80.8%). During the year, the Company entered into a transaction to reinsure against the adverse development of certain prior year claims liabilities. The transaction had positive impact on the reported profit for the financial year.

Overall gross written premium of £1,818m (2022 £1,468m) is circa 23.9% up on the previous year, driven by expansion in direct insurance operations (QBE Portfolio Solutions, Natural Resources) business and QBE Re's Dubai branch.

The growth in reported Net Earned Premium is suppressed by the accounting treatment of the retrospective reinsurance arrangement entered in the year. The cost of the arrangement entered reduced the reported net earned premium, with the associated reinsurance recoveries have reduced the reported net claims incurred.

2023 loss experience benefitted from relatively benign CAT claims experience and from the positive premium rate environment.

The overall commission and expense ratio is higher in 2023 mainly as a result of the reduced net earned premium driven by the cost of the retrospective reinsurance agreement.

QBE Europe

Details of QBE Europe's underwriting performance and comparison to the prior year on a Belgian Generally Accepted Accounting Principles ('BE GAAP') basis are set out in **Section A.2.3.**

Gross Written Premium ('GWP') for the year totalled €2,154m (2022: €2,005m). This represents an increase compared to prior year driven by both a strong rating environment and volume growth across the reinsurance and direct insurance portfolios.

The Company has a reported loss for the year of €58m underpinned by underwriting losses from a high frequency and severity of current year catastrophe losses, including the devastating earthquake in Turkey in February 2023.

The cost of the retrospective reinsurance arrangement entered in the year has reduced the reported net earned premium. The associated reinsurance recoveries have reduced the reported net claims incurred. The transaction had positive impact on the reported profit for the financial year.

The elevated inflation over the last year has influenced the increase in the net operating expenses compared to 2022. The reduced net earned premium driven by the cost of the retrospective reinsurance arrangement has led to an inflated reported commission and expense ratio.

Investment performance

Consistent with the approach outlined above with respect to Group underwriting performance, Group investment return in **Section A.3** for Solvency II purposes only relates to entities which are required to be fully consolidated under Solvency II. This therefore only includes QBE UK, QBE Europe and EO plc (QBE UK, QBE Europe and EO plc being the only fully consolidated entities under Solvency II with significant investment portfolios).

The EO Group, QBE UK and QBE Europe investment portfolio allocations, and overall portfolio structure, is substantially unchanged during 2023. The majority of investments are in fixed income portfolios with modest allocation to growth assets. In order to control rising inflation, central banks tightened their monetary policies in 2023 by raising interest rates. Credit and equity markets' expectations changed from "how much higher" from the start of the year to "higher for longer". This created volatility in the markets and government bond yields remained volatile but predominately high until the last quarter of the year. Investment grades' spreads tightened towards end of the year, to levels well inside long-term averages.

The Growth Asset portfolio diversified to include developed market equity, unlisted property funds, and infrastructure funds. The robust performance of infrastructure assets can be attributed to the structure of Infrastructure (IA) funds, where regulated and contracted assets reaped benefits from inflation pass-throughs. Equity market indices demonstrated strong performance; however, concerns lingered around persistent inflation and low growth, contributing to an upward push in yields. Unlisted property funds experienced challenges due to declining asset valuations, primarily influenced by the rising cost of capital in both real estate debt and equity markets, coupled with structural headwinds in the office market.

Details of investment performance and comparison to the prior year are set out in **Section A.3 Investment Performance**.

System of Governance

The Board of Directors ('Board') of EO plc is collectively responsible for the long-term success of the EO Group. The role of the Board of EO plc is to provide leadership, to oversee the design and implementation of EO Group's strategic priorities and to set a framework of prudent and effective controls which enable risk to be assessed and managed.

The Board of EO plc ensures that the necessary financial and human resources are in place for the EO Group to meet its objectives and reviews the performance of management in delivering on EO Group strategic aims, which are aligned with those of the QBE Group, the ultimate holding company of the EO Group. The key operating entities of the EO Group, QBE UK, QBE Europe and QUL, also have their own boards, with the similar responsibilities for these companies. These boards are aligned to the EO plc board.

The EO Executive Management Board ('EMB') supports the Chief Executive Officer of EO plc in providing executive management of the entire EO Group, as well as acting as a UK management committee for QBE UK and QBE Underwriting Limited ('QUL'). The Board of QBE Europe has separately established a management committee ('QEMC') which is responsible for the day-to-day management and operations of QBE Europe. The Chief Executive Officer of EO plc chairs both the EMB and QEMC.

Updates on investments are provided directly to the Boards. Changes to the composition of EO plc, QBE UK and QBE Europe Boards, EMB and QEMC during the year are included in **Section B.1.4**.

The process of assessing the adequacy of the System of Governance is explained in **Section B.3.13**. From their annual review conducted in November 2023, the EO Risk team concluded that the EO Group's Three Lines Model remains appropriate and represents an effective risk governance framework with effective checks and balances to support appropriate consideration of risk management throughout the EO Group. The existence of assurance teams embedded in key 1st Line functions help maintain a strong risk and control culture around risk-taking activities.

Each year there is a formal Board Effectiveness Review ('BER'), which is facilitated by an independent external advisor. In June 2023, the QBE Group undertook a BER encompassing the Divisional Boards, including the Boards of EO plc, QBE UK and QBE Europe. Comments supporting continuous improvement of the effectiveness of the Board arising from the review were discussed by the Boards and a number of actions were agreed.

During the year the Board Charters of EO plc, QBE UK and QBE Europe were reviewed and changes including to add as a matter reserved the Boards' duties in regard to FCA's Consumer Duty.

For more information on the Systems of Governance, see **Section B**.

Risk Profile

The EO Group is exposed to various risks and uses a number of methods and techniques to identify, assess, evaluate and mitigate these risks on a continuous basis. The main risks comprise:

- Strategic risk;
- Insurance risk;
- Credit risk;
- Market risk;
- Liquidity risk;
- Operational risk;
- Compliance risk; and
- Group risk.

To address these risks, the EO Group uses a number of risk mitigation techniques, as described in **Section C**. A dedicated risk management function ensures that these risks are fully understood and their impact on EO Group is comprehensively evaluated.

The EO Group has identified a number of top risks, which are considered executive management focus areas.

The top risk with the highest potential impact and likelihood and increasing risk trend throughout 2023 is 'Economic and Geopolitical Uncertainty', which was driven by geopolitical conflict (e.g. the Ukraine war and the conflict in the Middle East), and by persistent high rates of inflation in the UK and Europe during most of the year, resulting in high interest rates and a heightened risk of recession (which materialised for the UK in Q4 2023). Other top risks for the EO Group with a high rating (in terms of impact or likelihood) include 'Cyber Security' and 'Climate Change', followed by 'Competitive Market Environment' and 'Concentration of Distribution Partners'. These risks were considered stable during 2023.

Data management has also been in focus during 2023, with Data Risk/ Digitalisation, Pricing Models and Financial and Actuarial Data all being considered at a medium level impact and likelihood. Another top risk with a medium level rating is 'Heightened Regulatory Supervision' with an increasing risk trend observed in Q3 2023 reflecting an increased focus from all regulators. The EO Group further started monitoring Generative Artificial Intelligence as a top risk from Q4 2023, which was previously considered an emerging risk.

In 2023, there was also further progress in our approach to identifying, assessing, quantifying, managing and mitigating the Financial Risks for Climate Change ('FRCC'). Examples of these activities are as follows.

- Physical risks: further analysing the potential for climate change to have material impacts on peril-regions such as North America Windstorm, European Flood and the European Windstorm;
- Underwriting Transition risk: estimates of how different industry sectors' profits would be affected by different transition scenarios were used to project potential changes in premium in the future (these assessments were addressed by underwriting product heads);
- Investments Transition risks: continued tracking of corporate bond investment portfolios' exposure to transition risks;
- Liability risks: performing scenario analysis to assess climate litigation impacts;
- Climate-related risks as they pertain to Operations key performance indicators ('KPIs') and Claims trends.
- Continuous updates to the Risk and Capital Committee ('RCC') via reporting on climate change financial risks within the ORSA and the quarterly Climate Risk Dashboard;

Further work was also undertaken to assess broader Environmental, Social and Governance ('ESG') risks. This included:

- Development of our approach to Net Zero Underwriting and delivering capability to quantify Insurance-Associated Emissions, in support of commitment to be net zero for underwriting by 2050; and
- tracking progress against our Sustainability Scorecard commitments in alignment with our Sustainability Strategy.

In addition, the ESG Management Group ('MG'), oversaw our progress against key ESG priorities and our preparation for meeting new regulatory requirements.

For more information on the risk profile, see **Section C** 'Risk profile'.

Valuation for Solvency Purposes

Under Section 401 of the Companies Act 2006, EO plc is exempt from the requirement to publish group consolidated financial statements. The consolidated IFRS financial statement values shown in **Section D** for the EO Group[1] are the consolidated unpublished and unaudited financial information prepared on a consistent basis with that used for reporting to QBE Group for inclusion in the overall QBE Group annual report ('Group IFRS basis'). As explained below, whilst QBE Corporate is fully consolidated under Group IFRS basis, the Solvency II net asset value is recognised under 'Holdings in related undertakings, including participations' for Solvency II reporting.

The scope of entities included in the EO plc consolidated financial statements prepared for the purposes of Solvency II Group reporting and the Solvency II consolidation is the same.

QBE UK reports statutory financial statements on a UK Generally Accepted Accounting Principles ('UK GAAP') basis (FRS 102), while QBE Europe reports on a BE GAAP basis. The method of valuing assets and liabilities under the Solvency II regulations differs in some cases from the methods used under IFRS, UK GAAP and BE GAAP. The valuation of assets, technical provisions and other liabilities under Solvency II compared to the financial statement basis is explained in **Section D**. Investments are measured at fair value under Solvency II, IFRS and UK GAAP. Under BE GAAP, they are valued as follows: shares and similar securities are carried at acquisition value less related write-downs; fixed income securities are carried at amortised cost, except that debt instruments are measured at amortised cost. Where alternative valuation methods are used, the key assumptions and adjustments are included in **Section D.4**.

The solvency II balance sheet for the EO Group has been prepared using the default Method 1 (accounting consolidation method). The key difference between the consolidation approach under Solvency II and IFRS is that under Solvency II 'other related undertakings', including the Group's investment in QBE Corporate (which participates in Lloyd's Syndicate 2999 and Syndicate 386), are not consolidated on a line-by-line basis, but recognised separately under 'Holdings in related undertakings, including participations' gross of intra-group transactions on the EO Group Solvency II balance sheet. This results in differences between the IFRS and Solvency II balance sheet which are largely presentational rather than valuation differences.

The adjustments made to move from shareholders' funds statutory position to Solvency II excess of assets over liabilities and own funds are set out in **Section E.1.6**.

The valuation methodology for assets and liabilities for EO Group, QBE UK and QBE Europe under Solvency II has been amended this year to include the PRA's 'Solvency UK' risk margin rules (applicable to the EO Group and QBE UK) and the inclusion of the Volatility Adjustment in the discounting of QBE EU's SII technical provisions (for standalone reporting only). For more information on the valuation of assets and liabilities, see **Section D**.

[1] From 1 January 2023 QBE Group has adopted International Financial Reporting Standard (IFRS) 17 Insurance Contracts (IFRS 17). Therefore, reference to EO Group data on an IFRS basis in this document refers to unaudited EO Plc consolidated financial information that is consistent with the dataset used for QBE Group reporting on IFRS 17 basis.

Capital Management

The EO Group's primary capital management objective is to maintain sufficient own funds to cover the Solvency Capital Requirement ('SCR') with an appropriate surplus. The EO Group has adopted a Capital Appetite Framework ('CAF') setting out the target and appetite levels of capital. The Capital Recovery Plans set out potential remediation actions in the event that capital falls below prescribed thresholds. The CAF and Capital Recovery Plans have been approved by the Boards of the EO Group, QBE UK and QBE Europe and senior management carry out regular reviews, on at least a quarterly basis, to monitor the ratio of Eligible Own Funds ('EOF') over SCR.

The EO Group has an approved Internal Model which it uses as the basis for the SCR.

As at 31 December 2023, EO Group and, separately, QBE UK and QBE Europe reported the following EOF, SCR and Minimum Capital Requirement ('MCR') coverage ratios:

Entity	Eligible own funds to meet the SCR	SCR	SCR coverage ratio	MCR coverage ratio
EO Group (£m)	2,888	1,784	161.9%	332.1%
QBE UK (£m)	981	622	157.8%	293.5%
QBE Europe (€'m)	1,683	1,217	138.3%	281.1%

As at 31 December 2023 all applicable entities were within the appetite levels of capital outlined in the CAF, key highlights being:

- As 31 December 2023, the EO Group EOF available to cover the SCR are made up of Tier 1 unrestricted (80%) and Tier 2 (20%). The Tier 2 EOF of EO Group is in the form of £583m subordinated debt. Tier 3 capital of £5m related to deferred tax assets.
- The QBE UK eligible EOF available to cover the SCR are made up of Tier 1 unrestricted (84%) and Tier 2 (16%). Tier 2 EOF of QBE UK include £160m of Tier 2 ancillary own funds in the form of an irrevocable Standby Letter of Credit facility issued by external banks.
- The QBE Europe EOF available to cover the SCR are made up of Tier 1 unrestricted (83%) and Tier 2 (17%). Tier 2 EOF of QBE Europe include €200m of Tier 2 ancillary own funds in the form of an irrevocable Standby Letter of Credit facility issued by external banks and €80m of subordinated debt. Tier 3 capital of €7m related to deferred tax assets.
- The EO Group EOF is after deduction of dividends of £60m paid in June 2023 and £245m paid in December 2023.
- The QBE UK EOF is after deduction of dividends of £99m paid in May 2023 and £171m paid in December 2023.
- No dividends have been paid by QBE Europe during 2023 or subsequently.
- On 18 December 2023, a £120m subordinated loan issued by QHEO and transferred from QBE Reinsurance Europe Limited ('QBE Re') to QBE Europe was fully repaid.
- There were no foreseeable dividends as at 31 December 2023 for EO plc, QBE UK or QBE Europe.

The movement in EOF to cover the SCR during the year is shown in **Section E.1.7**.

The EO Group, QBE UK and QBE Europe satisfied and complied with the MCR and SCR coverage requirements throughout the reporting period.

As a Lloyd's Corporate Member, QBE Corporate is required to provide Funds at Lloyd's ('FAL') as security for the liabilities of Syndicate 386 and Syndicate 2999. The majority of this FAL is however provided or guaranteed by entities outside the EO Group and therefore EO Group has limited exposure with respect to these arrangements. The FAL requirement provided by QBE Corporate in the form of investments and other assets deposited with Lloyd's was £86m (2022: £74m).

For more information on Capital Management, see **Section E**.

Directors' Report

Statement of Directors' responsibilities for EO plc and QBE UK

The Directors of QBE European Operations plc and QBE UK Limited acknowledge their responsibility for ensuring that the Solvency and Financial Condition Report ('SFCR') has been prepared in all material respects in accordance with PRA rules and Solvency II regulations.

The Directors are satisfied that to the best of their knowledge and belief:

1) Throughout the financial year to 31 December 2023, EO Group and QBE UK Limited have complied in all material respects with the requirements of the PRA Rules and Solvency II Regulations as applicable; and
2) It is reasonable to believe that in respect of the period from 31 December 2023 to the date of the publication of the SFCR, the EO Group and QBE UK Limited have continued so to comply and that they will continue so to comply for the remainder of the financial year to 31 December 2024.

By order of the Board:

Director
QBE European Operations plc
Registered Number 2641728
London
4 April 2024

Director
QBE UK Limited
Registered Number 01761561

Statement of Directors' responsibilities for QBE Europe

The Directors acknowledge their responsibility for ensuring that the Solvency and Financial Condition Report ('SFCR') has been prepared in all material respects in accordance with NBB rules and Solvency II regulations.

The Directors are satisfied that to the best of their knowledge and belief:

1) Throughout the financial year to 31 December 2023, QBE Europe SA/NV has complied in all material respects with the requirements of the NBB Rules and Solvency II Regulations as applicable; and
2) It is reasonable to believe that in respect of the period from 31 December 2023 to the date of the publication of the SFCR, QBE Europe SA/NV has continued so to comply and that they will continue so to comply for the remainder of the financial year to 31 December 2024.

By order of the Board:

Director
QBE Europe SA/NV
Registered Number 0690.537.456
Belgium

Auditors' Report

Report of the external independent auditors to the Directors of QBE European Operations plc ('the Company') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2023:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2023 ('**the Narrative Disclosures subject to audit**');
- Group templates S.02.01.02, S.23.01.22 and S.32.01.22 ('**the Group Templates subject to audit'**); and
- Solo templates S.02.01.02, S.12.01.02, S.17.01.02, S.23.01.01 and S.28.01.01 in respect of QBE UK Limited and QBE Europe SA/NV ('the group members') ('**the Solo Templates subject to audit'**).

The Narrative Disclosures subject to audit, the Group Templates subject to audit and the Solo Templates subject to audit are collectively referred to as the '**relevant elements of the Single Group-Wide Solvency and Financial Condition Report'**.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the **Other Information** which comprises:

- Information contained within the relevant elements of the Single Group-Wide Solvency and Financial Condition Report set out above which is, or derives from the Solvency Capital Requirement, as identified in the Appendix to this report;
- The 'Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Single Group-Wide Solvency and Financial Condition Report;
- Group templates S.05.01.02, S.05.02.01 and S.25.03.22;
- Solo templates S.05.01.02, S.05.02.01, S.19.01.21 and S.25.03.21; and
- The written acknowledgement by management of their responsibilities, including for the preparation of the Single Group-Wide Solvency and Financial Condition Report ('**the Responsibility Statement**').

To the extent the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2023 is prepared, in all material respects, in accordance with the financial reporting provisions of the execution measures of Directive 2009/138/EC and Solvency II regulations on which they are based (in the case of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report for QBE Europe SA/NV as a standalone entity) and the PRA Rules and Solvency II regulations on which they are based (in all other cases, including the relevant elements of the Single Group-Wide Solvency and Financial Condition Report for QBE UK Limited as a standalone entity), as modified by relevant supervisory modifications, and as supplemented by supervisory approvals.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Single Group-Wide Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing regulatory correspondence;
- Consideration of the Directors' assessment to continue to adopt the going concern basis of accounting;
- Assessing the expected future cash flow movements;
- Confirmation of the existence of cash and cash equivalents and other financial investments to assess the availability of liquid assets; and
- Assessment of the fair value of financial investments to determine the appropriateness of their valuation.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the Single Group-Wide Solvency and Financial Condition Report is authorised for issue.

In auditing the Single Group-Wide Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Single Group-Wide Solvency and Financial Condition Report is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter - Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Single Group-Wide Solvency and Financial Condition Report, which describe the basis of accounting. The Single Group-Wide Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the execution measures of Directive 2009/138/EC and Solvency II regulations (in the case of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report for QBE Europe SA/NV as a standalone entity) and the PRA Rules and Solvency II regulations (in all other cases),, and therefore in accordance with a special purpose financial reporting framework. The Single Group-Wide Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Single Group-Wide Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the Other Information.
Our opinion on the relevant elements of the Single Group-Wide Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Single Group-Wide Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Single Group-Wide Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Single Group-Wide Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Single Group-Wide Solvency and Financial Condition Report in accordance with the financial reporting provisions of the execution measures of Directive 2009/138/EC and Solvency II regulations (in the case of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report for QBE Europe SA/NV as a standalone entity) and the PRA rules and Solvency II regulations (in all other cases) which have been modified by the modifications, and supplemented by the approvals made by the National Bank of Belgium ('the NBB') under Articles 167 to 188 of the Belgian Supervision Act of 13 March 2016 and by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based, as detailed below:

- Permission to publish a Single Group-Wide SFCR;
- Approval to use full internal model to calculate group Solvency Capital Requirement; and
- Approval to use full internal model to calculate solo Solvency Capital Requirement for QBE UK Limited and QBE Europe SA/NV; and.
- Approval to take an amount of ancillary own funds into account when determining its own funds for QBE UK Limited.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Single Group-Wide Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report is prepared, in all material respects, in accordance with financial reporting provisions of the execution measures of Directive 2009/138/EC and Solvency II regulations on which they are based (in the case of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report for QBE Europe SA/NV as a standalone entity) and the PRA Rules and Solvency II regulations on which they are based (in all other cases).

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Single Group-Wide Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Single Group-Wide Solvency and Financial Condition Report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to the breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the Single Group-Wide Solvency and Financial Condition Report. We also considered those laws and regulations that have a direct impact on the Single Group-Wide Solvency and Financial Condition Report such as the Solvency II Regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the Single Group-Wide Solvency and Financial Condition Report (including the risk of override of controls), and determined that the principal risks were related to the risk of management override of controls, including the potential for management bias in significant accounting estimates, particularly in relation to technical provisions. Audit procedures performed included:

- Inspecting relevant meeting minutes, including those of the Board and Audit Committee of the Company, and correspondence with regulatory authorities, including the Prudential Regulatory Authority and the Financial Conduct Authority;
- Discussions with the Board, management, compliance function and internal audit function of the Company, including consideration of known or suspected instances of fraud and non-compliance with laws and regulations;
- Testing and challenging, where appropriate, the assumptions and judgements made by management in their significant accounting estimates, particularly in relation to the estimation of Solvency II technical provisions;
- Identifying and testing journal entries, including auditing adjustments between the UK GAAP/ BE GAAP and Solvency II values; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Single Group-Wide Solvency and Financial Condition Report. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for the Board of Directors of the Company in accordance with External Audit rule 2.1 of the Solvency II firms Sector of the PRA Rulebook and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose or to any other party save where expressly agreed by our prior consent in writing.

Other Matter

The Company has authority to calculate its Group Solvency Capital Requirement using an internal model ('the Group Model') approved by the Prudential Regulation Authority in accordance with the Solvency II Regulations. The group members have authority to calculate their Solvency Capital Requirements using internal models ('the Solo Models') approved by the Prudential Regulation Authority and National Bank of Belgium in accordance with the Solvency II Regulations. In forming our opinion (and in accordance with PRA and NBB Rules), we are not required to audit the inputs to, design of, operating effectiveness of and outputs from the Group Model and the Solo Models, or whether the Group Model and the solo Models are being applied in accordance with the Company's and the group members' application or approval order.

Report on Other Legal and Regulatory Requirements

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers LLP
Chartered Accountants
London
5 April 2024

Appendix – relevant elements of the Single Group-Wide Solvency and Financial Condition Report that are not subject to audit

The relevant elements of the Single Group-Wide Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of Group template S.02.01.02:
  - Row R0550: Technical provisions - non-life (excluding health) - risk margin
  - Row R0590: Technical provisions - health (similar to non-life) - risk margin
  - Row R0640: Technical provisions - health (similar to life) - risk margin
  - Row R0680: Technical provisions - life (excluding health and index-linked and unit-linked) - risk margin
  - Row R0720: Technical provisions - Index-linked and unit-linked - risk margin

- The following elements of Group template S.23.01.22
  - Row R0020: Non-available called but not paid in ordinary share capital at group level
  - Row R0060: Non-available subordinated mutual member accounts at group level
  - Row R0080: Non-available surplus at group level
  - Row R0100: Non-available preference shares at group level
  - Row R0120: Non-available share premium account related to preference shares at group level
  - Row R0150: Non-available subordinated liabilities at group level
  - Row R0170: The amount equal to the value of net deferred tax assets not available at the group level
  - Row R0190: Non-available own funds related to other own funds items approved by supervisory authority
  - Row R0210: Non-available minority interests at group level
  - Row R0380: Non-available ancillary own funds at group level
  - Row R0680: Group SCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
  - Row R0750: Other non available own funds

- The following elements of Solo template S.02.01.02:
  - Row R0550: Technical provisions - non-life (excluding health) - risk margin
  - Row R0590: Technical provisions - health (similar to non-life) - risk margin
  - Row R0640: Technical provisions - health (similar to life) - risk margin
  - Row R0680: Technical provisions - life (excluding health and index-linked and unit-linked) - risk margin
  - Row R0720: Technical provisions - Index-linked and unit-linked - risk margin
- The following elements of Solo template S.12.01.02
  - Row R0100: Technical provisions calculated as a sum of BE and RM - Risk margin
- The following elements of Solo template S.17.01.02
  - Row R0280: Technical provisions calculated as a sum of BE and RM - Risk margin
- The following elements of Solo template S.23.01.01
  - Row R0580: SCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
- The following elements of Solo template S.28.01.01
  - Row R0310: SCR
- Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.

Section A: Business and Performance

A.1 Business

A.1.1 Business Overview

EO plc is an intermediate insurance holding company. EO plc is a company limited by shares, incorporated in England and Wales and is the ultimate UK insurance holding company at which level Solvency II Group supervision is applied by the PRA. The entire issued share capital of EO plc is owned by QBE Insurance Holdings Pty Limited.

QBE Insurance Holdings Pty Limited is ultimately wholly owned by QBE Insurance Group Limited (‘QBE Group’). QBE Group is listed on the ASX and is subject to supervision by the Australian Prudential Regulation Authority (‘APRA’). Details of shareholders of QBE Group are disclosed in **Section 6** of the QBE Group 2023 Annual Report.

QBE Group manages its operations through three divisions:

- QBE International (consisting of European Operations and Asia);
- QBE North America (‘QBE NA’); and
- QBE Australia Pacific (consisting of Australia, New Zealand, The Pacific Islands).

EO plc is the holding company of QBE Group’s European operations. EO plc, through its wholly owned subsidiary, QBE Holdings (EO) Limited, has the following insurance company subsidiary undertakings:

QBE UK Limited (‘QBE UK’): A UK incorporated (re)insurer authorised by the Prudential Regulatory Authority (‘PRA’) and regulated by the Financial Conduct Authority (‘FCA’) and the PRA. QBE UK writes UK and other non-EEA (re)insurance business through its UK head office and international reinsurance business through its Dubai branch.

QBE Europe SA/NV (‘QBE Europe’): A Belgium incorporated (re)insurer authorised by the National Bank of Belgium (‘NBB’). QBE Europe writes (re)insurance business across the European Economic Area (‘EEA’) on a Freedom of Services (‘FOS’) basis through its head office (based in Brussels, Belgium) and Freedom of Establishment (‘FOE’) basis through its EEA branches, and in the UK and Bermuda through its UK and Bermudian branches. Until 18 May 2023, QBE Europe’s UK branch operated in the UK under the PRA and FCA’s Temporary Permissions Regime. An application to obtain a permanent UK Part 4a permission was approved by the PRA and FCA on 19 May 2023, alongside approval of the required Senior Managers under the UK SM&CR regime. This new authorisation extends to both the UK branch and any cross-border activities undertaken into the UK from QBE Europe’s offices in continental Europe. Following approval, the UK branch of QBE Europe is now subject to supervision in the UK by the PRA in respect of prudential matters and the FCA from a conduct perspective.

EO plc also owns other subsidiary undertakings alongside QBE UK and QBE Europe, through its wholly owned subsidiary QBE Holdings (EO) Limited, including QBE Corporate Limited (‘QBE Corporate’) and QBE Underwriting Limited (‘QUL’). QBE Corporate participates in two Lloyd’s Syndicates (Syndicate 2999 and Syndicate 386). These Syndicates are managed by EO Group’s Lloyd’s managing agent QUL.

For the purposes of this document the EO Group is defined as EO plc and its subsidiary undertakings including QBE UK, QBE Europe, QBE Corporate and QUL.

The principal activity of QBE UK and QBE Europe is the transaction of insurance and reinsurance business. They will continue this activity through the development of existing lines of business, while actively seeking new opportunities for expansion and profitable growth. The strategic ambition of QBE Group, of which the EO Group forms a part, is to remain focused on further improving an already very strong business.

QBE UK underwrites non-EEA non-life insurance and reinsurance business including property, casualty, financial lines, marine, natural resources and motor business. In 2022, QBE UK obtained a Variation of Permission and Variation of Licence from the PRA and Dubai Financial Services Authority (‘DFSA’) respectively to also enable the underwriting of a limited portfolio of life reinsurance business via the QBE UK branch located in the United Arab Emirates with effect from 1 January 2023. Some of QBE UK’s business is written in conjunction with Syndicate 2999 and Syndicate 386.

QBE Europe underwrites life and non-life reinsurance businesses, as well as trade credit, property, casualty, financial lines, marine, natural resources and motor direct insurance business.

Geographical locations

QBE UK has its head office in London and has further offices across the UK. It predominantly underwrites from its UK offices. It also has a branch in the United Arab Emirates.

QBE Europe has its head office in Brussels, Belgium and underwrites (re)insurance business across the European Economic Area ('EEA') on a Freedom of Services ('FOS') basis through its head office and Freedom of Establishment ('FOE') through its EEA branches in Denmark, France, Germany, Ireland, Italy, Spain and Sweden. In 2022 a branch in the Netherlands was established, writing business from 1 January 2023.

QBE Europe's UK branch is authorised by the PRA and regulated by the FCA with respect to conduct of business. It is also regulated by the NBB as part of QBE Europe.

QBE Europe also underwrites through its branch in Bermuda which is authorised and regulated by the Bermuda Monetary Authority ('BMA'). The branch is also regulated by the NBB as part of QBE Europe.

The table below shows QBE UK and QBE Europe branch locations:

Subsidiary	Locations
QBE UK	United Kingdom – Head Office
	United Arab Emirates (Dubai International Financial Centre) – Branch
QBE Europe	Belgium – Head Office
	Bermuda – Branch
	Denmark – Branch
	France – Branch
	Germany – Branch
	Ireland – Branch
	Italy – Branch
	Netherlands – Branch (from 1 January 2023)
	Spain – Branch
	Sweden – Branch
	United Kingdom – Branch

A.1.2 Names and contact details of supervisory authorities

QBE UK	QBE UK, Dubai branch	QBE Europe's Bermuda branch
Authorised and regulated by the PRA and FCA with respect to conduct of business. **Prudential Regulation Authority** Bank of England Threadneedle Street London EC2R 8AH Telephone: +44 (0) 203 4614 444 www.bankofengland.co.uk/prudential-regulation **Financial Conduct Authority** 12 Endeavour Square London E20 1JN Telephone: +44 (0) 207 066 1000 www.fca.org.uk	Regulated by the DFSA. The DFSA contact details are as follows: **Dubai Financial Services Authority** Level 13 West Wing The Gate DIFC +971 (0) 4362 1500 www.dfsa.ae	Regulated by the BMA, contact details are as follows: **Bermuda Monetary Authority** BMA House 43 Victoria Street Hamilton HM12 (441) 295 5278 www.bma.bm

QBE Europe 's regulator is the NBB. Contact details for the NBB are as follows: **National Bank of Belgium** Boulevard de Berlaimont / de Berlaimontlaan 14 1000 Brussels Telephone: +32 (0) 2 221 21 11 www.nbb.be The Company is also regulated by the Belgian Financial Services and Markets Authority ('FSMA') with respect to conduct of business. The FSMA's contact details are as follows: Rue du Congrès/Congresstraat 12-14 1000 Brussels Telephone: +32(0)2 220 52 11 www.fsma.be	**QBE Europe's UK Branch** Authorised and regulated by the PRA and regulated by the FCA with respect to conduct of business. It is also regulated by NBB as part of QBE Europe. **Prudential Regulation Authority** Bank of England Threadneedle Street London EC2R 8AH Telephone: +44 (0) 203 4614 444 www.bankofengland.co.uk/prudential-regulation **Financial Conduct Authority** 12 Endeavour Square London E20 1JN Telephone: +44 (0) 207 066 1000 www.fca.org.uk	

A.1.3 Names and contract details of the external auditors

The contact details of external auditors for EO Group and QBE UK, respectively, are as follows:

PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT Telephone: +44 (0) 2075 835 000 www.pwc.co.uk	**Mazars LLP** 30 Old Bailey London EC4M 7AU Telephone: www.mazars.co.uk

The external auditor of QBE Europe is PwC Bedrijfsrevisoren BV - PwC Reviseurs d'Entreprises SRL. Contact details are as follows:

PwC Bedrijfsrevisoren BV - PwC Reviseurs d'Entreprises SRL
Culliganlaan 5,
B-1831 Diegem
Telephone: +32 (0)2 710 42 11
www.pwc.be

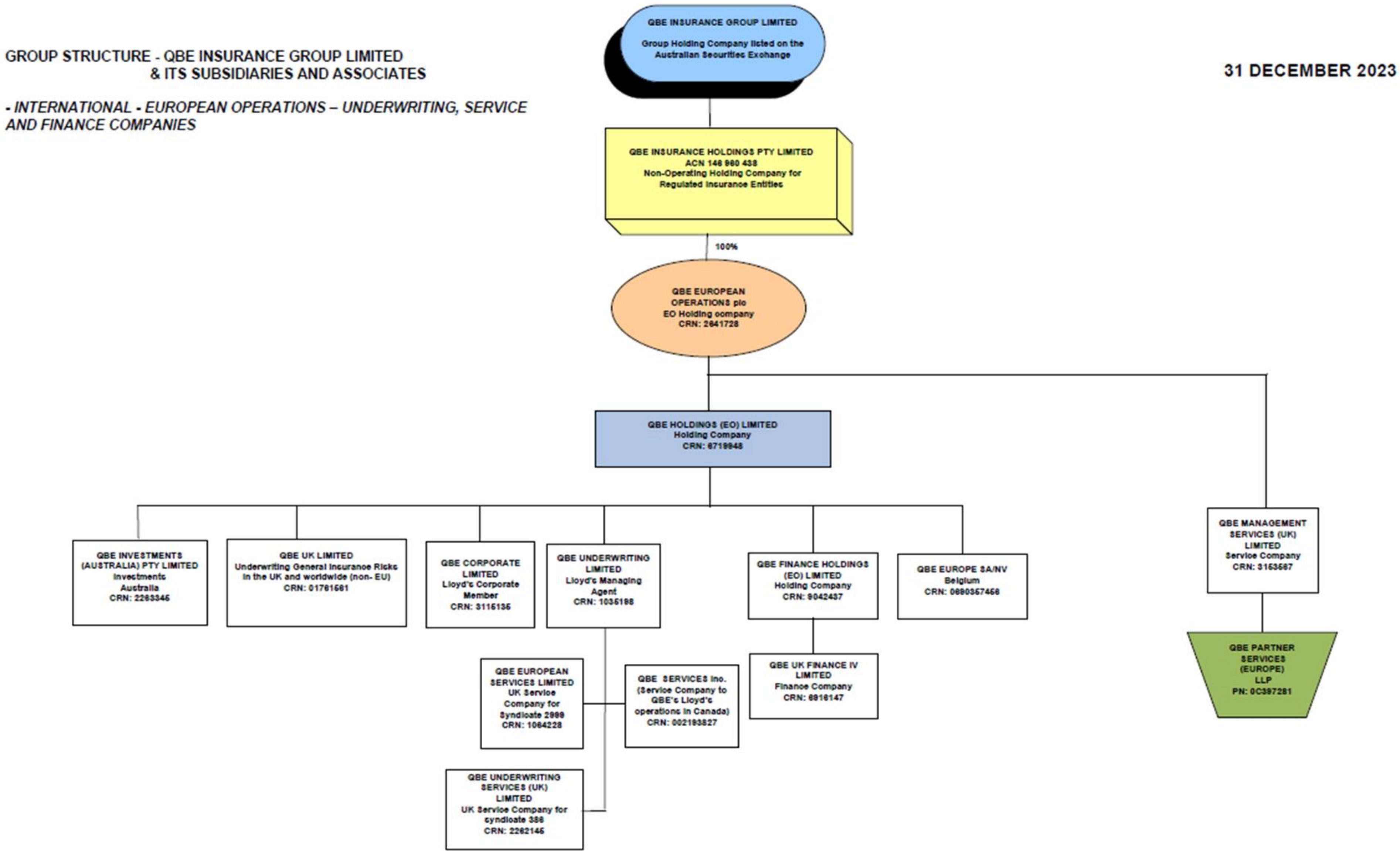
A.1.4 Group structure chart

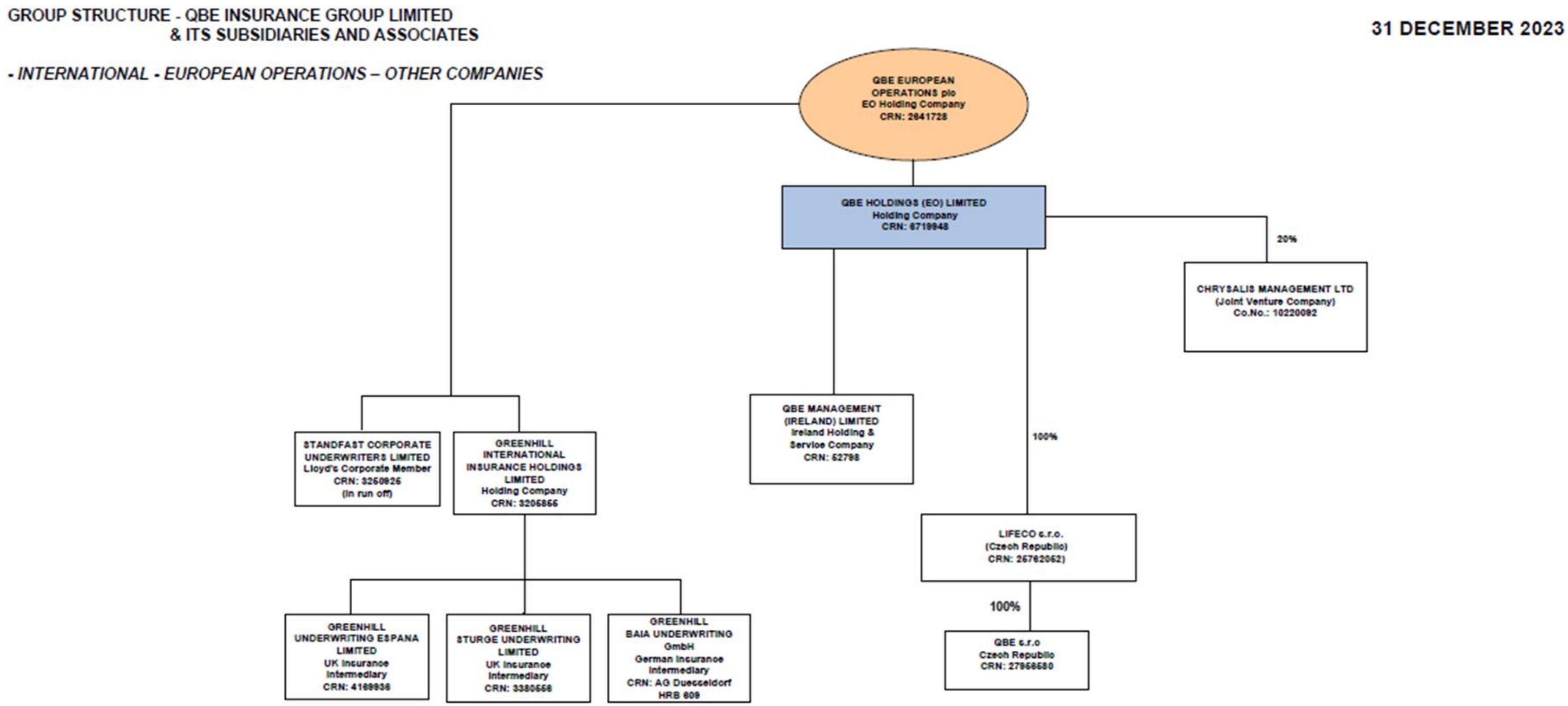
Group structure charts showing the structure of the EO Group as at 31 December 2023 and the subsidiaries of EO plc and QBE UK and QBE Europe's position within the structure are shown below.

The main operating entities in the EO Group are QBE UK and QBE Europe together with participations in two Lloyd's Syndicates through the Lloyd's corporate member, QBE Corporate Limited. These syndicates are managed by EO Group's managing agent QBE Underwriting Limited ('QUL'). There are also two service companies QBE Management Services (UK) Limited which provides services to QBE UK and QBE Management (Ireland) Limited which provides services to the Irish branch QBE Europe. QBE UK and QBE Europe do not have any subsidiaries.

A full list of undertakings within the EO Group as at 31 December 2023, and the nature of those undertakings, can be found in the public disclosure S.32.01.22, included in **Appendix A**.

A list of all the QBE Group's controlled entities in terms of shares or contractual agreements is included in **Section 7** 'Group Structure'**, Note 7.3** 'Controlled entities' of the QBE Group 2023 Annual Report.


GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES
- INTERNATIONAL - EUROPEAN OPERATIONS – UNDERWRITING, SERVICE AND FINANCE COMPANIES
31 DECEMBER 2023
QBE INSURANCE GROUP LIMITED
Group Holding Company listed on the Australian Securities Exchange
QBE INSURANCE HOLDINGS PTY LIMITED
ACN 146 960 438
Non-Operating Holding Company for Regulated Insurance Entities
100%
QBE EUROPEAN OPERATIONS plc
EO Holding company
CRN: 2641728
QBE HOLDINGS (EO) LIMITED
Holding Company
CRN: 6719948
QBE INVESTMENTS (AUSTRALIA) PTY LIMITED
Investments
Australia
CRN: 2263346
QBE UK LIMITED
Underwriting General Insurance Risks in the UK and worldwide (non- EU)
CRN: 01761561
QBE CORPORATE LIMITED
Lloyd's Corporate Member
CRN: 3116136
QBE UNDERWRITING LIMITED
Lloyd's Managing Agent
CRN: 1035198
QBE FINANCE HOLDINGS (EO) LIMITED
Holding Company
CRN: 9042437
QBE EUROPE SA/NV
Belgium
CRN: 0690357456
QBE MANAGEMENT SERVICES (UK) LIMITED
Service Company
CRN: 3153567
QBE EUROPEAN SERVICES LIMITED
UK Service Company for Syndicate 2999
CRN: 1064228
QBE SERVICES Inc.
(Service Company to QBE's Lloyd's operations in Canada)
CRN: 002193827
QBE UK FINANCE IV LIMITED
Finance Company
CRN: 6916147
QBE PARTNER SERVICES (EUROPE) LLP
PN: OC397281
QBE UNDERWRITING SERVICES (UK) LIMITED
UK Service Company for syndicate 386
CRN: 2262146


GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES
- INTERNATIONAL - EUROPEAN OPERATIONS – OTHER COMPANIES
31 DECEMBER 2023
QBE EUROPEAN OPERATIONS plc
EO Holding Company
CRN: 2641728
QBE HOLDINGS (EO) LIMITED
Holding Company
CRN: 6719948
20%
CHRYSALIS MANAGEMENT LTD
(Joint Venture Company)
Co.No.: 10220092
STANDFAST CORPORATE UNDERWRITERS LIMITED
Lloyd's Corporate Member
CRN: 3250926
(In run off)
GREENHILL INTERNATIONAL INSURANCE HOLDINGS LIMITED
Holding Company
CRN: 3205855
QBE MANAGEMENT (IRELAND) LIMITED
Ireland Holding & Service Company
CRN: 52798
100%
LIFECO s.r.o.
(Czech Republic)
CRN: 26762052)
100%
QBE s.r.o
Czech Republic
CRN: 27956580
GREENHILL UNDERWRITING ESPANA LIMITED
UK Insurance Intermediary
CRN: 4189936
GREENHILL STURGE UNDERWRITING LIMITED
UK Insurance Intermediary
CRN: 3380558
GREENHILL BAIA UNDERWRITING GmbH
German Insurance Intermediary
CRN: AG Duesseldorf HRB 609

A.1.5 Significant business and other events in the reporting period

The following significant events and transactions impacted the EO Group structure and its business during the year:

- The EO Group continues to monitor the war in Ukraine, the conflict in Gaza as well as disruption to supply chains arising from escalating tensions in the Middle East and any resulting developments that may impact its assessment of potential exposures.
- During periods of uncertainty like the war in Ukraine and tensions in the Middle East, the EO Group continues to monitor its potential exposure in these regions. The Company also has a programme of stress and scenario testing in order to review the potential impacts of a range of different strategic threats on its capital position and exposure to market, liquidity and operational risks.

QBE UK

As announced by QBE Group on 17 February 2023, QBE UK entered into a 100% retrospective reinsurance arrangement which covers certain prior year claims reserves within the Company. The effective date of the arrangement is 1 January 2023.

QBE Europe

As announced by QBE Group on 17 February 2023, QBE Europe entered into a 100% retrospective reinsurance arrangement which covers certain prior year claims reserves within the Company. The effective date of the arrangement is 1 January 2023.

The Company benefitted from solvency qualifying ancillary own funds of €200m as from 18 December 2023. The Company repaid an intercompany loan of €120m to its parent company on 20 December 2023.

A.1.6 Significant post-balance sheet events

The following non-adjusting post-balance sheet events occurred after the end of the reporting period:

- Effective 1 January 2024, QBE Europe entered into a 100% Quota Share reinsurance contract in relation to the material Reinsurance Catastrophe exposures written by the Company with QBE Group's captive reinsurer, Equator Reinsurance Limited ('Equator Re') for the 2024 Occurrence Year.

A.1.7 Material intra-group transactions during the reporting period

EO plc paid dividends of £60m in June 2023 and £245m in December 2023 to its parent QBE Insurance Holdings Pty Limited.

The EO Group has reinsurance arrangements with Equator Re, a related undertaking (captive reinsurer) within the wider QBE Group. Equator Re participates in the retrospective quota share arrangement introduced in the year. Details of exposures are included in **Section C.3.1 'Reinsurance credit risk'**.

QBE UK paid dividends of £99m in May 2023 and £171m in December 2023 to its intermediate parent, QBE Holdings EO Limited ('QHEO') which were subsequently paid by QHEO to EO plc (the December 2023 dividend paid by QHEO to EO plc of £245m included €120m received from QBE Europe through the settlement of an intercompany loan).

QBE Management Services (UK) Limited ('MSUK') received monthly profit distributions from a UK Limited Liability Partnership with respect to management services provided by QMSL to EO Group Companies up until August 2023. QMSL recharged EO Group Companies directly for the remainder of the year for services provided.

QBE Europe did not pay any dividends during the reporting period.

There are a number of intra-group funding arrangements within the EO Group and also inter-group funding arrangements with other companies within the wider QBE Group:

- Details of intra-group Tier 2 subordinated debt of €80m (2022: €200m) issued by QBE Holdings (EO) Limited, a wholly owned subsidiary of EO plc and held by QBE Europe are disclosed in **Section E.1.2**
- As at 31 December 2023 there was an outstanding loan of £73m issued by EO plc to QBE Corporate.
- The EO Group, including QBE UK and QBE Europe, holds derivatives via QBE Strategic Capital Company Pty Ltd, a related undertaking within the wider QBE Group; and

- As a Lloyd's Corporate Member, QBE Corporate is required to provide Funds at Lloyd's (FAL) as security for the liabilities of Syndicate 386 and Syndicate 2999. The majority of this FAL is provided or guaranteed by entities outside the EO Group and therefore EO Group has limited exposure with respect to these arrangements. Further details are provided in **Section E.1.1**.

A.1.8 Scope of the EO Consolidation Group under Solvency II compared to under IFRS

Under Section 401 of the Companies Act 2006, EO plc is exempt from the requirement to publish group consolidated statutory financial statements. The comparative consolidated statutory financial statement values shown in **Section D** for the EO Group are therefore the consolidated unpublished and unaudited EO Group IFRS[2] values. As explained below, whilst QBE Corporate is fully consolidated under Group IFRS basis, the Solvency II net asset value is recognised under 'Holdings in related undertakings, including participations' for Solvency II reporting.

The scope of entities included in the EO plc IFRS consolidated financial statements prepared for the purposes of Solvency II Group reporting and the Solvency II consolidation is the same.

The Solvency II balance sheet for the EO Group has been prepared using the default Method 1 (accounting consolidation method). The key difference between the consolidation approach under Solvency II and IFRS is that under Solvency II only entities which meet the definition of insurance holding company, insurance undertaking and ancillary services undertaking are fully consolidated and 'other' undertakings, including EO Group's investment in QBE Corporate (which participates Lloyd's Syndicate 2999 and Syndicate 386), are not consolidated on a line by line basis, but recognised as investments under 'Holdings in related undertakings, including participations' gross of intra-group transactions on the EO Group Solvency II balance sheet. These investments are valued at the Solvency II value of their underlying assets using the adjusted equity method. This may result in material presentational differences between the IFRS and Solvency II balance sheet even though the Solvency II valuation approach under the two bases is the same.

Further information is included in **Section D**.

A.1.9 Rounding convention

The SFCR is presented in pound sterling for the EO Group and QBE UK, and in Euros for QBE Europe, rounded to the nearest million. Rounding differences of +/- one million can occur.

[2] From 1 January 2023 QBE Group has adopted International Financial Reporting Standard (IFRS) 17 Insurance Contracts (IFRS 17). Therefore, reference to EO Group data on an IFRS basis in this document refers to unaudited EO Plc consolidated financial information that is consistent with the dataset used for QBE Group reporting on IFRS 17 basis.

A.2 Underwriting Performance

A.2.1 The EO Group underwriting performance during the year

QBE UK and QBE Europe are the only insurance companies in the EO Group. The underwriting performance of the EO Group for the year ended 31 December 2023 as shown on public disclosure S.05.01.02 in **Appendix A** is required to show the aggregation of QBE UK and QBE Europe underwriting performance. This does not include the underwriting performance of QBE Corporate (which participates in Syndicates 2999 and Syndicate 386). This is consistent with the required consolidation approach under Solvency II as explained in **Section A.1.8** above.

Information on the QBE UK and QBE Europe underwriting performance is detailed in the relevant sections below.

A.2.2 QBE UK underwriting performance during the year

A.2.2.1 QBE UK overview

QBE UK prepares its financial statements in accordance with UK GAAP (FRS 102). The table below presents the underwriting performance for the year ended 31 December 2023 together with comparative information.

As a (re)insurance company, for QBE UK key performance indicators for QBE UK include Gross Written Premium ('GWP'), Gross Earned Premium ('GEP') and Net Earned Premium ('NEP'). Key ratios monitored by the Board include the Combined Operating Ratio, including the Claims Ratio and Commission and Expense Ratio. The Ratios are net claims, expenses and commissions incurred for the year, expressed as a factor of the Net Earned Premium.

Key metrics	2023	2022
	£'m	£'m
Gross Written Premium	1,818	1,468
Net Earned Premium	1,180	1,097
Net Claims Ratio	55.9%	54.1%
Net Commission and Expense ratio	28.2%	26.7%
Net Combined Operating Ratio (NCOR)	84.1%	80.8%

Overall gross written premium of £1,818m (2022 £1,468m) is circa 23.9% up on the previous year, driven by a positive rating environment and expansion in direct insurance operations (QBE Portfolio Solutions, Natural Resources) and QBE Re's Dubai branch.

The growth in reported net earned premium is suppressed by the accounting treatment of the retrospective reinsurance arrangement entered in the year. The cost of the arrangement entered reduced the reported net earned premium, with the associated reinsurance recoveries have reduced the reported net claims incurred.

2023 loss experience benefitted from relatively benign CAT claims experience and from the positive premium rate environment.

The overall commission and expense ratio is higher in 2023 mainly as a result of the reduced Net Earned Premium driven by the cost of the retrospective reinsurance agreement.

A.2.2.2 QBE UK underwriting performance by Solvency II line of business

A summary of the material Solvency II lines of business by reference to Gross Written Premium, a component of QBE UK underwriting performance, is presented below. The values are consistent with UK GAAP and are prepared on the same basis as public disclosure S.05.01.01. The full public disclosure S.05.01 'Premiums, claims and expenses by line of business' and S.05.02 'Premiums, claims and expenses by country' are included in **Appendix A**.

The material Solvency II lines of business based on contribution to gross written premium is as follows:

Direct Business and Reinsurance Accepted (Non-life & Life)	2023	2022
	£m	£m
General liability insurance	454	419
Fire and other damage to property insurance	733	521
Motor vehicle liability insurance	347	276
Other motor insurance	125	100
Marine, aviation and transport insurance	69	66
Credit and suretyship insurance	61	56
Other	29	30
Total – Gross Written Premiums	**1,818**	**1,468**

General liability insurance

Gross Written Premium increased compared to last year supported by renewal rate increases along with new business growth in the UK division.

Fire and other damage to property insurance

Gross Written Premium was favourable with positive trading conditions experienced in a supportive market combined with new business opportunities in the natural resources portfolio, and growth in the UK business.

Motor vehicle liability insurance and Other Motor insurance

Gross Written Premium increased as a result of favourable premium rates to offset elevated claims inflation driven by external factors impacting the motor market, and new business growth opportunities within the Dubai branch inward reinsurance channel.

Marine, aviation & transport insurance

Gross Written Premium increased as a result of rate growth where we saw geopolitical factors influence the market pricing environment and new business opportunities.

Credit & suretyship

Gross Written Premium increased compared to the previous year driven by the continued development of financial credit products and the full year impact of a Surety binder written mid-way through the prior year.

Other

The 'Other' Solvency II lines of business consist largely of:

- Direct and proportional reinsurance: Income Protection, Credit and suretyship, Legal expenses, Assistance, Miscellaneous financial loss
- Non-proportional health reinsurance;
- Annuities stemming from non-life insurance contracts;
- Life reinsurance business written in the Dubai branch.

'Other' lines of business represent 2% (2022: 2%) of QBE UK's Gross Written Premiums.

A.2.2.3 QBE UK underwriting performance by material geographical areas

Underwriting performance within QBE UK's material geographical areas for non-life business are shown in the table below for the current and prior year. The results are prepared on the same basis as S.05.02 'Premiums, claims and expenses by country' which requires the information to be reported by a mix of risk location and location from which premium is written. The full public disclosure is presented in **Appendix A**.

Direct Business and Reinsurance Accepted (Non-life & Life)	2023	2022
	£m	£m
United Kingdom	1,320	1,082
United States of America	184	121
United Arab Emirates	77	58
Saudi Arabia	23	13
South Africa	17	-
Canada	17	13
Qatar	-	17
Other	180	164
Total – Gross Written Premiums	**1,818**	**1,468**

The largest market for the company is the UK, where market conditions continued to improve through 2023, albeit with renewal rate increases moderating across a number of lines.

Business written in other markets is typically customer focused and driven by their underlying insurance needs and exposures rather than a strategic desire to grow a material QBE UK footprint in any individual markets.

Life (Direct business and reinsurance accepted)

QBE UK's life business referred to in **Section A.2.2.2** above, consists of non-life annuities and life reinsurance business written in the Dubai branch. 2023 Gross Written Premium £5m (2022 nil).

A.2.3 QBE Europe underwriting performance during the year

A.2.3.1 QBE Europe overview

QBE Europe prepares its financial statements in accordance with BE GAAP. The table below presents the underwriting performance for the current and prior year.

As a (re)insurance company, for QBE Europe, key performance indicators include Gross Written Premium('GWP'), Gross Earned Premium ('GEP') and Net Earned Premium ('NEP'). Key ratios monitored by the Board include the Combined Operating Ratio, including the Claims Ratio and Commission and Expense Ratio. The Ratios are net claims, expenses and commissions incurred for the year, expressed as a factor of the Net Earned Premium.

Key metrics	2023	2022
	€m	€m
Gross Written Premium	2,154	2,005
Net Earned Premium	1,241	1,531
Claims Ratio	65.0%	75.2%
Commission and Expense Ratio	39.8%	28.6%
Combined Operating Ratio	104.8%	103.8%

Gross Written Premium for the year totalled €2,154m (2022: €2,005m). This represents an increase compared to prior year driven by both a strong rating environment and volume growth across the reinsurance and direct insurance portfolios.

The Gross Written Premium generated by the Non-Life business amounts to €2,093m, 60% of which is insurance business being written out of the foreign insurance branches or on a freedom of services basis out of the head office in Belgium. Life business generated a gross premium written of €61m up from €55m last year. The Life premium volume continues to be 100% generated by reinsurance business written out of the head-office in Belgium.

The decrease in Net Earned Premiums reflects the cost of the retrospective reinsurance arrangement the Company entered into during 2023, combined with the increase of the cost of reinsurance protections in general.

The performance has been severely impacted by several Catastrophe events during the year, most significantly Turkey Earthquake, Italy Hail and Hurricane Otis and prior year reserve strengthening. There is an additional impact on the statutory result relating to an increase in the level of margin held above the best estimate reserves.

The elevated inflation over the last year has influenced the increase in the net operating expenses compared to 2022. The reduced net earned premium driven by the cost of the retrospective reinsurance arrangement has led to an inflated reported commission and expense ratio. The transaction had positive impact on the reported profit for the financial year.

A.2.3.2 QBE Europe underwriting performance by Solvency II line of business

A summary of the material Solvency II lines of business by reference to Gross Written Premiums, a component of QBE Europe underwriting performance, is presented below. The values are consistent with BE GAAP and are prepared on the same basis as public disclosure S.05.01.01, where claims management expenses are included in expenses incurred. The full public disclosure S.05.01 'Premiums, claims and expenses by line of business' and S.05.02 'Premiums, claims and expenses by country' are included in **Appendix A**.

The material Solvency II lines of business based on contribution to Gross Written Premiums are as follows:

Direct Business and Reinsurance Accepted (Non-life & Life)	2023	2022
	€'m	€'m
General liability insurance	794	676
Fire and other damage to property insurance	648	578
Property (accepted non-proportional reinsurance)	210	213
Casualty (accepted non-proportional reinsurance)	178	226
Marine, aviation and transport insurance	128	126
Life reinsurance (life reinsurance obligations)	62	55
Other	134	131
Total – Gross Written Premiums	**2,154**	**2,005**

General liability insurance

The increase in Gross Written Premium for the year was driven by a combination of the rate increases achieved across lines, and growth within the business. Rate growth has moderated somewhat during 2023. Measured expansion across a number of product lines allowed growth without expanding the risk appetite of the Company.

Property (accepted non-proportional reinsurance) and Fire and other damage to property insurance

The market remains challenging in several geographies. The Company limited Gross Written Premium growth in 2023 driven by the decision to reduce property exposures and volatility across the portfolio. The insurance business experienced rate in the high single digits across the region, as the market recognised the need for some response to the loss activity in recent years.

Casualty (accepted non-proportional reinsurance)

The overall reduction in Gross Written Premium over the year is mainly due to the impact of transferring the Motor business to Syndicate 2999.

Marine, aviation & transport insurance

Marine, Aviation & Transport book remained broadly flat year on year. Lower levels of retention business were compensated by favourable rates and new business premium growth.

Life reinsurance (life reinsurance obligations)

The life reinsurance business experienced marginal increases in income in a relatively low-rate environment.

Other

The 'Other' Solvency II lines of business consist largely of:

- Direct and proportional reinsurance: Medical expenses, Income protection, Motor vehicle liability, Other motor, Credit and suretyship, Legal expenses, Miscellaneous financial loss;
- Non-proportional health reinsurance;
- Annuities stemming from non-life insurance contracts.

'Other' lines of business represent 6% (2022: 7%) of QBE Europe's Gross Written Premium.

A.2.3.3 QBE Europe underwriting performance by material geographical areas

Underwriting performance within QBE UK's material geographical areas for non-life business are shown in the table below for the current and prior year. The results are prepared on the same basis as S.05.02 'Premiums, claims and expenses by country' which requires the information to be reported by a mix of risk location and location from which premium is written. The full public disclosure is presented in **Appendix A**.

Non-Life (Direct business and reinsurance accepted)	2023 €'m	2022 €'m
France	489	429
Belgium	341	257
Spain	157	149
Germany	157	136
United Kingdom	148	231
Italy	93	85
Other	708	662
Total – Gross Written Premiums	**2,093**	**1,949**

Life reinsurance	2023 €'m	2022 €'m
Belgium	28	23
United Kingdom	12	14
France	7	5
Isle of Man	3	2
United States of America ('USA')	2	2
Switzerland	2	2
Other	7	8
Total – Gross Written Premiums	**61**	**56**

The reinsurance non-life portfolio was able to capitalise on favourable market conditions, and grow the book compared to prior year. The rating environment was positive as the market continued to harden, though this was offset somewhat by continued inflationary pressures.

Growth in Gross Written Premium was observed across all the primary geographies, with the exception of the United Kingdom, reflecting the measured expansion approach across a number of lines and minimising risk and volatility across the portfolio. The reduction in the United Kingdom was mainly within fire & other damage to property insurance and casualty business lines.

The life inwards reinsurance business remained marginally ahead of prior year as the market continues to operate in a relatively low-rate environment and continued inflationary pressures.

A.3 Investment Performance

A.3.1 Overview

The information on investment performance reported below is presented on a fair value basis for the EO Group, QBE UK and QBE Europe. For EO Group (IFRS) and QBE UK (UK GAAP) this is consistent with the financial statement valuation basis. For QBE Europe this approach differs from the financial statements under BE GAAP which values investments at cost other than debt instruments that are valued at amortised cost.

The EO Group, QBE UK and QBE Europe investment strategy, including asset allocation and overall portfolio structure are substantially unchanged during 2023. The majority of investments are in a fixed income portfolio with modest allocation to growth assets. In order to control rising inflation, central banks tightened monetary policies during 2023 by raising interest rates. Credit and Equity markets expectations shifted from 'how much higher' at the start of the year to 'higher for longer.' This created volatility in the markets, and government bond yields remained volatile but predominantly high until the last quarter of the year. Investment-grade spreads tightened towards the end of the year, to levels well inside long-term averages.

The Growth Asset portfolio diversified to include developed market equity, unlisted property funds, and infrastructure funds. The robust performance of infrastructure assets can be attributed to the structure of Infrastructure (IA) funds, where regulated and contracted assets reaped benefits from inflation pass-throughs. Equity market indices demonstrated strong performance; however, concerns lingered around persistent inflation and low growth, contributing to an upward push in yields. Unlisted property funds experienced challenges due to declining asset valuations, primarily influenced by the rising cost of capital in both real estate debt and equity markets, coupled with structural headwinds in the office market.

The majority of fixed income portfolios have an average credit rating equivalent to or better than Standard & Poor's ('S&P') 'A'. The minimum permitted credit quality per the Group Investment Guidelines is 'BBB-' grade instruments.

The EO Group (including QBE UK and QBE Europe) follows the 'Prudent Person Principle' ('PPP') as set out in Solvency II regulations, PRA SS1/20 and NBB 2016_31. These principles are embedded in processes and controls within the EO Group and subsidiaries.

A.3.2 EO Group investment performance

Consistent with the approach outlined in **Section A.2.1** with respect to Group underwriting performance, Group investment return in **Section A.3** for Solvency II purposes only relates to entities which are required to fully consolidated under Solvency II. This therefore only includes QBE UK, QBE Europe and EO plc (EO plc being the only fully consolidated entity with a significant investment portfolio).

Investment performance for the EO Group discussed in this section relates only to EO plc, QBE UK and QBE Europe as these are the only entities which are fully consolidated on a Solvency II basis and have a significant investment portfolio. It therefore does not include the investment performance of QBE Corporate (which participates in Syndicate 2999 and Syndicate 386) and other EO Group entities.

Investment return is measured and reported at an asset class level for the EO Group. A summary of performance is provided to the applicable boards on a regular basis through the year.

Fixed income and enhanced fixed income investment return for the EO Group was 5.4% (2022: (5.7)%). Growth asset investment return was 0.2% (2022: 5.9%).

The investments portfolio is divided into the asset classes as per the table below. The total investment returns achieved for the year together with the values of investments at the year end and prior year comparatives are set out below. The combined total return (percentage yield shown in the table below) for the year was 5.0% (2022:(4.9%)) on a fair value basis.

Asset type	2023			2022		
	Yield	Investment return[3]	FUM at year end[4]	Yield (%)	Investment Return[3]	FUM at year end[4]
	%	£'m	£'m	%	£'m	£'m
Fixed income	4.9	287	5,915	(5.8)	(315)	5,251
Equities	12.2	9	75	(5.9)	(9)	113
Infrastructure assets	7.6	14	182	8.6	10	150
Unlisted property	(16.3)	(22)	134	11.7	24	219
High yield debt	12.0	20	167	(6.7)	(8)	153
Emerging market debt	6.7	7	98	(0.3)	(1)	106
Private equity	-	-	-	-	3	-
Private credit	8.2	12	141	4.6	3	94
Alternatives	13.4	3	24	0.1	-	29
Total	**5.0**	**330**	**6,736**	**(4.9)**	**(293)**	**6,115**

Investment expenses and charges (including realised losses) were £100m for the period (2022: £198m). The decrease from prior year is due to lower level of realised losses on investments.

A.3.3 QBE UK investment performance

As at 31 December 2023, QBE UK's investments were primarily held in fixed income securities and money market instruments, with a modest exposure to private credit and growth assets through investment funds investing in infrastructure assets, unlisted property, exchange traded funds and exchange traded commodities.

[3] Includes foreign exchange and other income which do not form part of investment return reported in the table above.
[4] Funds under management/investment at market value.

Investments are monitored using the asset types below. The total investment returns achieved for the year together with the values of investments at the year end and prior year comparatives are set out below. The combined total return (percentage yield shown in the table below) for the year was 5.1% (2022: (3.0)%) on a fair value basis.

Asset type	2023			2022		
	Yield	Investment return[3]	FUM at year end[4]	Yield (%)	Investment return[3]	FUM at year end[4]
	%	£'m	£'m	%	£'m	£'m
Fixed income	4.9	123	2,498	(4.3)	(90)	2,040
Equities	7.3	3	41	4.7	1	33
Infrastructure assets	8.7	7	77	8.8	6	76
Unlisted property	(10.2)	(8)	75	11.4	10	93
Private equity	-	-	-	-	1	0
Private credit	8.2	12	141	4.6	3	94
Alternatives	13.9	1	9	2.6	-	12
Total	**5.1**	**138**	**2,841**	**(3.0)**	**(70)**	**2,347**

Investment expenses and charges (including realised losses) were £32m for the period (2022: £71m). The decrease from prior year is due to lower level of realised losses on investments.

A.3.4 QBE Europe investment performance

As at 31 December 2023, QBE Europe's investments were primarily held in fixed income bonds and money market instruments together with exposure to high yield debt, emerging market debt and growth assets through investment funds in infrastructure assets, unlisted property, exchange traded funds and exchange traded commodities.

Investments are monitored using the asset types below. The total investment returns achieved for the year together with the values of investments at the year end and prior year comparatives are set out below. The combined currency total return (percentage yield shown in the table below) for the year was 5.0% (2022: (6.1)%) on a mark-to-market/fair value basis.

Asset type	2023			2022		
	Yield	Investment return[3]	FUM at year end[4]	Yield	Investment return[3]	FUM at year end[4]
	%	€'m	€'m	%	€'m	€'m
Fixed income	4.8	186	3,847	(6.9)	(261)	3,589
Equities	18.2	7	39	(12.2)	(11)	90
Infrastructure assets	6.5	8	121	8.4	5	83
Unlisted property	(23.1)	(16)	68	11.9	16	142
High yield debt	11.9	23	193	(6.7)	(10)	173
Emerging market debt	6.7	8	113	(0.3)	(1)	120
Private equity	-	-	-	-	3	-
Alternatives	13.0	2	18	(1.6)	(0)	19
Total	**5.0**	**218**	**4,398**	**(6.1)**	**(259)**	**4,216**

Investment expenses and charges (including realised losses) were €86m for the period (2022: €120m). The decrease from prior year is due to a higher level of realised losses last year.

A.3.5 EO plc investment performance

EO plc's Investments are held in fixed income securities and money market instruments. The combined total return for the year was 5.0% (2022: (1.8%)). Investment expenses and charges including realised losses were £ (1)m for the period (2022: £4m). The decrease from prior year is due to a lower level of realised losses on investments.

A.3.6 Gains and losses on investments recognised directly in equity

EO Group, QBE UK and QBE Europe does not invest directly in equity asset class and therefore, there were no gains or losses recognised.

A.3.7 Investments in securitisation

The EO Group's Investment Guidelines and Restrictions impose certain criteria for investments in relation to securitised assets in addition to those which exist for fixed income investment in general. Specifically, and to observe the limitations on such investments set out in Article 6 of Regulation (EU) 2017/2402 of the European Parliament and of the Council (as referenced by Article 257 of the Solvency II Delegated Regulation ((EU) 2015/35)), the fund manager shall, when investing in products specified as structured, ensure that:

- The originator of the product at all times retains a net economic interest of no more than 7%;
- That a dual rating is retained by each issue in order to avoid that issue being treated as having no rating; and
- Shall not invest in securities that are classified as 're-securitised' products.

As at 31 December 2023 exposure to securitisations within the EO Group's portfolio (including QBE UK and QBE Europe) was comprised of Asset Backed Securities ('ABS') £163m (2022: £174m) and Residential Mortgage Backed Securities ('RMBS') £5m (2022: £17m).

As at 31 December 2023 exposure to securitisations within QBE UK's portfolio was comprised of Asset Backed Securities ('ABS') £2m (2022: £2m) and Residential Mortgage Backed Securities ('RMBS') £5m (2022: £17m).

As at 31 December 2023 QBE Europe's investment in securitisation was €185m (2022: €193m), comprised of Asset Backed Securities ('ABS').

A.4 Performance of other activities

A.4.1 Material leasing arrangements

EO Group, QBE UK and apply IFRS 16 Leases for the purposes of Solvency II reporting. Further details on valuation methodology, and basis of comparison to local GAAP (IFRS/UK GAAP/BE GAAP) of property, plant and equipment for own use and lease liabilities is provided in **Sections D.1.4** and **D.3.2**.

As at 31 December 2023 and 31 December 2022, EO Group, QBE UK and QBE Europe did not hold any material right of use assets or have any material lease liabilities.

A.4.2 Other material income and expenses

There is no other material income and expenses for the EO Group, QBE UK or QBE Europe.

A.5 Any other information

There is no other material information regarding Business and Performance of the EO Group, QBE UK or QBE Europe.

Section B: System of Governance

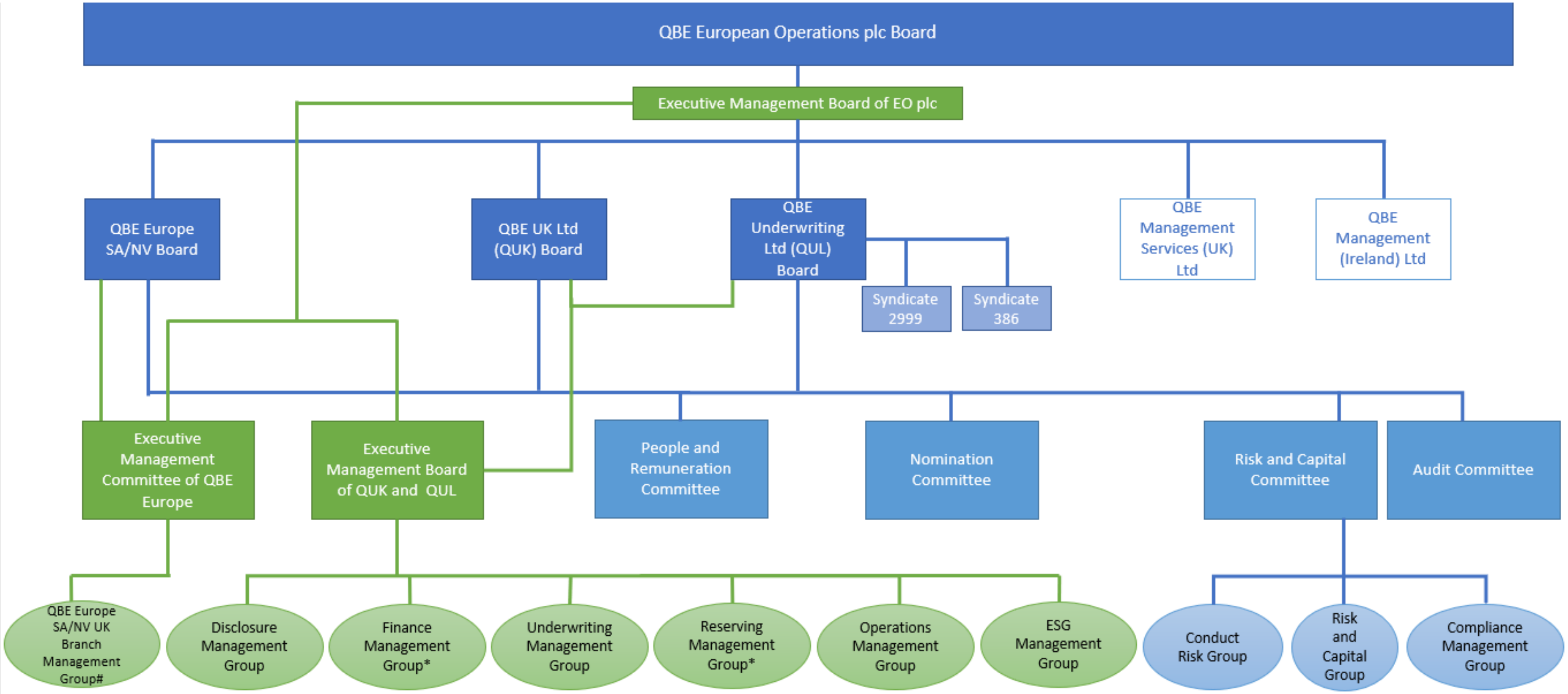
B.1 General information on the System of Governance

B.1.1 Overview

For the purposes of this document the EO Group is defined as EO plc and its subsidiary undertakings including QBE UK Limited ('QBE UK') (UK authorised insurer), QBE Europe SA/NV (Belgium authorised insurance company), QBE Corporate Limited ('QBE Corporate') (which participates in Lloyd's Syndicates 2999 and 386) and QBE Underwriting Limited ('QUL') (Lloyd's managing agent for Syndicates 2999 and 386). EO plc is a wholly owned indirect subsidiary of the Sydney headquartered QBE Insurance Group Limited ('QBE Group').

The Board and Committee structure of EO plc, QBE UK, QBE Europe and QUL is illustrated below. The EO Executive Management Board ('EMB') supports the Chief Executive Officer of EO plc in providing executive management of the entire EO Group, as well as acting as a UK management committee for QBE UK and QUL. The Board of QBE Europe has separately established a management committee ('QEMC').

EO plc is the UK holding company of the EO Group. Apart from the Company, as at 31 December 2023 there were three key operating entities within the EO Group, namely: QBE UK, QBE Europe and QBE Underwriting Limited ('QUL') – the ('EO Key Regulated Companies').



* Reserving Management Group established in February 2023. Reserving covered by Finance Management Group prior to this date.
# QBE Europe SA/NV UK Branch Management Group established in July 2023.

The Board Charters of EO plc and each of the EO Key Regulated Companies state that the Board of Directors is responsible for the long-term success of the Company and, where applicable, its subsidiaries. The role of the Board is to provide leadership; to oversee the design and implementation of the EO Group's strategic priorities and to set a framework of prudent and effective controls which enable risk to be assessed and managed within it. The Board of EO plc ensures that the necessary financial and human resources are in place for the EO Group to meet its objectives and reviews the performance of management in delivering on EO Group strategic aims. The Board sets and instils EO Group values and culture in the light of those set by the QBE Group, the ultimate holding company of the EO Group, and ensure that its obligations to its shareholder and other stakeholders are understood and met.

The Board of EO plc comprises five Board members: three Executive Directors, one non-independent director, and one independent Non-Executive Director, Sir Norman Keith Skeoch who replaced Mr Tim Ingram as chair of the EO Group Boards on 29 March 2023. Mr Tim Ingram resigned as a director of EO plc on 31 March 2023.

The role of the Chair of the Board is distinct from that of the Chief Executive Officer, and each role is clearly established. The Chair is responsible for chairing and overseeing the performance of the Board, leading the development of the Company's culture by the Board of Directors as well as leading the development of and monitoring the effective implementation of policies and procedures for the induction, training and professional development of all members of the Board. The Chair promotes open debate and facilitates constructive discussion within the Board by ensuring that Directors receive meeting papers at least four working days prior to the scheduled Board meetings, in accordance with the Governance Protocols.

The CEO has responsibility for the day-to-day management and operations of the Company, supported by the EMB, which the CEO chairs. The CEO is responsible for leading, directing and being accountable for the performance of the Company and reporting to the Board of Directors in respect of these matters.

This separation of roles ensures that the balance of responsibilities, accountabilities and decision making are effectively maintained. Directors have equal voting rights when making decisions and the Chair has a casting vote when required. All Directors have access to the advice and services of the Company Secretary and are able to seek professional advice at the Company's expense.

The Board considers that the experience and areas of focus which each Board member brings to EO plc results in a strong and balanced leadership team to set and monitor the strategy and values of the EO Group.

The Boards of the EO Key Regulated Companies each have four non-executive directors, including the Chair. With the exception of Sir Norman Keith Skeoch, the Non-Executive Directors are members of the (jointly established by the EO Key Regulated Companies) Audit Committee, the Risk and Capital Committee ('RCC'), and the People & Remuneration Committee ('PARC'). Sir Norman Keith Skeoch is Chair of the Nomination Committee. Three of the four non-executive directors of EO plc and all of the non-executive directors of the EO Key Regulated Companies are considered to be independent of management and free from any relationship that could materially interfere with the exercise of independent judgement.

In conjunction with QBE Group, and led by PARC, succession planning is undertaken in accordance with the talent and culture objectives within the strategic priorities of both EO Group and QBE Group whilst ensuring the Board has the right balance of skills, knowledge, experience and diversity to be effective.

B.1.2 Board Committees

The Boards of EO plc, QBE UK, QBE Europe and QUL (the 'EO Boards') have jointly constituted Board Committees. The Committees all comprise of appropriately skilled members and are supported by attendees as necessary.

The EO Boards Committees comprise:

- **Audit Committee**

  The role of the Committee is to support the EO Boards in overseeing the effectiveness of financial reporting. In particular, the Committee oversees, monitors and keeps under review the transparency and integrity of financial reporting (including financial reporting to regulators and shareholders), financial reporting risks, systems and controls (including internal control and risk management systems), accounting policies, practices and disclosures and the scope and outcome of external and internal audit, whilst having regard for the broader strategy and frameworks set by QBE Group.

- **People and Remuneration Committee**

  The role of the Committee is to provide input to the design and operation of the QBE Group Global Remuneration Framework and provide related recommendations to the Boards. The Committee assists the Boards in oversight of: (i) the effectiveness of the QBE Group Remuneration Framework; (ii) the remuneration of, and incentive arrangements relating to, Directors, Executive Management Board members, QBE Europe Management Committee members, QBE Europe Branch Managers, Senior Managers under the UK Senior Managers and Certification Regime ('SMCR'), Key Function Holders, Material Risk Takers, Heads of Control Functions and all individuals identified as Solvency II Staff or Identified Staff from time to time under the Solvency II Staff Identification Framework ('SII Staff'); and (iii) people programmes and projects including culture, employee engagement, diversity and inclusion and non-Board succession planning, in the context of the broader strategy and frameworks set by QBE Group.

- **Nomination Committee**

  The role of the Committee is to review the balance of skills, knowledge, experience and diversity of each of the EO Boards and Committees (including succession planning) in the context of the broader strategy and frameworks set by QBE Group. The Committee oversees the selection process for appointment of any director to any of the Boards or Board Committees and make recommendations to the relevant Board(s) for approval, whilst having regard for the QBE Group Governance Framework; and

- **Risk and Capital Committee ('RCC')**

  The role of the Committee is to support the EO Boards in overseeing the integration and effectiveness of the Risk and Capital Management Frameworks (and management's implementation of those frameworks) in order to (i) support strategic objectives of EO Group, (ii) support and inform business plans, (iii) ensure that all risks are identified, assessed and monitored in line with risk appetite and (iv) ensure that adequate capital is maintained against the risks associated with business activities, whilst having regard for the broader strategy and frameworks set by QBE Group.

The responsibilities of the Investment Committee are now subsumed into the EO Boards, except the responsibilities with regard to the Risk Framework and Internal Model which are the remit of the RCC. The former Chair of the Investment Committee is now the Independent Lead for matters relating to investments.

The membership of each Board Committee is comprised of independent Non-Executive Directors only.

EO plc, QBE UK and QUL are also supported by the EMB. The EMB supports the Chief Executive Officer of EO plc in providing executive management of the entire EO Group, as well as acting as a UK management committee for QBE UK and QUL. The Board of QBE Europe has established a separate management committee ('QEMC') to provide support with day-to-day management of QBE Europe.

The role of the EMB is to support the CEO in the performance of their duties including the following:

- Design, formulate and recommend to the Boards for approval the strategy and long-term planning of the Companies in the light of the broader strategy of the QBE Group;
- Implement and deliver approved strategies and plans; and

- Manage the day-to-day effective running of the Companies and their operations and resources (including financial and human resources) in accordance with objectives and controls set by the Boards, as applicable.

The role of the QEMC is to manage QBE Europe in accordance with the strategy, business plans and policies approved by the QBE Europe Board to achieve the Company's agreed objectives. This includes specific responsibilities in respect of strategy and management activities, risk management and company organisation and operation.

In addition, the following Management Groups are established to support the above EO Boards, EMB, QEMC and Committees, and form part of the Governance Structure of the EO Group:

- Compliance Management Group ('CMG'), Conduct Risk Group ('CRG') and Risk and Capital Group ('RCG'), accountable to the RCC and the EO Boards; and
- Disclosure Management Group ('DMG'), Finance Management Group ('FMG'), Underwriting Management Group ('UMG'), Operations Management Group ('OMG') and ESG Management Group ('ESG MG'), and for 2023 a newly established Reserving Management Group ('RMG') (accountable to the EMB, QEMC and the EO Group Boards).

QBE Europe UK Branch Management Group was established in July 2023 to support QEMC and QBE Europe Board in meeting their responsibilities with respect to the development, implementation, delivery and monitoring of the UK Branch of QBE Europe's business plans and strategy.

Delegation of responsibilities to the Committees and Management Groups is undertaken through Board or Committee approved Terms of Reference which are regularly reviewed (at least annually).

The membership of the Boards, Committees and Management Groups of EO plc and the EO Key Regulated Companies are reviewed regularly (at least annually).

EO plc and the EO Key Regulated Companies have a robust System of Governance which includes:

- Board Charters for each company setting out the role and responsibilities of the Board;
- Terms of Reference for each Committee and Management Group referred to above setting out the areas of responsibility of each Committee and Management Group, the composition and meeting formality requirements and the frequency of meetings;
- Functional Terms of Reference for all control functions;
- A structured Board, Committee and Management Group meetings calendar (with a forward plan of regularly recurring items for review and approval);
- Agendas, minutes and action points for all Boards, Committees and Management Groups; and
- Key Board approved policies and documents including the Own Risk and Solvency Assessment ('ORSA'), Internal Control Framework, Outsourcing Policy, Fit & Proper Policy and Management Responsibility Maps (as required under the UK SMCR).

The Boards of EO plc and the EO Key Regulated Companies consider the System of Governance to be appropriate and adequate considering the business strategy and objectives.

B.1.3 Key Function Roles and Responsibilities

A description of the main roles and responsibilities of the key functions of the EO Group are shown below. These functions do not relate solely to any individual entity but operate across EO plc, and its subsidiaries QBE UK, QBE Europe and QUL.

