



HDI Reinsurance (Ireland) SE

**2023 Solvency Financial
Condition Report**

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Executive summary

HDI Reinsurance (Ireland) SE (HDI Re or the Company) is a wholly owned subsidiary of HDI Global SE with a detailed organisational chart shown under the business objectives section of this report.

This report covers the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management. The ultimate responsibility for all of these matters is the Company's Board of Directors, with the assistance of various governance and control functions that have been established to effectively monitor and manage the business.

Business and performance

The principal activity of the Company consists of the transaction of reinsurance business with Talanx Primary Group. The Company has a 31 December year end and for the year ended 31 December 2023 the Company reported a Net Profit after tax of €129.932 Mio (2022: €35.105 Mio).

Earthquakes, hurricanes, floods, storms and other natural disasters again caused damage and claimed many lives worldwide last year. However, while news about the earthquake disasters in Turkey and Morocco, Hurricane Otis in Mexico and flooding in Australia dominated the news, the global picture in 2023 nevertheless differed from that of previous years. Unlike in many other years, there were no major or very major losses in the major industrialised countries due to individual very large hurricanes, floods or other major disasters, but rather a large number of medium-sized loss events with higher losses, particularly due to an increased number of severe thunderstorms in the US and Europe. The accelerated global warming that has been observed for years is intensifying weather extremes in many regions of the world and thus also the potential for losses. None of these events had a material impact on HDI Re's business in 2023.

The Company has a 31 December year end and for the year ended 31 December 2023 the Company reported a Net Profit after tax of €129.932 Mio (2022: €35.105 Mio). The return on investments increased from 1.43% in 2022 to 1.65% in 2023. The total Shareholder Equity, including capital contribution, is €415.738 Mio (2022 €199.152 Mio) The total eligible own funds to meet the Solvency Capital Requirement increased to €1,085.967 Mio (2022: €738.159 Mio).

System of governance

HDI Re has established and maintains a strong system of governance which specifies the distribution of rights and responsibilities throughout the whole company.

The Company's organisational structure operates on a "three-line defence" as outlined in Section B. The Company ensures that all personnel, who effectively run the Company or have other key functions (including risk management, actuarial, compliance and internal audit functions), are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

Risk profile

The Company continues to fulfil its objective of maintaining the A+ rating from AM Best with the risk profile stable over the last number of years. Underwriting risk, NatCat and market risk determine the risk profile of HDI Re. All material risks are covered by the solvency capital requirement (SCR). The risks are quantified utilising full internal model (IM) which was approved by BaFin (major model change approval by the lead regulator for Talanx Group) and implemented in Q3 2019.

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SCR calculated under full internal model, increases from Q4 2022 (€515.2 Mio) to Q4 2023 €613.4 Mio mainly due to increased premium and reserve risks (technical risk) and increased market risk which is to be expected with the large volume increase in the reinsurance portfolio.

HDI Reinsurance (Ireland) SE received CBI's approval for the use of the volatility adjustment (VA), pursuant to Art. 77d Directive 2009/138/EC and Article 88, I on 27 September 2019. The earnability of the VA must be proven on an annual basis and HDI Re has set up the necessary processes to ensure full compliance of all supervisory and regulatory requirements are maintained at all times.

Valuation for solvency purposes

The valuation for assets and liabilities are carried out according to the Section 3, Article 51 of Solvency II Directive 2009/138/EC, and covered in more detail under chapter D of this report.

Capital management

The Company's policy is to maintain a strong capital base and manages all its available resources as capital which includes the common stock, non-distributable capital contributions, a subordinated loans, retained earnings and fair value reserves. A board approved capital management plan for the mid-term planning of the own funds is prepared over five years to ensure that the regulatory needs are fulfilled at all times. The capital management plan includes the development of the assumed business, the cash flow of technical provisions, planned dividends and an investment strategy.

The Own funds, SCR and CAR under full internal model at end of 2023 were:

	2022	2023
Own Funds	€738.159 Mio	€1,085.967 (Q4//23)
SCR	€515.218 Mio	€613.4 (Q4/23)
CAR	143.27%	177.03% (Q4/23)

A. Business and performance

A.1 Business

A.1.1 Business objectives

HDI Re is part of the HDI Group. The Haftpflichtverband Der Deutschen Industrie V.a.G., Germany, (HDI V.a.G.) is the ultimate parent. HDI Re is wholly owned by HDI Global SE.

As HDI Group is virtually identical to the Talanx Group in terms of business activities, organisation and structure, the following report refers mainly to Talanx Group.

The Group structure contains six segments. The segments are each responsible for their own business processes. These tasks, which are shared by several organisational units, help to create value in the Group. HDI Re forms part of the corporate operations of Talanx Group and is servicing as in-house reinsurance company.

The purpose of HDI Re as the Prime Reinsurer of the Industrial lines division of Talanx Primary Group (TPG) is to:

- Support the group insurance companies within the Industrial Lines division of TPG to decrease the risk based capital charge
- Act as a tool to manage the retention of group insurance companies within Industrial Lines division.