<table>
<tr><th>Key Function</th><th>Main Roles and Responsibilities</th></tr>
<tr><td>Actuarial</td><td>• Establish and maintain a robust Actuarial control framework to ensure that the EO Group:
• Complies with all material legal and regulatory requirements;
• Adheres to relevant Actuarial standards and best practice;
• Provide reserving data and analysis;
• Calculate technical provisions and capital requirements; and
• Responsible for pricing, benchmarking, portfolio analysis and support for business planning.
The main roles and responsibilities of the Actuarial function are further detailed in Section B.6.</td></tr>
<tr><td>Claims Management</td><td>• Implement and maintain effective leading-edge practices and processes to provide maximum value to the business and excellent customer service;
• Work closely with underwriters and other business functions and lead the development of processes to ensure that the function is aligned to the needs of the business; and
• Support decision-making by developing and maintaining effective control reports based on the claims environment and claims activity.</td></tr>
<tr><td>Finance</td><td>• Establish and maintain a robust financial control framework;
• Comply with all relevant legal and regulatory requirements;
• Adhere to relevant accounting standards and good practice; and
• Identify and effectively control financial risks (credit, market liquidity, commercial etc.).</td></tr>
<tr><td>Investments</td><td>• Implement and monitor the effectiveness of local investment strategies;
• Monitor investment performance and investment risks; and
• Oversee and monitor the effectiveness of the asset-liability strategy with respect to the relationship between:
    • interest rate sensitive assets; and
    • liabilities generated by insurance activities.</td></tr>
<tr><td>Internal Audit</td><td>• Evaluate the adequacy and effectiveness of the Risk Management Framework; and
• Evaluate management’s assessment of risk exposures relating to QBE Group’s governance, operations, and information systems regarding the reliability and integrity of financial and operational information compliance with laws, regulations, policies, procedures and contracts.
The main roles and responsibilities of the Internal audit function are further detailed in Section B.5.</td></tr>
<tr><td>Legal</td><td>• Pro-actively monitor and evaluate legal risks, emerging/pipeline legal and regulatory developments, alert the business to specific associated risks and extend principles around legal risk management into wider business;
• Provide high quality document execution, retention and administrative services to the Boards and business to ensure legal compliance, good internal governance and document control; and
• Provide legal advice where required to the EMB and QEMC.</td></tr>
<tr><td>Operations</td><td>• Implement change programmes related to IT outsourcing, service management, and cost savings to achieve cost, service and scalability targets; and
• Execute and manage the operations strategy of the business.</td></tr>
</table>

Key Function	Main Roles and Responsibilities
People	• Establish and maintain a robust HR control framework to ensure the EO Group; • Adhere to relevant HR standards and good practice; and • Identify and effectively control People risks.
Risk Management & Compliance	• Establish and maintain a robust enterprise risk management framework; • Produce and perform the EO Group's ORSAs; and • Monitor the material risks the business faces and ensuring the adequacy of capital should these risks materialise. • The main roles and responsibilities of the Compliance function are further detailed in **Section B.4**.
Treasury	• Managing and optimising liquidity and working capital across EO Group; • Managing bank relationships for transactional banking, collateral, FX, credit and capital markets activities; • Managing and forecasting cash and foreign exchange transactions; • Monitoring and managing Treasury related risks including operational, liquidity, credit, market and derivatives; • Creating, implementing and monitoring Group-wide Treasury-specific policies, procedures and controls; and • Selecting and implementing appropriate systems in support of the Group Treasury function
Underwriting	• Establish and maintain a robust underwriting control framework; and • Adhere to relevant underwriting standards and best practice.

The four key Solvency II functions (Risk, Compliance, Actuarial and Internal Audit) all have representation at key EO Boards, Committees and Management Groups, and independent decision-making rights within the management structure of the EO Group that provide them with the necessary authority, resources and operational independence to carry out their tasks.

B.1.4 Changes in the System of Governance during the Reporting Period

The following changes took place during the year.

As noted in B1.2 above the Reserving Management Group was established during the year accountable to the EMB, QEMC and the EO Group Boards. Also, the QBE Europe UK Branch Management Group was established to support the QEMC and QBE Europe.

Changes to the composition of EO plc, QBE UK, QUL and QBE Europe boards, EMB and QEMC during the year and up to the date of this report were as follows:

EO plc Board

- Mr Timothy Charles William Ingram resigned as a director on 31 March 2023
- Sir Norman Keith Skeoch was appointed as a director and replaced Mr Ingram as the Chair on 29 March 2023.

QBE UK Board

- Mr Timothy Charles Ingram resigned as a director on 31 March 2023.
- Sir Norman Keith Skeoch was appointed as director on 31 March 2023.
- Mr Timothy Cardwell Wade was appointed as a director on 1 March 2024.

QBE Underwriting Limited Board

- Mr Timothy Charles Ingram resigned as a director on 31 March 2023.
- Sir Norman Keith Skeoch was appointed as director on 31 March 2023.
- Mr Timothy Cardwell Wade was appointed as a director on 1 March 2024.

EMB

- Ms Jane Hollis became a member on 11 September 2023.
- Mr Rob Kosova became a member on 1 April 2024.

QBE Europe Board

- Mr Robert Stone was appointed as a director on 7 February 2023.
- Mr Christopher Killourhy resigned as a director on 7 February 2023.
- Mr Tim Ingram resigned as Non-Executive Director and Chair of the Board on 7 March 2023.
- Sir Norman Keith Skeoch was appointed as an independent Non-Executive Director and Chair of the Board and Nomination Committee effective 7 March 2023.

QEMC

- Mr Christopher Killourhy resigned as member on 7 February 2023.
- Mr Robert Stone was appointed as member on 7 February 2023.
- Mr Nick Menear resigned as member on 8 February 2023.
- Ms Ingrid Leuyckx resigned as member on 30 November 2023.
- Ms Emma Higgins will be appointed as member upon receipt of regulatory approval.

Each year there is a formal Board Effectiveness Review ('BER'), which is facilitated by an independent external advisor. In May 2023, the QBE Group undertook a BER encompassing the Divisional Boards, including the Boards of the EO Key Regulated Companies. Comments supporting continuous improvement of the effectiveness of the Board arising from the review were discussed by the Boards and a number of actions were agreed.

B.1.5 Material transactions during the period with shareholders, persons who exercise significant influence on the EO plc, QBE UK or QBE Europe and with members of their boards

Details of dividends paid during the reporting period and other material intra-group transactions are disclosed in **Section A.1.7** above.

There were no other material transactions in the reporting period with shareholders, persons who exercise significant influence on EO Plc, QBE UK or QBE Europe or with members of their Boards.

B.1.6 Adequacy of the System of Governance

The process of assessing the adequacy of the System of Governance is explained in **Section B.3.13**. From the November 2023 review, the EO Risk team concluded that the EO Group's Three Lines Model remains appropriate and represents an effective risk governance framework with effective checks and balances to support appropriate consideration of risk management throughout the EO Group. The existence of assurance teams embedded in key 1st Line functions help maintain a strong risk and control culture around risk-taking activities.

B.1.7 Remuneration

The EO Group, as part of the wider QBE Group, has a remuneration and reward framework and associated governance arrangements. This framework is designed to:

- Align remuneration and reward with robust risk management practices and strong governance principles; and
- Provide a market competitive remuneration structure that attracts, retains and motivates high quality and talented people whilst aligning their remuneration with sustained shareholder value and the expectations set out in QBE's Code of Ethics and Conduct.

The remuneration and reward framework is regularly reviewed to ensure that it evolves and remains appropriate in the context of:

- QBE Group's vision, values and strategy;
- The environments in which QBE Group operates;
- QBE Group's business model and geographical exposure; and
- Local market needs and regulatory requirements.

Within the framework is a remuneration policy, adopted by the Board of the EO Group, that is underpinned by QBE Group's remuneration strategy which integrates the various components of remuneration, reward and risk across the QBE Group.

QBE Group's global remuneration framework is intended to apply to all individuals employed by QBE Group on a permanent or contractual basis (including any controlled entity) to the extent possible and subject to local market conditions and regulatory requirements.

The Remuneration Policy is aligned with QBE Group's Risk Management Framework, which operates on the following fundamental principles:

- Managing risk is everyone's responsibility;
- Managing risk is integral to informed decision-making;
- Effectively managing risk is a mechanism to gain competitive advantage;
- Management of risk is clearly demonstrable; and
- Managing risk drives continuous improvement.

QBE Group's Remuneration Policy's guiding principles are designed to promote robust risk management practices and are applied effectively to manage remuneration and reward across QBE Group. Those principles are:

- Simple and clear – at-risk reward methodology is easily understood by internal stakeholders with transparency for external shareholders;
- Linked to strategy – incentive performance measures provide significant alignment and linkage to QBE Group's key strategic priorities;
- Globally consistent and locally competitive – responsibly competitive when setting fixed remuneration by considering the appropriate market data, diversity and expertise of individual roles and the complexity of each operating environment; common global remuneration design that provides flexibility to calibrate local financial targets, enabling QBE to compete in key markets;
- Motivating – at-risk reward schemes combine targets and performance measures linked to statutory disclosures and business plans, which improves the line of sight and leverages participant motivation; locally competitive and flexible benefits designed to provide value to the employee and QBE; and
- Shareholder aligned – achievement of QBE Group divisional targets aligned to shareholder value; delivery of equity awards with significant levels of deferral align reward arrangements to shareholder interests; executive minimum shareholding requirements further link executive interests to those of shareholders; and calibration of remuneration and reward includes meeting expectations set out in QBE's Code of Ethics and Conduct and QBEs Risk Management Strategy.

QBE's Group Code of Ethics and Conduct (the 'Code') supports the QBE risk culture in a robust and globally consistent manner. The Code provides clear guidance on how all employees are expected to conduct themselves. Where a breach of the Code has occurred or the standards of professionalism and ethical behaviour set out in the Code are not satisfactorily met by the individual, consequences will be applied resulting in an appropriate reduction in the incentive outcome for the performance year.

QBE Group's remuneration mix is reflective of each employee's ability to influence results. For all staff, fixed pay is designed to provide a predictable 'base' level of remuneration which is positioned at a level that reflects the contribution and value to the group whilst recognising capability and expertise.

Variable pay at QBE Group, through the application of short-term and long-term incentive is focused towards the longer-term time horizon, enhancing alignment with the delivery of the long-term strategy and shareholders' interests. The variable short-term incentive scheme takes a broad view of performance and behaviours with an emphasis on both financial and non-financial performance including risk, people and strategic measures. Performance is measured through the business scorecard containing financial measures alongside risk, people and strategic non-financial measures. In addition, personal performance objectives focus on what has been achieved and how it was achieved during the year.

Variable remuneration outcomes are reviewed to ensure that they appropriately reflect an individual's performance as well as the performance and risk outcomes of the QBE Group. Adjustments can apply to current year awards, deferred variable remuneration prior to vesting (i.e. malus), and remuneration that has already been paid or vested (i.e. clawback).

There are no supplemental retirement schemes for members of the Board and other key function holders.

Further information on remuneration is available in the ‘QBE Group 2023 Annual Report’, in **Section 4 ‘Remuneration Report’**, on pages 42 to 64 inclusive.

B.2 Fit and proper requirements

B.2.1 Overview

There is an established Board approved Fit and Proper Policy that applies to the EO Group including the EO Key Regulated Companies (QBE UK, QBE Europe and QUL). The policy is reviewed annually and updated as required. The Policy and supporting Guidelines incorporate the requirements of:

- The NBB Circular on the System of Governance, manual on assessment of fitness and propriety and various related NBB Regulations and Circulars on the Suitability of Directors, members of the Management Committee and individuals responsible for the Compliance and Independent Control Functions; and
- The UK Senior Managers and Certification Regime (‘SMCR’) in relation to those individuals who perform regulated functions on behalf of the UK regulated entities (QBE UK and QUL) and the QBE Europe UK branch.

B.2.2 Requirements

The Fit and Proper Policy establishes minimum standards required of all Directors and key employees. The Solvency II Guidelines describe these individuals as those who ‘effectively run the undertaking’. Supervisory approval is required for these individuals and it is necessary that they are of good repute, have integrity and possess the skills necessary to effectively discharge their responsibilities.

All employees of the EO Group and its subsidiaries are required to demonstrate the following:

- The requisite level of competence, knowledge and experience;
- The appropriate qualifications;
- The completion of, or current involvement in, relevant training to enable them to perform their role or function effectively and in accordance with all relevant regulatory requirements; and
- Good conduct (including business, financial, criminal and past supervisory conduct), supported where appropriate by satisfactory regulatory references.

Appointees to the Boards are further required to:

- Gain confirmation from the People and Remuneration and Nomination Committees that they are satisfied all relevant internal policies and procedures have been followed;
- Meet the minimum standards set out by the relevant regulatory authority for fitness, propriety and conduct; and
- Have gained approval from the regulatory authority (where applicable).

B.2.3 Assessment process

The Fit and Proper Guidelines are aligned with the EO Group’s People and recruitment processes and apply both at the recruitment stage and throughout an individual’s career in the EO Group. Regular assessments are carried out to ensure that the Guidelines are adhered to.

The frequency of assessments and the level of verification sought is determined by a risk-based approach that takes account of the following:

- The level of a person’s authority, influence or control;
- The reliance of the EO Group on a person’s role as an internal control (e.g. Risk, Compliance, Underwriting Governance, Actuarial and Internal Audit); and
- For regulated roles/functions, the regulatory and/or legal requirements for the role.

The assessment process encompasses a number of levels and stages and, for each of these, control checks are applied to ensure on-going adherence to the policies and guidelines. These stages and control checks include:

- Pre-employment, where the individual’s fitness and propriety is assessed prior to commencement of the role. Background checks are carried out using a risk-based approach with particular emphasis on the following roles:
    - PRA, FCA and NBB/ Financial Services and Markets Authority (‘FSMA’) approved functions;

  - Defined senior management and internal control roles;
  - Individuals holding a delegated authority;
  - Finance; and
  - IT.
- Regular review of all employees, where performance and development assessments are carried out in line with the current QBE Group Performance Review process. Where individuals are, by virtue of their role and with reference to the risk-based approach previously noted, considered to represent a higher risk, the regularity of reassessments is increased. The performance management process incorporates appraisals of employee effectiveness, competency in role, and training requirements;
- Regular review of Board and Committee effectiveness and the fitness and propriety of individuals holding positions in these groups. Assessment of individuals in these roles is subject to more rigorous scrutiny; and
- Internal moves – where a change to a person's role may prompt a reassessment of their suitability.

The rigour and detail afforded to the assessment of members of the Board of Directors are particularly stringent.

The EO Group's Internal Control Functions, identified in accordance with published PRA and NBB rules (Actuarial, Compliance, Risk, Internal Audit and Underwriting Governance), are also required to ensure that they set out and maintain the competencies necessary to deliver the function to an adequate standard.

The framework of controls in this regard may include:

- Appropriate experience and skills mix;
- Verifications of any required qualifications specific to the role;
- Role profiles;
- Training and development;
- Centres of excellence (i.e., development of subject matter experts); and
- In-sourcing (e.g., joint projects, secondments etc.).

Where matters affecting a person's suitability are identified, the EO Group will consider the relevance to the person's role and the circumstances and seriousness of the matter. If a person is not deemed to be fit and proper, disciplinary action may be taken and regulators notified where appropriate.

B.3 Risk management system including the Own Risk and Solvency Assessment

B.3.1 Risk function

The EO Group manages risk via a centralised risk function. This is an appropriate and effective way for the EO Group to assess, evaluate and control risks given the commonality of systems and processes throughout the EO Group. Functions and processes that are consistent across the EO Group include:

- A common risk management framework applied consistently across all legal entities;
- Key risk assessment processes (e.g. business planning, reserving, exposure management, capital modelling), conducted by common functions using a consistent process across all trading entities;
- Key systems that operate consistently across all trading entities. This includes systems in Underwriting, Finance, IT, People and Risk Management;
- The Three Lines Model which operates consistently across all trading entities. Where identified control failures are legal entity specific, they are escalated to the appropriate legal entity Board; and
- A consistent Internal Model that operates across the EO Group, the outputs from which are reviewed by EO Group's management groups before being reported to their relevant entity Boards.

Responsibilities of the Risk Function include the following:

- Development and implementation of the Enterprise Risk Management ('ERM') Framework;
- Oversight and challenge of the EO Group and underlying solo Internal Models; and
- Coordination of the Own Risk and Solvency Assessment ('ORSA').

•

B.3.2 Risk Management Strategy and Framework

The EO Group has adopted the QBE Group Risk Management Strategy ('RMS') to identify and assess the risks the EO Group faces in delivering on its strategic and business objectives or performance. Given the centralised nature of the QBE Group's Risk Management Framework, the RMS applies equally to all the EO Key Regulated Companies and is approved by the Boards of those Companies. The strategy sets out the high-level governance arrangements and key roles and responsibilities relating to risk management and identifies the key risk processes and reporting mechanisms.

It is supported by the EO Group's ERM Framework, EO Group Risk Policies and a number of more detailed procedures/standards, covering Risk and Control Self-Assessments, incident reporting, issues and actions management, scenario analysis, risk appetites, key risk indicators and risk reporting.

B.3.3 Risk and Control Self-Assessment framework

QBE Group has a Group-wide Risk and Control Self-Assessment ('RCSA') framework in place. This places responsibility on each business area and is overseen by the ERM team. This framework ensures that risks are managed at a functional level and at a wider risk category level to support the achievement of EO Group's objectives. The Risk Management Framework provides further structure to the control environment, ensuring that risks have the appropriate controls in place with the appropriate owners. Control assessments are validated annually through a risk-based approach by the Risk team and verified through Internal Audit testing.

B.3.4 Risk categories

EO Group identifies and assesses the risks to delivering on its strategic and business objectives. These risks are then categorised into one of eight material risk classes for aggregation, reporting and modelling purposes. The eight material risk classes are listed below. This categorisation enables the application of a specific risk policy for each type of risk and is an effective means of aggregating, monitoring, reporting and measuring those risks.

- Strategic Risk;
- Insurance Risk;
- Credit Risk;
- Market Risk;
- Liquidity Risk;
- Operational Risk;
- Compliance Risk; and
- Group Risk.

Risk categories and sub-categories are reviewed regularly to ensure they continue to reflect the key risks faced by QBE Group. The EO Group recognises the interconnectedness of risk when assessing risk categories and the impact this may have.

B.3.5 Risk Appetite

The EO Group's Risk Appetite Statement ('RAS') sets out the nature and level of risk that the EO Group Boards are willing to take in pursuit of the organisation's objectives. The RASs are used to support risk-based decision-making by clearly defining EO Group's appetite (what we should do) and tolerance (what we can do).

The Risk Appetite Statements define the thresholds for Risk Appetite. Each statement is accompanied by 'breach', 'caution', 'within appetite' and 'conservative' ranges (where relevant) to provide management and the Board with clear reporting.

QBE Group level RASs set by the QBE Group Board are cascaded, as appropriate, to the Divisions, including the EO Group and its subsidiaries. This ensures a consistent approach and appetite to risk is applied across QBE Group, where it is appropriate and reasonable to do so.

The RASs are reviewed annually to ensure they reflect changes to strategic objectives and to the internal and external environment.

QBE Group's Risk Appetite Framework establishes the approach for setting, monitoring and reporting QBE Group's Risk Appetite at Group and Divisional levels.

B.3.6 Risk Culture

The QBE Group is committed to, and supports, a strong risk culture. It recognises the importance of risk awareness and culture as being instrumental in the effectiveness of QBE Group's ERM Framework and a part of the control mechanisms for the organisation. The QBE Group Risk Culture Framework, which has been adopted by the EO Group, is a key component of the ERM Framework. QBE Group's approach to managing risk culture, as set out in the Framework, is based on a set of key principles outlined below:

- Risk Culture is underpinned by a strong risk mindset;
- Risk Culture is a key element of the QBE organisational culture;
- Our Risk Culture supports our Risk Management Strategy; and
- Risk Culture is assessed and reported on to enable its ongoing effectiveness.

Risk culture metrics, aligned to a number of risk culture target statements, are reported regularly to the EO Group's RCC to ensure appropriate escalation of cultural issues and trends. The Risk team also conducts an annual review of risk culture across the EO Group.

B.3.7 Internal Model

The EO Group has developed an Internal Model that can be used to identify and assess risk to ensure that adequate capital is held in relation to the risks faced by the business.

All business lines written within the EO Group are included within the scope of the Internal Model and are treated in a consistent manner, with differences only arising due to the specific risk profile of the business rather than a different approach to risk assessment. The Internal Model is supported by the ERM Framework, a number of processes within which feed the Internal Model directly as part of the EO Group's regulatory capital assessment.

The key processes that make up the Internal Model are as follows:

- Internal Model governance (B.3.8);
- Risk identification (including emerging risks) (B.3.9);
- Risk assessment (B.3.10);
- Risk reporting (B.3.11);
- Risk governance (B.3.12);
- Internal control framework B.3.13) and
- The economic capital model (B.3.14).

B.3.8 Internal Model governance

The high level and detailed governance of the Internal Model is the responsibility of the RCC and the Risk function respectively.

The RCC is a formal committee of the Boards and meets at least on a quarterly basis. The RCC is attended by members of the Risk function, who have oversight of the Internal Model, to ensure that adequate information regarding the Internal Model is reported to, and disseminated from, the RCC. A memo outlining the main points of discussion at each RCC meeting is presented to the EO Group Boards to ensure that matters regarding the Internal Model are documented and escalated to the appropriate forum.

There is an annual cycle of model validation tests to independently review and challenge the key assumptions, methodology and output of the Internal Model. This is part of a three-yearly targeted validation plan including annual core tests and, at least three-yearly, full deep dives. The independent validation is performed independently of individuals that have been involved in the design and/or operation of the Internal Model, with findings and any escalations reported through the EO Group's System of Governance. The validation process is independently managed by the Risk function, with the Head of Model Validation role held by a senior member of the Risk team. There were no material changes to the Internal Model governance during the period.

Changes to the model are further monitored on a regular basis and reported to the RCC and Boards, as applicable, for approval via the model change process.

Use of the model in decision-making processes, for example through risk appetite monitoring and stress and scenario testing, is also reviewed by the Risk team on an at least annual basis.

There were no material changes to the internal model governance process during the reporting period.

B.3.9 Risk identification (including emerging risks)

The EO Group identifies, on a regular basis, top risks that have the potential to affect the business' ability to achieve its objectives. Each risk is assigned an owner, who is responsible for the overall management of that risk. Once a risk has been formally identified and included within the Framework, it then becomes fully integrated into the EO Group's risk and capital management processes.

Risk identification is implemented through the Risk Function's engagement with each business function as part of the ORSA process (management focus areas) and RCSA process (functional risks) and is supported by the emerging risks process.

Emerging risks are defined as "a new or future threat that is difficult to assess but may have a significant impact on QBE's business or the markets we operate in". The Emerging Risks Group ('ERG') co-ordinates the identification, assessment, monitoring, management and reporting of emerging risks applicable to the EO Group. Emerging risks are included as a sub-category of Strategic risk, according to QBE Group's Group Risk Management Strategy ('RMS'), and are typically new or rapidly changing developments, likely to be unprecedented or not fully understood and/or characterised by a lack of historical data. Emerging risks can have a significant impact on QBE Group achieving its strategic or business objectives, but are not adequately captured within other risk classes or risk sub-classes within the QBE Group RMS. The ERG is attended by Subject Matter Experts ('SMEs'), who participate in knowledge sharing, identification, assessment, monitoring and management of emerging risks. The EO Group ERG maintains a matrix of emerging risks that is used as the basis for the reporting to management on a quarterly basis via the ORSA.

The Risk team also engages EMB members in assessing new top and emerging risks each quarter, to provide a top-down perspective for risk identification.

B.3.10 Risk assessment

Risks (by sub-risk category) are assessed by committees using a combination of qualitative and quantitative techniques via the ORSA process and the risk dashboard process. The assessment process brings together key information to support the analysis such as risk appetite statements, management key concerns/risks, control assessments, emerging risks, significant transformation portfolio assessments and issues and incidents including action plans.

Risk assessment is supported by the EO Group's Economic Capital Model ('ECM'), part of its Internal Model. The ECM assesses the material risks to which the business is exposed and evaluates the level of capital required to meet solvency requirements at a more granular level than that required by regulatory minimum standards. The role of the ECM in evaluating the solvency requirements of the EO Group, and facilitating the EO Group's strategy, is detailed in the **Section B.3.15** 'The Own Risk and Solvency Assessment ('ORSA')'.

Risks are further assessed on a functional level through the RCSA process (please refer to **Section B.3.3**).

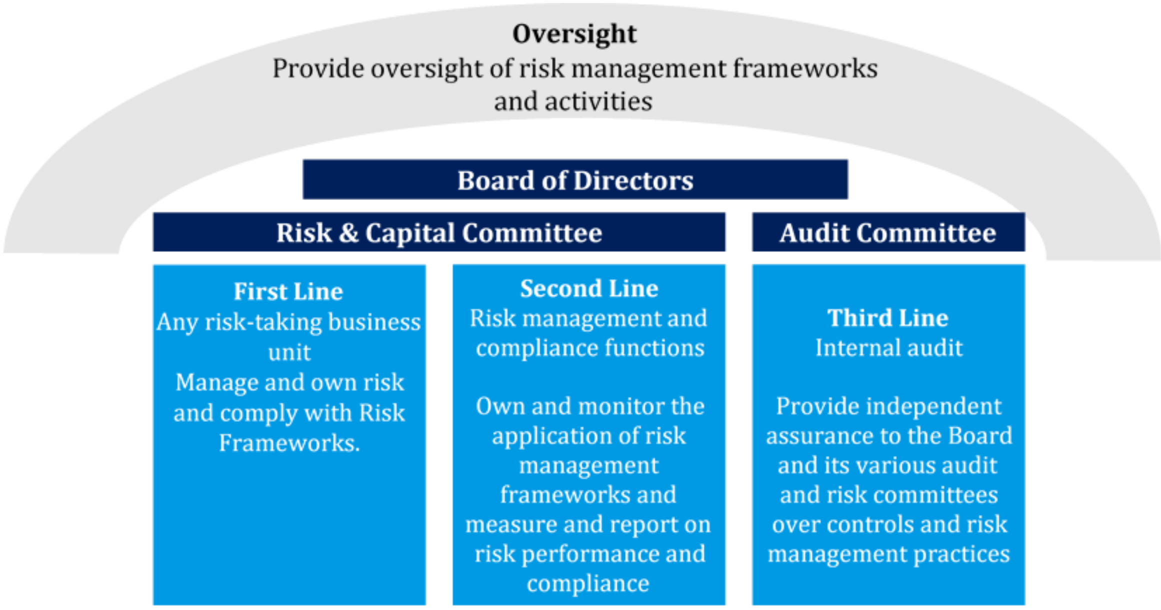
B.3.11 Risk Reporting

The EO Group's governance framework is supported by risk reporting, which is used to provide complete, accurate and timely risk data and analysis that can be used to support day-to-day business decisions. Key stakeholders for risk reporting include Boards, committees, forums, risk owners, business management and support functions. Risk and performance-related information is routinely reported to the Boards and the RCC.

A key element of the EO Group's risk reporting is the ORSA, details of which can be found in **Section B.3.15**.

B.3.12 Risk governance

Everyone within the QBE Group has responsibility for managing risks. The EO Group employs the Three Lines Model to managing risk, as described below:



Embedded in most of the 1st Line teams there is a 1b function providing:

- Review, challenge or oversight of 1st Line risk management activity. Although 1b functions are not fully independent of 1st Line management, they are one step removed from risk taking and decision-making activities led by 1st Line teams and are therefore able to provide an objective view;
- Specialist business advice or service to the business, such as training or legal advice; and
- Monitoring of 1st Line's compliance with procedures, policies or frameworks set out by the 1st, 2nd or 3rd Line.

B.3.13 Assurance and governance forums

A fully documented assurance approach has been developed for each of the business functions within the EO Group to ensure that the application of the Three Lines Model is adequate and appropriate to identify and control risks that may arise in relation to those functions.

A RAG rating is used to assess each business function in relation to the adequacy of design of their assurance model across the lines of defence. Where the Assurance Operating Model needs improvement, a designated owner is identified to ensure any remedial or business improvement actions are effectively undertaken in a timebound manner.

The Governance Committees and Management Groups, noted in **Section B.1**, provide further challenge and assurance on risk taking and management activity. Members of the 2nd Line sit on all relevant Committees and Management Groups established by the EO Group Board and attend additional working groups and steering committees as appropriate to deliver risk and compliance oversight and challenge across the spectrum of business activity.

The EO Group's Three Lines Model provides an effective risk governance framework in which roles and responsibilities for risk management and oversight are clearly defined throughout the EO Group and its Regulated Subsidiaries. It also ensures the existence of appropriate checks and balances and enables remedial actions to be taken where weaknesses are identified. Further, by embedding 1b teams within the 1st Line business functions, the EO Group enables:

- The strengthening of the risk culture throughout the organisation;
- The business functions to take accountability for managing risk; and
- The best expertise within the ERM framework to be made available to address risk matters.

From the November 2023 review, the EO Group Risk team concluded that the EO Group's Three Lines Model remains appropriate and represents an effective risk governance framework with adequate checks and balances to support appropriate consideration of risk management throughout the EO Group.

B.3.14 Determination of solvency requirements – Economic Capital Model

The EO Group uses an Economic Capital Model ('ECM'), as part of its Internal Model, to measure the material risks to which the EO Group and the Companies within the EO Group are exposed. As such, the ECM better informs decision-making and the formulation of business strategy.

Output from the ECM is used to assist the Board and senior management in evaluating risk and understanding the capital implications of business decisions. Use of the ECM has been approved by the Boards of the EO Group and its Regulated subsidiaries and the PRA, following first approval of the EO Group's Internal Model in December 2015. The QBE Europe model has been approved by the NBB since 2019.

The ECM measures the risks specified in the QBE Group RMS, the basis for which is the risk management assessment process. Hence, the risk management system interacts with, and is closely aligned to, capital management activities. The ECM does not assess those elements of strategic and emerging risks that are captured through the ORSA process.

Capital is maintained over time to ensure that the Risk Appetite of the EO Group's Boards and applicable regulatory capital requirements are met. Other relevant strategic and business objectives are also taken into account.

The ECM and Risk Management Framework are integrated through the following processes:

- Decision-making: the use of the ECM in decision-making is evidenced within the processes and principles of the Risk Management Framework. Business decisions supported by the ECM include:
    - Business Strategy (for example through use for business planning / business plan stress testing and strategic asset allocation);
    - Capital Appetite Framework;
    - Setting and monitoring against risk appetite statements;
    - Stress Testing (including Regulatory Stress Tests); and
    - Approval of regulatory reporting, including the ORSA.

- Capital setting: elements of the SCR are derived directly from the output of both the ECM and risk management processes;
- Risk appetite: some elements of the risk appetite for the entities is directly linked to capital metrics and monitored using outputs from the ECM through the Risk Management Framework;
- Reporting: the outputs of the ECM are used in the reporting of risk dashboard and ORSA assessments and appetites in the Risk Management Framework; and
- Model risk: the governance around the ECM is based on the Risk Management Framework principles. Matters affecting any changes to the ECM such as methodology updates are included in the quarterly ORSA reports sent to the relevant committees, including the RCC and Boards.

For further details about the Internal Model and the Economic Capital Model, refer to **Section E**: '**Capital Management'**.

B.3.15 The Own Risk and Solvency Assessment ('ORSA')

B.3.15.1 Overview

The EO Group produces an ORSA report to assess, on a continuous basis, the Solvency needs of the EO Group and its subsidiaries given the risks that it has identified and assessed.

The EO Group has adopted a working definition of the ORSA to be "the entirety of the processes and procedures employed to identify, assess, control, manage, and report the short- and long-term risks QBE Group faces or may face and determine the assets necessary to ensure that the undertaking's overall capital needs (solvency and economic) are met at all times".

The ORSA incorporates outputs of key management processes, including business planning, capital management and solvency assessment, stress and scenario tests, modelling and governance. In addition, it summarises the EO Group's risk profile and contains risk assessments and the control effectiveness ratings for each risk within the risk governance framework, including non-quantifiable risks and those not mitigated with capital. The ORSA is considered in conjunction with any breaches of appetite and Key Risk Indicators to ensure that the EO Group can respond quickly to changes in its risk profile and take appropriate mitigating action where required. The method of production and process of review and approval of the ORSA ensures that it is well integrated into the EO Group's decision-making process.

ORSA reports are prepared quarterly and annually for the EO Group to reflect the way the EO Group manages its risks and also the commonality of risk assessment, governance, systems and control processes across its subsidiary undertakings and its Internal Model. This ensures that risk management procedures are implemented consistently across all the undertakings within the scope of the EO Group. A separate ORSA report for QBE Europe is prepared in addition to that for the EO Group.

The EO Group ORSA report is reviewed and discussed by the RCG, RCC and QEMC (for the QBE Europe ORSA only) which, in aggregate, contain all the Directors of the EO Group, QBE UK and QBE Europe, prior to recommendation to the Boards for review and approval. This process ensures that detailed discussion and review can be effected at the level of both individual subsidiaries and the EO Group as a whole.

The ORSA provides the link between the EO Group's risk strategy, risk profile, risk appetite and overall solvency needs. For the EO Group and its Regulated subsidiaries the ORSA ensures that:

- The risk profile in the context of the business plans and strategy is understood;
- The regulatory and economic capital requirements can be met based on the current business plan and over the longer term, considering severe events;
- The management actions that may be necessary to reduce risk and subsequent capital requirements, (including contingency plans associated with a stressed environment) have been considered; and
- The Internal Model continues to be considered adequately suitable and robust to support the above assessment of risk and capital, and specifically to set regulatory capital.

The ORSA process has been designed to ensure that the EO Group's Boards are provided with all relevant risk and capital information to enable them to act in the best interests of their stakeholders. The frequency of production of the full ORSA and ORSA updates are noted below.

B.3.15.2 Annual ORSA

A full ORSA report is produced for each calendar year. This report captures changes in the EO Group's risk profile that have occurred during the previous year and incorporates detailed analysis of the EO Group's current and future risk and capital position. The report provides analytical breakdown by risk type and regulated entity. PRA approval has been received to submit a single Group ORSA report covering EO Group as well as QBE UK and QBE Europe individually. A separate Annual ORSA report is produced for QBE Europe, in addition to that for the EO Group.

The Annual ORSA is reviewed and approved by the Boards of the EO Group and the EO Key Regulated Companies.

B.3.15.3 Regular ORSA updates

ORSA updates are reported to the EO Group's RCC and RCG on a quarterly basis and include analysis of:

- Risk Appetite Statements;
- Risk profile;
- Areas of management key concern / risks;
- Key Risk Indicators ('KRIs');
- Financial position and solvency ratios (including projections);
- The current and indicative SCR, where applicable, for each legal entity;
- The on-going suitability of the Internal Model for capital setting purposes;
- Transformation risk and EO Group's Line 2 Risk Opinion;
- Emerging risks;
- Issues and Incidents analysis;
- Control environments;
- RCSA analysis; and
- Risk culture and Group Risk via the risk dashboards, as appropriate.

The ORSA update, or a summary of it, is also reported to the QEMC, a Committee of the QBE Europe Board.

B.3.15.4 Ad-hoc ORSA updates

If there is a significant change to the EO Group's risk profile an ad hoc ORSA may be produced outside the normal production and update cycle. Examples of such a change include:

- Material acquisitions or business re-organisation;
- A significant change in the Group's business plan e.g., entering into new markets, products etc;
- A significant loss event;
- Material changes to EO Group, QBE UK or QBE Europe's capital base; and
- Identification of a critical issue.

B.3.15.5 ORSA governance

The content of the ORSA is reviewed by various forums and committees before the full report is submitted to the relevant company Boards for approval by:

- EO Group Boards: The EO Group Boards have the ultimate responsibility for the ORSA and must review, approve and formally sign off the report on an annual basis;
- RCC: The EO Group Boards delegate their risk management oversight and monitoring activities to the RCC. The RCC is the primary forum for challenging both the ORSA content and process and the committee will review and approve the quarterly ORSA updates and the RCC will also review and recommend the annual ORSA report to the Boards for approval;
- RCG: The RCG consists of the EO Group's Executive Management Board. The primary responsibility of the RCG is to review and challenge risk related papers prior to submission to the RCC;
- QEMC: The QBE Europe annual ORSA is further reviewed by the Management Committee for QBE Europe prior to QBE Europe Board approval. The QEMC also receive the quarterly ORSA updates; and
- Other Committees and Groups: Other Committees and Groups also have key roles, particularly the responsibility to challenge information that directly feeds the assessment of risk for the ORSA process. Their responsibilities in relation to risk management are included in the respective committee terms of reference.

B.4 Internal control system

B.4.1 Overview

EO Group has implemented a consistent internal control framework that seeks to ensure compliance with all relevant regulatory and legal requirements across EO plc and its subsidiaries. These requirements include meeting the standards contained within Article 46 of the Solvency II Directive (implemented in the UK in Rule 4 of the Conditions Covering Business Part of the PRA Rulebook for Solvency II Firms), FCA requirements under the Senior Management Arrangements, Systems and Controls Sourcebook ('SYSC') 3.1.1, which state that "a firm must take reasonable care to establish and maintain such systems and controls as are appropriate to its business", the NBB Overarching Circular on system of governance, and other NBB Regulations and Circulars including the *Regulation on the internal control system and the internal audit function* of 19 May 2015 which states that "Each institution must have an internal control system appropriate to its activities or planned activities, taking into account the nature, size and complexity of these activities and the associated risks".

As discussed in **Section B.3**, the EO Group has a defined structure to identify, assess, report and control risks that may affect the business.

The internal control mechanism at the core of this structure is the 'Three Lines of Defence'. Refer to the Risk Management **Section B.3.12** for further information.

B.4.2 Risk Governance

The risk governance forums within the EO Group represent further challenge and assurance on risk taking activity. They also generate strong practical working relationships between the 1a, 1b and 2nd line teams. Members of the 2nd line sit on all Committees and Management Groups established by the EO Group's Board and attend additional working groups and steering committees to deliver challenge across the wide spectrum of business activity. Transparency of issues is achieved through Board Committee/Group reporting or escalation, all overseen by the Risk and Capital Committee. Refer to the Board Committee **Section B.1** for further detail on the various committees and their functions within the EO Group.

B.4.3 The Compliance Function

The Compliance function comprises a central UK-based team (including a dedicated Monitoring function) and specific local resources in respect of continental Europe. The function reports through the Compliance Director (EO Group) and Head of Compliance (QBE Europe), to the respective entity Chief Risk Officers, who are both members of the respective Boards. Collectively, these individuals are members of, and/or report to, the various regulated entity Boards and key control committees within the EO Group. They have direct and unfettered access to any member of the EO Group Boards, the Management Committee or senior management or the EO Group Committees.

The principal purpose of the function is to ensure the business meets the standards set by its regulators and QBE Group, proactively support the development of a culture of compliance and appropriate management of regulatory risk across the EO Group, and to and provide appropriate second line independent challenge in respect of first line activities. Accountabilities include advising the Boards on compliance with PRA/FCA/NBB/FSMA requirements, the Principles for doing business at Lloyd's, other international regulatory requirements and the QBE Group standards and requirements established by the QBE Group Compliance Risk Policy and supporting Framework. This includes ensuring staff awareness of regulatory matters, Lloyd's requirements and providing best practice guidelines for key business topics including Conduct Risk, Sanctions and Licensing compliance, Data Privacy, Anti-Money Laundering and Anti-Bribery. The function also produces and promotes awareness of the annual Compliance Plan, develops an annual Monitoring Plan, and in conjunction with other EO Group control functions (e.g., Underwriting Governance, Delegated Claims Management etc.) conducts a program of monitoring to challenge and test the effectiveness of internal controls.

The core objectives of the function are set out in the functional Terms of Reference and include:

- Promoting a robust and consistent compliance culture throughout the business including through on-going training and awareness;
- Providing assurance to the Boards that relevant regulatory and legal requirements are being met through monitoring activities, knowledge of the business and regular reporting to governance forums;

- Monitoring regulatory developments and co-ordinating and supporting business responses to proposed regulatory changes; and
- Developing and embedding a framework of policies and procedures designed to support business practices, promoting ethical standards and ensuring regulatory and legal requirements are met.

The function has implemented the defined QBE Group Compliance Risk Policy. The Policy outlines QBE Group's approach to compliance and defines roles and responsibilities within the Three Lines of Defence model for achieving a positive compliance culture and effective compliance management. The requirements of the QBE Group policy are applied as part of the EO Group Compliance Framework which includes but is not limited to:

- Developing, in conjunction with business areas, a framework of policies and procedures to support business practices, promote ethical standards and ensure legal and regulatory compliance;
- Developing, or assisting in the development of, educational and training programs to promote a positive compliance culture and a greater awareness and understanding of the importance of compliance and the EO Group's legal and regulatory obligations;
- Providing advisory assistance and support to business units regarding the interpretation and impact of, and compliance with, relevant legal and regulatory requirements and obligations;
- Implementing an annual Compliance Monitoring Plan (which is approved by the RCC) to test and challenge the on-going suitability and effectiveness of controls across all relevant risks and business areas;
- Monitoring, assessing and reporting regularly on regulatory risks (via the established Insight Risk Management platform); and
- Ensuring that regular compliance management information is supplied to the Boards and senior management to enable them to form a reasonable view of the standards of compliance across the business, know whether any material trends or issues have emerged and require redress, and be aware of any regulatory developments that may affect the business.

Further specific objectives are also established by the Compliance function annually using a risk-based approach. These are detailed in the annual Compliance Plan and Compliance Monitoring Plan which are reviewed and approved by the RCC and Boards. This identifies the key risks that the Company is likely to experience over the coming year and any changes to the function created by specific regulatory and legislative developments.

The Board has also asserted its commitment to ensuring that all compliance staff are "trained and competent to enable the function to carry out its objectives". Individual member's knowledge, experience and competency are routinely assessed and monitored through the internal Performance review process.

In addition to active engagement with market bodies such as the Association of British Insurers ('ABI'), International Underwriting Association ('IUA'), Lloyd's Market Association ('LMA') and Assuralia (Belgium) as a means of identifying potential areas of change, members of the function regularly participate in conferences, workshops and forums on specific legislative/regulatory developments. The function also routinely monitors legal and regulatory information sources, consultations and official publications to inform risk assessments/gap analyses against proposed changes, co-ordinating and supporting the business response.

The Compliance function has also been designated responsibility for contributing to the assessment and management of the following on behalf of the Board:

- Material Risk Classes
- Compliance Risk (non-compliance with external requirements).
- Risk Sub-Classes
- Improper business practice (Operational Risk); and
- Internal and/or external fraud (Operational Risk).

The function works with a number of other key assurance functions including Internal Audit, Risk, Legal, Underwriting and Claims Governance and Delegated Underwriting to ensure all significant areas of regulatory risk are addressed.

There is an established issue and incident reporting process as part of the wider Risk Management Framework which includes guidelines on the identification and reporting of breaches of compliance policies. The reporting requirements include the timely escalation of issues to appropriate senior management or governance bodies at EO Group level. The Compliance Director and QBE Europe Head of Compliance further escalate all material issues to the Boards and supervisory bodies through their regular discussion with the lead supervisors.

The EO Group's governance structure includes the Compliance Management Group ('CMG'), which supports the RCC in providing co-ordinated oversight and monitoring of the EO Group's adherence to the Compliance Framework. Key responsibilities include:

- Consideration of new policy requirements and management of existing policies within the Compliance Framework;
- Review of relevant policy related management information and reports;
- Recommendation of the annual Compliance and Monitoring Plans to the RCC; and
- Review of Compliance breach and incident reports.

The EO Group has implemented the QBE Group Conduct Risk Policy. The Conduct Risk Group ('CRG') is another key management group of the RCC and is responsible for identifying, assessing, mitigating and overseeing Conduct Risk, including application of the QBE Group Policy. Key responsibilities include:

- Providing focused oversight and challenge in respect of the EO Group's compliance with the FCA Consumer Duty and related requirements;
- Monitoring high product risk ('HPR') areas of the business and providing proportionate and fair challenge in respect of the effects of that business;
- Assessing the conduct risk inherent in the EO Group's products and distribution methods and whether mitigating controls and oversight are appropriate;
- Designing and providing effective management information around conduct risk within the EO Group; and
- Reporting to the RCC on the design and effectiveness of the EO Group's Conduct Risk Framework.

B.5 Internal audit function

B.5.1 Overview

QBE Group Internal Audit ('GIA') is a group-wide function, in which divisional internal audit teams operate on a globally integrated basis. The primary role of GIA is to assist the Board of Directors and senior management by providing independent assurance that the design and operation of the controls across the QBE Group are effective. The QBE Group Head of Internal Audit is responsible for the function, which operates under a written charter from the QBE Group Board Audit Committee, which is adopted by the respective Divisional Audit Committees. The Group Head of Internal Audit is responsible for the establishment of a team with the required skills, knowledge, and experience to deliver the internal audit plan. The Divisional Heads of Internal Audit report to the QBE Group Head of Internal Audit.

GIA includes a UK-based team led by the Head of Internal Audit, International and includes a dedicated Head of Internal Audit for QBE Europe. The Head of Internal Audit for QBE Europe reports to the Chair of the QBE Europe Audit Committee, the QBE Europe CEO, and the Head of Internal Audit, International. The role uses GIA EO audit staff, as necessary, as part of an outsourcing agreement with QBE Management Services (UK) Limited.

GIA operates within an established framework designed to meet key stakeholder expectations and achieve adherence to applicable professional mandatory guidance and requirements. This includes adherence with The Institute of Internal Auditors International Professional Practices Framework "Core Principles for the Professional Practice of Internal Auditing", "Definition of Internal Auditing", "Code of Ethics", and "International Standards for the Professional Practice of Internal Auditing" (Standards), and any other applicable professional mandatory guidance and requirements.

A risk-based plan of internal audits is determined annually in consultation with stakeholders e.g., senior management for approval by the Group and Divisional Audit Committees. GIA uses the QBE Risk Management Framework in developing the plan, incorporating the results of the risk assessments performed by management. This is overlaid by GIA's own assessment of risks and related controls. The plan will also include audits to address relevant regulatory requirements.

GIA maintains a quality assurance and improvement programme that covers all aspects of GIA assurance activity. This comprises both internal and external assessments, and findings of the quality assurance programme are reported to the Audit Committee Chair at least annually.

B.5.2 Independence

GIA is authorised to perform any audits, reviews, investigations, or conduct any form of inquiry, which it considers necessary to meet its purpose. GIA has full, free, and unrestricted access to all QBE activities, records, property, and personnel.

GIA maintains its independence by having no direct authority or responsibility for the activities it reviews. GIA does not have responsibility for developing or implementing procedures or systems, except for those related to internal audit. It does not prepare records or engage in original line processing functions or activities. The QBE Group Head of Internal Audit and divisional Heads of Internal Audit report to the QBE Group Audit Committee and their respective Divisional Audit Committees at least annually on the organisational independence of the internal audit activity.

B.6 Actuarial function

The Actuarial Function provides wide ranging actuarial support to the business, including reserving, capital, reinsurance analysis and performance monitoring.

At the core of all actuarial work, mathematical techniques are used to interpret the available data. This is collated from a wide variety of sources both internally and externally, including underwriting, claims, reinsurance and financial data.

The role of the Actuarial Function is defined in formal terms of reference. This document clearly outlines what areas of the Actuarial Function are performed by the EO Group's Actuarial Department, as others are performed elsewhere in the operation (e.g. the Enterprise Risk Management department).

The Actuarial Function is free from the external influence of other functions within the QBE Group and the formal terms of reference ensure that reserving analysis is performed independently of underwriting decisions, which enables objective review and challenge.

All supporting departments that form the Actuarial Function are subject to regular internal audits to ensure that the appropriate governance and processes are followed in their operation. External actuaries are contracted annually to provide an independent reserve review on a central estimate basis. The results are compared to the EO Group reserve results and differences discussed. Major differences are referred to the Reserving Management Group and relevant Board sub-committee. The external actuarial review is performed at the EO Group level and at the entity level.

B.7 Outsourcing

B.7.1 Overview

The EO Group Boards initially adopted the QBE Group Outsourcing Policy in July 2020 in place of the previous EO Group Outsourcing Policy, with an updated Group Policy adopted in May 2022. The Policy is regularly reviewed (with input from the EO Group on any required content changes) and updated where appropriate. The policy details the QBE Group's principles of outsourcing, delineates responsibilities according to business function, provides guidelines regarding the maintenance of the outsourcing register, and sets out the process and requirements for reporting to QBE Group.

The Policy is supported by an approach document which details how the requirements of the QBE Group policy are implemented within the EO Group. This approach document was initially adopted by the EO Group Boards in July 2022, with further updated versions adopted in May 2022 and February 2023, and in combination with the QBE Group Policy forms the Outsourcing Policy for all EO Group entities. Collectively these documents establish criteria for the recording and management of critical and important outsourcing arrangements, but also requires that the same core principles be applied to all outsourced relationships.

In particular, the Outsourcing Policy asserts QBE Group's commitment to "managing any risks associated with outsourcing through appropriate systems and controls", and "ensuring compliance with regulatory requirements", stating that outsourcing should only be undertaken where:

- It does not significantly increase our risk exposure;
- Ensures we remain in line with the relevant QBE Group Risk Appetite; and
- It supports QBE's strategic objectives and business plans.

The Policy and supporting approach document also establish obligations around the periodic review of all outsourced arrangements, which will differ according to the nature, scale and scope of those arrangements. The documents collectively require that appropriate systems and controls should be in place to manage the outsourcing risk and sets criteria for the inclusion and monitoring of material contracts on the outsourcing register, including the regular review and challenge of materiality assessments to ensure the appropriate classification and management of arrangements. An Outsourcing and Third Party Risk Management Working Group ('OWG'), reporting to the Operations Management Group ('OMG'), oversees both the practical application of the policy within the EO Group and preparation of the material outsourcing register on an ongoing basis.

A separate Policy is also in place in respect of Delegated Underwriting/Coverholder arrangements. This details the required due diligence and on-going monitoring of delegated underwriting arrangements, including assessment of the Coverholder's competence and suitability, regulatory standing and financial strength.

The OMG monitor, review and report on matters relating to critical/important outsourcing and the service performance level of suppliers both directly to the Boards and indirectly through the QBE Group global contractual approach (whether provided by intra-group arrangements or from third party service providers).

Once a contract is in place, the OMG will monitor and review the performance of both internal and external service providers on behalf of the Boards in key service areas in order to ensure that the operation of the companies is delivered effectively and efficiently. Focussed support is provided to the OMG in this regard by the OWG. The OMG also will review and challenge the operational strategy of the Companies and ensure such strategy is aligned with the Companies' business plans; monitor performance under outsourcing agreements and any other applicable arrangements (including performance against agreed service levels) and approve, monitor and oversee any corrective actions as required, identify risks and/or systemic performance issues in relation to the above areas and set and undertake any corrective action or recommend any corrective action, as necessary, to the QEMC and EMB.

This enables the relevant internal forums to maintain appropriate oversight and challenge over outsourced critical/important functions and activities. It also ensures that that outsourcing has no detrimental impact on the overall standard of governance and control.

The governance and control framework established around critical/important outsourcing (as outlined above) is designed to ensure that the Company has appropriate ongoing oversight over third parties performing material functions on its behalf. This includes generating appropriate MI for review and assessment by the appropriate governance forums, and as a consequence, the Company's submissions and regulatory reporting will take full account of and be based on sound oversight of all material outsourced functions/activities.

The due diligence process around any proposed critical/important outsourcing will include an assessment of potential providers in the market and any decision will be based upon a range of factors including their regulatory authorisation, financial strength, business reputation, internal control environment, ability to perform the necessary functions and the experience and technical competence of the Company and its employees. The QBE Group Outsourcing Policy requires that such outsourced arrangements must also be monitored on an ongoing basis in line with the nature, scale and scope of the services provided including ongoing assessment of the factors outlined above.

For claims relationships, any potential financial and staffing issues identified as part of these reviews are detailed in contract summary documentation prepared by the Procurement function. For other outsourced partners, assessment of financial resourcing is included in summary documentation detailing key contract points and pricing. This follows the selection process established via the internal procurement process. Assessment of staffing considerations is a default term as part of the 'Requested For Proposal' ('RFP') process and is evidenced as part of the tender/award process.

B.7.2 Critical or important outsourcing

A number of critical or important functions and activities are performed on the EO Group's behalf by third party providers in accordance with the requirements and principles set out in the QBE Group Outsourcing Policy and supporting EO Group Approach:

- Various class of business specific claims handling and loss adjusting services (including investigation and rehabilitation case management). These providers are delegated authority to manage claims on the EO Group's behalf and operate predominantly in the following territories:
    - Australia;
    - Canada;
    - The European Union;
    - United Kingdom; and
    - United States.
- IT services, including Disaster recovery, IT hosting and data centre services, Infrastructure and operational services, specialist software provision. These providers are predominantly located in the United Kingdom, though some infrastructure support services are located in Australia, India, Malaysia, the Philippines and the United States; and
- Two significant delegated underwriting arrangements operated by the EO Group are also currently considered to be critical or important outsourcing. These involve the underwriting of multiple classes of business on behalf of QUL via separate delegated authorities, which are reviewed annually and monitored by the EO Group Material DUA Oversight Group.

Various functions are also outsourced within the QBE Group to a shared services centre located in the Philippines. The principal activities are:

- Certain limited claims administration and processing functions;
- Financial processing (including basic analysis, internal reporting and administrative reconciliation activities);
- Insurance Administration (including data entry, bordereaux support and some credit control processing); and
- People (including Service Desk support, joiner/leaver processes and lifestyle changes).

In addition, various material intra-group outsourcings are implemented in accordance with the QBE Group Services Governance Framework. In all cases the QBE Group's Outsourcing Policy is applied in full to ensure a robust contractual framework is put in place:

- Information Technology services (consisting of Infrastructure services and the IT & Change function) are provided by the QBE Group Global IT function, with employees and infrastructure physically located within the EO Group. This intra-group outsourcing is governed by the QBE Group Master Services Agreement and is subject to formal on-going oversight by the EO Chief Operations Officer, Chief Information Officer and OMG, with established Service Level Agreements ('SLAs') and regular performance reviews;
- Treasury services are provided by the QBE Group Treasury function, with key employees physically located in Europe. These services are also within the scope of the QBE Group Master Services Agreement, with SLAs in place and formal oversight provided by the EO Chief Financial Officer and FMG;
- Investment management services are outsourced to the QBE Group Investments Division based in Australia. These are governed by a formal investment management agreement and are subject to on-going oversight by the EMB; and
- Provision of reinsurance administration and support services for the EO Group's outwards reinsurance placement programme by a predominantly UK-based Group function that was previously part of the EO Group.

Internal Audit support to the EO Group is provided by the QBE Group Internal Audit function.

The QBE Group has entered into a number of global agreements for the provision of externally outsourced services which extend to its constituent divisions including the EO Group. Such agreements are predominantly associated with the provision of IT infrastructure and support services and are implemented in accordance with the QBE Group Services Governance Framework.

Prior to entering into any global agreement, the contracting QBE entity carries out an appropriate due diligence process on the potential service provider and performs its own assessment of the risks related to the outsourcing arrangement. The Company's Management Committee and Board approve the general conditions of the contractual arrangement with the service provider after having received proper information. Procedures are in place for the performance of prior review of the proposed agreement by Legal and by the Company Head of Compliance. Both the Internal Audit and Compliance functions perform an independent review of outsourced activities, including Interaction with the PRA and NBB for reporting existing or planned outsourcing of critical functions or activities. In all such cases, the requirements and associated governance arrangements of the QBE Group Outsourcing Policy (incl. EO's Approach to Outsourcing & Third Party Risk Management) apply.

B.7.3 Delegated Underwriting Authority ('DUA') Arrangements

In addition to the delegated underwriting arrangement referenced in **Section B.7.2** above, the EO Group also operates a worldwide network of coverholders which are delegated authority to underwrite business on the EO Group's behalf. The primary sources of delegated authority business are:

- Australia;
- Canada;
- The European Union;
- United Kingdom; and
- United States.

All delegated underwriting arrangements are subject to extensive on-going oversight and a risk-based control framework which includes due diligence, risk assessment and the on-going audit and review of coverholder conduct and operations.

B.8 Any other information

No other information is considered material regarding the EO Group, QBE UK or QBE Europe 'System of Governance'.

Section C: Risk profile

Introduction

The EO Group has identified a number of top risks, which are considered executive management focus areas.

The top risk with the highest potential impact and likelihood and increasing risk trend throughout 2023 is 'Economic and Geopolitical Uncertainty', which was driven by geopolitical conflict (e.g. the Ukraine war and the conflict in the Middle East), and by persistent high rates of inflation in the UK and Europe during most of the year, resulting in high interest rates and a heightened risk of recession (which materialised for the UK in Q4 2023). Other top risks for the EO Group with a high rating (in terms of impact or likelihood) include 'Cyber Security' and 'Climate Change', followed by 'Competitive Market Environment' and 'Concentration of Distribution Partners'. These risks were considered stable during 2023.

Data management has also been in focus during 2023, with Data Risk/Digitisation, Pricing Models and Financial and Actuarial Data all being considered at a medium level impact and likelihood. The EO Group further started monitoring Generative Artificial Intelligence as a top risk from Q4 2023, which was previously considered an emerging risk.

The EO Group is exposed to various risks and uses a number of methods and techniques to identify, assess, evaluate and mitigate these risks. The main categories of risk are detailed below. To address these risks, the EO Group uses a number of risk mitigation techniques, as described in **Section C.1 – C.6** below.

The below table shows the SCR calculated under the Internal Model for the EO Group, QBE UK and QBE Europe. More information is given on the risk types in this section.

Risk Components under Internal Model	EO Group		QBE UK		QBE Europe	
	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	€m	€m
Market risk	264	263	85	77	269	276
Counterparty default risk	199	180	85	84	135	125
Non-life underwriting risk	1,666	1,341	710	659	1,371	995
Operational risk	200	173	88	66	147	128
Pension risk	43	80	-	-	2	4
Capital adjustments	269	17	7	-	15	23
Debt servicing costs	46	43	-	-	-	-
Total undiversified components	2,687	2,097	975	886	1,939	1,551
Diversification	(903)	(665)	(353)	(249)	(722)	(488)
Solvency capital requirement	**1,784**	**1,432**	**622**	**637**	**1,217**	**1,063**

References to EO Group below also apply to QBE UK and QBE Europe on a solo basis.

C.1 Insurance risk

Description

The EO Group defines insurance risk as the risk of fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to expectations.

Exposure measurement

Insurance risk is one of the key risks for the EO Group, for which exposure is measured mainly through the SCR derived from the Solvency II Internal Model. Insurance risk is modelled as three separate elements; risk around the proposed underwriting year (underwriting risk), risk around the balance sheet earned reserves (claims provision) and risk around the balance sheet unearned reserves (premium provision). Each of the risk elements including more specific exposure measurement information is detailed below in **Sections C.1.1 – C.1.4**.

Risk mitigation

Risk mitigation is mainly achieved through reinsuring a portion of risks underwritten to reduce EO Group's exposure to individual losses or an accumulation of losses. This allows the EO Group to control exposure to insurance losses, reduce volatility of reported results and protect capital. The EO Group has in place systems, internal controls and processes to ensure that its reinsurance arrangements are appropriate to enable it to meet its obligations to its various stakeholders, including policyholders and shareholders.

QBE UK does not reinsure to insurance special purpose vehicles. QBE Europe's reinsurance programme includes ceding to authorised Special Purpose Vehicles ('SPV') which are required to be fully funded on an equivalent basis to that required under the Solvency II rules. Exposures to these SPVs are not material.

The following key changes were made to the EO Group's reinsurance programme in 2023:

- 100% retrospective reinsurance arrangement covering certain prior year claims reserves.
- Increased retention on catastrophe product lines as well as non-renewal of catastrophe aggregate cover.

Risk Concentration

Insurance risk concentrations consider the risks associated with accumulations of underwriting exposures within particular business lines, products and geographies. This includes the risks from natural or man-made events that have the potential to produce insurance losses from many of the EO Group's policyholders at the same time (e.g., catastrophes).

The EO Group's exposure to concentrations of insurance risk is mitigated by maintaining a business portfolio that is diversified across countries and classes of business. Product diversification is pursued through a strategy of developing strong underwriting skills in a wide variety of core and specialty classes of business.

The EO Group currently uses a variety of methodologies to monitor aggregates and manage catastrophe risk. These include the use of catastrophe models from third party vendors such as RMS and Impact Forecast Elements, the Realistic Disaster Scenarios ('RDS'), and the QBE Group Aggregate Methodology ('GAM') and Realistic Event Methodology ('REM'). A risk appetite in relation to natural catastrophe insurance concentrations has been determined using the QBE Group's capital model, and in relation to non-natural catastrophe insurance concentrations using the RDSs. These are monitored against on a regular basis.

C.1.1 Underwriting risk

Underwriting risk is the risk that the premiums received for the business written in the year following the model date will not be sufficient to cover future claims and related costs arising from that business.

The risk is modelled separately for each class of business and involves an assessment of the following sources:

The underwriting cycle and the potential for business to be written at inadequate rates. This has been based upon the submitted business plans and makes allowance for variability. The data has been reviewed by experts within the business;
The potential for losses in excess of the business plan caused by a difference between the frequency and value of expected claims compared to the frequency and value of actual claims (including inflationary trends). The losses have been split between:

    - Attritional losses – Historical experience combined with expert judgement is used to parameterise the potential distribution of outcomes;
    - Large losses – The frequency and severity of large loss distributions are modelled separately. The volatility is based on past experience with an overlay of expert judgement;

- Natural catastrophe losses – Catastrophe losses are modelled using a third-party catastrophe model combined with QBE Group's exposure profile. An uplift for catastrophe exposure not catered for by the third-party model is also applied;
- Reinsurance risk mitigation – Gross large and catastrophe claims are modelled explicitly and are passed through the reinsurance structure. The capital model uses the reinsurance structures that are currently in place to capture both the reinsurance recoveries due and reinstatement premiums payable from the modelled gross losses; and
- Commission and expenses – Commission and expense assumptions are aligned to the business plan and make an allowance for variability.

In addition, Risk Appetite Statements are in place and monitored in relation to insurance risk, using for example probability of adequacy of claims reserves and insurance concentrations as a measure as well as performance from a more strategic perspective.

C.1.2 Catastrophe risk

EO Group has material exposure to losses from natural catastrophe events as well as man-made catastrophe events (e.g., terrorism or casualty events). Whilst the risk assessment processes set out below cover natural catastrophe exposure, man-made catastrophe events are also covered under underwriting risk.

Extensive monitoring of aggregates and reinsurance are in place to control this risk.

A variety of methodologies are used to monitor aggregates and manage catastrophe risk on a gross and net basis.

Methodologies include:

- The use of catastrophe models from third party vendors, such as RMS;
- Realistic disaster scenarios ('RDS') – which may be property related events (e.g., windstorms and earthquakes), but can also be liability-based events such as a collapse in the housing market (and therefore used to measure man-made catastrophes); and
- The QBE Group realistic event methodology ('REM') – used to assess catastrophe risk in regions of the world that EO Group do not have a licenced cat model to allow consideration of potential losses from these regions.

The output of each of the above is monitored and measured against internal limits. The Insurance Concentrations risk is monitored by the EO Group Aggregate Management Group and reviewed at a summary level via the Underwriting Management Group risk dashboard. In addition, catastrophe risk is reviewed at QBE Group level via the QBE Group Aggregate Management Committee ('GAMC').

C.1.3 Claims provision risk

Claims provision risk is the risk that the outstanding claims provisions established are insufficient to cover the future claim payments and associated expenses for loss events which occurred before the balance sheet date. Claims provision risk is modelled separately for each class of business.

To calculate the risk around the earned provision, historical paid and/or incurred triangulations have been analysed using a variety of statistical methods, such as:

- Bootstrapping;
- Mack; and
- Hertig.

These statistical techniques are used to project historical gross variability into the future. A number of adjustments based on expert judgements are then applied to take account of the following risk factors:

- Internal systematic risk, such as data issues; and
- External systematic risk, such as claims inflation and legislative changes.
- The gross variability is then netted down to produce the net variability. The netting down process allows explicitly for potential exhaustion of prior reinsurance programmes.
- The EO Group takes account of, and ensures consistency with, the QBE Group capital allocation model and also makes use of other data available across the QBE Group where that data can improve the accuracy of the variability measure.

The opening reserves used with the capital model are consistent with the technical provision as at the balance sheet date.

C.1.4 Premium provision risk

Premium provision risk is the risk that the premium provisions established are insufficient to cover the future claim payments and associated expenses for losses which occur on the unexpired exposures.

Premium provision risk is modelled separately for each class of business. The volatility parameters are derived from the claim distributions from the underwriting risk section of the model and are modelled separately for attritional, large and cat claim types.

C.2 Market risk

Description

The QBE Group defines market risk as the risk of adverse impacts on earnings resulting from changes in market factors. Market factors include but are not limited to: interest rates, credit spreads, foreign exchange rates and equity prices. The EO Group's exposure to market risk arises from movements in investment markets and foreign exchange rates.

Exposure measurement

Market risk is mainly measured based on the SCR derived from the Solvency II Internal Model.

Market risk modelling assesses the variability in asset returns, changes in asset values and changes to exchange rates over either a one-year period or a 'to-ultimate' timeframe. The calculation over the one-year period also includes the impact of the change in the discount on the Solvency II balance sheet between the opening and closing liabilities.

The EO Group adopts a relatively conservative investment strategy with the vast majority of assets held in cash equivalents, floating rate notes, and investment-grade government and corporate fixed income securities. The investment of these assets is aligned with business objectives and policyholder interests, for example through consideration of the nature and duration of liabilities. As at 31 December 2023, the duration of cash and fixed interest securities was 2.3 years (2022: 2.1 years) for the EO Group, 1.9 years (2022: 1.7 years) for QBE UK and 2.7 years (2022: 2.4 years) for QBE Europe.

The risk of loss due to default of corporate bonds is considered a market risk. Volatility of the returns on the assets held in the pension fund is considered in the section on pension risk.

The key part of market risk modelling is an Economic Scenario Generator. The Economic Scenario Generator simulates different investment returns for a variety of different asset types and takes account of varying durations and inflation rates (both CPI and wages). QBE Group uses a market-leading third-party Economic Scenario Generator. A significant amount of work is undertaken by the EO Group to assess and validate the Economic Scenario Generator and modelling of market risks to ensure this is fit for purpose for the companies within the EO Group. Validation of the Q1 2023 Economic Scenario Generator was performed as part of the annual validation cycle for Market Risk for both QBE UK and QBE Europe in June 2023. The validation concluded that overall the Market risk methodology, parameters, documentation, appropriateness of data and associated governance met the appropriate regulatory requirements for each legal entity.

The split of assets held by asset type, on which the current capital assessment is based, for the EO Group, QBE UK and QBE Europe are disclosed in the balance sheet reporting templates included in Appendix A.

In addition to the above, the adherence to market, credit and liquidity risk appetite statements is monitored by the EO RCG, RCC and the QEMC on a quarterly basis.

Risk mitigation

See **Section C.2.2** below.

Risk Concentration

Concentration risks are managed through adherence to the EO Group's Investment Guidelines which are designed to encourage diversification and prevent excessive exposure concentrations, for example in terms of sector. Counterparty exposures are managed through counterparty limits and monitored and reported to the EMB and QEMC.

C.2.1 Prudent person principle

The EO Group has a defined approach, risk framework and governance process around the Prudent Person Principle ('PPP') as set out in the Solvency II regulations, PRA SS 1/20 and NBB 2016 31. These principles are embedded in processes and controls within the EO Group. Requirements set out in the principle include that:

- The undertaking only invests in assets and instruments whose risks it can properly identify, measure, monitor, manage, control and report and appropriately take into account in its overall solvency needs;
- All assets, in particular those covering the Minimum Capital Requirements and the SCR, are invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole as well as the availability of the assets;
- The nature and duration of assets held to cover the technical provisions closely match with that of the undertaking's liabilities. The EO Group's policies are consistent and compliant with this rule;
- The intention and effectiveness of any derivative instruments used within the investment portfolios are documented and reported upon;
- The characteristics and valuation methodology, including levels of valuation uncertainty within new products, instruments and significant changes in asset profile are assessed prior to approval of the new products, instruments or significant change in asset profile;
- Any significant valuation uncertainty within the portfolio is understood and monitored; and
- EO Group has internal capability to evaluate credit risk of the portfolio.

Restrictions on investments which are set out in specific Investment Guidelines and Restrictions are primarily based on the Solvency II Directive, the PRA's Rulebook and guidance in Supervisory Statements and Belgian regulatory requirements, as applicable, which give a sound framework for a prudent approach.

The Investment Guidelines and Restrictions are approved by the Boards and address market and credit risks; they are based on local regulatory requirements to ensure that principally all investment assets are admissible for solvency under the Solvency II Directive, the PRA Prudential Sourcebook, Belgian regulatory requirements and, where applicable, Article 14 of the New York Insurance Department Regulations and the (Canadian) Insurance Companies Act.

The EO Group's investment philosophy is to protect the value of capital with a focus on gaining exposure to assets that are capable of producing a consistent and recurring flow of income over time, that also meet internally set targets.

In summary, the EO Group mitigates the level of market risk using the following:

- Application of and monitoring against Board-approved Risk Appetite Statements;
- Active asset management;
- Diversified portfolio;
- Derivatives for efficient portfolio management;
- Hedging of residual non-functional currency exposure; and
- Monitoring of compliance with legal and regulatory requirements, including the PPP.

The responsibilities of the EMB and QEMC include the monitoring of compliance with legal and regulatory requirements including the PPP.

The Risk Management function monitors adherence to the Market Risk Appetite Statements, and a Market Risk Key Risk Indicator, and reports this to the EMB, QEMC, RCG and the RCC on a quarterly basis as part of the ORSA process.

Risk dashboards, as part of the ORSA process, link risks across the EO Group in line with the QBE Group RMS, including in respect of liquidity, capital and investment risks. In addition, all reports from business areas outlining identification and management of individual risks are reported and assessed by EO Group committees, in particular the EMB, QEMC, FMG and the RCC.

The CFO reports the following information to the EMB and QEMC on a regular basis: Detailed investment performance versus business plan, Asset-Liability matching information and compliance with the QBE Group's Investment and Regulatory Guidelines.

Further detail regarding the EO Group's investment processes and risk mitigation is set out below in **Section C.2.4**.

C.2.2 Investment Process including Risk Mitigation

C.2.2.1 Governance structure

The Boards of the EO Group retain authority to make decisions on investment policy and guidelines for the EO Group and to take responsibility for the implementation and monitoring of the agreed strategy. All material investment strategy decisions are reserved for the Boards.

C.2.2.2 Investments (including Investment and Treasury Credit Risk)

Day-to-day management of the investment portfolio is outsourced to specialist investment managers, QBE Group Services Pty Limited (referred to as QBE Group Investments). Appointment is formalised in an Investment Management Agreement ('IMA'), which states the terms and conditions applying to the management of company investment assets, including compliance with the Investment Guidelines and Restrictions.

The Investment Guidelines and Restrictions, which reflect the QBE Group's strategy, permit the investment manager to procure assets on the basis that they comply with asset specific requirements, such as issuer, credit, counterparty and asset type constraints. The Guidelines and Restrictions include detailed limits by asset type, which are aligned to PRA and local regulations, or, where appropriate, are more restrictive. Derivatives are permitted within the investment portfolio for efficient portfolio management and risk reduction purposes and are not permitted within the Guidelines for speculative investment. Monitoring of the investment portfolio against the Guidelines is performed by Group Investments and within the EO Group's finance team.

EO Group's asset holdings are relatively diverse by asset provider, asset type and currency. The maximum exposure to a single counterparty (excluding sovereign debt and short-term deposits) was changed during the year, after the Board approval, from 5% to 7% of funds under management. This also removed the old threshold of a 10% maximum exposure permissible per counterparty; provided the total exposures, which exceed 5%, do not exceed 40%.

The EO Group's Guidelines with respect to fixed income securities and growth assets are aligned to regulations. Growth asset exposure is aligned to approved Board exposure limits. These limits are set using market and capital criteria e.g., maintaining a realistic margin of capital, liquidity considerations and related risk / reward ratios. It is usual to seek PRA 'No Objection' clearance in the UK; and to update the NBB via existing communication channels, when introducing major changes to the asset allocation model and this will include sharing proposed limits.

Under the terms of the IMA, the Investment Manager is required to adhere to the Investment Guidelines and Restrictions and have the systems in place to monitor the portfolio's compliance with them, reporting any breaches as they occur. Limits are monitored on a day-to-day basis by the investment manager. Independent from the investment manager, the EO Group's finance team obtains portfolio analyses at individual security level every month end and performs its own tests to verify compliance. Based on the output findings and the compliance reports from the Investment Manager, a monthly compliance report is sent to the EMB and QEMC.

In the event of a breach of the terms, the investment manager is expected to immediately contact the Board of individual entities to ascertain whether or not to effect immediate action to resolve the breach, or whether the Board will issue a waiver with additional clauses, which is possible under certain conditions including regular monitoring. Waivers are reviewed and re-issued annually subject to the approval of the Board of directors of individual entities via delegated authority from the Board.

The EO Group utilises the expertise of the investment manager in assessing the credit risk of counterparties in which to invest. Credit assessment reports will include detailed information obtained from credit rating agencies, primarily Standard & Poor's ('S&P'). Exposures through derivatives are included when calculating the EO Group's overall exposure to a counterparty.

The average portfolio credit quality for the EO Group's fixed income portfolio is A (2022: A). Approximately 84.6% (2022: 77.4%) of the EO Group (EO plc, QBE UK and QBE Europe), 86.1%% (2022: 80.1%) of QBE UK and 83.5% (2022: 75.6%) of QBE Europe's total fixed interest and cash investments are with counterparties with a S&P rating of A or better.

Absolute counterparty limits are set for Treasury balances and instruments. The majority of counterparty exposure details are fed into a central reporting system. In addition, there are specific settlement limits in place for foreign exchange derivatives relating to volumes executed with the QBE Treasury banking group.

The QBE Group Treasury team monitors all Treasury counterparty exposures against a counterparty limit report on a daily basis and also carries out a pre-deal check of limits.

C.2.2.3 Asset Liability Management

During 2023, the EO Group maintained its Asset Liability Management ('ALM') strategy, which is unchanged from the prior year, to maintain fixed income asset duration which is broadly equal to average net technical liability durations to mitigate interest rate risk.

Investment Guidelines permit the investment manager to extend fixed income duration a maximum of 1 year greater than that of average net technical liabilities of each entity, with no restrictions for fixed income duration below the duration of average net technical liabilities.

Risks associated with Asset Liability Management are managed through the Economic Capital Model process, which calculates the capital requirement for the liabilities and assets of the EO Group based on the inter-dependencies of the insurance risk, market risk, credit risk, liquidity risk and operational risk to which the EO Group's assets and liabilities are exposed. Various scenarios are assessed as part of the determination of the appropriate level of capital.

An input into the Economic Capital Model is the actuarial assessment of the payment pattern of liabilities for each portfolio within each entity within the EO Group. These are monitored and formalised by the EO Group Finance Management Group ('FMG'). Whilst there is not an explicit link to the investment strategy, the current focus is on investment grade quality bonds which can be liquidated within three days from request to QBE Group's internal asset management division.

For managing Asset-Liability mis-match risks, there is also a Risk Appetite Statement in place that is approved by the QBE Board and reported against each quarter at the EMB and QEMC and at the RCC.

C.2.2.4 Derivatives

Derivatives are permitted to be used for risk reduction purposes or for efficient portfolio management within the investment portfolio, to manage interest rate risk, foreign exchange movements and equity price movement, the restrictions on use are outlined in the QBE Group's Investment Guidelines and Restrictions. They are not used for speculative purposes and must be fully covered. Derivatives may be used by the fund manager to reduce or increase exposure as an alternative to transacting in the underlying securities, but such use must not result in gearing of the portfolio. Performance of the derivatives is included in reports submitted to the EMB and QEMC on a monthly basis. Ultimately, the success of the derivatives is preserving the value of the investment portfolio against adverse movements in markets.

Separate to derivative usage within the investment portfolio, foreign exchange derivatives are permitted to be used to mitigate operational foreign exchange gains and losses. Foreign exchange derivatives may be used to hedge residual foreign exchange exposure to monetary net asset positions. The effectiveness of the foreign exchange derivatives mitigating foreign exchange gains and losses is included in the FX memo submitted to the FMG on a quarterly basis.

C.2.2.5 Foreign Exchange

An operational hedging cycle is in place to ensure that residual exposure is identified, validated and appropriately mitigated.

Separate to derivative usage within the investment portfolio, foreign exchange derivatives are permitted to be used to mitigate operational foreign exchange gains and losses. Foreign exchange derivatives may be used to hedge residual foreign exchange exposure to monetary net asset positions.

A report on the foreign exchange impact on the EO Group, QBE UK and QBE Europe is reported to the FMG on a quarterly basis. This report outlines movements in foreign exchange and the corresponding impact on operational results. The report also describes major currency exposures and the effectiveness of the foreign exchange derivatives mitigating foreign exchange gains and losses.

C.3 Credit risk

Description

Credit risk arises from a potential default of the EO Group's counterparties, mainly in respect of a reinsurer defaulting on reinsurance recoveries, or a broker on premiums. The credit risk arising from reinsurer defaults is much more material than the credit risk arising from broker defaults.

It should be noted that investment and treasury credit risk (including for example the default of corporate bonds), whilst being a sub-risk category of credit risk, are considered as part of market risk for modelling purposes and the relevant processes have been detailed in the market risk **Section C.2**. However, some risk mitigation processes are included in the credit risk section here.

Exposure Measurement

Credit risk is measured based on the SCR derived from the Solvency II Internal Model.

Credit exposures are also monitored quarterly against Risk Appetite Statements ('RAS's), and supporting Key Risk Indicators, that apply to the EO Group's legal entities and are reported on a quarterly basis, through the ORSA and QBE Group Risk Dashboards (please also refer to **Section C.6.1** below). Further details of collateral amounts posted in favour of the EO Group are shown in the following section.

An annual credit risk review is also performed for Equator Re as a large internal reinsurer to the Company. This report is submitted for review and approval to the RCC each year.

Risk mitigation

The EO Group mitigates credit risk using the following:

- The posting of collateral to EO entities as beneficiary by counterparties in respect of specific exposures;
- An annual review of Equator Re's financial performance by the Risk team, reported to the RCC;
- Various levels of credit risk limits that are monitored against on a regular basis;
- Regular counterparty monitoring through dedicated systems and procedures to manage and control exposure to counterparties;
- The monitoring on an on-going basis by QBE Group's Group Security Committee ('GSC') of external ratings and QBE Group ratings and updating as appropriate. A formal quarterly review of ratings is also conducted by the GSC. The quarterly EO Reinsurance Group monitors ratings changes as communicated by the GSC and considers the implications for EO; and
- The regular review of receivables, the collectability of those debts, and the adequacy of associated impairments.

Specific controls over reinsurers include the following:

- The monitoring on an on-going basis of first loss exposure and Realistic Disaster Scenario ('RDS') by reinsurer and Reinsurance Debtors and Recoveries ('RIDAR');
- The management of counterparty concentration risk by referring to guidelines set down by the QBE Group Security Committee ('GSC'). Any use of a reinsurer outside of the Guidelines must be approved by the GSC prior to use; and
- The use of a reinsurance reporting system to monitor and report on the concentration of risk. The system holds details of all reinsurances purchased by the QBE Group from 2003 onwards and enables EO Group to identify the maximum cumulative exposure to each single reinsurer.

Specific controls over brokers include the following:

- Outstanding premium debtor balances are monitored by credit control teams on a monthly basis, as a minimum. Concentration risk is also monitored for large brokers; and
- The monitoring of broker balances on the basis of uncollected debt and debt outstanding in excess of six months. Debt over three months is pursued at an individual item level. Specific bad debt provisions are considered and applied to aged debts in accordance with QBE Group policy. Brokers are also subject to due diligence.

Specific controls over investments include the following:

- Exposure limits for approved counterparties in relation to deposits and investments; and
- EO Finance Team perform monthly monitoring of exposure to investment counterparties against limits set out in the QBE Group Investment and Regulatory Guidelines, in addition to QBE Group Investment pre- and post-trade compliance processes.

Risk concentration

A key area of credit risk concentration is the exposure to the QBE Group's captive reinsurer as the EO Group's largest reinsurer. A separate Risk Appetite Statement is in place to help manage counterparty exposure to Equator Re, including via collateral held to offset this exposure, as described under the Risk mitigation section above and as reported in the Group Risk Dashboard. Separate collateral arrangements are in place to help mitigate credit risk where exposure levels make this appropriate. Risk concentration regarding external reinsurers is mitigated by the GSC on behalf of the EO Group, through application of approved criteria for placing reinsurance with highly rated reinsurance counterparties.

C.3.1 Reinsurance credit risk

Credit risk arising from potential default by reinsurers and increase in bad debt reserve due to rating downgrade is modelled to consider the likelihood of default on both existing and future reinsurance recoveries.

- Credit risk on reinsurance recoveries arising from future business - The capital model considers each individual layer on each programme in force and is able to calculate the aggregate reinsurance recoverable attributed to any one reinsurer. Credit risk ratings are applied to each reinsurer and assess the probability of downgrade or default over time. The downgrade and default probabilities are correlated, so one downgrading/reinsurer defaulting makes it more likely that other reinsurers will downgrade/default. There is also a link between the catastrophe losses incurred by the entire EO Group and the downgrade/default probabilities, making it more likely for reinsurers to downgrade/default when there is a large natural catastrophe; and
- Credit risk on the existing reinsurance asset - The model includes the amount of reinsurance recoveries due from each reinsurer. Combining this with the payment patterns for each class enables, at any point within the model, the calculation of the aggregate reinsurance recoverable attributed to any one reinsurer assuming a constant proportion of recoverable with each reinsurer is maintained. The modelling of potential credit risk then follows the same approach as for future reinsurance recoveries above. Thus, if a reinsurer downgrades or defaults the impact on both the current reinsurance asset and the future recoveries can be modelled. There is also a link applied between reserve deteriorations and the downgrade/default probabilities, making it more likely for reinsurers to downgrade/default when there are large reserve deteriorations.

As at 31 December 2023, 59.5% (2022: 54.8%) of the EO Group reinsurers' share of claims outstanding was with QBE Group's captive reinsurer Equator Re and 90.4% (2022: 95.0%) of the remaining balance was with reinsurers with an S&P rating of A- or greater.

The EO Group holds letters of credit as security to mitigate credit risk exposure to reinsurers. As at 31 December 2023 the EO Group held £644m of letters of credit (2022: £414m) as collateral against credit risk. EO Group also held £575m (2022: £169m) of assets pledged by reinsurers for ceded technical provisions (off balance sheet assets) and £40m (2022: £39m) deposits from reinsurers.

As at 31 December 2023, 51.8% (2022: 55.3%) of QBE UK reinsurers' share of claims outstanding was with QBE Group's captive reinsurer Equator Re and 89.6% (2022: 94.3%) of the remaining balance is with reinsurers with an S&P rating of A- or greater. Equator Re share includes the impact from the retrospective loss portfolio transfer transacted during the year.

QBE UK holds letters of credit as security to mitigate credit risk exposure to reinsurers. As at 31 December 2023 QBE UK held £406m of letters of credit (2022: £371m) as collateral against credit risk. QBE UK also held £149m (2022: £142m) of assets pledged by reinsurers for ceded technical provisions (off balance sheet assets) and £0m (2022: £0m) deposits from reinsurers.

As at 31 December 2023, 64.8% (2022: 54.3%) of QBE Europe reinsurers' share of claims outstanding was with QBE Group's captive reinsurer Equator Re and 91.3% (2022: 95.7%) of the remaining balance is with reinsurers with an S&P rating of A- or greater. QBE Europe holds letters of credit as security to mitigate credit risk exposure to reinsurers.

As at 31 December 2023, QBE Europe held €275m of letters of credit (2022: €49m) as collateral against credit risk. QBE Europe also held €491m (2022: £31m) of assets pledged by reinsurers for ceded technical provisions (off balance sheet assets) and €47m (2022: €43m) of deposits from reinsurers.

C.3.2 Premium credit risk

The approach to modelling broker credit risk is very similar to the approach used to model reinsurer credit risk. The brokers are initially divided into groups, default probabilities are selected for each group, loss given default distributions are selected and the resulting credit losses are simulated.

C.4 Liquidity risk

Description

The EO Group defines liquidity risk as the risk of insufficient liquid assets to meet liabilities as they fall due to policyholders and creditors.

Exposure measurement

The most likely causes of liquidity risk arise from shortfalls in liquid assets when liabilities are required to be paid. The EO Group ensures that sufficient unencumbered investments are held in liquid securities to ensure that there are funds available to meet obligations to policyholders and other creditors, as they fall due.

Risk Appetite Statements, approved and owned by the Board, are in place to ensure that minimum levels of eligible available assets are maintained at all times to meet remote but plausible stressed cash outflows. According to EO Group's Liquidity RAS, a minimum percentage of liabilities must be maintained in liquid assets. These apply to EO Group's individual legal entities and reporting of coverage against these RASs is made on a regular basis, as well as quarterly through the ORSA reporting to the RCG and RCC. Available liquid assets, as defined by QBE, are substantially higher than the minimum entity RAS requirements and liquidity risk is considered to be low. Following the PRA's Supervisory Statement 5/19 - Liquidity risk management for insurers, scenario analysis has been integrated into the methodology and calibration of EO Group's entity Liquidity RAS.

In addition, a Liquidity Risk Dashboard is reported to the FMG on a regular basis. This dashboard reports liquidity metrics for each legal entity. In addition, key risk indicators, key concerns, cash flow forecasts, risk mitigation options and details of the control environment for liquidity are also reported in this dashboard and reviewed by the FMG.

Within the ECM, liquidity risk is modelled considering any shortfall in the cash flow at the end of each future year of modelling leading to an overdraft being required at a penal rate of interest while generating cash through selling other investments to pay off the overdraft.

Risk mitigation

The EO Group mitigates liquidity risk using the following:

- Ensuring that appropriate levels of liquid assets are available and reporting these quarterly against the RASs approved by the EO Board;
- Reporting the results of liquidity stress tests to the FMG via the Liquidity Risk Dashboard;
- Regular liquidity risk stress and scenario testing encompassing diverse scenarios across various risk types and return periods; and
- Implementation of the EO Group's Liquidity Contingency Plan, which details options available to the EO Group to access alternative funding in the event of remote Liquidity events.

C.4.1 Expected Profit in Future Premium ('EPiFP')

The EO Group calculates the expected profit in future premiums ('EPiFP') by projecting the expected future gross of reinsurance profits directly. This is carried out separately for each actuarial reserving class and legal entity, with only profit-making classes included.

The gross of reinsurance EPiFP for EO Group, QBE UK and QBE Europe is:

	2023	2022
EO Group (£m)	452	383
QBE UK (£m)	124	118
QBE Europe (€m)	379	299

C.5 Operational risk

Description

The EO Group defines operational risk as "the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events". From an exposure measurement perspective operational risk includes compliance risk. The EO Group's exposure to operational risk arises from various sub-risk categories as outlined in the section below.

Operational risk is a significant risk in the capital model, albeit one that is notably less important than underwriting and reserving risks (and of similar magnitude to credit risk).

Exposure measurement

Operational risk is assessed and modelled using the following seven operational and one compliance sub-risk categories:

- Internal fraud;
- External fraud;
- Employment practices and workplace safety;
- Improper business practice;
- Damage to physical assets;
- Business disruption and system failure;
- Execution, delivery and process management; and
- Non-compliance with external requirements.

Each sub-risk is modelled with a frequency and severity element for each. The frequency is modelled using a Poisson distribution and the severity is modelled using a Generalised Pareto distribution.

The input parameters for the model are set using the scenarios developed through the Operational Risk Assessment process and the internal and external actual loss data taken from ORIC. The Operational Risk Assessment brings together key risk assessment information for each of the EO Group's operational and compliance risks, both at an extreme level (remote but plausible scenarios; for further detail on the scenario analysis please refer to the Risk Mitigation below) and over the business planning period. The input parameters for the model are estimated as per the above for all entities within the EO Group and the severity allocated at an entity level using a weighted average of net reserves and premiums.

The distributions for each sub-risk are then aggregated assuming 50% correlation between the sub-groups independence to determine the overall operational risk distribution.

Operational risk losses are assumed to be in local currency and take place in the first model year.

Risk mitigation

The EO Group recognises that certain operational risks are unavoidable and arise from various areas across the business. The EO Group seeks to limit exposure to operational risks through ensuring that an effective infrastructure, robust systems and controls and appropriately experienced and qualified individuals are in place throughout the organisation.

The EO Group mitigates operational risk using the following:

- Active monitoring of key processes;
- Closely monitoring rapid changes in the international sanctions regulatory environment, undertaking appropriate screening and due diligence, and communicating requirements to the business as required;
- Scenario reviews to identify and quantify potential exposures for mitigation; and
- Effective segregation of duties, access controls, authorisation and reconciliation procedures.

In the first instance, operational risk is managed by the first line of defence through various systems, controls and processes.

The EO Group uses several key processes to monitor operational risk, as follows:

Risk and control self-assessments

The QBE Group has a Group-wide Risk and Control Self-Assessment ('RCSA') framework in place. The RCSA process places the responsibilities for functional risk and control assessments on each business area and it is overseen, challenged and validated by the Risk team. This framework ensures that risks are managed at a functional level and a wider risk category level to support the achievement of the EO Group's objectives. The Risk Management Framework provides further structure to the control environment, ensuring that risks have the appropriate controls in place with the appropriate owners. Control assessments are validated by the Risk team on an annual basis and verified through Internal Audit testing in line with their Internal Audit Plan.

Key risk indicators ('KRIs')

The EO Group monitors its risk through KRIs, defined as "early warning indicators that provide management with information on the level of risk that is being taken across the organisation and potential changes to the entity's risk profile". They are the common metrics agreed by all Divisions across the QBE Group to flag changing risk exposure.

Incidents

The incident process applies to operational risks that have materialised as "an operational breakdown that arises from an inadequate or failed internal process, people or systems, or from an external event, that leads to financial impacts and/or non-financial impacts."

QBE Group further classifies incidents as a:

- Regulatory breach;
- Near-miss; and/or
- Boundary event.

A key component of the incident process is the incident recording. The QBE Group records incidents with a financial impact of £5,000 or greater within a risk management system.

On a quarterly basis, the Risk team analyses incident data and reports this to the RCC and QBE Group.

Issue management

The EO Group has an issue management process in place including the identification and recording of weaknesses or gaps in the control environment as well as the monitoring of relevant remediation actions and reporting to the executive management and relevant governance forums.

Scenario analysis

Scenarios explore events or a series of events that could cause extreme but plausible (though improbable) losses. Scenario analysis can be:

- Historical: involves applying adverse historical events to existing portfolios or exposures to understand the losses or other impacts that may result;
- Current or emerging: where there is already some evidence to support the potential for the risk developing over the foreseeable future and the impact could be extreme; and
- Hypothetical: plausible but severe scenarios that could impact QBE Group, informed by expert input, are applied to existing portfolios or exposures.

C.6 Other material risks

The other material risks to which the EO Group is exposed are detailed below.

C.6.1 Group Risk

Description

The EO Group defines group risk as "the risk to a Company arising specifically from being part of the wider QBE Group, including financial impact and loss of support from the parent company." This includes potential default on inter-company loans. Note, however, that group risk (from a capital modelling perspective) excludes reinsurance credit risk exposure in relation to the QBE Group captive Equator Re, which gets incorporated in the credit risk assessment.

Group risk has little impact on the overall capital. The assessment of group risk is based on the following scenarios which are identified as the most significant group risks within the QBE Group and, in aggregate, representative of the overall group risk.

- A QBE group company conducts business unlicensed/in breach of conduct rules in the name of another QBE Group company;
- Action taken in another QBE group company causes S&P to issue a one notch downgrade, from A+ to A; and
- Action taken in another division of QBE Group company causes S&P to issue a two-notch downgrade, from A+ to A-.

These scenarios are reviewed in context with the Group Risk Dashboard which identifies the material group risks. The RCC is responsible for the Group Risk Dashboard and have specific responsibilities for assessing and validating group risk assessments. Each scenario is then modelled as a binary event and assumed to be independent.

The EO Group Risk Policy describes EO Group's approach to the assessment, management, monitoring and reporting of group risks. Processes applied to managing group risk include:

- QBE Group Risk Dashboard: including monitoring of intra-group loans, intra-EO Group loans, exposure to Equator Re and Group Outsourced Services service level agreements ('SLAs') monitoring;
- Monitoring and reporting of group risk appetite statements;
- The RCSA process providing periodic assessment of risks as well as assurance over control design and performance;
- Key Risk Indicators ('KRIs') and SLA monitoring: provide a current and trending view on levels of exposure to key risks and performance over outsourced services;
- Incidents, Issues and Actions: identification of incidents, root cause analysis and management activity required to resolve problems or address improvements identified through various risk processes; monitoring of Global issues impacting the EO Group and
- Economic capital model ('ECM'): the quantification of risk measurement for regulatory and economic capital purposes.

In addition to this, other risk processes are applied similarly to the processes set out in the Operational Risk **Section C.5**.

A key area of group risk concentration for the EO Group arises from the use of the QBE Group reinsurance captive, Equator Re. This concentration is monitored on a regular basis via the risk appetite monitoring and reported to the RCC and Boards through the ORSA.

C.6.2 Pension Risk

Pension risk captures the risk of adverse balance sheet movements associated with the defined benefit pension schemes. The EO Group bears the economic and demographic risks associated with these schemes.

The EO Group's subsidiaries operate four defined benefit pension schemes:

- The Iron Trades ('IT') and Janson Green ('JG') schemes relate to certain current and former UK-based employees;
- the QBE Management (Ireland) Limited Pension and Life Assurance Plan ('QMIL') relates to certain current and former employees based in Ireland; and
- the Secura NV scheme relates to certain current and former Brussels-based employees of QBE Europe.

The UK and Irish schemes are run independently of the sponsoring company by scheme trustees and are subject to the relevant local legislation.

The QBE Europe Secura NV scheme is funded by the employer via group insurance contracts with KBC, a Belgian insurance company.

Pension contributions relating to each scheme are assessed in accordance with the advice of independent qualified actuaries in order to spread the cost over the service lives of employees.

Each UK and Irish scheme is fully valued every three years, and this valuation is updated each balance sheet date for current market rates, valuation and accounting standards.

The latest full actuarial valuations were completed in 2023 for the JG, IT and QMIL schemes, with no specific funding required for any scheme.

Actuarial estimates of the Secura NV scheme are completed each year end.

In addition, there is a post-employment medical care scheme related to the former Brussels-based employees of Secura/QBE Europe. This scheme is accounted for under a similar basis to the defined benefit pension scheme. Within the SCR calculation, the Company takes a prudent approach and treats this scheme in the same way as other defined benefit schemes within the EO Group and bears the economic and demographic risks associated with these schemes.

EO Group also operates defined contribution pension schemes. The risks associated with these schemes are borne by the employee. Hence, the associated risk is not considered in the capital model.

C.6.3 Strategic Risk

The EO Group defines strategic risk as "the current and prospective impact on earnings and/or capital arising from strategic business decisions and responsiveness to external change". This includes for example strategic risk in respect of growth and performance, capital management risk and Environmental, Social and Governance ('ESG') related risks, with a focus on climate change risk (further detail on the ESG and climate change risk is outlined below in **Section C.6.4**).

Whilst being within the scope of the Internal Model, strategic risk is not measured using the regulatory capital model, as strategic risk is not expected to materialise within the one-year timeframe applied in the capital model. Once strategic risks materialise, they transition to the relevant risk class where they are incorporated into the capital model.

Strategic risk is managed through several risk management processes such as:

- Risk appetite statements in relation to strategic risk and strategic risk preferences;
- Stress and scenario testing (for example long-term horizon climate change stress testing);
- Performance monitoring; and
- Emerging risk management.

Other strategic risk processes include:

- Business Strategy;
- Capital Strategy and Capital Appetite Framework;
- Reputational risk management; and
- ESG management (please refer to the **Section C.6.4** below).

Ongoing monitoring, oversight and reporting of the QBE Group's exposure to strategic risk and its sub-risk categories are important to ensure that (potential) strategic issues are recorded, escalated and actioned in a timely manner. Risk reporting and analysis is provided to key stakeholders across QBE Group. This includes boards, committees, forums and business management including strategic board planning days and presentations.

C.6.4 Environmental, Social and Governance ('ESG') (including Financial Risks from Climate Change ('FRCC'))

The EO Group, including QBE UK and QBE Europe, defines ESG risk as the risk that QBE's strategic priorities or business objectives are negatively impacted by environmental (including climate change), social or governance issues. ESG risks are considered as part of EO's top risks.The EO Group, as part of the QBE Group, recognises the material risk that climate change poses to its business and is committed to embedding climate change considerations within its decision-making. Our approach to managing the climate related financial risks has been guided by our EO Board-approved Roadmap to meet the requirements of the PRA's Supervisory Statement on the Financial Risks from Climate Change ('SS3/19').

Climate change is a material financial risk in and of itself, and it can also act as a risk multiplier. For example, coastal windstorms, together with increasing sea levels, may multiply the scale and severity of damage to property within a coastal region. There are also risks associated with climate transition, as part of the adjustment to a low-carbon economy, including where litigation actions may be taken against QBE's customers. In addition, the past may no longer be a good guide to the future; risk models based on historic experience need to be adjusted to allow for potential future changes in climate over time.

This represents a challenge where the EO Group and the QBE Group provide cover for physical loss or damage to assets. It also increases the potential for third party injury and/or damage. Given this, the QBE Group has invested in scenario analysis to assess the potential impacts of climate change from physical, liability and transition risk perspectives. For physical risks, changes in expected and remote losses to the EO Group over longer time horizons (for example, in 2030 and 2050), are estimated based on the different reference climate scenarios (i.e. Representative Concentration Pathways per the IPCC – the Intergovernmental Panel on Climate Change). For transition risks, we measure the extent that the EO Group's premium within major product areas is exposed to industries considered sensitive to climate transition risks, and how this may change over longer time horizons in multiple adverse scenarios. Similarly, we are able to apply scenario analysis to assess the impacts that climate risks may have on EO Group's investments.

The QBE Group, including QBE EO, continues to support the objectives of the Paris Agreement and the Task Force on Climate-related Financial Disclosures ('TCFD') recommendations, and is preparing to respond to the Corporate Sustainability Reporting Directive ('CSRD') for QBE Europe.

Governance

In accordance with requirements of SS3/19, the EO Board is accountable for overseeing management of the financial risks from climate change. It also approves QBE's strategic priorities, which includes consideration of climate risks and opportunities. The EO Executive Management Board ('EMB') is responsible for developing and implementing strategy in relation to climate change and ESG.

In 2022, the ESG Management Group ('ESG MG') was established. The role of the ESG MG is to support the EMB and the Boards of the Companies in responding strategically to financial, operating and regulatory ESG requirements. These include specific ESG business, reporting and disclosure considerations and requirements, and other strategic issues associated with climate change and ESG. The ESG MG also assists the EMB with the executive management of climate change and ESG across EO. With effect from 1 January 2024, the ESG MG is chaired by the Head of Executive Governance & Strategy, and the QBE Group will continue to support the further development, implementation and delivery of EO's strategy to respond to climate change, and ESG and the embedding of this response into business-as-usual decision making.

As part of the oversight of the Company's Risk Management strategy, the Risk & Capital Group ('RCG'), Risk & Capital Committee ('RCC'), and EO Boards receive regular reports on material ESG risks, including those related to the PRA's SS3/19 on Financial Risks from Climate Change ('FRCC'), via the Climate Risk Dashboard

('CRD') and the Own Risk and Solvency Assessment ('ORSA'). This allows the Boards to continuously review and challenge the management of climate change risks.

As part of their Senior Manager functions, the EO Chief Underwriting Officer and EO Chief (previously co-chairs of the ESG MG), remain accountable to the PRA for the financial risks from climate change.

EO EMB and Board members continue to receive regular training to maintain and enhance their ability to carry out their responsibilities in respect of climate change and ESG.

Risk Management

EO Group is guided by the QBE Group's Risk Management Strategy to ensure we achieve our strategic priorities while also establishing effective governance and fundamental principles for the management of risk across all levels of the organisation. Climate change is part of ESG risk, which is classified as a strategic risk sub-class in the Group's Risk Management Strategy. Climate financial risks are also considered across our other risk classes such as insurance, credit, market and operational risk.

In line with SS3/19, exposures to physical, transition and liability risks are monitored and reported to management and the Board on a quarterly basis using the CRD. This report includes the following assessments:

- Physical risks: assessing climate financial risks is integrated into our assessment of natural perils modelling, for example by analysing how EO's Insurance Concentration Risk Appetite Statements would be impacted by future climate stress scenarios.
- Underwriting Transition risks: modelling transition scenario impacts on sensitive industry sectors, and how they affect EO's GWP.
- Investments Transition risks: assessments of EO's asset portfolios' exposure to transition risks.
- Liability risks: scenario analysis to assess climate litigation, in relation to the Bank of England's Climate Biennial Exploratory Scenario.
- Climate-related risks as they pertain to Operations KPIs and Claims trends.

This analysis also supports our responses to climate change, for example through the implementation of climate underwriting strategy and business planning, and by informing our risk appetite.

EO Group has continued to build upon the requirements of SS 3/19. Further developments to our approach to managing the FRCC, and broader ESG risks, have included:

Further training on climate risk for the Board / Executive Management Board ('EMB');
Updated scenario assessments of physical and transition climate risks to estimate changes in exposure materiality and to inform underwriting strategy updates for EO insurance products;

- The completion of more detailed estimation of litigation impacts using scenario analysis;
- Continuous updates to the RCG, RCC and EO Boards via reporting on climate change financial risks within the ORSA;
- Estimation of Insurance-Associated Emissions for EO insurance lines, in support of our commitment to be net zero for underwriting by 2050[5];
- Preparing for engagements with priority commercial customers to further understand their transition risks; Continuing to utilise guidance, tools and support of the Net-Zero Asset Owner Alliance ('NZAOA'), as well as collaborating with other members in the relevant NZAOA working groups with which QBE is involved;
- Updating the Environmental & Social Risk Framework (E&S Risk Framework). This framework was developed to further support the integration of Climate and other ESG considerations into our underwriting and investment and increase transparency with customers. It became effective 1 January 2022 and was updated and re-issued on 1 January 2023; and
- Continuing focusing on identifying risks and opportunities and developing further strategic responses across both underwriting and investment management.

[5] In 2022, QBE committed to transitioning our (re)insurance underwriting portfolios to net-zero GHG emissions by 2050. In May 2023, QBE Group withdrew its membership of the Net Zero Insurance Alliance (NZIA). This departure did not diminish our focus on our Sustainability Strategy to, inter alia, foster an orderly and inclusive transition to a net zero economy. Our ability to achieve this is supported by the internal Net Zero in Underwriting Program.

Sustainability Strategy

In 2024, QBE Group published the 2023 Sustainability Report, which included details of the Sustainability Strategy to better support the ambition and purpose of enabling a more resilient future. Climate change was a key consideration and is relevant to the three areas of focus identified:

- Focus area 1: Foster an orderly and inclusive transition to a net-zero economy: supporting an orderly and inclusive transition to a net-zero emissions economy, aligned with limiting warming to 1.5 degrees Celsius by the end of 2100.
- Focus area 2: Enable a sustainable and resilient workforce. The culture and capability of our people are drivers of value for QBE. Investing in our people's career development, and supporting flexibility and wellbeing, can allow us to continue to attract and retain the best talent.
- Focus area 3: Partner for growth through innovative, sustainable, and impactful solutions through our investments, supplier and broker relationships, the QBE Foundation and QBE Ventures. We explore ways to co-create solutions to meet the changing needs of our customers, and support communities affected by climate impacts and the net-zero transition.

Progress against each of these focus areas is reported to Group at the level of the EO division on a regular basis.

C.7 Any other information

C.7.1 Stress and scenario analyses

As part of the validation of the Internal Model, stress and scenario analysis is used to help validate the overall level of capital. The following approaches have been considered:

- Reverse stress testing - 'Extreme' stress tests which consider scenarios that would leave the EO Group entities' business model unviable; and
- Scenario analysis - Specific scenarios, covering multiple risk types at a range of severities.

Stress and scenario testing is also used to:

- Validate the internal model by comparing the outputs of stress and scenario tests to the internal model; and
- Assess the impact of various stresses/scenarios on the EO Group's business plan.

C.7.2 Sensitivity tests

Sensitivity tests are a useful tool to assess the effect of parameter uncertainty and determine the material assumptions that are driving the capital assessment as well as confirming that the model is operating as expected. The sensitivity tests have been ranked in order of the percentage impact on the one-year SCR for the EO Group, QBE UK and QBE Europe.

When comparing the relative impact of the sensitivity tests caution is advised as the severity of the tests varies and there will also be an element of simulation error within the results (note that the tests were run on 100,000 simulations).

The following table shows the impact on the one-year SCR of the sensitivity tests:

Test No.	Test Type	Test Description	EO Group	QBE UK	QBE Europe
			%	%	%
1	Business plan setting	Premium rates are 10% lower than expected	19.1	21.2	13.0
2	Correlation	Increase all class dependencies by 5%	10.3	8.5	5.6
3	Reserve risk	Faster risk emergence	7.9	7.9	7.1
4	Reserve risk	Increased reserve variability assessments	6.8	7.1	4.9
5	Underwriting risk (non-catastrophe)	Attritional variabilities are increased by 10%	2.7	2.4	1.4
6	Underwriting risk (non-catastrophe)	Large loss frequency variabilities increased by 10%	2.0	2.4	1.0
7	Correlation	Remove varying dependencies between cohorts by type of business	(2.2)	(3.7)	(1.0)
8	Reserve risk	Faster reduction in future capital for the risk margin	(2.4)	(3.7)	(3.2)
9	Reserve risk	Thinner tailed reserve risk distributions for outstanding claims	(3.0)	(3.4)	(3.3)
10	Reserve risk	Reduce Level of tail dependence	(5.5)	(5.9)	(4.2)

The sensitivity testing forms part of the model validation, ensuring that stressing input parameters results in explainable capital movements in terms of direction and quantum.

The expert judgement documents which form part of the Risk Management Framework identify important expert judgements (such as emergence factors and dependencies) and identify alternative judgements that could have been adopted to understand their capital impact. Their purpose is to aid senior managers' understanding of some of the key sensitivities, and also some of the limitations that might arise from judgements made where there is limited data to statistically justify assumptions or methodologies.

The sensitivity tests presented here, along with a more detailed set of sensitivities, are used as a key tool in the validation of the capital model. In 2023, the Independent Validators considered the sensitivity test results to be reasonable and explainable based on the risk profile of the business and inherent subjectivity in certain expert judgements.

Section D: Valuation for Solvency Purposes

D.1 Assets

The tables below show the value of assets held in each of the EO Group (**Section D.1.1**), QBE UK (**Section D.1.2**) and QBE Europe (**Section D.1.3**).

The differences between the Solvency II balance sheet and the financial statements balance sheet arises due to consolidation scope, valuation and presentational differences. **Section D.1.4** compares the asset valuation methodology under Solvency II with the financial statement bases.

The bases, methods and assumptions applied to the valuation of assets in the Solvency II balance sheet is consistent between EO Group, QBE UK and QBE Europe unless specifically noted in **Sections D.1.4** and **D.3.2**.

Consolidation scope differences

Under section 401 of the Companies Act 2006, the EO Group is exempt from having to produce consolidated accounts at EO plc level. The consolidated financial statement values shown in this section for the EO Group are the consolidated unpublished and unaudited EO Group IFRS[6] financial information prepared on a consistent basis with that used for reporting to QBE Group for inclusion in the overall QBE Group annual report ('Group IFRS basis'). The scope of entities included in the EO plc IFRS consolidated financial statements prepared for the purposes of Solvency II Group reporting and the Solvency II consolidation is the same. As explained below, whilst QBE Corporate is fully consolidated under Group IFRS basis, the Solvency II net asset value is recognised under 'Holdings in related undertakings, including participations' for Solvency II reporting.

QBE UK and QBE Europe report on a UK GAAP (FRS 102 ('The Financial Standard applicable in the UK and Republic of Ireland') and BE GAAP basis, respectively, and the financial statements information presented below is taken from the audited annual financial statements. The UK GAAP and BE GAAP figures are presented in the Solvency II balance sheet format and therefore do not directly correspond to the line items in the respective financial statements.

The Solvency II balance sheet for the EO Group has been prepared using the default Method 1, i.e., the accounting consolidation method. The key difference between the consolidation approach under Solvency II and IFRS is that under Solvency II only entities which meet the definition of insurance holding company, insurance undertaking or ancillary services undertaking are fully consolidated and 'other related undertakings' including EO Group's investment in QBE Corporate (which participates Lloyd's Syndicate 386 and Syndicate 2999) are not consolidated on a line by line basis but recognised as investments under 'Holdings in related undertakings, including participations' gross of intra-group transactions on the EO Group Solvency II balance sheet. These investments are valued at the Solvency II value of their underlying assets using the adjusted equity method. This results in material presentational differences between the IFRS and Solvency II balance sheet, even though the Solvency II valuation approach under the two bases is the same.

Valuation and presentational differences

Except where noted in the table in **Section D.1.4**, assets are valued at fair value. Where alternative valuation methods are used to determine the fair value, the key assumptions and judgements are included in **Section D.4**.

The valuation methodology for assets and liabilities for EO Group, QBE UK and QBE Europe under Solvency II has been amended this year to include the PRA Risk margin rules for EO Group and QBE UK; and the application of the Volatility Adjustment to the discount rates used for the valuation of the SII technical provisions for QBE EU. For EO Group reporting purposes QBE EU's volatility adjustment was removed, and the PRA's Risk Margin rule was applied.

Although the valuation bases between the financial statements and Solvency II may be consistent for certain asset classes, there are presentational and reclassification adjustments made to arrive at Solvency II asset and liabilities classifications.

[6] From 1 January 2023 QBE Group has adopted International Financial Reporting Standard (IFRS) 17 Insurance Contracts (IFRS 17). Therefore, reference to EO Group data on an IFRS basis in this document refers to unaudited EO Plc consolidated financial information that is consistent with the dataset used for QBE Group reporting on an IFRS 17 basis.

Detailed information on asset valuation and reclassification differences between Solvency II and the financial statements is included in **Section D.1.4** below.

D.1.1 EO Group

The EO Group held total assets of £10,129m (2022: £9,024m) and total liabilities of £7,773m (2022: £7,111m) as at 31 December 2023 valued on a Solvency II basis.

The table below shows the analysis of assets by Solvency II summarised asset and liability classes on an IFRS and Solvency II basis, together with the presentational, consolidation scope and valuation adjustments, that have been made to move from an IFRS to a Solvency II basis. Presentational and reclassification adjustments have been made to **column (a)** below to align the IFRS balance sheet items to Solvency II balance sheet classifications. The full Solvency II balance sheet is included in **Appendix A**[7].

Solvency II Balance sheet items	IFRS	Consolidation scope differences[7(a)]	Presentational and reclassification differences	Valuation differences	Solvency II
	(a) (unaudited)	(b) (unaudited)	(c) (unaudited)	(d) (unaudited)	(e)=(a)+(b)+(c)+(d)
	£m	£m	£m	£m	£m
Assets					
Goodwill	159	-	-	(159)	-
Intangible assets	72	(63)	-	(9)	-
Deferred tax assets	14	-	-	(9)	5
Pension benefit surplus	31	-	-	-	31
Property plant and equipment for own use	62	(2)	-	-	60
Investments[7(b)]	9,659	(3,261)	216	-	6,614
Holdings in related undertakings, including participations	-	528	-	-	528
Loans and mortgages	-	-	2	-	2
Deposits other than cash equivalents	-	-	123	-	123
Reinsurance recoverable	2,798	(1,154)	43	(427)	1,260
Deposits to cedants	-	-	154	-	154
Insurance and intermediaries receivables	-	-	851	-	851
Reinsurance receivables	-	-	157	-	157
Receivables (trade, not insurance)	240	(186)	189	(16)	227
Cash and cash equivalents	478	(108)	(253)	-	117
Total assets	**13,513**	**(4,246)**	**1,482**	**(620)**	**10,129**
Liabilities					
Technical provisions	10,006	(3,992)	680	(593)	6,101
Provisions other than technical provisions	12	-	-	-	12
Pension benefit obligations	4	-	-	-	4
Deposits from reinsurers	-	-	40	-	40
Deferred tax liabilities	248	(168)	-	48	128
Derivatives	-	-	30	-	30
Insurance and intermediaries' payables	-	-	381	-	381
Reinsurance payables	-	-	105	-	105
Payables (trade, not insurance)	764	(38)	(337)	-	389
Subordinated liabilities	-	-	583	-	583
Total liabilities	**11,034**	**(4,198)**	**1,482**	**(545)**	**7,773**
Excess of assets over liabilities	**2,479**	**(48)**	**-**	**(75)**	**2,356**

[7] In the table above:

a) Consolidation scope differences, presented in column (b) above, mainly relate to the deconsolidation of QBE Corporate (where the Lloyds' participations are consolidated) on a line-by-line basis and inclusion on the balance sheet as a one-line participation in the "Holdings in related undertaking, including participations" item.

b) Investments include Government Bonds, Corporate Bonds, Collateralised Securities, Collective Investment Undertaking, Derivatives and Deposits other than cash equivalents.

D.1.2 QBE UK

QBE UK held total assets of £3,943m (2022: £3,763m) and total liabilities of £3,116m (2022: £2,926m) as at 31 December 2023 valued on a Solvency II basis.

The table below shows the analysis of assets by summarised asset class on a UK GAAP (FRS 102) and Solvency II basis, together with the presentational and valuation adjustments that have been made to move from a UK GAAP (FRS 102) to a Solvency II basis. Presentational and reclassification adjustments have been made to **column (a)** below to align the UK GAAP balance sheet items to Solvency II balance sheet classifications. The full Solvency II balance sheet is included in **Appendix A**[8].

Solvency II Balance sheet items	UK GAAP	Presentational and reclassification differences	Valuation differences	Solvency II
	(a)	(b)	(c)	(d)=(a)+(b)+(c)
	£m	£m	£m	£m
Assets				
Deferred acquisition costs	182	-	(182)	-
Deferred tax assets	3	-	(3)	-
Property plant and equipment for own use	-	-	-	-
Investments[8(a)]	2,658	196	-	2,854
Loans and mortgages	-	2	-	2
Reinsurance recoverable	880	(164)	(210)	506
Deposits to cedants	14	-	-	14
Insurance and intermediaries receivables	703	(286)	-	417
Reinsurance receivables	41	-	-	41
Receivables (trade, not insurance)	94	-	(17)	77
Cash and cash equivalents	196	(165)	-	31
Any other assets[8(b)]	29	(28)	-	1
Total assets	**4,800**	**(445)**	**(412)**	**3,943**
Liabilities				
Technical provisions[8(c)]	3,455	(256)	(571)	2,628
Deferred tax liabilities	-	-	45	45
Derivatives	-	5	-	5
Insurance and intermediaries' payables	291	(30)	-	261
Reinsurance payables	189	(164)	-	25
Payables (trade, not insurance)	147	-	-	147
Any other liabilities	11	-	(6)	5
Total liabilities	**4,093**	**(445)**	**(532)**	**3,116**
Excess of assets over liabilities	**707**	**-**	**120**	**827**

[8] In the table above:

a) Investments include Government Bonds, Corporate Bonds, Collateralised Securities, Collective Investment Undertaking, Derivatives and Deposits other than cash equivalents.

b) Any other assets on a UK GAAP basis relate to accrued income which is required to be allocated to investments under Solvency II.

c) Technical provisions are gross of salvage and subrogation recoveries under UK GAAP.

D.1.3 QBE Europe

QBE Europe held total assets of €6,181m (2022: €5,842m) and total liabilities of €4,753m (2022: €4,465m) as at 31 December 2023 valued on a Solvency II basis.

The table below shows the analysis of assets by Solvency II summarised asset class on a BE GAAP and Solvency II basis, together with the presentational and valuation adjustments that have been made to move from a BE GAAP to a Solvency II basis. Presentational and reclassification adjustments have been made to **column (a)** below to align the BE GAAP balance sheet items to Solvency II balance sheet classifications. The full Solvency II balance sheet is included in **Appendix A**[9].

Solvency II Balance sheet items	BE GAAP	Presentational and reclassification differences	Valuation differences	Solvency II
	(a)	(b)	(c)	(d)=(a)+(b)+(c)
	€m	€m	€m	€m
Assets				
Deferred tax assets	-	-	7	7
Property plant and equipment for own use	4	-	11	15
Investments[9(a)]	4,278	124	(27)	4,375
Reinsurance recoverable	1,309	(112)	(337)	860
Deposits to cedants	161	1	-	162
Insurance and intermediaries receivables	1,248	(572)	(175)	501
Reinsurance receivables	134	-	-	134
Receivables (trade, not insurance)	32	-	-	32
Cash and cash equivalents	188	(93)	-	95
Any other assets[9(b)]	34	(34)	-	-
Total assets	**7,388**	**(686)**	**(521)**	**6,181**
Liabilities				
Technical provisions	5,525	(450)	(962)	4,113
Deferred tax liabilities	-	-	72	72
Pension benefit obligations	-	-	5	5
Deposits from reinsurers	48	-	-	48
Derivatives	-	-	29	29
Insurance and intermediaries' payables	261	(123)	-	138
Reinsurance payables	210	(113)	(5)	92
Payables (trade, not insurance)	164	-	12	176
Subordinated liabilities	80	-	-	80
Total liabilities	**6,288**	**(686)**	**(849)**	**4,753**
Excess of assets over liabilities	**1,100**	**-**	**328**	**1,428**

[9] In the table above:

a) Investments include Government Bonds, Corporate Bonds, Collateralised Securities, Collective Investment Undertakings Derivatives and Deposits other than Cash and Cash equivalents.

b) Any other assets on a BE GAAP basis relate to accrued income which is required to be allocated to investments under Solvency II.

D.1.4 Comparison of asset valuation methodology under Solvency II and financial statement bases

The below table sets out the material valuation differences between the bases, methods and main assumptions between the Solvency II and financial statement bases for the material classes of assets.

Other presentational differences represent movement between line items with no overall impact on excess of assets over liabilities.

- The main difference between Solvency II and IFRS is that the insurance and reinsurance receivable items considered to be "due" or "past due" are separated out from the reinsurance assets and insurance liabilities to the insurance and reinsurance receivable lines in the balance sheet;
- The main difference between Solvency II and UK/BE GAAP arises from items that are not considered to be "due" or "past due". In such instances Solvency II considers the receivables to be future cash flows and part of technical provisions;
- Investments (as defined in **Section D.1.1**) and Loans and Mortgages are reclassified from IFRS/UK GAAP/BE GAAP to meet the Solvency II reporting guidelines;
- The difference between IFRS and Solvency II in respect of deposits to cedants is that balances are classified as reinsurance assets under IFRS whilst separately disclosed under Solvency II;
- Accrued interest is presented as receivables on the IFRS, UK GAAP and BE GAAP balance sheets, but on the Solvency II balance sheet it is included within the appropriate investment asset classes;
- Derivative assets and liabilities are presented as liabilities (net position) on the IFRS, UK GAAP and BE GAAP balance sheets where the requirements permit, but on the Solvency II balance sheet derivative assets and derivative liabilities are presented on a gross basis; and
- As noted above, under 'Consolidation scope differences', Solvency II assets and liabilities of QBE Corporate and 'other related undertakings' are not consolidated on a line-by-line basis in the EO Group consolidated balance sheet but instead they are recognised separately under 'Holdings in related undertakings, including participations' under the adjusted equity method. This may result in material presentational differences.

Balance sheet item	IFRS/UK GAAP/BE GAAP valuation basis and comparison with Solvency II valuation basis and assumptions
Goodwill/Intangible assets	Under IFRS, UK GAAP and BE GAAP purchased goodwill is recognised as an asset and valued as the difference between the fair value of the asset(s) acquired and the consideration paid for those assets. Solvency II regulations, however, require that no value is ascribed to purchased goodwill. Intangible assets other than goodwill must be valued at zero under Solvency II unless they can be sold separately in an active market. Neither of these conditions are deemed to be met and therefore no intangible assets have been recognised under Solvency II. No goodwill and intangibles have been recognised for QBE UK and QBE Europe for the year ended 31 December 2023 and therefore there are no differences between Solvency II and the relevant GAAPs.
Deferred tax assets	The measurement principles for deferred tax assets and liabilities are consistent between IFRS, UK GAAP and Solvency II. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The valuation difference relates to the change in the value of deferred tax, caused by the impact of adjustments made to balance sheet items in compliance with Solvency II regulations. The largest impact arises from the revaluation of technical provisions.

	Under BE GAAP, however, deferred tax assets / liabilities are not recognised. See also **Section D.3.6** for more information on the position as at 31 December 2023.
Pension benefit surplus	Pension benefit surpluses and obligations arise in the group's defined benefit pension schemes and are accounted for in accordance with UK or Irish GAAP (FRS 102) in the relevant ancillary services undertaking. These bases are consistent with IAS 19 under IFRS and therefore no adjustments are required for the purposes of accounting under Solvency II. Under BE GAAP any pension benefit surpluses are not recognised. However, under Solvency II the surplus is recognised in line with IAS 19 rules.
Property, plant and equipment for own use	<u>Property, plant and equipment other than leases</u> The valuation basis under BE GAAP, UK GAAP and IFRS is at cost less accumulated depreciation. This is considered to be a reasonable approximation for fair value under Solvency II. <u>Leases</u> The IFRS 16 valuation basis under IFRS and, the equivalent basis, under UK GAAP (FRS 102) also apply under Solvency II. Under BE GAAP lease payments are expensed as incurred. The valuation adjustment for Solvency II purposes for QBE Europe relates to recognition of right of use assets in accordance with IFRS 16 Leases.
Holdings in related undertakings, including participations	Under IFRS, the assets and liabilities of related undertakings are fully consolidated by the EO Group where the parent has control over the related undertaking. Intra-group transactions are eliminated from the EO Group consolidated balance sheet. There are no subsidiaries to consolidate in the GAAP financial statements of QBE UK and QBE Europe. Under Solvency II, however, undertakings are consolidated and valued differently depending on the type of entity. Insurance company subsidiaries (QBE UK and QBE Europe), insurance holding companies and ancillary service undertakings are fully consolidated under Solvency II, the starting point for which is the IFRS consolidation. Participations in 'other related undertakings' including the investment in QBE Corporate, are valued based on the adjusted equity method.
Equity **Government Bonds** **Corporate Bonds** **Collateralised Securities**	Investments are measured at fair value for Solvency II, IFRS and UK GAAP purposes. Under BE GAAP, they are valued as follows: equity/shares and similar securities are carried at acquisition value less related write-downs; fixed income securities are carried at amortised cost. Fair value is obtained from quoted market prices, or if quoted market prices are not available, then by using relevant valuation techniques, see **Section D.4** for more information on assets valued using an alternative method. Money market instruments (accumulating certificates of deposit, and discounted securities) are valued using an external pricing source. Where a market quote is not available, a mark to model using market-based inputs is used. Where this is not possible, Alternative Methods of Valuation ('AVM') described in **Sections D.4.1** and **D.4.2** is used.
Collective investment undertakings	Collective investment undertakings are measured at fair value for Solvency II, IFRS and UK GAAP purposes, whilst under BE GAAP the valuation basis is amortised cost.

	Fair value is obtained from quoted market prices, or if quoted market prices are not available, then by using relevant valuation techniques, see **Section D.4** for more information on assets valued using an alternative method.
Derivatives	Derivatives are carried on a fair value basis under Solvency II, IFRS, UK GAAP and BE GAAP. Under IFRS, UK GAAP and BE GAAP , where the requirements permit, derivatives are presented as an asset or liability (on a net position). On the Solvency II balance sheet, derivative assets and derivative liabilities are presented on a gross basis.
Loans and mortgages	Loans and mortgages are fair valued under Solvency II, IFRS and UK GAAP using a mark to model valuation technique. Under BE GAAP an amortised cost basis is used. Where observable market prices are not readily available for infrastructure loans, the market prices provided by fund managers are used, albeit delayed.
Reinsurance recoverable	Under IFRS the expected recovery of liability for remaining coverage is reported in reinsurance assets this includes the discounted reinsurance recoveries on central estimate, unamortised reinsurance costs, reinsurance receivables and reinsurance payables. The reinsurance claim reserves are valued on a cash flow basis and discounted using Group discount rates. The valuation basis is the same under UK GAAP and BE GAAP, however, periodic payment orders are discounted under the UK GAAP while no discount is applied for QBE Europe. Under Solvency II, reinsurance recoverables are calculated as the present value of future reinsurance cash flows plus allowances for default that relate to the best estimate liability. Reinsurance receivable and payable items that are not considered to be “due” or “past due” are considered as future cash flows and part of technical provisions under Solvency II and are therefore valued using discounted cash flows techniques adjusted for the risk of default. See **Section D.2** for further details.
Deposits other than cash equivalents **Deposits to cedants** **Cash and cash equivalents**	Deposits other than cash equivalents, deposits to cedants and cash and cash equivalents and are valued at amortised cost under IFRS, UK GAAP and BE GAAP, which is deemed a good approximation for fair value for Solvency II. Other than reclassification adjustments, there are no material valuation differences between these bases.
Insurance and intermediaries receivables **Reinsurance receivables**	Insurance and reinsurance receivables are reported as part of the insurance liabilities and reinsurance assets under IFRS at cost less impairment basis. The valuation basis for insurance receivables and payables are the same under UK GAAP and BE GAAP which is at cost less impairment basis.
Receivables (trade, not insurance)	The valuation basis is the same under Solvency II, IFRS, UK GAAP and BE GAAP. As these assets have a short-term maturity, the IFRS valuation basis is considered a close approximation to fair value.

D.2 Technical provisions

D.2.1 Definition of technical provisions[10]

Solvency II technical provisions are defined as the best estimate of future cash flows, discounted to allow for the time value of money using prescribed yield curves and considering all possible future scenarios. The key components of the technical provisions comprise:

- Claims Provisions: Best Estimate of future gross and reinsurance claims, premium and expenses relating to the earned exposure on insurance policies;
- Premium Provisions: Best Estimate of future gross and reinsurance claims, premium and expenses relating to the unearned exposure, i.e. based on unearned premium and policies that are bound but not incepted ('BBNI') at the valuation date; and
- Risk Margin: additional provision to bring the Best Estimates to the level required to transfer the obligations to a third-party undertaking.

The bases, methods and assumptions applied to the valuation of Solvency II Technical Provisions are consistent between EO Group, QBE UK and QBE Europe.

The table below summarises the net technical provisions ('TPs'), under Solvency II and local GAAP/IFRS reporting requirements, for the EO Group, QBE UK and QBE Europe.

		2023	2022	Movement
EO Group				
IFRS net technical provisions - statutory basis	£m	7,208	9,406	(2,198)
Consolidation scope differences	£m	(2,838)	(3,881)	1,043
IFRS net technical provisions after consolidation scope adjustments	**£m**	**4,370**	**5,525**	**(1,155)**
Solvency II net technical provisions	£m	4,841	4,633	208
QBE UK				
UK GAAP net technical provisions	£m	2,575	2,289	286
Solvency II net technical provisions	£m	2,122	1,826	296
QBE Europe				
BE GAAP net technical provisions	€m	4,216	4,075	141
Solvency II net technical provisions	€m	3,253	3,160	93

Of the £2,367m (2022: £4,774m) difference between the EO Group's Solvency II and IFRS net technical provisions, £2,838m (2022: £3,881m) relates to participations at Lloyd's held by QBE Corporate (as explained in **Section D.1** under consolidation scope differences).

The differences between IFRS/UK GAAP/BE GAAP and the SII valuation of the Technical Provisions are detailed under **Section D.2.2**.

The net TPs as at 31 December 2023 for QBE UK and QBE Europe are summarised below, with major lines of business shown separately.

[10] Any references to the Risk Margin are unaudited as it is derived from the Solvency Capital Requirement prepared under an approved Internal Model which is also outside the scope of the audit.

Line of business	QBE UK			QBE Europe		
	Best estimate	Risk Margin (unaudited)	Total net TPs	Best estimate	Risk Margin (unaudited)	Total net TPs
	£m	£m	£m	€m	€m	€m
Motor vehicle liability	522	23	545	71	7	78
Fire and property damage	444	18	462	493	40	533
General liability insurance	661	48	709	1,127	133	1,260
Non-proportional casualty reinsurance	129	8	137	498	156	654
Other non-life obligations	218	16	234	559	69	627
Total non-life obligations	**1,974**	**113**	**2,087**	**2,748**	**405**	**3,153**
Life obligations	**32**	**3**	**35**	**87**	**13**	**101**
Total obligations	**2,006**	**116**	**2,122**	**2,835**	**418**	**3,253**

Summaries of the gross and reinsurance technical provisions, split by Best Estimate liability and Risk Margin[11], for all Solvency II lines of business, are available in **Appendix A**, (public disclosures S.12.01.02 (life) and S.17.01.02 (non-life)) for QBE UK and QBE Europe.

D.2.2 Differences between TPs under Solvency II and IFRS/UK GAAP/BE GAAP

The most significant differences in the technical provisions reported to QBE Group under Group IFRS and QBE UK (under UK GAAP and Solvency II) and QBE Europe (under BE GAAP and Solvency II) are as follows:

- Group IFRS's Insurance liabilities and Reinsurance assets are based on the expected liability for remaining coverage this includes discounted central estimate, liability for unexpired risks, unamortised reinsurance costs, insurance and reinsurance receivables and payables considered to be "not due". Under UK GAAP, BE GAAP and SII, the reinsurance receivables and reinsurance payables items considered to be "due" or "past due" are reported separately from the technical provisions;
- Group IFRS's technical provisions include a Risk Adjustment under IFRS 17. Under UK and BE GAAP, the earned technical provision include a reserve margin to increase the probability of adequacy; and
- Group IFRS's technical provisions are discounted using Group yields, including an illiquidity premium. For QBE UK, under UK GAAP, only the Periodic Payment Order reserves are discounted, using Group yields excluding the illiquidity premium. For QBE Europe under BE GAAP, the technical provisions are held undiscounted.

In addition, the EO Group Technical Provisions are different on a Group IFRS and Solvency II bases as the Technical Provisions of QBE Corporate are reported under participations in the Solvency II balance sheet (as explained in **Section D.1** under consolidation scope differences).

The Best Estimate liabilities are calculated in accordance with Article 77(2) of the Solvency II Directive. The claims and premiums provisions are derived from the IFRS/UK GAAP/BE GAAP best estimate reserves and the liability for unexpired risks under IFRS and the premium reserve UK GAAP/ BE GAAP, respectively, and are adjusted to incorporate the following:

- **Future Premiums**: Represent cash flows relating to future premiums that are receivable but not overdue. These cash flows are reclassified from insurance and reinsurance receivables on the UK GAAP/BE GAAP balance sheet to technical provisions;
- **Bound But Not Incepted policies**: Represent premiums, expenses and claims relating to policies that the EO Group has entered into that have not incepted at the valuation date;
- **Future Claims Costs**: Unearned claims are obtained by applying unearned loss ratios to unearned premiums;
- **Expenses**: Assumed expenses incurred in servicing (re)insurance obligations are derived using expense assumptions. These expense loadings are applied separately to the earned and unearned future cash flows to obtain separate expense provisions for earned and unearned business;
- **Events Not In Data ('ENIDs')**: The Directive requires the Best Estimate to include an allowance for "all possible outcomes", e.g. latent claims or extreme high severity, low probability claims. An ENID provision is calculated to allow for all possible scenarios where historical data may be lacking;

[11] Any references to the Risk Margin are unaudited as it is derived from the Solvency Capital Requirement prepared under an approved Internal Model which is also outside the scope of the audit.

- **Risk Margin**: The Risk Margin is calculated using a cost of capital approach by applying the Best Estimate cash flow and the prevailing yield curve (as provided by the European Insurance and Occupational Pensions Authority ('EIOPA') or the PRA) to the Internal Model SCR capital measure; and
- **Discounting**: Future cash flows are discounted using 31 December 2023 risk free yield curves. The yields for QBE Europe solo reporting are provided by EIOPA and include the Volatility Adjustment ('VA')[12]. The yields for QBE UK solo reporting and the EO Group are provided by the PRA and exclude the VA. Future cash flows have been obtained by applying projected payment patterns derived for the Core Reserving process.

The table below shows the adjustments made to the technical provisions from statutory financial statement basis to Solvency II basis:

Reconciliation from GAAP TPs to Solvency II technical provisions	EO Group	QBE UK	QBE Europe
	IFRS	UK GAAP	BE GAAP
	£m	£m	€m
Total net technical provisions – Statutory basis	**7,208**	**2,575**	**4,216**
Consolidation scope and IFRS reclassification differences[13]	(1,463)		
Removal of UPR/liabilities for unexpired risks, equalisation provision (QBE Europe) and GAAP Reserve Margin, Risk Adjustment (EO Group), GAAP/IFRS discount	(1,480)	(928)	(1,195)
Adjustment for Solvency II future premium, future claims costs, expenses, ENIDs and discounting	223	359	(186)
Risk Margin	353	116	418
Total net technical provisions – Solvency II basis	**4,841**	**2,122**	**3,253**

D.2.3 Material changes during the period on the technical provision methodology

During the year, QBE Group adopted IFRS 17 which impacted Group IFRS reporting. This had significant classification and valuation impacts to the 'Total net technical provisions – Statutory basis' value shown in **Section D.2.2** above.

There were two material changes to the Solvency II technical provision methodology during the year:

- The yields used to discount QBE Europe's future cash flows for solo reporting purposes now include the Volatility Adjustment ('VA'). For clarity, the VA is not included in the yields used to discount the cash flows of QBE UK for solo reporting nor the consolidated EO Group.
- In line with amendments to the UK regulatory regime, which means requirements now deviate from EIOPA (Solvency II), known as 'Solvency UK', the calculation of the Risk Margin for QBE UK and EO Group was changed to include a lower Cost of Capital and a Risk Tapering Factor. These changes reduced the Risk Margins by around 35%.

D.2.4 Currency

The Solvency II Directive and PRA rules require that the best estimate be calculated separately for obligations in different currencies to enable the calculation of discounted liabilities.

Currency allocations are performed by class of business via the Core Reserving process; each reserving class is typically analysed in one currency.

For Solvency II, the claims and premiums by currency provided in the data are derived by Finance using the outputs from the Core Reserving process, and no additional judgement is required.

D.2.5 Options and Guarantees

The EO Group does not have any exposure to embedded options and guarantees in its products offered, hence no allowance is made in the technical provisions for these items.

[12] The VA is an effective risk mitigant against mark-to-market driven solvency volatility caused by credit spread movements.
[13] As mentioned in **Sections D.1** (under consolidation scope differences) and in **D.2.1**, within this balance, £2,838m relates to participations at Lloyd's held by QBE Corporate.

D.2.6 Uncertainty in Technical Provisions[14]

There are inherent uncertainties in the technical provisions, particularly in respect of the best estimate of unpaid claims and future premiums.

The estimation of unreported claims is generally subject to a greater degree of uncertainty than the estimate of settlement costs for reported claims, where more information about the claims is usually available. Furthermore, liability and other long tail classes of business, where claims settlement may not happen for many years after the event giving rise to the claim, typically display greater variability between initial estimates and final settlement due to delays in reporting claims and uncertainty in respect of court awards and future claims inflation.

Some of the main uncertainties are listed below:

- There is heightened uncertainty around future levels of inflation and how an unfavourable economic climate may impact claims for classes such as Liability, Credit and Financial Lines;
- Loss estimates resulting from ongoing geopolitical conflicts in Ukraine and Israel/Gaza;
- The level of uncertainty around COVID-19 loss estimates has continued to reduce following recent court rulings, however ongoing legal challenges remain;
- General levels of future new claim notifications which could differ from historical experience;
- Large natural or man-made catastrophic events, to the extent that claims have not been fully settled;
- Periodic Payment Orders ('PPO') and similar Structured Settlements;
- Future, and as yet unknown and unquantifiable, large market loss events that could impact the EO Group;
- Future premiums, especially for the most recent underwriting year, are based on the EO Group's business plans and discussions with underwriters;
- Plan loss ratio estimates;
- Estimates for Events not in Data;
- Timing of claim, premium, reinsurance and expense cash flows; and
- The appropriateness of the development tail factors applied to the EO Group's classes of business.

D.2.7 Volatility Adjustment[15]

The VA is an effective risk mitigant against mark-to-market driven solvency volatility caused by credit spread movements. The yields including VA published by EIOPA are used to discount QBE Europe's cash flows for solo reporting purposes. The impact of the VA is disclosed in S.22.01.22 (see **Appendix A**) and is summarised in the following table.

QBE Europe	Including the VA	With the VA set to zero	Impact of the VA
	€m	€m	€m
Technical provisions (gross including risk margin)	4,113	4,153	(40)
Reinsurance recoverables	860	870	(10)
Basic own funds	1,483	1,460	23
Eligible own funds to meet the SCR	1,683	1,660	23
SCR	1,217	1,217	-
SCR coverage	138.3%	136.4%	1.9%

No VA is included in the yields used to discount the cash flows for QBE UK nor for the EO Group.

D.2.8 Matching adjustment, transitional risk-free interest rate term structure and transitional adjustments/deductions[16,17]

EO Group, QBE UK and QBE Europe do not apply any matching adjustments, transitional adjustments or transitional deductions.

[14] Any references to uncertainty in technical provisions are unaudited.
[15] Any references to volatility adjustments are unaudited
[16] Any references to matching adjustments are unaudited
[17] Any references to transitional adjustments/deductions are unaudited

D.2.9 Recoverables from reinsurance contracts and special purpose vehicles

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

An initial estimate is made of the reinsurance recoveries as a proportion of gross. This is derived originally from the reinsurance pricing basis and the business plan, along with a review that considers catastrophe/large/attritional losses and non-treaty cover. Any known large outstanding claims are considered on a case-by-case basis. Reinsurance IBNR is allocated in line with the gross to maintain a suitable net provision.

The technical provisions have been reviewed by members of the Actuarial Function to ensure that they adhere to the relevant Solvency II articles and texts.

The valuation of outwards reinsurance recoveries in the claims and premium provisions includes an explicit allowance for counterparty default risk.

To adhere to the principle of reinsurance correspondence, the reinsurance recoveries are calculated such that they are consistent with the gross premium forecasts and implicitly allow for expected recoveries in respect of losses occurring during ('LOD') and risks attaching during ('RAD') policies. In line with regulatory guidance, the EO Group's approach is as follows:

- Incepted and bound reinsurance valued to the extent that it covers existing (i.e. incepted and bound) inwards business;
- Adjusted to allow for reinsurance minimum premium terms; and
- Allowance for future reinsurance purchase management actions to protect the run-off to expiry of existing inwards business, consistent with the current reinsurance structure.

D.3 Other liabilities

D.3.1 Overview

The values attributed to other liabilities on the Solvency II balance sheet differ from the valuations reported in the financial statements due to the different valuation methodologies required by Solvency II. The tables below show the value of those other liabilities for EO Group, QBE UK and QBE Europe and the Solvency II methodologies used.

The bases, methods and assumptions applied to the valuation of other liabilities in the Solvency II balance sheet is consistent between EO Group, QBE UK and QBE Europe.

See **Sections D.1.1 – D.1.3** for details of the liabilities of EO Group, QBE UK and QBE Europe.

D.3.2 Comparison of liability valuation methodology under Solvency II and statutory bases

The below table sets out the valuation bases, methods and main assumptions for the financial statements and Solvency II for the material classes of other liabilities and the material differences. Technical provisions related presentational and valuation differences are explained in **Section D.2.**

Presentational differences represent movement between line items with no overall impact on the excess of assets over liabilities. The most significant presentational differences being:

- **Insurance and intermediaries' payables** are reported as part of insurance liabilities under IFRS while under Solvency II the insurance payable items considered to be "due" or "past due" are separated out to the insurance payable line in the balance sheet.
- **Reinsurance payables** are reported as part of reinsurance assets under IFRS while under Solvency II the reinsurance payable items considered to be "due" or "past due" are separated out to the reinsurance payable line in the balance sheet.
- **Deposits from reinsurers** are classified as reinsurance assets under IFRS whilst separately disclosed under Solvency II.

Balance sheet item	IFRS/UK GAAP/BE GAAP valuation basis and comparison with Solvency II valuation basis and assumptions
Provisions other than technical provisions	Provisions other than technical provisions, relevant only to EO Group, are accounted for in accordance with IAS 37' 'Provisions , Contingent Liabilities and Contingent Assets' for both IFRS and Solvency II purposes.
Pension benefit obligations	Pension benefit obligations arise in the Group's defined benefit pension schemes and are accounted for in accordance with UK or Irish GAAP (FRS 102) in the relevant ancillary services undertaking or under BE GAAP for QBE Europe. For EO Group no adjustment is required between IAS19 basis and Solvency II, QBE UK does not have any pension benefit obligations. For QBE Europe pension benefit obligations are accounted for in accordance with BE GAAP. These are adjusted to an IAS19 basis under Solvency II.
Deferred tax liabilities	The measurement principles for deferred taxes are consistent between IFRS, UK GAAP and Solvency II. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred taxation is measured on an undiscounted basis at the tax rates expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The valuation difference relates to the change in the value of deferred tax, caused by the impact of adjustments made to balance sheet items in compliance with Solvency II regulations. The largest impact arises from the revaluation of technical provisions to a Solvency II basis. Under BE GAAP, however, deferred tax assets/liabilities are not recognised. See also **Section D.3.6** for more information on the position as at 31 December 2023.
Insurance and intermediaries' payables **Deposits from reinsurers**	Insurance payables are reported as part of the insurance liabilities under IFRS 17 at fair value. The valuation basis is the same under IFRS, UK GAAP, BE GAAP and Solvency II, being initially recognised at fair value and subsequently remeasured at amortised cost. For the short-term nature of these liabilities, the carrying value is deemed to be a close approximation to fair value and therefore no adjustment is made.
Reinsurance payables	Reinsurance payables are reported as part of the reinsurance assets under IFRS at fair value. The main difference between Solvency II and IFRS is that the reinsurance payable items considered to be "due" or "past due" are separated out from the reinsurance assets. The valuation basis is the same under IFRS, UK GAAP, BE GAAP and Solvency II, being initially recognised at fair value and subsequently remeasured at amortised cost. For the short-term nature of these liabilities, the carrying value is deemed to be a close approximation to fair value and therefore no adjustment is made.

	In addition, under Solvency II, reinsurance payables are adjusted to exclude cash flows relating to future premiums which are taken into account when calculating the technical provisions, see **Section D.2** for further information.
Payables (trade, not insurance)	The valuation basis is the same under IFRS, UK GAAP and Solvency II for EO Group and QBE UK. Book value as per IFRS or UK GAAP is used as a proxy to the fair value for Solvency II balance sheet purposes as the impact of discounting is not material. BE GAAP has the same valuation basis as Solvency II, except that under BE GAAP lease payments are expensed as incurred. The valuation adjustment for Solvency II purposes in QBE Europe relates to recognition of lease liabilities in accordance with IFRS 16 Leases**.**
Subordinated liabilities	Under Solvency II subordinated liabilities are measured on a fair value basis whilst under IFRS, UK GAAP and BE GAAP they are measured at an amortised cost basis or at nominal value. Subordinated liabilities are recognised at their current replacement cost (fair value) in line with Article 10 of the Solvency II Delegated Regulation's 'valuation hierarchy'. Article 10 paragraph 7 (c) allows the use of the 'cost approach or current replacement cost approach' where an Alternative Valuation Method is used.
Any other liabilities, not elsewhere shown	The valuation basis is the same under IFRS, UK GAAP, BE GAAP and Solvency II. Where amortised cost basis is considered a good approximation to fair value, no further adjustment is made.

D.3.3 Changes to the valuation of other liabilities in the period

There have been no material changes to the recognition and valuation bases used or to estimations during the reporting period.

D.3.4 Pension Schemes

The EO Group operates both defined contribution and defined benefit pension plans. QBE UK operates a defined contribution scheme only. Within the EO Group, there are four defined benefit pension schemes: two in the UK (The Iron Trades ('IT') and Janson Green ('JG') schemes), one in Ireland (QBE Management (Ireland) Limited Pension) and one in Belgium ('the Secura NV scheme'). The UK and Irish schemes are closed to the accrual of future benefits. In addition, there is a post-employment medical care scheme related to the former employees of Secura/QBE Europe Belgium branch, within QBE Europe.

Defined benefit plans are run independently of the sponsoring company by scheme trustees and are subject to relevant local legislation. Pension benefit surpluses and benefit liabilities relating to each scheme are assessed in accordance with the advice of independent qualified actuaries and accounted for in accordance with UK / Irish GAAP (FRS 102`) or BE GAAP. For EO Group no adjustment is required between the IAS 19 basis and Solvency II. QBE UK does not have any pension benefit obligations. For QBE Europe pension benefit obligations are accounted for in accordance BE GAAP. These are adjusted to an IAS 19 basis under Solvency II.

Refer also to **Section C.6.2** Pension Risk.

The pension surplus included on the EO plc Solvency II balance sheet arises largely from the two UK defined benefit pension schemes. Details of the assets and liabilities of these schemes are disclosed in note 20 of the published financial statements of QMSL.

D.3.5 Major sources of estimation uncertainty

There is no significant estimation uncertainly associated with liabilities covered in **Section D.3**, other than in relation to pension schemes covered in **Section D.3.4 'Pension Schemes'.**

D.3.6 Taxation

Management estimation is required to determine the amount of deferred taxes that can be recognised, based upon likely timing and level of future taxable profits.

Deferred tax assets are recognised only to the extent that they are recoverable from future taxable profits. Recoverability is assessed on a net basis, i.e. for branches deferred tax assets and deferred tax liabilities are only offset within each branch. A net deferred tax asset would be recognised by examining the following criteria:

- If there is no history of recent losses in the branch a net deferred tax asset would only be recognised if it is considered probable that future taxable profits will arise. Currently, this is done with reference to the annual three-year business plan. Additionally, in the territories where group relief is available, consideration is also given to other profits likely to arise in other QBE Group companies within the same territory which would be available for group relief in the branch Group relief is currently available with other companies in the UK and Ireland jurisdictions; and
- If there is a recent history of losses in the territory, management judgement would be exercised on a case-by-case basis. At the moment, there is little history available in the QBE Europe business, so management has referred to the history of the branches in the old corporate structure together with an assessment of predicted future profits.

For QBE UK as at 31 December 2023, in the Solvency II balance sheet there was a £nil deferred tax asset (2022: £nil) and a deferred tax liability of £45m (2022: £46m). The deferred tax balances arise in the UK (£43m) and Dubai (£2m). The UK balance has been calculated by reference to the 25% rate (increased from 19%) which took effect from 1 April 2023. The Dubai balance has been calculated by reference to the newly introduced 9% rate which is effective from 1 January 2024.

For QBE Europe as at 31 December 2023, in the Solvency II balance sheet there was a net deferred tax asset of €7m (2022: €3m) which is considered likely to be recoverable against future taxable profits together with a deferred tax liability of €72m (2022: €40m).

For EO Group, there was a net deferred tax asset of £5m (2022: £3m) which is considered likely to be recoverable against future taxable profits together with a deferred tax liability of £127m (2022: £66m).

D.4 Alternative methods for valuation

Where quoted prices of the same or similar assets are not available at year end, there is greater valuation uncertainty. Unquoted assets are fair valued using models and observable inputs where they are available. The valuation methods used are based upon QBE Group's Valuation Standard which governs the valuation of investment assets throughout QBE Group. The QBE Group's Revaluation Committee is responsible for overseeing the valuation of investment assets through approval of valuation methodologies and the source of independent valuation including pricing vendors and external fund managers. The QBE Group's Revaluation Committee also reviews and approves significant judgments related to fair value measurements of investment assets.

The principal assumptions underlying the valuation approach and key drivers of valuation uncertainty for those categories of assets valued using AVM are described in **Section D.4.1** and **Section D.4.2** below.

The valuation methodology applied to subordinated debt liabilities valued using AVM is disclosed in **Section D.3.2** above.

D.4.1 Infrastructure Debt

The fair value of infrastructure debt is based on the following hierarchy, in accordance with QBE Group's Valuation Standard:

1. Quoted prices – Fair value measurements based on quoted prices (unadjusted) in active markets for identical instruments that the entity can access at the measurement date sourced from independent pricing vendors. Typically, there is no active market for infrastructure debt investments.

2. Observable inputs – Fair value measurements based on valuation techniques that use inputs other than quoted prices included in Level 1 that are observable for the financial instrument, either directly or indirectly (Quoted Marked Price for Similar Assets ('QMPS')). Where possible, infrastructure debt valuation is sourced from external pricing vendors based on market-based valuation approach.

3. Unobservable inputs – Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3 (assets valued using AVM). In the absence of independent valuation sourced from recognised pricing vendors, the discounted cash flow model is used by the external fund manager to estimate fair values of infrastructure debt assets. Significant unobservable inputs include project future cash flows and the discount rates which are calculated by incorporating, as appropriate, market observable data, including leverage loan indices, government bond yields and corporate debt metrics and the fair value of these assets is sensitive to changes in these inputs.

The valuation uncertainty associated with the valuation of infrastructure debt using AVM is considered to be immaterial.

As at 31 December 2023, £nil of infrastructure debt (2022: £nil) in EO Group, £nil of infrastructure debt (2022: £nil) in QBE UK and €nil (2022: €nil) in QBE Europe were valued using AVM, i.e. discounted cash flow method.

D.4.2 Unlisted property trusts, infrastructure asset funds and other funds

The fair value of unlisted property trusts, infrastructure funds and other funds is determined using AVM by using the current unit price as advised by the responsible entity, trustee or equivalent of the investment management scheme.

The valuation uncertainty associated with the valuation of unlisted property trusts and other funds is considered to be immaterial when compared to the total funds under management of the entity.

As at 31 December 2023, the EO Group held investments in unlisted property trusts of £134m (2022: £219m), private credit funds of £141m (2022: £94m) and infrastructure funds of £182m (2022: £150m) valued using AVM.

As at 31 December 2023, QBE UK held investments in unlisted property trusts of £75m (2022: £93m), private credit funds of £141m (2022: £94m) and infrastructure funds of £77m (2022: £76m) valued using AVM.

As at 31 December 2023, QBE Europe held investments in unlisted property trusts of €68m (2022: €141m), private credit funds of £nil (2022: £nil) and infrastructure funds of €121m (2022: €83m) valued using AVM.

D.4.3 Social impact investments

The fair value of social impact investments is determined using AVM by using the current unit price as advised by the responsible entity, trustee or equivalent.

The valuation uncertainty associated with the valuation of social impact investments is considered to be immaterial.

As at 31 December 2023, £2m of social impact investments (2022: £3m) in EO Group, £2m of social impact investments (2022: £3m) in QBE UK and €nil (2022: €nil) of social impact investments in QBE Europe were valued using AVM.

D.5 Any other information

No other information is considered material regarding the EO Group, QBE UK or QBE Europe’s valuations for solvency purposes.

Section E: Capital Management[18]

E.1 Own funds

E.1.1 Objectives, policies and processes for managing own funds

The primary objective of the business from a capital management perspective is to maintain sufficient Eligible Own Funds ('EOF') to cover the SCR and MCR with an appropriate surplus. These funds should be of sufficient quality to meet the eligibility requirements in Article 82 of the Solvency II Delegated Regulation ((EU) 2015/35)).

The EO Group has adopted a Capital Appetite Framework ('CAF') setting out the target levels of capital. The Capital Recovery Plans set out potential remediation actions in the event that capital falls below prescribed thresholds. The CAF and Capital Recovery Plans have been approved by the Boards of the EO Group, QBE UK and QBE Europe and senior management carry out regular reviews, on at least a quarterly basis, to monitor the ratio of EOF over SCR.

The EO Group, QBE UK and QBE Europe own funds have been assessed against the criteria of Article 71 of the Solvency II Delegated Regulation and the majority of the capital has been classified as sufficient quality to meet the eligibility requirements of 'Tier 1' capital. Ancillary Own Funds and Subordinated debt have been classified as 'Tier 2' and Deferred Tax Assets ('DTA') have been classified as 'Tier 3' in accordance with the requirements.

The EOF is calculated after adjusting for valuation differences between IFRS, UK GAAP and BE GAAP financial statements and Solvency II and applying restrictions in relation to Ring-Fenced Funds ('RFF'), reported under 'Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds' and to pension surplus restrictions under 'Other non-available own funds', see **Section E.1.4** for further details.

The EO Group has an approved Internal Model which it uses to calculate the SCR. The Internal Model reflects the risk assessment processes that have been reflected across the business for several years and considers all classes of business underwritten by the EO Group. The Internal Model incorporates consideration of underwriting risk, reserving risk, credit risk, market risk, liquidity risk, operational risk, group risk and pension risk.

The data flows within the Internal Model SCR are documented and self-assessed, and output reported to the Data Governance Forum. Areas identified as requiring remediation are recorded on a Data Quality Issues Log and progress reported regularly to the Data Quality Working Group with escalation to the Data Governance Forum if necessary.

Available own funds, EOF and the ratio of EOF over the SCR and MCR for the EO Group, QBE UK and QBE Europe are disclosed in public disclosures S.23.01.22 for EO Group and S.23.01.01 for QBE UK and QBE Europe presented in **Appendix A**.

Changes in the reporting period

There were no material changes to the method of calculating own funds over the reporting period except for own fund restrictions.

- For EO Group an 'Other Non-Available Own Fund' restriction was introduced relating to the MSUK DB pension scheme of £18m which represents the excess of the pension scheme surplus over the pension risk element of the IM SCR. This restriction is disclosed in S.23.01.22 public disclosure template as 'Other Non-Available Own Funds'.
- For QBE UK the approach to the capital required to be held locally by the Dubai regulator, the Dubai Financial Services Authority ('DFSA'), in respect of the local operations of QBE UK was revised during 2023 and now only the excess over the Dubai part of QBE UK's SCR is considered for restriction (previously, the full capital requirement was included as RFF). As there was no excess as at 31 December 2023, the restriction is £nil (2022: £20m).

[18] Any references in '**Section E**: Capital Management' to the SCR are unaudited.

Method of calculating own funds

The EO Group, QBE UK and QBE Europe follow four steps:

- Basic Own funds are calculated as the excess of assets over liabilities determined from Solvency II balance sheet less restricted own funds items plus subordinated liabilities (to the extent that these satisfy the Solvency II rules for recognition as part of basic own funds)
- Ancillary own funds are recognised in accordance with the relevant regulatory approval;
- Available own funds are calculated as the total of basic own funds and ancillary own funds and classified into tiers; and
- Eligible own funds by tier are determined by applying tiering limits to available own funds, in order to determine the amount of own funds eligible to cover the EO Group, QBE UK and QBE Europe's SCR and MCR.

Undertakings in the scope of the Solvency II consolidated balance sheet and Internal Model used to calculate the EO Group SCR

The EO Group consists of a number of entities that carry out different functions and have different characteristics. Different undertakings within the EO Group are treated in different ways in the Solvency II balance sheet, own funds and the SCR, as described below:

- Fully consolidated entities constitute the (re)insurance undertakings, insurance holding companies and ancillary services undertakings;
- Other related undertakings are included under the adjusted equity method. These entities are recognised in a single line 'Holdings in related undertakings, including participations' gross of intra-group transactions on the EO Group Solvency II balance sheet valued on a Solvency II basis using the adjusted equity method. The EO Group SCR also treats these entities as investments.

EO Group's investment in QBE Corporate (which participates in Lloyd's Syndicate 386 and Syndicate 2999) does not meet the definition of an insurance undertaking and is therefore treated as a single line participation in the Group Solvency II consolidated balance sheet.

As a Lloyd's Corporate Member, QBE Corporate is required to provide FAL as security for the liabilities of Syndicate 386 and Syndicate 2999. The majority of this FAL is provided or guaranteed by entities outside the EO Group and therefore EO Group has limited exposure with respect to these arrangements. The FAL requirement provided by QBE Corporate in the form of investments and other assets deposited with Lloyd's was £86m (2022: £74m).

The Solvency II excess assets over liabilities for the EO Group is calculated using the default method, accounting consolidation based ('Method 1') in accordance with Rule 11 of the Group Supervision Part of the PRA Rulebook for Solvency II firms (which implements Article 230 of the Solvency II Directive (2009/138/EC)). Intra-group transactions with entities that are fully consolidated within the EO group are eliminated on consolidation.

E.1.2 Eligible own funds to cover the Solvency Capital Requirement ('SCR')[19] and Minimum Capital Requirement ('MCR')

As at 31 December 2023 the EO Group, QBE UK and QBE Europe's EOF to meet the SCR, the SCRs and the SCR coverage ratios were:

Entity		Eligible Own funds to meet the SCR				SCR	SCR Coverage Ratio (%)
		Tier 1 (unrestricted)	Tier 2	Tier 3	Total		
EO Group (£m)	2023	2,305	583	-	2,888	1,784	161.9%
	2022	1,863	583	-	2,446	1,432	170.8%
QBE UK (£m)	2023	821	160	-	981	622	157.8%
	2022	811	160	-	971	637	152.4%
QBE Europe (€'m)	2023	1,396	280	7	1,683	1,217	138.3%
	2022	1,346	200	3	1,549	1,063	145.7%

[19] Any references in '**Section E**: Capital Management' to the SCR are unaudited.

As at 31 December 2023 the EO Group, QBE UK and QBE Europe's EOF to meet the MCR, the MCRs and the MCR coverage ratios were:

Entity		Eligible Own funds to meet the MCR			MCR	MCR Coverage Ratio (%)
		Tier 1 (unrestricted)	Tier 2	Total		
EO Group (£m)	2023	2,305	148	2,453	739	332.1%
	2022	1,863	142	2,005	711	282.0%
QBE UK (£m)	2023	821	-	821	280	293.5%
	2022	811	-	811	287	282.6%
QBE Europe (€'m)	2023	1,396	80	1,476	525	281.1%
	2022	1,346	96	1,442	478	301.7%

Own fund items are assessed and classified into tiers in accordance with criteria defined by Solvency II regulations as set out below.

Tier 1 (unrestricted)

The majority of QBE UK, QBE Europe and EO Group own funds are classified as unrestricted Tier 1 which consists of share capital, share premium and the reconciliation reserve.

	EO Group		QBE UK		QBE Europe	
	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	€	€m
Ordinary share capital	1,213	1,213	626	626	1,130	1,130
Reconciliation reserve	1,092	650	195	185	266	216
Total Tier 1 (unrestricted)	**2,305**	**1,863**	**821**	**811**	**1,396**	**1,346**

Tier 2

As at 31 December 2023, EO plc holds a £583m (2022: £583m) Tier 2 qualifying loan from QBE Strategic Capital (Europe) Limited (a company outside the EO Group consolidation group) under a loan facility which has a maturity date of 12 February 2031 and incurs interest at a fixed rate of 3.25% per annum. The value shown as Tier 2 includes accrued interest.

Ancillary Own Funds

As at 31 December 2023, in accordance with Solvency II requirements and PRA approved treatment as Tier 2 ancillary own funds received on 29 June 2020, QBE UK holds £160m (2022: £160m) in the form of an irrevocable Standby Letter of Credit facility issued by external banks on behalf of QBE Insurance Group Limited expiring on 20 July 2025 and payable on demand to QBE UK. Current classification of these ancillary own funds as Tier 2 are one tier lower than the tier they would fall into once called up.

As at 31 December 2023, in accordance with Solvency II requirements and NBB approved treatment as Tier 2 ancillary own funds received on 18 December 2023, QBE Europe holds €200m in the form of irrevocable Standby Letter of Credit facility issued by external banks on behalf of QBE Insurance Group Limited expiring on 18 December 2028. This Letter of Credit is not assignable and non-transferable and can only be cancelled with the prior consent of NBB. Current classification of these ancillary own funds as Tier 2 are one tier lower than the tier they would fall into once called up.

Subordinated debt

On 20 December 2023, a €120m subordinated loan issued by QHEO and transferred from QBE Re to QBE Europe as part of the Cross-Border Merger which took place as at 1 January 2019 was fully repaid. This loan had an interest rate of 2.25% per annum and maturity date of 2 November 2028.

As at 31 December 2023, QBE Europe holds €80m of subordinated debt (2022: €200m) issued by QHEO the immediate parent of QBE Europe, which meets the criteria to be classified as Tier 2 own funds. The loan has an interest rate of 2.25% per annum and a maturity date of 10 December 2028.

These subordinated loans are eliminated on consolidation in the EO Group consolidated Solvency II balance sheet. The valuation methodology applied to subordinated debt is described in **Section D.3.2**.

Tier 3

As at 31 December 2023, QBE Europe had net deferred tax assets on the Solvency II balance sheet of €7m (2022: €3m) which are required to be treated as Tier 3 capital.

QBE UK does not have net deferred tax assets included on the Solvency II balance sheet.

EO Group does not have Tier 3 capital. The £5m deferred tax asset included on the Solvency II balance sheet has been treated as unavailable at group level.

Further information on the treatment of deferred tax assets is included in **Section D.3.6**.

E.1.3 Reconciliation reserve

The reconciliation reserve is comprised of the excess of assets over liabilities on a Solvency II valuation basis, less any foreseeable dividends, other basic own fund items, an adjustment for restricted own fund items in respect of immaterial ring-fenced funds and other non-available own funds.

Other basic own fund items include ordinary share capital, related share premium account and an amount equal to the value of net deferred tax assets. These items are excluded from the reconciliation reserve and included as separate items within basic own funds.

In accordance with Article 69(a)(vi) of the Solvency II Delegated Regulation the reconciliation reserve is treated as Tier 1 Capital. The reconciliation reserve's volatility is materially dependent on the performance of the entity as well as any significant changes to the balance sheet. Refer to public disclosures S.23.01.22 for EO Group and S.23.01.01 for QBE UK and QBE Europe presented in **Appendix A** for a full breakdown of the reconciliation reserve for EO Group, QBE UK and QBE Europe.

E.1.4 Deductions from own funds

Own funds restrictions from RFF described below are considered to be immaterial which means that the required restriction is based on the excess of assets over liabilities of each RFF and there is no requirement to calculate a separate SCR for each RFF.

QBE UK

The following restrictions apply to in relation to RFF:

- Capital required to be held locally by the Dubai regulator, the Dubai Financial Services Authority ('DFSA'), in respect of the local operations of QBE UK, QBE UK previously opted to restrict the full capital requirement. This methodology was revisited during 2023 and now only the excess over the Dubai part of QBE UK's SCR is considered for restriction. As there was no excess as at 31 December 2023, the restriction is £nil (2022: £20m);
- Restrictions relate to Letters of Credit ('LOC') of £6m (2022: £6m) reflecting the margin required by the issuer in excess of LOCs issued. Restriction to own funds has been calculated on the basis that actual liabilities are equal to the LOCs issued and therefore restriction only relates to the margin required by the issuer;
- As a condition of writing US Excess and Surplus lines business, the Companies are required to deposit cash, readily marketable securities or letters of credit into Trust with a "United States Qualified Financial Institution". This is considered within the RFF calculations which did not result in any restrictions as at 31 December 2023 (2022: £nil); and
- The restriction from excess assets pledged over liabilities was £nil as at 31 December 2023 (2022: £nil).

QBE Europe

The following restrictions in relation to RFF apply to:

- Restrictions relate to Letters of Credit ('LOC') of €11m (2022: €26m) reflecting the margin required by the issuer in excess of LOCs issued. Restriction to own funds has been calculated on the basis that actual liabilities are equal to the LOCs issued and therefore restriction only relates to the margin required by the issuer;
- Deposits with cedants to the extent that the amount deposited exceeds the liabilities secured, to the extent not readily available to withdraw €14m (2022: €nil);
- As a condition of writing US Excess and Surplus lines business, the Companies are required to deposit cash, readily marketable securities or letters of credit into Trust with a "United States Qualified Financial Institution". This is considered within the RFF calculations which did not result in any restrictions as at 31 December 2023 (2022: nil); and
- The restriction from excess assets pledged over liabilities was €nil as at 31 December 2023 (2022: €nil).

EO plc

The above detailed RFF restrictions were consolidated and applied as restrictions from RFF at EO Group level.

As at 31 December 2023, a further 'Other Non-Available Own Fund' restiction was introduced relating to the MSUK DB pension scheme of £18m which represents the excess of the pension scheme surplus over the pension risk element of the IM SCR. This restriction is disclosed in S.23.01.22 public disclosure template as 'Other Non-Available Own Funds'.

E.1.5 Eligibility of own funds

The eligibility of own funds to cover the EO Group, QBE UK and QBE Europe SCR and MCR is subject to tiering limits, specifically:

- The eligible amounts of Tier 1 items must be at least 50% of the SCR and 80% of the MCR; and
- The sum of the eligible amounts of Tier 2 and Tier 3 items must not exceed 50% of the SCR;
- The eligible amounts of Tier 3 items must be less than 15% of the SCR;
- The eligible amounts of Tier 2 items must not exceed 20% of the MCR and Tier 3 items are not eligible to cover the MCR; and
- Ancillary own funds items are not eligible to cover the MCR.

As at 31 December 2023, there were no eligibility restrictions required to own funds to determine eligible own funds to cover the SCR (2022: £nil).

Tier 2 basic own funds items to cover the MCR were restricted to 20% of the MCR and no Ancillary Own Funds are permitted to be treated as eligible to cover the MCR.

E.1.6 Material differences between Equity in the Financial Statements and the Excess of Assets over Liabilities

The valuation of a company's own funds under Solvency II legislation is different to that calculated in the financial statements. More detail around the different valuation methods used under Solvency II are in **Section D: Valuation for Solvency Purposes**. A reconciliation bridging between the different valuation approaches for EO Group, QBE UK and QBE Europe is shown below:

Reconciliation from GAAP equity to Solvency II Own Funds	EO Group		QBE UK		QBE Europe	
	IFRS		UK GAAP		BE GAAP	
	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	€m	€m
Total equity – statutory basis	**2,479**	**2,048**	**707**	**727**	**1,100**	**1,158**
Technical provisions valuation differences	166	130	185	156	455	415
Elimination of goodwill and intangibles	(168)	(206)	-	-	-	-
Change in the value of participations	(48)	(16)				
Valuation adjustments						
Investments	-	-	-	-	(57)	(123)
Deferred tax, net	(57)	(41)	(48)	(46)	(65)	(37)
Other[20]	(16)	-	(17)	-	(5)	(38)
Solvency II excess of assets over liabilities	**2,356**	**1,915**	**827**	**837**	**1,428**	**1,375**
Adjustments						
Subordinated liabilities	583	583	-	-	80	200
Ancillary own funds	-	-	160	160	200	-
Deferred tax asset	(5)	(3)	-	-	-	-
Foreseeable dividends	-	-	-	-	-	-
Restricted own fund items in respect of ring-fenced funds	(28)	(49)	(6)	(26)	(25)	(26)
Restriction to fungibility and transferability of own funds	-	-	-	-	-	-
Other non-available own funds[21]	(18)	-	-	-	-	-
Eligible own funds – Solvency II basis	**2,888**	**2,446**	**981**	**971**	**1,683**	**1,549**

E.1.7 Movement in eligible own funds in the year

The table below shows the movement in the eligible own funds to cover the SCR:

	EO Group	QBE UK	QBE Europe
	£m	£m	€m
Eligible own funds to cover SCR brought forward as at 1 January 2023	**2,446**	**971**	**1,549**
Impact of adoption of IFRS 17[22]	122	-	-
Total comprehensive income for the year	615	250	(58)
Movement in consolidation scope differences	(32)	-	-
Movement in Solvency II valuation differences	41	10	111
Movement in deferred tax asset	(2)	-	-
Movement in ring fenced funds restriction	21	20	1
Movement in Subordinated liabilities	-	-	(120)
Movement in Ancillary own funds	-	-	200
Movement in non-available own funds at group level	(18)	-	-
Dividend paid in the year	(305)	(270)	-
Eligible own funds to cover SCR carried forward as at 31 December	**2,888**	**981**	**1,683**

[20] Other adjustments include the removal of salvage and subrogation, IFRS 16 and IAS 19 adjustments.

[21] Restriction introduced in 2023 relates to MSUK DB pension scheme surplus and represents the excess of the pension scheme surplus over the pension risk element of the IM SCR.

[22] From 1 January 2023 EO Group has adopted IFRS 17 for reporting to the QBE Group. On transition to IFRS 17, an adjustment of £122m was made to EO Group total equity reported on a Group IFRS basis.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Overview[23]

As at 31 December 2023 the SCR and MCR for EO Group, QBE UK and QBE Europe were:

Entity	SCR (unaudited)		MCR	
	2023	2022	2023	2022
EO Group (£m)	1,784	1,432	739	711
QBE UK (£'m)	622	637	280	287
QBE Europe (€'m)	1,217	1,063	525	478

The SCRs for EO Group, QBE Europe and QBE UK are determined using an Internal Model. The SCRs for the EO Group, QBE UK and QBE Europe are also shown in separate public disclosures S.25.03.21 (unaudited) for QBE UK, S.25.05.21 (unaudited) for QBE Europe and S.25.03.22 (unaudited) for EO Group in **Appendix A**. These public disclosures provide information around the breakdown of the SCR values into constituent components. Separate public disclosures S.28.01.01 provide information on the MCRs for QBE UK and QBE Europe.

The SCRs for the EO Group, QBE UK and QBE Europe have been calculated using the Internal Model for 2023 and 2022.

SCR values were assessed by the relevant regulators following a major model change in 2023, capital adjustments were agreed for all the entities: £15m for EO Group, £7m for QBE UK and €15m for QBE Europe. An additional capital adjustment was applied to EO Group as at 31 December 2023 for counteract the positive UK GAAP net asset value of QBE Corporate.

Risk Components under Internal Model	EO Group		QBE UK		QBE Europe	
	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	€m	€m
Market risk	264	263	85	77	269	276
Counterparty default risk	199	180	85	84	135	125
Non-life underwriting risk	1,666	1,341	710	659	1,371	995
Operational risk	200	173	88	66	147	128
Pension risk	43	80	-	-	2	4
Capital adjustments	269	17	7	-	15	23
Debt servicing costs	46	43	-	-	-	-
Total undiversified components	2,687	2,097	975	886	1,939	1,551
Diversification	(903)	(665)	(353)	(249)	(722)	(488)
Solvency capital requirement	**1,784**	**1,432**	**622**	**637**	**1,217**	**1,063**

The overall impact of group diversification on the 2023 Group SCR is £180m relating to non-life underwriting risk arising from the different mix of products and geographical spread between QBE UK and QBE Europe. The Group SCR also allows for the loss of EO plc's investment in QBE Corporate (£262m) which does not impact either QBE UK or QBE Europe. This more than offsets the group diversification benefit when comparing the sum of the solo entity SCRs to the Group SCR.

E.2.2 The difference between the entity level Internal Model and the Group level Internal Model

QBE UK and QBE Europe follow the same risk drivers as the EO Group. This is as expected since the EO Group is a consolidation of the risks from the underlying subsidiaries.

However, there are some key differences between the Internal Model used at individual undertaking level and the Internal Model used to calculate the EO Group SCR. They are:

- The EO Group and its subsidiaries operate four defined benefit pension schemes. This is allowed for in the EO Group SCR and, where relevant, the QBE Europe SCR; and
- The EO Group SCR also allows for QBE Corporate to be treated as an investment which, in a capital setting scenario, is assumed to be nil as the QBE Corporate net asset valuation is used to cover the liabilities of the syndicates.

[23] Any references in '**Section E: Capital Management**' to the SCR are unaudited.

E.2.3 Inputs to calculate the MCR

The MCR for the (re)insurance undertakings, QBE UK and QBE Europe, is calculated using inputs for the net (of reinsurance) Solvency II best estimate, the net (of reinsurance) written premium in the last 12 months and capital at risk. Prescribed factors are applied to these inputs based on the technical specifications contained in the Solvency II Delegated Regulation.

The MCR is required to fall within the range of 25% to 45% of the solo SCR. The MCR also has an absolute floor of €4m (for a non-life insurer with authorisation for liability business).

For QBE UK the MCR is limited to 45% of the SCR, while for QBE Europe it is 43% of the SCR as at 31 December 2023.

The MCR at EO Group level under Solvency II is referred as the minimum consolidated Group MCR. The minimum consolidated EO Group MCR is calculated as the sum of the MCRs for the two insurance undertakings in the group, QBE UK and QBE Europe.

E.2.4 Material changes to the SCR[24] over the period

Details of the material changes in the SCR compared to the prior year are included below:

EO Plc and QBE Europe

Insurance risk has increased following increased planned exposure, increased in technical provisions from recent growth and increased uncertainty around future inflation. This has been partially offset by the introduction of a 100% retrospective reinsurance arrangement covering certain prior year claims reserves as well as the benefit of increased future yields.

QBE UK

Increased uncertainty around future inflation and increased risk due to growth in technical provisions have been more than offset by the introduction of a 100% retrospective reinsurance arrangement covering certain prior year claims reserves as well as the benefit of increased future yields.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

EO Group, QBE UK and QBE Europe have fully approved Internal Models and therefore do not use the duration-based equity risk sub-module.

E.4 Differences between the Standard Formula and the Internal Model used [25]

The Standard Formula and Internal Model are based on two different modelling approaches, resulting in differences in outputs. Some of the main differences, and similarities, are noted below. The Internal Model is based on a 99.5% confidence level over a one-year time period. The methods used in the Internal Model for the calculation of the probability distribution forecast and the SCR are included in **Section C**.

E.4.1 Market risk

There are a number of differences within the components of market risk. In particular, the EO Group has exposure to currency risk (i.e., net asset exposure in any non-GBP currency). Within the Internal Model, currency risk is modelled as the difference between the net assets at the end of the period converted at i) the end of period stochastic FX rates and ii) the average of the end of period stochastic FX rates. The currency splits on the assets and liabilities are modelled separately and they are not forced to match within the model.

Concentration risk for investments is implicitly allowed for in the Internal Model; the distributions in the Economic Scenario Generator are based on the assets held, and the concentration of assets.

[24] Any references in '**Section E: Capital Management**' to the SCR are unaudited.
[25] Any references to differences between the Standard Formula and the Internal Model are unaudited.

E.4.2 Counterparty default credit

The Internal Model and Standard Formula capitalise against reinsurance and premium defaults as described below:

- Within the internal model, the methodology models the possible credit rating of each counterparty at the end of the first year and then sets up a bad debt reserve dependent on the credit rating. The Standard Formula is also based around the expected change in bad-debt provisions from credit rating migrations, with minimal actual default during the first year; and
- The primary difference in the credit risk assessment within the Standard Formula and the Internal Model is due to the treatment of the Type II credit risk (broker defaults). The Standard Formula applies a material capital charge against premium debtors, taking 90% of any debts overdue by 3 months or more, and 15% of all other debtors. In practise the credit risk on broker balances (which are the main part of the debtor exposure) are well mitigated, and the Internal Model capital assessment reflects this.

It should also be noted that the internal model currently has a capital add-on to allow for the additional credit risk around the 100% retrospective reinsurance arrangement.

E.4.3 Non-life underwriting risk

The methodology differences between the two models include:

- The Internal Model considers insurance risk as an absolute loss amount, so any profit in the plan acts as an offset against capital. The Standard Formula just does a relative assessment, in essence assuming that the business has a 100% net combined ratio;
- The Internal Model does not separate out lapse risk, but it is included in the risk around the level of business written in the new underwriting year. When business does lapse, it both removes the profit associated with this anticipated business (which the Standard Formula and Internal Model both capture), and also the risk associated with the business (which the Standard Formula does not capture); and
- For catastrophe risk the Internal Model allows for the full features of the reinsurance protections, whereas the Standard Formula approximates them, most notably through the lack of multiple reinstatements on protections, and the use of maximum line size losses within the man-made catastrophe component.

E.4.4 Health underwriting risk

The Internal Model does not capture this separately from the non-life underwriting risk.

E.4.5 Operational risk

The capital model allows operational risk to diversify against other risk types, whereas it is additive in the Standard Formula. If the diversified operational risk is calculated in the Internal Model, then the differences are smaller. This different treatment of operational risk also gives rise to an increased level of diversification benefit in the Internal Model compared to the Standard Formula.

E.4.6 Diversification benefit

Due to the differences between risk types, the Standard Formula has less diversification between risk types than the Internal Model.

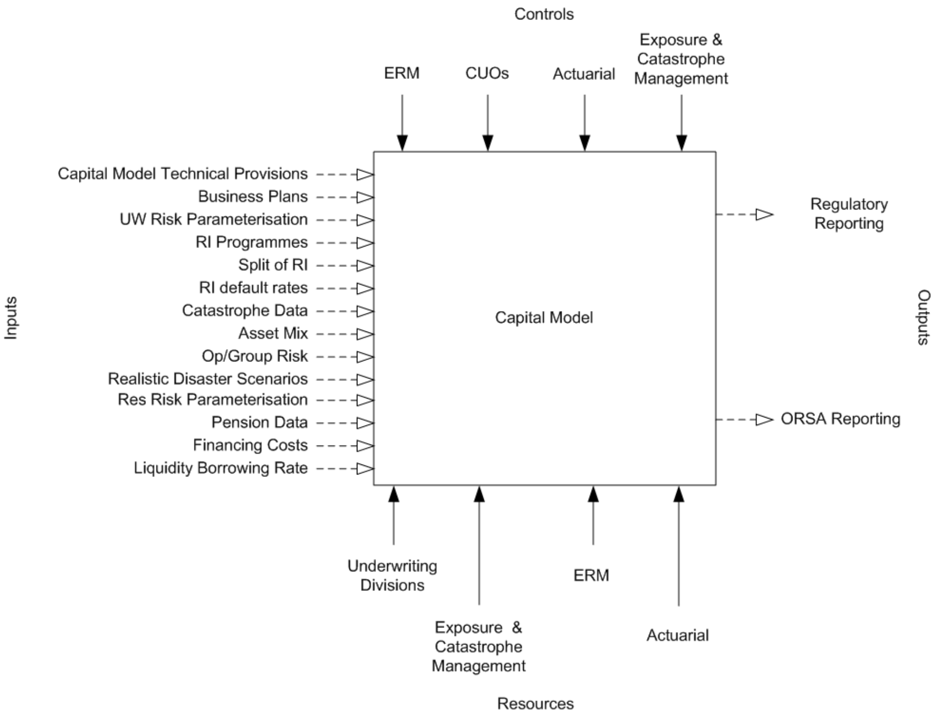
The Standard Formula does not capture Group risk, whereas it does appear in the Internal Model. This risk is assumed to diversify well against the other risks, so it also increases the size of the diversification benefit in the Internal Model compared to the Standard Formula.

E.4.7 Data used in the Internal Model

The data flows within the capital model are documented within an Internal Model Data flow Map. As part of data quality management in EO Group, a Data Governance Team carry out a self-assessment exercise regularly with those business areas that provide data flows into the capital model. The results of this work, in particular any areas for remediation, are recorded on a Data Quality Issues Log which is reviewed and managed by the Data Quality Group, a sub-Group of the OMG.

The technical specification details of the data extracts that form the inputs to the capital model are held in a Data Directory, which is also verified by business owners as part of the self-assessment review. This ensures that the data specifications are regularly kept up to date.

An overview of each of the data flows is illustrated below.



There are a number of data items that feed into the capital model. Each of these sources of data is subject to all of the data requirements of the Internal Model:

- Technical provisions - these are provided by the Actuarial Function and comprise of undiscounted paid and incurred claims and ultimate premium and claims, by class, currency and year of account;
- Claims development patterns - these are taken from the actuarial technical provisions. They comprise of paid claim patterns by class of business and currency to support discounting of the liabilities in the capital model;
- Reserve risk parameterisation - this takes the output from the reserve variability analysis carried out by the Actuarial Function, with the parameters held at class of business level;
- Business plans -these are taken from the business planning database, and comprises the full business plan by class of business;
- Large and attritional loss parameterisation - this is the output from the large and attritional loss parameterisation process, which is currently carried out by the Actuarial Function;
- Reinsurance programs - this is the data detailing the outwards reinsurance programs EO Group has in place, and is taken from the reinsurance schematics produced by the Underwriting and Reinsurance Review Department;
- Split of reinsurers on technical provisions - this is taken from a query in the EO Group's reinsurance reporting system that produces the split of the reinsurance asset on the balance sheet at any quarter end by legal entity. The system itself is supported by QBE Group, although the Underwriting and Reinsurance Review Department maintain QBE Group ownership for the data;
- Reinsurer and broker default rates - these are taken from Standard and Poor's reports on the downgrade and default probabilities for differently rated companies and overlaid with any judgement by the QBE Group Security Committee;
- Natural catastrophe model output - this is predominantly the output from RMS, which comprises of event loss tables for different classes of business, and is received from the Exposure and Catastrophe Management team. AIR and Impact Forecast Elements is also used alongside Realistic Event Methodology ('REM') data to assess the risk from regions and perils not modelled by RMS;

- Asset mix - this data lists the different investments held by each legal entity within the EO Group. These assets are input into the model as the opening asset position;
- Operational Risk Assessment - this data is taken from within the Risk team and provides the operational risk parameters;
- QBE Group Risk Dashboard - used to parameterise the group risk distributions. Data is taken from within the ERM team; and
- Asset model output - this data is the output from the asset model, which is the distribution of asset returns split by asset type, currency and term (as well as inflation and currency exchange rates in the future).

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

When the EOF from all entities have been included, the EO Group satisfied and complied with the MCR and SCR requirements[26]. QBE UK and QBE Europe also satisfied and complied with the MCR and SCR requirements over the reporting period.

E.6 Any other information

No other information is considered material regarding the EO Group, QBE UK and QBE Europe's capital management.

[26] Any references to the SCR are unaudited.

Forward-Looking statements

This document may contain "forward-looking statements" including those relating to the EO Group's future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about the EO Group's beliefs and expectations and including, without limitation, statements containing the words "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" and "anticipates", and words of similar meaning, are forward-looking statements. Any such forward-looking statements in this document are based on plans, estimates and projections as at the date of this document, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty. Many factors could cause the EO Group's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement.

Any forward-looking statements contained in this document speak only as of the date on which they are made. The EO Group expressly disclaims any obligations to update any forward-looking statement contained in this document or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise.

Glossary

The following table details the definition of the terms and acronyms used in this document:

Term or Acronym	Definition
ABI	Association of British Insurers
ASX	Australian Securities Exchange
ABS	Asset Backed Security
BBNI	Bound But Not Incepted
BE GAAP	Belgian Generally Accepted Accounting Principles
BCM	Business Continuity Management
BER	Board Effectiveness Review
BMA	Bermuda Monetary Authority
BOF	Basic Own Funds
CAF	Capital Appetite Framework
CMG	Compliance Management Group
CPI	Consumer Prices Index
COR	Combined Operating Ratio
CRG	Conduct Risk Group
CRO	Chief Risk Officer
CUO	Chief Underwriting Officer
DAC	Deferred Acquisition Costs
DFSA	Dubai Financial Services Authority
DMG	Disclosure Management Group
ECM	Economic Capital Model
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
EPiFP	Expected Profit in Future Premiums
EO Key Regulated Companies	QBE UK, QBE Europe and QUL
EOF	Eligible Own Funds
EO Group	QBE European Operations Group
EO plc	QBE European Operations plc
EMB	EO Executive Management Board of QBE UK and QUL
ENID	Events Not In Data
ERG	Emerging Risks Group
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
ESG MG	ESG Management Group
ESG RWG	ESG Risk Working Group
ESG UG	ESG Underwriting Group
FCA	Financial Conduct Authority (UK)
FMG	Finance Management Group
FSMA	Financial Services and Markets Authority (Belgium)
FOE	Freedom of Establishment
FOS	Freedom of Services
FUM	Funds Under Management
FRCC	Financial Risks from Climate Change
FRS 102	The Financial Reporting Standard applicable in in the UK and Republic of Ireland
GAAP	Generally Accepted Accounting Principles
GAM	Group Aggregate Methodology
GAMC	Group Aggregate Management Committee
GEP	Gross earned premium
GIA	Group Internal Audit
GSC	Group Security Committee
GWP	Gross Written Premium
IBNR	Incurred But Not Reported

Term or Acronym	Definition
HPR	High Product Risk
IFRS	International Financial Reporting Standards (including Australian International Financial Reporting Standards)
I&I	Issues and Incidents
IMA	Investment Management Agreement
IT	Iron Trades
IUA	International Underwriting Association
JG	Janson Green
KRI	Key Risk Indicators
LOC	Letter of Credit
LMA	Lloyd’s Market Association
MCR	Minimal Capital Requirement
MSUK	QBE Management Services (UK) Limited
NBB	National Bank of Belgium
NCOR	Net Combined Operating Ratio
OMG	Operations Management Group
ORSA	Own Risk & Solvency Assessment
OWG	Outsourcing Working Group
PPO	Payment Protection Order
PPP	Prudent Person Principle
PRA	Prudential Regulation Authority (UK)
QBE Corporate	QBE Corporate Limited
QBE Europe	QBE Europe SA/NV
QBE Group	QBE Insurance Group Limited
QBE NA	QBE North America
QBE Re	QBE Reinsurance Europe Limited
QEMC	QBE Europe Management Committee of QBE Europe
QHEO	QBE Holdings EO Limited
QMIL	QBE Management (Ireland) Limited Pension and Life Assurance Plan
QBE UK	QBE UK Limited
QUL	QBE Underwriting Limited
QRT	Quantitative Reporting Template
RAS	Risk Appetite Statement
RCC	Risk and Capital Committee
RCG	Risk and Capital Group
RCSA	Risk and Control Self-Assessment process
RDS	Realistic Disaster Scenarios
REM	Realistic Event Methodology
RFF	Ring-Fenced Funds
RFP	Requested For Proposal
RMBS	Residential Mortgage Backed Security
RMG	Reserving Management Group
RMS	Risk Management Strategy
S&P	Standard and Poor’s
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SLA	Service Level Agreement
SMCR	Senior Managers and Certification Regime (UK)
SME	Subject Matter Expert
UK GAAP	UK Generally Accepted Accounting Principles
UMG	Underwriting Management Group
VA	Valuation Adjustment

Appendix A: Quantitative Reporting Templates

EO Group

Template code	Template name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business (Non-Life)
S.05.01.02	Premiums, claims and expenses by line of business (Life)
S.05.02.01	Premiums, claims and expenses by country (Non-Life)
S.05.02.01	Premiums, claims and expenses by country (Life)
S.23.01.22	Own funds
S.25.03.22	Solvency Capital Requirement - for groups on Full Internal Models
S.32.01.22	Undertakings in the scope of the group

QBE UK

Template code	Template name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business (Non-Life)
S.05.01.02	Premiums, claims and expenses by line of business (Life)
S.05.02.01	Premiums, claims and expenses by country (Non-Life)
S.05.02.01	Premiums, claims and expenses by country (Life)
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-life insurance claims
S.23.01.01	Own funds
S.25.03.21	Solvency Capital Requirement - for undertakings on Full Internal Models
S.28.01.01	Minimum Capital Requirement

QBE Europe

Template code	Template name
S.02.01.02	Balance sheet
S.04.05.21	Activity by country – location of risk
S.05.01.02	Premiums, claims and expenses by line of business (Non-Life)
S.05.01.02	Premiums, claims and expenses by line of business (Life)
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-life insurance claims
S.22.01.22	Impact of long-term guarantees measures and transitionals
S.23.01.01	Own funds
S.25.05.21	Solvency Capital Requirement - for undertakings on Full Internal Models
S.28.01.01	Minimum Capital Requirement

EO Group

Template code	Template name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business (Non-Life)
S.05.01.02	Premiums, claims and expenses by line of business (Life)
S.05.02.01	Premiums, claims and expenses by country (Non-Life)
S.05.02.01	Premiums, claims and expenses by country (Life)
S.23.01.22	Own funds
S.25.03.22	Solvency Capital Requirement - for groups on Full Internal Models
S.32.01.22	Undertakings in the scope of the group

EO plc Single Group SFCR for the year ended 31 December 2023

EO Group
S.02.01.02 - Balance sheet (amounts in £'000)

		Solvency II value
		C0010
Assets		
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Deferred tax assets	R0040	5,456
Pension benefit surplus	R0050	30,786
Property, plant & equipment held for own use	R0060	59,752
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	7,264,889
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	528,583
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	5,874,166
Government Bonds	R0140	2,106,816
Corporate Bonds	R0150	3,598,017
Structured notes	R0160	-
Collateralised securities	R0170	169,334
Collective Investments Undertakings	R0180	684,916
Derivatives	R0190	54,004
Deposits other than cash equivalents	R0200	123,220
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	1,696
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	1,696
Reinsurance recoverables from:	R0270	1,259,948
Non-life and health similar to non-life	R0280	1,198,502
Non-life excluding health	R0290	1,190,882
Health similar to non-life	R0300	7,620
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	61,446
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	61,446
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	154,488
Insurance and intermediaries receivables	R0360	850,848
Reinsurance receivables	R0370	156,950
Receivables (trade, not insurance)	R0380	227,600
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	116,799
Any other assets, not elsewhere shown	R0420	-
Total assets	**R0500**	**10,129,214**
Liabilities		
Technical provisions - non-life	R0510	5,917,552
Technical provisions - non-life (excluding health)	R0520	5,796,521
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	5,472,927
Risk margin	R0550	323,594
Technical provisions - health (similar to non-life)	R0560	121,032
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	106,476
Risk margin	R0590	14,556
Technical provisions - life (excluding index-linked and unit-linked)	R0600	183,947
Technical provisions - health (similar to life)	R0610	166
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	165
Risk margin	R0640	2
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	183,780
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	169,252
Risk margin	R0680	14,528
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	-
Provisions other than technical provisions	R0750	11,801
Pension benefit obligations	R0760	4,082
Deposits from reinsurers	R0770	40,216
Deferred tax liabilities	R0780	127,314
Derivatives	R0790	30,155
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	381,332
Reinsurance payables	R0830	104,974
Payables (trade, not insurance)	R0840	389,022
Subordinated liabilities	R0850	583,115
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	583,115
Any other liabilities, not elsewhere shown	R0880	-
Total liabilities	R0900	**7,773,509**
Excess of assets over liabilities	R1000	**2,355,704**

EO plc Single Group SFCR for the year ended 31 December 2023

EO Group
S.05.01.02
Premiums, claims and expenses by line of business (Non-Life)
Amounts in £'000

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120
Premiums written													
Gross - Direct Business	R0110	-	115	-	333,249	127,917	80,046	883,451	1,081,543	96,890	1,703	-	-
Gross - Proportional reinsurance accepted	R0120	2,794	20,943	-	26,279	3,307	93,642	413,067	63,157	14,195	-	-	-
Gross - Non-proportional reinsurance accepted	R0130												
Reinsurers' share	R0140	-	368	-	16,326	12,403	87,057	331,614	444,109	48,016	6,048	-	-
Net	R0200	2,794	20,690	-	343,202	118,820	86,631	964,903	700,591	63,070	(4,345)	-	-
Premiums earned													
Gross - Direct Business	R0210	-	107	-	309,647	103,007	83,057	795,231	991,733	90,431	1,700	-	-
Gross - Proportional reinsurance accepted	R0220	2,842	20,031	-	22,768	3,230	82,250	373,443	54,943	11,914	-	-	-
Gross - Non-proportional reinsurance	R0230												
Reinsurers' share	R0240	-	369	-	10,935	5,289	77,143	298,136	430,126	42,209	6,048	-	-
Net	R0300	2,842	19,770	-	321,481	100,948	88,165	870,538	616,549	60,136	(4,349)	-	-
Claims incurred													
Gross - Direct Business	R0310	(5)	327	-	196,812	101,916	66,817	357,332	537,893	75,309	40	-	5
Gross - Proportional reinsurance accepted	R0320	1,304	21,552	-	25,727	468	82,691	205,443	27,959	4,229	-	-	(1,239)
Gross - Non-proportional reinsurance	R0330												
Reinsurers' share	R0340	-	(1,463)	-	9,225	707	61,869	84,378	382,861	41,549	4,937	-	63
Net	R0400	1,300	23,341	-	213,313	101,676	87,639	478,397	182,990	37,989	(4,896)	-	(1,297)
Changes in other technical provisions													
Gross - Direct Business	R0410	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance	R0430												
Reinsurers' share	R0440	-	-	-	-	-	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-	-	-	-	-	-
Expenses incurred	R0550	1,719	5,214	-	82,711	27,165	32,804	274,072	279,392	25,527	279	-	-
Other expenses	R1200												
Total expenses	R1300												

EO plc Single Group SFCR for the year ended 31 December 2023

EO Group
S.05.01.02 (continued)
Premiums, claims and expenses by line of business (Non-Life)
Amounts in £'000

		Line of Business for: accepted non-proportional reinsurance				
		Health	Casualty	Marine, aviation, transport	Property	Total
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110					**2,604,914**
Gross - Proportional reinsurance accepted	R0120					**637,384**
Gross - Non-proportional reinsurance accepted	R0130	23,589	160,594	6,883	199,641	**390,706**
Reinsurers' share	R0140	5,826	194,802	926	76,579	**1,224,075**
Net	R0200	17,763	(34,209)	5,957	123,062	**2,408,930**
Premiums earned						
Gross - Direct Business	R0210					**2,374,914**
Gross - Proportional reinsurance accepted	R0220					**571,422**
Gross - Non-proportional reinsurance accepted	R0230	23,062	183,268	5,611	199,024	**410,965**
Reinsurers' share	R0240	5,838	194,567	924	76,520	**1,148,104**
Net	R0300	17,224	(11,299)	4,687	122,504	**2,209,197**
Claims incurred						
Gross - Direct Business	R0310					**1,336,446**
Gross - Proportional reinsurance accepted	R0320					**368,133**
Gross - Non-proportional reinsurance accepted	R0330	30,088	84,199	12,591	188,112	**314,990**
Reinsurers' share	R0340	4,375	108,421	3,358	32,699	**732,979**
Net	R0400	25,713	(24,221)	9,233	155,412	**1,286,590**
Changes in other technical provisions						
Gross - Direct Business	R0410					-
Gross - Proportional reinsurance accepted	R0420					-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-
Net	R0500	-	-	-	-	-
Expenses incurred	R0550	**3,895**	**39,779**	**1,053**	**35,994**	**809,604**
Other expenses	R1200					-
Total expenses	R1300					**809,604**

EO Group
S.05.01.02
Premiums, claims and expenses by line of business (Life)
Amounts in £'000

	Line of Business for: life insurance obligations						Life reinsurance obligations		
	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	Total
	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written									
Gross	-	-	-	-	-	-	5	58,960	**58,965**
Reinsurers' share	-	-	-	-	-	-	-	6,493	**6,493**
Net	-	-	-	-	-	-	5	52,467	**52,472**
Premiums earned									
Gross	-	-	-	-	-	-	5	56,613	**56,618**
Reinsurers' share	-	-	-	-	-	-	-	6,493	**6,493**
Net	-	-	-	-	-	-	5	50,120	**50,125**
Claims incurred									
Gross	-	-	-	-	-	60,998	114	43,668	**104,779**
Reinsurers' share	-	-	-	-	-	73,909	-	3,647	**77,556**
Net	-	-	-	-	-	(12,911)	114	40,021	**27,223**
Changes in other technical provisions									
Gross	-	-	-	-	-	-	-	-	-
Reinsurers' share	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-
Expenses incurred	-	-	-	-	-	-	(37)	13,973	**13,936**
Other expenses									-
Total expenses									**13,936**

EO plc Single Group SFCR for the year ended 31 December 2023

EO Group
S.05.02.01
Premiums, claims and expenses by country (Non-Life)
Amounts in £'000

		Home country	Top 5 countries (by amount of gross premium written) - France (FR)	Belgium (BE)	United States (US)	Spain (ES)	Germany (DE)	Total Top 5 and home country
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	1,401,655	332,351	205,880	100,665	120,690	89,476	**2,250,717**
Gross - Proportional reinsurance accepted	R0120	31,627	8,818	57,188	113,059	15,383	8,202	**234,278**
Gross - Non-proportional reinsurance accepted	R0130	15,237	82,930	35,420	28,375	5,373	39,316	**206,653**
Reinsurers' share	R0140	390,232	164,694	172,781	76,764	45,973	38,696	**889,140**
Net	R0200	1,058,288	259,406	125,707	165,336	95,474	98,298	**1,802,508**
Premiums earned								
Gross - Direct Business	R0210	1,282,320	272,477	204,549	86,679	116,654	86,663	**2,049,342**
Gross - Proportional reinsurance accepted	R0220	29,031	8,620	54,239	100,811	13,995	7,368	**214,065**
Gross - Non-proportional reinsurance accepted	R0230	26,170	82,466	35,049	31,232	5,879	39,303	**220,099**
Reinsurers' share	R0240	359,387	160,204	171,865	69,157	41,360	37,084	**839,057**
Net	R0300	978,134	203,360	121,971	149,566	95,168	96,251	**1,644,449**
Claims incurred								
Gross - Direct Business	R0310	691,621	191,740	111,780	47,072	64,788	35,675	**1,142,676**
Gross - Proportional reinsurance accepted	R0320	12,268	9,484	51,899	80,164	8,251	1,433	**163,498**
Gross - Non-proportional reinsurance accepted	R0330	18,161	68,891	32,362	4,536	8,248	27,189	**159,387**
Reinsurers' share	R0340	319,250	125,171	153,787	(36,467)	26,899	30,290	**618,930**
Net	R0400	402,801	144,944	42,254	168,239	54,388	34,007	**846,632**
Changes in other technical provisions								
Gross - Direct Business	R0410	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-
Expenses incurred	R0550	325,044	125,702	68,034	38,479	28,086	20,689	**606,035**
Other expenses	R1200							-
Total expenses	R1300							**606,035**

EO plc Single Group SFCR for the year ended 31 December 2023

EO Group
S.05.02.01
Premiums, claims and expenses by country (Life)
Amounts in £'000

		Home country	Top 5 countries (by amount of gross premium written) - non-life obligations					Total Top 5 and home country
			Belgium (BE)	France (FR)	Saudi Arabia (SA)	Isle of Man (IM)	United Arab Emirates (AE)	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	10,684	23,927	5,898	3,122	2,789	2,241	**48,662**
Reinsurers' share	R1420	1,294	2,898	714	-	338	3	**5,246**
Net	R1500	9,390	21,030	5,184	3,122	2,452	2,238	**43,416**
Premiums earned								
Gross - Direct Business	R1510	10,684	23,927	5,898	1,751	2,789	1,266	**46,315**
Reinsurers' share	R1520	1,294	2,898	714	-	338	3	**5,246**
Net	R1600	9,390	21,030	5,184	1,751	2,452	1,263	**41,070**
Claims incurred								
Gross - Direct Business	R1610	16,582	71,889	4,368	1,556	1,485	1,041	**96,920**
Reinsurers' share	R1620	1,073	73,817	382	-	87	1	**75,359**
Net	R1700	15,509	(1,928)	3,986	1,556	1,398	1,040	**21,561**
Changes in other technical provisions								
Gross - Direct Business	R1710	-	-	-	-	-	-	-
Reinsurers' share	R1720	-	-	-	-	-	-	-
Net	R1800	-	-	-	-	-	-	-
Expenses incurred	R1900	2,399	5,579	1,623	49	922	131	**10,703**
Other expenses	R2500							-
Total expenses	R2600							**10,703**

EO plc Single Group SFCR for the year ended 31 December 2023

EO Group
S.23.01.22
Own funds (amounts in £'000)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	1,212,279	1,212,279		-	
Non-available called but not paid in ordinary share capital at group level	R0020	-	-		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Non-available subordinated mutual member accounts at group level	R0060	-		-	-	-
Surplus funds	R0070	-	-			
Non-available surplus funds at group level	R0080	-	-			
Preference shares	R0090	-		-	-	-
Non-available preference shares at group level	R0100	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Non-available share premium account related to preference shares at group level	R0120	-		-	-	-
Reconciliation reserve	R0130	1,092,520	1,092,520			
Subordinated liabilities	R0140	583,115		-	583,115	-
Non-available subordinated liabilities at group level	R0150	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	5,456				5,456
The amount equal to the value of net deferred tax assets not available at the group level	R0170	5,456				5,456
Other items approved by supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Non available own funds related to other own funds items approved by supervisory authority	R0190	-	-	-	-	-
Minority interests (if not reported as part of a specific own fund item)	R0200	-	-	-	-	-
Non-available minority interests at group level	R0210	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated	R0230	-	-	-	-	-
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240	-	-	-	-	
Deductions for participations where there is non-availability of information (Article 229)	R0250	-	-	-	-	-
Deduction for participations included by using D&A when a combination of methods is used	R0260	-	-	-	-	-
Total of non-available own fund items	R0270	5,456	-	-	-	5,456
Total deductions	R0280	5,456	-	-	-	5,456
Total basic own funds after deductions	R0290	**2,887,914**	**2,304,799**	-	**583,115**	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Non available ancillary own funds at group level	R0380	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers,	R0410	-	-	-	-	-
Institutions for occupational retirement provision	R0420	-	-	-	-	-
Non regulated entities carrying out financial activities	R0430	-	-	-	-	-
Total own funds of other financial sectors	R0440	-	-	-	-	-
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450	-	-	-	-	-
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	-	-	-	-	-
Total available own funds to meet the consolidated group SCR (excluding own funds from other	R0520	2,887,914	2,304,799	-	583,115	-
Total available own funds to meet the minimum consolidated group SCR	R0530	2,887,914	2,304,799	-	583,115	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	2,887,914	2,304,799	-	583,115	-
Total eligible own funds to meet the minimum consolidated group SCR	R0570	2,452,508	2,304,799	-	147,709	
Minimum consolidated Group SCR	R0610	**738,546**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	**332.1%**				
Total eligible own funds to meet the group SCR (including own funds from other financial sector	R0660	**2,887,914**	**2,304,799**	-	**583,115**	-
Group SCR	R0680	**1,784,201**				
Ratio of Eligible own funds to SCR including other financial sectors' own funds and capital	R0690	**161.9%**				

EO Group
S.23.01.22 (continued)
Own funds
Amounts in £'000

		Total
		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	2,355,704
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	1,217,735
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	27,827
Other non available own funds	R0750	17,622
Reconciliation reserve	R0760	1,092,520
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	7,438
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	444,833
Total Expected profits included in future premiums (EPIFP)	R0790	452,271

EO plc Single Group SFCR for the year ended 31 December 2023

EO Group
S.25.03.22
Solvency Capital Requirement - for groups on Full Internal Models
Amounts in £'000s

Component-specific information

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement
C0010	C0020	C0030
10300I	Interest rate risk	4,350
10400I	Equity risk	97,401
10600I	Property risk	31,913
10700I	Spread risk	359,809
10900I	Currency risk	247,375
11040I	Other market risk (Liquidity risk)	-
19900I	Diversification within market risk	(477,207)
20100I	Type 1 counterpart default risk (Reinsurance credit risk)	193,083
20200I	Type 2 counterparty default risk (Premium credit risk)	29,005
29900I	Diversification within counterparty risk	(23,175)
50130I	Premium risk	519,598
50240I	Reserve risk	1,382,421
50300I	Non-life catastrophe risk	272,757
59900I	Diversification within non-life underwriting risk	(508,423)
70190I	Operational risk (excluding group risk)	171,254
70110I	Group risk	106,500
79900I	Diversification within operational risk	(77,653)
8049AI	Net asset value of QBE Corporate	261,523
8049BI	Debt servicing costs net of loan repayments	45,534
8049CI	Capital supporting financing companies	-
8049DI	Capital adjustments	18,000
80110P	Total pension risk including market and pension benefit risks	42,938

		C0100
Calculation of Solvency Capital Requirement		
Total undiversified components	R0110	2,697,002
Diversification	R0060	(930,801)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	1,766,201
Capital add-ons already set	R0210	18,000
Solvency capital requirement	R0220	1,784,201
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	-
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-
Net future discretionary benefits	R0460	-
Minimum consolidated group solvency capital requirement	R0470	734,944
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	-
Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	-
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	-
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530	-
Capital requirement for non-controlled participation requirements	R0540	-
Capital requirement for residual undertakings	R0550	-

EO plc Single Group SFCR for the year ended 31 December 2023

EO Group

S.32.01.22

Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% share capital	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date decision ed art.214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800GB00038	Specific code	Chrysalis Management Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		20%	20%	20%		Significant	20%	Yes		Method 1: Adjusted equity method
DE	213800DE00003	Specific code	Greenhill BAIA Underwriting GmbH	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
GB	213800GB00016	Specific code	Greenhill International Insurance Holdings Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	213800GB00004	Specific code	Greenhill Sturge Underwriting Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
GB	213800GB00005	Specific code	Greenhill Underwriting Espana Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
CZ	213800CZ00017	Specific code	Lifeco S. R. O.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	**Identification code of the undertaking**	**Type of code of the ID of the undertaking**	**Legal Name of the undertaking**	**Type of undertaking**	**Legal form**	**Category (mutual/non mutual)**	**Supervisory Authority**	**% share capital**	**% used for the establishment of consolidated accounts**	**% voting rights**	**Other criteria**	**Level of influence**	**Proportional share used for group solvency calculation**	**Yes/No**	**Date decision ed art.214 is applied**	**Method used and under method 1, treatment of the undertaking**
GB	213800M5ZP1KSX9UYB71	LEI	QBE Corporate Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
BE	213800PWJMAF6INXSV90	LEI	QBE Europe SA/NV	Composite undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Nationale Bank van België	100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
GB	213800791EF5XP7WW494	LEI	QBE European Operations Plc	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual		-	-	-		-	-	Yes		Method 1: Full consolidation
GB	213800GB00029	Specific code	QBE European Services Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	2138001YKXKPQ6DYEI15	LEI	QBE Finance Holdings (Eo) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	2138001VJLIGBUFEQE54	LEI	QBE Holdings (Eo) Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
AU	213800AU00013	Specific code	QBE Investments (Australia) Pty Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
IE	213800CDFJ12UGMK9342	LEI	QBE Management (Ireland) Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation

EO plc Single Group SFCR for the year ended 31 December 2023

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	**Identification code of the undertaking**	**Type of code of the ID of the undertaking**	**Legal Name of the undertaking**	**Type of undertaking**	**Legal form**	**Category (mutual/non mutual)**	**Supervisory Authority**	**% share capital**	**% used for the establishment of consolidated accounts**	**% voting rights**	**Other criteria**	**Level of influence**	**Proportional share used for group solvency calculation**	**Yes/No**	**Date decision ed art.214 is applied**	**Method used and under method 1, treatment of the undertaking**
GB	213800F6M2ZYHXYJOV75	LEI	QBE Management Services (Uk) Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
GB	213800GB00011	Specific code	QBE Partner Services (Europe) Llp	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Liability Partnership	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
CA	213800CA00024	Specific code	QBE Services Inc.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	2138003HAOJ2X4PBKS90	LEI	QBE UK Finance IV Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	2138008RZQUZIMFBAS79	LEI	QBE UK Limited	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	The Prudential Regulation Authority	100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
GB	213800G4VF3APWBP7231	LEI	QBE Underwriting Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	213800GB00028	Specific code	QBE Underwriting Services (UK) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
CZ	213800CZ00006	Specific code	QBE, S. R. O.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation

EO plc Single Group SFCR for the year ended 31 December 2023

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	**Identification code of the undertaking**	**Type of code of the ID of the undertaking**	**Legal Name of the undertaking**	**Type of undertaking**	**Legal form**	**Category (mutual/non mutual)**	**Supervisory Authority**	**% share capital**	**% used for the establishment of consolidated accounts**	**% voting rights**	**Other criteria**	**Level of influence**	**Proportional share used for group solvency calculation**	**Yes/No**	**Date decision ed art.214 is applied**	**Method used and under method 1, treatment of the undertaking**
GB	213800GB00015	Specific code	Standfast Corporate Underwriters Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method

QBE UK

Template code	Template name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business (Non-Life)
S.05.01.02	Premiums, claims and expenses by line of business (Life)
S.05.02.01	Premiums, claims and expenses by country (Non-Life)
S.05.02.01	Premiums, claims and expenses by country (Life)
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-life insurance claims
S.23.01.01	Own funds
S.25.03.21	Solvency Capital Requirement - for undertakings on Full Internal Models
S.28.01.01	Minimum Capital Requirement

EO plc Single Group SFCR for the year ended 31 December 2023

QBE UK
S.02.01.02 - Balance sheet (amounts in £'000)

		Solvency II
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	-
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	2,854,273
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	2,330,181
Government bonds	R0140	995,164
Corporate bonds	R0150	1,327,718
Structured notes	R0160	-
Collateralised securities	R0170	7,299
Collective Investments Undertakings	R0180	392,549
Derivatives	R0190	16,935
Deposits other than cash equivalents	R0200	114,608
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	1,696
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	1,696
Reinsurance recoverables from:	R0270	506,484
Non-life and health similar to non-life	R0280	484,584
Non-life excluding health	R0290	481,874
Health similar to non-life	R0300	2,711
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	21,900
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	21,900
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	13,776
Insurance and intermediaries receivables	R0360	417,119
Reinsurance receivables	R0370	40,799
Receivables (trade, not insurance)	R0380	77,400
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	30,764
Any other assets, not elsewhere shown	R0420	164
Total assets	**R0500**	**3,942,476**
Liabilities		
Technical provisions - non-life	R0510	2,571,321
Technical provisions - non-life (excluding health)	R0520	2,568,184
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	2,455,683
Risk margin	R0550	112,501
Technical provisions - health (similar to non-life)	R0560	3,137
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	3,105
Risk margin	R0590	32
Technical provisions - life (excluding index-linked and unit-linked)	R0600	57,073
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	57,073
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	53,777
Risk margin	R0680	3,296
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	44,757
Derivatives	R0790	4,788
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	261,186
Reinsurance payables	R0830	24,728
Payables (trade, not insurance)	R0840	147,206
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	3,777
Total liabilities	R0900	**3,114,836**
Excess of assets over liabilities	R1000	**827,639**

EO plc Single Group SFCR for the year ended 31 December 2023

QBE UK
S.05.01.02
Premiums, claims and expenses by line of business (Non-Life)
Amounts in £'000

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120
Premiums written													
Gross - Direct Business	R0110	-	114	-	326,117	124,823	7,957	482,756	453,436	59,803	1,703	-	-
Gross - Proportional reinsurance accepted	R0120	-	-	-	20,737	-	61,304	250,159	551	726	-	-	-
Gross - Non-proportional reinsurance accepted	R0130												
Reinsurers' share	R0140	-	-	-	13,353	12,407	47,339	192,104	190,514	34,004	6,048	-	-
Net	R0200	-	114	-	333,501	112,416	21,922	540,812	263,473	26,525	(4,345)	-	-
Premiums earned													
Gross - Direct Business	R0210	-	107	-	299,147	98,659	6,437	402,488	439,283	59,530	1,700	-	-
Gross - Proportional reinsurance accepted	R0220	-	-	-	16,889	-	56,956	218,565	725	654	-	-	-
Gross - Non-proportional reinsurance accepted	R0230												
Reinsurers' share	R0240	-	-	-	7,873	5,260	42,302	173,575	183,434	30,225	6,048	-	-
Net	R0300	-	107	-	308,163	93,399	21,091	447,478	256,574	29,959	(4,349)	-	-
Claims incurred													
Gross - Direct Business	R0310	-	62	-	182,978	98,144	15,481	200,814	172,485	66,379	373	-	-
Gross - Proportional reinsurance accepted	R0320	-	-	-	17,576	-	73,318	98,184	924	232	-	-	-
Gross - Non-proportional reinsurance accepted	R0330												
Reinsurers' share	R0340	-	9	-	5,532	543	51,142	77,589	141,578	41,604	3,374	-	-
Net	R0400	-	53	-	195,022	97,601	37,657	221,408	31,830	25,007	(3,001)	-	-
Changes in other technical provisions													
Gross - Direct Business	R0410	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430												
Reinsurers' share	R0440	-	-	-	-	-	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-	-	-	-	-	-
Expenses incurred	R0550	-	(32)	-	75,941	23,758	7,615	127,257	110,375	10,862	279	-	-
Other expenses	R1200												
Total expenses	R1300												

QBE UK
S.05.01.02 (continued)
Premiums, claims and expenses by line of business (Non-Life)
Amounts in £'000

		Line of Business for: accepted non-proportional reinsurance				
		Health	Casualty	Marine, aviation, transport	Property	Total
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110					**1,456,710**
Gross - Proportional reinsurance accepted	R0120					**333,478**
Gross - Non-proportional reinsurance accepted	R0130	-	5,964	81	16,616	**22,660**
Reinsurers' share	R0140	-	833	(373)	(961)	**495,268**
Net	R0200	-	5,131	454	17,577	**1,317,580**
Premiums earned						
Gross - Direct Business	R0210					**1,307,350**
Gross - Proportional reinsurance accepted	R0220					**293,790**
Gross - Non-proportional reinsurance accepted	R0230	-	7,939	73	15,700	**23,712**
Reinsurers' share	R0240	-	854	(373)	(901)	**448,297**
Net	R0300	-	7,086	446	16,601	**1,176,555**
Claims incurred						
Gross - Direct Business	R0310					**736,714**
Gross - Proportional reinsurance accepted	R0320					**190,234**
Gross - Non-proportional reinsurance accepted	R0330	-	14,607	7,245	(1,739)	**20,113**
Reinsurers' share	R0340	-	1,656	584	(2,435)	**321,176**
Net	R0400	-	12,951	6,661	697	**625,885**
Changes in other technical provisions						
Gross - Direct Business	R0410					-
Gross - Proportional reinsurance accepted	R0420					-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-
Net	R0500	-	-	-	-	-
Expenses incurred	R0550	-	2,081	8	4,090	**362,234**
Other expenses	R1200					-
Total expenses	R1300					**362,234**

EO plc Single Group SFCR for the year ended 31 December 2023

QBE UK
S.05.01.02
Premiums, claims and expenses by line of business (Life)
Amounts in £'000

		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
Premiums written										
Gross	R1410	-	-	-	-	-	-	-	5,342	5,342
Reinsurers' share	R1420	-	-	-	-	-	-	-	-	-
Net	R1500	-	-	-	-	-	-	-	5,342	5,342
Premiums earned										
Gross	R1510	-	-	-	-	-	-	-	2,995	2,995
Reinsurers' share	R1520	-	-	-	-	-	-	-	-	-
Net	R1600	-	-	-	-	-	-	-	2,995	2,995
Claims incurred										
Gross	R1610	-	-	-	-	-	5,588	-	2,510	8,098
Reinsurers' share	R1620	-	-	-	-	-	778	-	-	778
Net	R1700	-	-	-	-	-	4,811	-	2,510	7,321
Changes in other technical provisions										
Gross	R1710	-	-	-	-	-	-	-	-	-
Reinsurers' share	R1720	-	-	-	-	-	-	-	-	-
Net	R1800	-	-	-	-	-	-	-	-	-
Expenses incurred	R1900	-	-	-	-	-	-	-	173	173
Other expenses	R2500									-
Total expenses	R2600									173

EO plc Single Group SFCR for the year ended 31 December 2023

QBE UK
S.05.02.01
Premiums, claims and expenses by country (Non-Life)
Amounts in £'000

		Home country	Top 5 countries (by amount of gross premium written) - non-life obligations					Total Top 5 and home country
			United States (US)	United Arab Emirates (AE)	Saudi Arabia (SA)	South Africa (ZA)	Canada (CA)	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	1,297,403	90,923	19,094	9,894	916	1,881	1,420,111
Gross - Proportional reinsurance accepted	R0120	22,213	93,239	47,307	6,611	15,681	15,359	200,409
Gross - Non-proportional reinsurance accepted	R0130	224	-	8,001	4,207	732	-	13,163
Reinsurers' share	R0140	342,789	62,136	11,468	5,409	288	7,558	429,648
Net	R0200	977,050	122,026	62,935	15,302	17,040	9,682	1,204,035
Premiums earned								
Gross - Direct Business	R0210	1,180,033	76,988	10,766	6,284	763	1,568	1,276,402
Gross - Proportional reinsurance accepted	R0220	19,803	82,625	40,199	5,802	13,622	13,534	175,584
Gross - Non-proportional reinsurance accepted	R0230	279	-	8,018	4,188	720	-	13,204
Reinsurers' share	R0240	316,961	55,322	7,114	3,809	271	6,701	390,178
Net	R0300	883,154	104,291	51,869	12,464	14,834	8,401	1,075,013
Claims incurred								
Gross - Direct Business	R0310	653,414	43,903	2,820	1,113	98	33	701,380
Gross - Proportional reinsurance accepted	R0320	5,446	76,028	23,272	2,178	7,162	(1,533)	112,553
Gross - Non-proportional reinsurance accepted	R0330	(6,783)	(2,396)	1,922	558	453	(192)	(6,438)
Reinsurers' share	R0340	306,602	(40,953)	1,354	5,170	219	216	272,607
Net	R0400	345,475	158,487	26,660	(1,321)	7,494	(1,908)	534,887
Changes in other technical provisions								
Gross - Direct Business	R0410	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-
Expenses incurred	R0550	289,941	23,732	16,363	1,847	4,476	1,978	338,336
Other expenses	R1200							-
Total expenses	R1300							338,336

Premiums, claims and expenses by country (Life)
Amounts in £'000

		Home country	Top 5 countries (by amount of gross premium written) - life obligations		Total Top 5 and home country
			Saudi Arabia (SA)	United Arab Emirates (AE)	
		C0220			C0280
Premiums written					
Gross	R1410	-	3,122	2,220	5,342
Reinsurers' share	R1420	-	-	-	-
Net	R1500	-	3,122	2,220	5,342
Premiums earned					
Gross	R1510	-	1,751	1,245	2,995
Reinsurers' share	R1520	-	-	-	-
Net	R1600	-	1,751	1,245	2,995
Claims incurred					
Gross	R1610	5,588	1,556	955	8,098
Reinsurers' share	R1620	778	-	-	778
Net	R1700	4,811	1,556	955	7,321
Changes in other technical provisions					
Gross	R1710	-	-	-	-
Reinsurers' share	R1720	-	-	-	-
Net	R1800	-	-	-	-
Expenses incurred	R1900	-	-	-	173
Other expenses	R2500				-
Total expenses	R2600				173

EO plc Single Group SFCR for the year ended 31 December 2023

QBE UK
S.12.01.02
Life and Health SLT Technical Provisions
Amounts in £'000

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	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	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010	-	-			-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-	-			-			-	-	-
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030	-		-	-		-	-	55,053	(1,276)	53,777
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment	R0080	-		-	-		-	-	21,900	-	21,900
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	-		-	-		-	-	33,153	(1,276)	31,877
Risk Margin	R0100	-	-			-			3,071	225	3,295
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	R0110	-	-			-			-	-	-
Best estimate	R0120	-		-	-		-	-	-	-	-
Risk margin	R0130	-	-			-			-	-	-
Technical provisions - total	R0200	-	-			-			**58,124**	**(1,051)**	**-**

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-			-	-	-
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030		-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		-	-	-	-	-
Risk Margin	R0100	-			-	-	-
Amount of the transitional on Technical **Provisions**							
Technical Provisions calculated as a whole	R0110	-			-	-	-
	R0120		-	-	-	-	-
Risk margin	R0130	-			-	-	-
Technical provisions - total	R0200	-			-	-	-

QBE UK
S.17.01.02
Life and Health SLT Technical Provisions
Amounts in £'000

		Direct business and accepted proportional reinsurance											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	R0060	-	33	-	96,824	71,597	(8,286)	65,891	79,004	10,021	24	-	17
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	3	-	(3,303)	(509)	(11,997)	(87,820)	(30,483)	(885)	(29)	-	-
Net Best Estimate of Premium Provisions	R0150	-	29	-	100,127	72,105	3,711	153,711	109,487	10,906	53	-	17
Claims provisions													
Gross	R0160	(4)	791	-	471,926	60,331	101,038	423,852	848,600	63,859	7,259	190	3,273
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to	R0240	(1)	111	-	49,719	4,566	58,671	133,388	297,658	40,745	(3,975)	-	1,016
Net Best Estimate of Claims Provisions	R0250	(4)	681	-	422,207	55,765	42,367	290,465	550,941	23,114	11,235	190	2,257
Total Best estimate - gross	R0260	(4)	824	-	568,751	131,928	92,752	489,744	927,603	73,880	7,284	190	3,290
Total Best estimate - net	R0270	(4)	710	-	522,335	127,871	46,079	444,176	660,428	34,020	11,288	190	2,274
Risk margin	R0280	-	32	-	22,967	3,324	8,809	17,763	48,221	3,447	-	15	120
Amount of the transitional on Technical Provisions													
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions - total													
Technical provisions - total	R0320	(4)	856	-	591,718	135,252	101,561	507,506	975,824	77,328	7,284	204	3,410
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	(1)	114	-	46,416	4,058	46,673	45,568	267,175	39,860	(4,004)	-	1,016
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	(4)	742	-	545,302	131,195	54,887	461,939	708,649	37,468	11,288	205	2,394

QBE UK
S.17.01.02 (continued)
Life and Health SLT Technical Provisions
Amounts in £'000

		Accepted non-proportional reinsurance				
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross	R0060	15	(1,009)	32	(1,663)	**312,500**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	(2)	(170)	6,060	2,494	**(126,640)**
Net Best Estimate of Premium Provisions	R0150	17	(840)	(6,028)	(4,156)	**439,140**
Claims provisions						
Gross	R0160	2,270	145,402	2,679	14,821	**2,146,288**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to	R0240	2,598	15,600	3,220	7,908	**611,225**
Net Best Estimate of Claims Provisions	R0250	(328)	129,801	(541)	6,913	**1,535,064**
Total Best estimate - gross	R0260	2,285	144,392	2,711	13,159	**2,458,788**
Total Best estimate - net	R0270	312	128,962	(6,569)	2,757	**1,974,204**
Risk margin	R0280	-	7,552	-	283	**112,533**
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-
Technical provisions - total						
Technical provisions - total	R0320	2,285	151,944	2,711	13,442	**2,571,321**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	2,597	15,430	9,280	10,402	**484,584**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	**(312)**	**136,514**	**(6,569)**	**3,040**	**2,086,737**

EO plc Single Group SFCR for the year ended 31 December 2023

QBE UK
S.19.01.21
Non-life insurance claims
Amounts in £'000

Total Non-Life business

Z0020	Accident year/underwriting year

Gross Claims paid (non-cummulative)

		0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											227,814	227,814	227,814
N-9	R0160	39,805	163,382	105,142	14,642	54,666	44,930	26,380	1,424	(15,203)	11,655		11,655	446,825
N-8	R0170	45,226	203,001	38,185	70,494	35,384	43,862	32,917	2,782	9,444			9,444	481,296
N-7	R0180	45,925	38,246	118,657	44,634	55,066	52,535	26,727	7,876				7,876	389,665
N-6	R0190	10,433	167,552	76,839	46,958	30,489	40,245	29,707					29,707	402,223
N-5	R0200	50,520	153,463	81,385	42,124	46,913	33,715						33,715	408,121
N-4	R0210	39,844	114,967	214,780	79,249	37,418							37,418	486,258
N-3	R0220	31,681	125,516	62,620	46,312								46,312	266,128
N-2	R0230	37,590	128,975	72,079									72,079	238,643
N-1	R0240	71,149	193,381										193,381	264,530
N	R0250	94,769											94,769	94,769
Total	R0260												**764,170**	**3,706,272**

Gross Undiscounted Best Estimate Claims Provisions

		Development year											
		0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											653,043	653,043
N-9	R0160	-	-	433,508	345,121	247,022	113,368	46,280	39,379	37,904	18,923		1,281,506
N-8	R0170	-	642,833	479,117	353,432	253,618	149,796	103,490	71,635	51,696			2,105,617
N-7	R0180	459,769	592,839	452,548	327,356	252,103	128,111	103,996	100,510				2,417,232
N-6	R0190	356,305	503,665	336,490	237,434	182,933	171,372	135,833					1,924,032
N-5	R0200	391,079	439,814	314,498	256,479	186,484	132,457						1,720,812
N-4	R0210	239,165	552,905	307,631	226,185	158,483							1,484,369
N-3	R0220	244,254	309,151	258,980	202,507								1,014,892
N-2	R0230	278,323	445,816	363,470									1,087,609
N-1	R0240	355,479	508,325										863,804
N	R0250	490,917											490,917
Total	R0260												**15,043,833**

QBE UK
S.23.01.01
Own funds
Amounts in £'000

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	625,905	625,905		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-	-	-	
Subordinated mutual member accounts	R0050	-	-	-	-	-
Surplus funds	R0070	-	-	-	-	-
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	195,535	195,535			
Subordinated liabilities	R0140	-	-	-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				-
Deductions						
Total basic own funds after deductions	R0290	**821,440**	**821,440**	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	160,000			160,000	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	160,000			160,000	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	981,440	821,440	-	160,000	-
Total available own funds to meet the MCR	R0510	821,440	821,440	-	-	
Total eligible own funds to meet the SCR	R0540	981,440	821,440	-	160,000	-
Total eligible own funds to meet the MCR	R0550	821,440	821,440	-	-	
SCR	R0580	**621,985**				
MCR	R0600	**279,893**				
Ratio of Eligible own funds to SCR	R0620	**157.8%**				
Ratio of Eligible own funds to MCR	R0640	**293.5%**				

		Total
		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	827,639
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	625,905
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	6,199
Reconciliation reserve	**R0760**	195,535
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	1,695
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	122,282
Total Expected profits included in future premiums (EPIFP)	R0790	123,976

EO plc Single Group SFCR for the year ended 31 December 2023

QBE UK
S.25.03.21
Solvency Capital Requirement - for undertakings on Full Internal Models
Amounts in £'000

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement
C0010	C0020	C0030
10300I	Interest rate risk	(8,086)
10400I	Equity risk	37,174
10600I	Property risk	15,437
10700I	Spread risk	125,089
10900I	Currency risk	32,525
11040I	Other market risk (Liquidity risk)	-
19900I	Diversification within market risk	(117,248)
20100I	Type 1 counterpart default risk (Reinsurance credit risk)	82,871
20200I	Type 2 counterparty default risk (Premium credit risk)	11,133
29900I	Diversification within counterparty risk	(9,163)
50130I	Premium risk	223,938
50240I	Reserve risk	595,135
50300I	Non-life catastrophe risk	139,982
59900I	Diversification within non-life underwriting risk	(249,041)
70190I	Operational risk (excluding group risk)	78,567
70110I	Group risk	35,600
79900I	Diversification within operational risk	(26,143)
8049BI	Debt servicing costs net of loan repayments	-
8049DI	Capital adjustments	7,000
80110P	Total pension risk including market and pension benefit risks	-

Calculation of the Solvency Capital Requirement

		C0100
R0110	Total undiversified components	974,767
R0060	Diversification	(359,782)
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-
R0200	**Solvency capital requirement excluding capital add-on**	614,985
R0210	Capital add-ons already set	7,000
R0220	Solvency capital requirement	621,985
	Other information on SCR	
R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions	-
R0310	Amount/estimate of the overall loss-absorbing capacity of deferred taxes	-
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	-
R0420	Total amount of Notional Solvency Capital Requirement for ring fenced funds	-
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	-
R0440	Diversification effects due to RFF nSCR aggregation for article 304	-

QBE UK
S.28.01.01
Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity
Amounts in £'000s

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	332,308

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0021
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	710	78
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	522,335	339,844
Other motor insurance and proportional reinsurance	R0060	127,871	117,126
Marine, aviation and transport insurance and proportional reinsurance	R0070	46,079	34,938
Fire and other damage to property insurance and proportional reinsurance	R0080	444,176	534,106
General liability insurance and proportional reinsurance	R0090	660,428	294,338
Credit and suretyship insurance and proportional reinsurance	R0100	34,020	25,765
Legal expenses insurance and proportional reinsurance	R0110	11,288	3,943
Assistance and proportional reinsurance	R0120	190	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	2,274	-
Non-proportional health reinsurance	R0140	-	1
Non-proportional casualty reinsurance	R0150	128,962	8,769
Non-proportional marine, aviation and transport reinsurance	R0160	-	386
Non-proportional property reinsurance	R0170	2,757	16,208

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	2,783

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

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	-	
Other life (re)insurance and health (re)insurance obligations	R0240	33,153	
Total capital at risk for all life (re)insurance obligations	R0250		2,980,712

Overall MCR calculation

		C0070
Linear MCR	R0300	335,091
SCR	R0310	621,985
MCR cap	R0320	279,893
MCR floor	R0330	155,496
Combined MCR	R0340	279,893
Absolute floor of the MCR	R0350	3,495
Minimum Capital Requirement	R0400	**279,893**

QBE Europe

Template code	Template name
S.02.01.02	Balance sheet
S.04.05.21	Activity by country – location of risk
S.05.01.02	Premiums, claims and expenses by line of business (Non-Life)
S.05.01.02	Premiums, claims and expenses by line of business (Life)
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-life insurance claims
S.22.01.21	Impact of long-term guarantees measures and transitionals
S.23.01.01	Own funds
S.25.05.21	Solvency Capital Requirement - for undertakings on Full Internal Models
S.28.01.01	Minimum Capital Requirement

EO plc Single Group SFCR for the year ended 31 December 2023

QBE Europe
S.02.01.02 - Balance sheet (amounts in €'000s)

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	6,967
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	14,569
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	4,375,320
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	4,001,694
Government Bonds	R0140	1,222,157
Corporate Bonds	R0150	2,592,544
Structured notes	R0160	-
Collateralised securities	R0170	186,993
Collective Investments Undertakings	R0180	328,017
Derivatives	R0190	40,089
Deposits other than cash equivalents	R0200	5,520
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	859,794
Non-life and health similar to non-life	R0280	814,157
Non-life excluding health	R0290	808,491
Health similar to non-life	R0300	5,666
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	45,637
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	45,637
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	162,386
Insurance and intermediaries receivables	R0360	500,537
Reinsurance receivables	R0370	134,042
Receivables (trade, not insurance)	R0380	32,211
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	95,735
Any other assets, not elsewhere shown	R0420	247
Total assets	**R0500**	**6,181,808**
Liabilities		
Technical provisions - non-life	R0510	3,966,708
Technical provisions - non-life (excluding health)	R0520	3,830,654
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	3,442,083
Risk margin	R0550	388,571
Technical provisions - health (similar to non-life)	R0560	136,054
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	119,293
Risk margin	R0590	16,761
Technical provisions - life (excluding index-linked and unit-linked)	R0600	146,416
Technical provisions - health (similar to life)	R0610	192
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	190
Risk margin	R0640	2
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	146,224
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	133,262
Risk margin	R0680	12,962
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	4,710
Deposits from reinsurers	R0770	47,586
Deferred tax liabilities	R0780	72,229
Derivatives	R0790	28,706
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	138,653
Reinsurance payables	R0830	92,606
Payables (trade, not insurance)	R0840	176,177
Subordinated liabilities	R0850	80,000
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	80,000
Any other liabilities, not elsewhere shown	R0880	-
Total liabilities	**R0900**	**4,753,790**
Excess of assets over liabilities	**R1000**	**1,428,017**

QBE Europe
S.04.05.21
Activity by country – location of risk
Amounts in €'000s

		Home country	Top 5 countries - non-life obligations				
		Belgium (BE)	France (FR)	Germany (DE)	Italy (IT)	Spain (ES)	United Kingdom (UK)
		C0010	C0020	C0030	C0040	C0050	C0060
Premiums written (gross)							
Gross Written Premium (direct)	R0020	236,666	381,919	102,483	72,839	138,692	119,851
Gross Written Premium (proportional	R0021	65,745	9,911	9,430	6,351	12,202	10,823
Gross Written Premium (non-proportional	R0022	40,720	95,342	45,176	13,757	6,180	17,260
Premiums earned (gross)							
Gross Earned Premium (direct)	R0030	235,136	313,113	99,314	69,230	134,061	117,592
Gross Earned Premium (proportional	R0031	62,355	9,711	8,470	5,979	11,131	10,609
Gross Earned Premium (non-proportional	R0032	40,293	94,808	45,154	13,750	6,762	29,765
Claims incurred (gross)							
Claims incurred (direct)	R0040	125,531	220,425	41,803	56,697	74,480	43,925
Claims incurred (proportional reinsurance)	R0041	58,783	10,883	1,968	(1,215)	9,325	7,843
Claims incurred (non-proportional reinsurance)	R0042	36,657	78,920	30,525	33,744	9,402	28,676
Expenses incurred (gross)							
Gross Expenses Incurred (direct)	R0050	70,443	119,820	14,679	22,991	35,504	30,827
Gross Expenses Incurred (proportional	R0051	21,874	3,846	2,627	2,054	2,353	4,316
Gross Expenses Incurred (non-proportional	R0052	1,151	19,216	7,382	2,329	1,355	7,644

		Home country	Top 5 countries: life and health SLT				
		Belgium (BE)	France (FR)	Netherlands (NL)	United Kingdom	United States of America (US)	Isle of Man (IM)
		C0030		C0040	C0040	C0040	C0040
Gross Written Premium	R1020	27,507	6,781	1,901	12,283	1,981	3,207
Gross Earned Premium	R1030	27,507	6,781	1,901	12,283	1,981	3,207
Claims incurred	R1040	82,441	5,021	1,457	12,639	1,576	1,707
Gross Expenses Incurred	R1050	7,883	1,936	340	2,934	396	1,080

QBE Europe
S.05.01.02
Premiums, claims and expenses by line of business (Non-Life)
Amounts in €'000s

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120
Premiums written													
Gross - Direct Business	R0110	-	-	-	8,199	3,557	82,876	460,651	722,091	42,637	-	-	-
Gross - Proportional	R0120	3,212	24,077	-	6,372	3,802	37,177	187,284	71,974	15,484	-	-	-
Gross - Non-proportional	R0130												
Reinsurers' share	R0140	-	423	-	3,418	(4)	45,661	160,386	291,540	16,108	-	-	-
Net	R0200	3,212	23,654	-	11,152	7,362	74,391	487,548	502,524	42,013	-	-	-
Premiums earned													
Gross - Direct Business	R0210	-	-	-	12,072	4,999	88,085	451,509	635,113	35,525	-	-	-
Gross - Proportional	R0220	3,268	23,028	-	6,759	3,714	29,079	178,053	62,330	12,945	-	-	-
Gross - Non-proportional	R0230												
Reinsurers' share	R0240	-	424	-	3,520	34	40,054	143,199	283,605	13,777	-	-	-
Net	R0300	3,268	22,605	-	15,311	8,679	77,110	486,362	413,838	34,693	-	-	-
Claims incurred													
Gross - Direct Business	R0310	(6)	303	-	15,844	4,320	58,796	179,263	418,508	10,228	(380)	-	6
Gross - Proportional	R0320	1,494	24,684	-	9,335	536	10,735	122,846	30,964	4,578	-	-	(1,419)
Gross - Non-proportional	R0330												
Reinsurers' share	R0340	-	-1,728	-	4,335	193	12,590	7,968	283,204	(64)	1,835	-	74
Net	R0400	1,488	26,715	-	20,844	4,663	56,941	294,141	166,268	14,871	(2,215)	-	(1,487)
Expenses incurred	R0550	2,031	6,179	-	7,998	4,019	29,653	173,185	198,790	17,311	-	-	-
Balance - other technical	R1210												
Total technical expenses	R1300												

QBE Europe
S.05.01.02 (continued)
Premiums, claims and expenses by line of business (Non-Life)
Amounts in €'000s

		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine,	Property	
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110					**1,320,010**
Gross - Proportional reinsurance accepted	R0120					**349,380**
Gross - Non-proportional reinsurance accepted	R0130	27,118	177,767	7,820	210,411	**423,117**
Reinsurers' share	R0140	6,698	222,994	1,493	89,142	**837,858**
Net	R0200	20,421	(45,226)	6,327	121,269	**1,254,648**
Premiums earned						
Gross - Direct Business	R0210					**1,227,303**
Gross - Proportional reinsurance accepted	R0220					**319,174**
Gross - Non-proportional reinsurance accepted	R0230	26,512	201,564	6,367	210,755	**445,198**
Reinsurers' share	R0240	6,712	222,699	1,491	89,006	**804,519**
Net	R0300	19,801	(21,135)	4,876	121,749	**1,187,155**
Claims incurred						
Gross - Direct Business	R0310					**686,883**
Gross - Proportional reinsurance accepted	R0320					**203,751**
Gross - Non-proportional reinsurance accepted	R0330	34,460	79,705	6,123	217,439	**337,727**
Reinsurers' share	R0340	5,135	125,314	3,256	41,239	**483,351**
Net	R0400	29,325	(45,609)	2,867	176,200	**745,010**
Expenses incurred	R0550	4,580	44,453	1,228	37,527	**526,955**
Balance - other technical expenses/income	R1210					**-**
Total technical expenses	R1300					**526,955**

QBE Europe
S.05.01.02
Premiums, claims and expenses by line of business (Life)
Amounts in €'000s

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		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	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	-	-	-	-	-	-	6	61,641	**61,647**
Reinsurers' share	R1420	-	-	-	-	-	-	-	7,465	**7,465**
Net	R1500	-	-	-	-	-	-	6	54,176	**54,182**
Premiums earned										
Gross	R1510	-	-	-	-	-	-	6	61,641	**61,647**
Reinsurers' share	R1520	-	-	-	-	-	-	-	7,465	**7,465**
Net	R1600	-	-	-	-	-	-	6	54,176	**54,182**
Claims incurred										
Gross	R1610	-	-	-	-	-	63,701	130	47,138	**110,969**
Reinsurers' share	R1620	-	-	-	-	-	84,074	-	4,281	**88,355**
Net	R1700	-	-	-	-	-	(20,373)	130	42,857	**22,614**
Expenses incurred	R1900	-	-	-	-	-	-	(36)	16,373	**16,337**
Balance - other technical expenses/income	R2510									**-**
Total expenses	R2600									**16,337**
Total amount of surrenders	R2700	-	-	-	-	-	-	-	6,194	**6,194**

EO plc Single Group SFCR for the year ended 31 December 2023

QBE Europe
S.12.01.02
Life and Health SLT Technical Provisions
Amounts in €'000s

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	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	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010	-	-	-		-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re	R0020	-	-	-		-			-	-	-
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030	-		-	-	-	-	-	-	133,262	133,262
Total Recoverables from reinsurance/SPV and Finite Re	R0080	-		-	-	-	-	-	-	45,637	45,637
Best estimate minus recoverables from reinsurance/SPV	R0090	-		-	-	-	-	-	-	87,624	87,624
Risk Margin	R0100	-				-			-	12,962	12,962
Technical provisions - total	R0200	-	-			-			-	146,224	146,224

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for	R0020	-			-	-	-
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030		-	-	-	190	190
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for	R0080		-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		-	-	-	190	190
Risk Margin	R0100	-			-	2	2
Technical provisions - total	R0200	-			-	192	192

QBE Europe
S.17.01.02
Life and Health SLT Technical Provisions
Amounts in €'000s

		Direct business and accepted proportional reinsurance											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions	R0010	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from	R0050	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	R0060	303	(191)	-	(809)	2,957	(110)	5,096	231,784	26,416	141	-	-
Total recoverable from	R0140	-	(88)	-	(17)	(6)	(21,433)	(69,472)	(28,602)	4,209	-	-	1,986
Net Best Estimate of	R0150	303	(103)	-	(792)	2,964	21,324	74,568	260,386	22,207	141	-	(1,986)
Claims provisions													
Gross	R0160	(205	55,231	-	81,820	3,005	141,488	573,604	1,250,876	49,650	3,863	-	567
Total recoverable from	R0240	(1)	331	-	10,111	11	63,288	155,480	384,131	24,743	717	-	4,842
Net Best Estimate of	R0250	(204)	54,900	-	71,709	2,994	78,199	418,124	866,745	24,907	3,146	-	(4,275)
Total Best estimate - gross	R0260	98	55,040	-	81,011	5,962	141,378	578,700	1,482,660	76,066	4,004	-	567
Total Best estimate - net	R0270	99	54,797	-	70,917	5,958	99,523	492,691	1,127,131	47,114	3,287	-	(6,260)
Risk margin	R0280	136	4,064	-	7,389	962	13,423	40,466	132,697	6,486	-	-	-
Technical provisions - total													
Technical provisions - total	R0320	234	59,104	-	88,400	6,924	154,801	619,165	1,615,357	82,552	4,004	-	567
Recoverable from	R0330	(1)	244	-	10,094	4	41,855	86,009	355,528	28,952	717	-	6,827
Technical provisions minus	R0340	235	58,860	-	78,306	6,919	112,946	533,157	1,259,829	53,600	3,287	-	(6,260)

QBE Europe
S.17.01.02
Life and Health SLT Technical Provisions
Amounts in €'000s

		Accepted non-proportional reinsurance				Total Non-Life obligation
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross	R0060	(9,008)	(68,748)	(1,162)	(50,091)	**136,579**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	9	3,818	(1,025)	(32,526)	**(143,148)**
Net Best Estimate of Premium Provisions	R0150	(9,018)	(72,566)	(137)	(17,565)	**279,727**
Claims provisions						
Gross	R0160	73,163	755,949	28,253	407,534	**3,424,796**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	5,414	185,766	4,800	117,673	**957,305**
Net Best Estimate of Claims Provisions	R0250	67,749	570,183	23,453	289,861	**2,467,492**
Total Best estimate - gross	R0260	64,155	687,201	27,091	357,443	**3,561,376**
Total Best estimate - net	R0270	58,731	497,617	23,317	272,296	**2,747,219**
Risk margin	R0280	12,561	156,232	12,089	18,827	**405,332**
Technical provisions - total						
Technical provisions - total	R0320	76,716	843,434	39,181	376,270	**3,966,708**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	5,424	189,584	3,775	85,147	**814,157**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	**71,292**	**653,849**	**35,406**	**291,123**	**3,152,551**

EO plc Single Group SFCR for the year ended 31 December 2023

QBE Europe
S.19.01.21
Non-life insurance claims
Amounts in €'000s

Total Non-Life business

Z0020	Accident year/underwriting year

Gross Claims paid (non-cummulative)

		0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											143,439	143,439	143,439
N-9	R0160	32,205	74,893	30,487	12,243	10,093	12,245	7,997	9,677	11,494	6,584		6,584	207,918
N-8	R0170	18,580	69,868	32,506	13,791	17,550	20,128	16,313	20,437	12,696			12,696	221,869
N-7	R0180	25,033	68,816	54,855	48,409	27,024	25,373	32,289	52,416				52,416	334,215
N-6	R0190	31,414	84,991	72,871	42,020	15,559	34,934	27,246					27,246	309,034
N-5	R0200	15,161	124,174	93,982	72,888	34,254	20,894						20,894	361,353
N-4	R0210	45,091	159,906	150,222	64,657	121,709							121,709	541,585
N-3	R0220	39,980	126,611	101,851	71,107								71,107	339,549
N-2	R0230	68,036	258,331	250,443									250,443	576,810
N-1	R0240	45,251	194,573										194,573	239,824
N	R0250	38,639											38,639	38,639
Total	R0260												**939,747**	**3,314,236**

Gross Undiscounted Best Estimate Claims Provisions

		Development year											
		0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											1,127,479	380,240
N-9	R0160	-	-	-	-	-	94,438	108,528	100,141	88,514	78,761		68,256
N-8	R0170	-	-	-	-	161,189	208,158	128,325	112,553	108,291			94,509
N-7	R0180	-	-	-	167,830	217,047	200,559	195,303	139,659				119,632
N-6	R0190	-	-	183,794	205,706	190,673	155,872	143,358					124,294
N-5	R0200	-	289,352	304,758	238,333	202,328	187,533						162,187
N-4	R0210	369,756	486,326	392,704	340,087	274,788							242,648
N-3	R0220	408,655	511,294	463,804	360,356								319,316
N-2	R0230	628,933	773,319	630,627									565,920
N-1	R0240	818,316	857,966										757,545
N	R0250	672,162											590,248
Total	R0260												**3,424,795**

QBE Europe
S.22.01.21
Impact of long-term guarantees measures and transitionals
Amounts in €'000s

		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	4,113,123	-	-	39,908	**4,153,031**
Basic own funds	R0020	1,483,058	-	-	(23,272)	**1,459,785**
Eligible own funds to meet Solvency Capital Requirement	R0050	1,396,091	286,967	-	(23,272)	**1,659,785**
Solvency Capital Requirement	R0090	-	1,217,018	-	-	**1,217,018**
Eligible own funds to meet Minimum Capital Requirement	R0100	1,396,891	79,200	-	(23,597)	**1,452,494**
Minimum Capital Requirement	R0110	4,000	521,142	-	4,158	**529,300**

QBE Europe
S.23.01.01
Own funds
Amounts in €'000s

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	1,129,062	1,129,062		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial funds, members' contributions or the equivalent basic own - fund item for	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-	-	-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	267,029	267,029			
Subordinated liabilities	R0140	80,000		-	80,000	-
An amount equal to the value of net deferred tax assets	R0160	6,967				6,967
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Total basic own funds after deductions	R0290	**1,483,058**	**1,396,091**	**-**	**80,000**	**6,967**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	200,000			200,000	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	**200,000**			**200,000**	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	1,683,058	1,396,091	-	280,000	6,967
Total available own funds to meet the MCR	R0510	1,476,091	1,396,091	-	80,000	
Total eligible own funds to meet the SCR	R0540	1,683,058	1,396,091	-	280,000	6,967
Total eligible own funds to meet the MCR	R0550	1,476,091	1,396,091	-	80,000	
SCR	R0580	**1,217,018**				
MCR	R0600	**525,142**				
Ratio of Eligible own funds to SCR	R0620	**138.3%**				
Ratio of Eligible own funds to MCR	R0640	**281.1%**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	1,428,017
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	1,136,028
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	24,960
Reconciliation reserve	R0760	267,029
Expected profits		
Expected profits included in future premiums (EPIFP) - Life	R0770	6,628
Expected profits included in future premiums (EPIFP) - Non-life	R0780	372,234
Total Expected profits included in future premiums (EPIFP)	R0790	378,862

EO plc Single Group SFCR for the year ended 31 December 2023

QBE Europe
S.25.03.21
Solvency Capital Requirement - for undertakings on Full Internal Models
Amounts in €'000s

Solvency Capital Requirement information

		Solvency Capital Requirement	Amount modelled	USP	Simplifications
		C0010	C0070	C0090	C0120
Risk type					
Total diversification	R0020	(537,405)	(537,405)	9 - None	9 - None
Total diversified risk before tax	R0030	(537,405)	(537,405)	9 - None	9 - None
Total diversified risk after tax	R0040	(537,405)	(537,405)	9 - None	9 - None
Total market & credit risk	R0070	184,961	184,961	9 - None	9 - None
Market & Credit risk - diversified	R0080	184,961	184,961	9 - None	9 - None
Credit event risk not covered in market & credit risk	R0190	-	-	9 - None	9 - None
Credit event risk not covered in market & credit risk - diversified	R0200	-	-	9 - None	9 - None
Total Business risk	R0270	-	-	9 - None	9 - None
Total Business risk - diversified	R0280	-	-	9 - None	9 - None
Total Net Non-life underwriting risk	R0310	1,627,412	1,627,412	9 - None	9 - None
Total Net Non-life underwriting risk - diversified	R0320	1,127,521	1,127,521	9 - None	9 - None
Total Life & Health underwriting risk	R0400	-	-	9 - None	9 - None
Total Life & Health underwriting risk - diversified	R0410	-	-	9 - None	9 - None
Total Operational risk	R0480	122,601	122,601	9 - None	9 - None
Total Operational risk - diversified	R0490	122,601	122,601	9 - None	9 - None
Other risk	R0500	167,522	167,522	9 - None	9 - None

Calculation of the Solvency Capital Requirement

		C0100
Total undiversified components	R0110	1,739,423
Diversification	R0060	(537,405)
Adjustment due to RFF/MAP nSCR aggregation	R0120	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement, excluding capital add-ons	R0200	1,202,018
Capital add-ons already set	R0210	15,000
of which, Capital add-ons already set - Article 37 (1) Type a	R0211	-
of which, Capital add-ons already set - Article 37 (1) Type b	R0212	15,000
of which, Capital add-ons already set - Article 37 (1) Type c	R0213	-
of which, Capital add-ons already set - Article 37 (1) Type d	R0214	-
Solvency capital requirement	R0220	1,217,018
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	-
Amount/estimate of the loss absorbing capacity for deferred taxes	R0310	-
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-
Method used to calculate the adjustment due to RFF nSCR aggregation	R0450	4 - No adjustment
Net future discretionary benefits	R0460	-

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	2 - No

Calculation of loss absorbing capacity of deferred taxes

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

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S.28.01.01
Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity
Amounts in €'000s

Linear formula component for non-life insurance and reinsurance obligations

		MCR components
		C0010
MCR_{NL} Result	R0010	490,093

Background information

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0021
Medical expense insurance and proportional reinsurance	R0020	99	1,878
Income protection insurance and proportional reinsurance	R0030	54,797	22,047
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	70,917	14,455
Other motor insurance and proportional reinsurance	R0060	5,958	8,078
Marine, aviation and transport insurance and proportional reinsurance	R0070	99,523	62,846
Fire and other damage to property insurance and proportional	R0080	492,691	495,922
General liability insurance and proportional reinsurance	R0090	1,127,131	470,507
Credit and suretyship insurance and proportional reinsurance	R0100	47,114	33,066
Legal expenses insurance and proportional reinsurance	R0110	3,287	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	-
Non-proportional health reinsurance	R0140	58,731	17,396
Non-proportional casualty reinsurance	R0150	497,617	-
Non-proportional marine, aviation and transport reinsurance	R0160	23,317	5,424
Non-proportional property reinsurance	R0170	272,296	111,197

Linear formula component for life insurance and reinsurance obligations

		MCR components
		C0040
MCR_{L} Result	R0200	35,049

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

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation -	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	-	
Other life (re)insurance and health (re)insurance obligations	R0240	87,815	
Total capital at risk for all life (re)insurance obligations	R0250		47,435,314

Overall MCR calculation

		C0070
Linear MCR	R0300	525,142
SCR	R0310	1,080,200
MCR cap	R0320	486,090
MCR floor	R0330	270,050
Combined MCR	R0340	486,090
Absolute floor of the MCR	R0350	4,000
		C0070
Minimum Capital Requirement	R0400	486,090

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