HDI Re cedants are solely engaged from Talanx Primary Insurance Group. HDI Re is a composite reinsurance company and licensed to write life and non-life business. However, since its' founding constitution in 2009, the Company has exclusively written only non-life business. The business is diversified worldwide.

HDI Re has established an organisational structure based on the principles of three lines of defence, the segregation of functions and the delegation of authorities.

Being a member of one of the leading European insurance groups, HDI Re utilizes the expertise and knowledge of specialized group entities via service level agreements. As at 31.12.2023, HDI Re has nine employees. (For an overview and details of the governance structure, key functions and outsourcing please refer to chapter B. System of governance).

HDI Re is a registered company under Irish law. The Company is supervised by the CBI (Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1) and is assessed as "medium-low" according to the local PRISM¹ ranking. From 1 January 2024, the company will be classified as "medium-high".

PWC Ireland, 1 Spencer Dock, North Wall Quay, Dublin 1 is the Company's appointed statutory auditor for year-end 2023 including the Solvency II audit as per the regulations.

A.1.2 Significant events

Following the strategy of the company to focus on reinsurance business with industrial insurance companies of Talanx Group, HDI Re increased its risk position with HDI Global SE and HDI Global Specialty SE, by taking up direct proportional cessions. Going forward, HDI Re will concentrate on supporting these companies in the further optimisation of their risk-based capital with individual reinsurance solutions.

In 2023, the effects of Russia's war of aggression against Ukraine, which began in February 2022, were still being felt. The year was also characterised by the leading central banks' fight against inflation, which was still above the target corridor, and by economic and financial market developments. Although the higher key interest rates in the USA and the eurozone showed success with inflation gradually falling, meaning that the

¹ Probability Risk and Impact System

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first interest rate cuts are expected again in 2024, economic growth, particularly in Europe, is rather modest.

In principle, risks arise for HDI Re as a consequence of the war in Ukraine. Losses for HDI Re, as a result of the war, are subject to high uncertainties, as they depend on the further course of the war and the outcome of court decisions in the coming years.

The Company has identified the lines of insurance business most likely to be further impacted by Covid-19 losses. We have seen some Covid-19 related losses, but don't expect a material impact to HDI Re's liquidity or profitability. However, the full extent of the losses and the impact on pricing will become clearer in the course of time and we will continue to monitor the situation and take appropriate action. We do not expect this to impact the Company's ability to satisfy regulatory solvency requirements over the period of twelve months from the approval of the financial statements.

2023 was also a year of higher inflation. Here, the general increase in consumer prices has to be differentiated from the claims and cost inflation relevant for reserving, which makes it difficult to determine the consequential effects. The usual actuarial reserving methods based on loss triangles project inflation from the claims experience of the past years into the projected claims payments. In this respect, inflation is regularly implicitly taken into account in the loss reserves. HDI Re is monitoring inflation drivers throughout the entire business process.

This report comprises of information on the solvency capital requirement (SCR) and own funds (OF) as of 31.12.2023.

A.2 Underwriting performance

HDI Re prepares its financial statements in accordance with Financial Reporting Standards (FRS 102). The Company writes both proportional and non-proportional business exclusively within Talanx Group. The business written is a diversified mix, distributed across multiple business lines and geographical areas.

<i>Figures in € thousands</i>	2023 Actual	2022 Actual
Gross Written Premium	2,504,613	2,121,097
Ceded Written Premium	354	1,466
Net Written Premium	2,504,967	2,119,631
Net Earned Premium	2,723,828	1,606,177
Incurred Claims	1,860,844	1,097,748
Commission Expense	764,098	481,821
Administration Expenses	2,378	2,041
Net Underwriting	96,508	24,567

The net underwriting result for period ending 31 December 2023 was €98.508 Mio (2022: €24.567 Mio).

After the substantial increases in the participation of HGS Specialty business from 2019 thru to 2022, 2023 saw the HGS Specialty written share remain unchanged at 65%. Gross written premium stemming for HGS Specialty Quota shares grew by 11% from €1,514 Mio in 2022 to €1,690 Mio in 2023. In 2023 new contracts added to the Commercial Portfolio included, Casualty XL Programme and Motor QS, contributing €92 Mio to the top line.

HDI Re's claims ratio increased marginally to 68.2% (2022: 67.6%).

The Commission expense percentage reduced slightly from 29% in 2022 to 28.1%.

Administration expenses increase relates to work been carried out on IFRS 17 project and increases in Service Level agreement with our Head Office.

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A.2.1 Material lines of business

2023

Figures in € thousand	All Classes	Non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					accepted non-proportional reinsurance		Other Classes
		Motor vehicle liability	Other motor insurance	Marine, aviation and transport	Fire and other damage to property insurance	General liability insurance	Casualty	Property	
Gross Written Premium	2,504,613	57,187	164,268	516,217	498,518	1,067,249	26,204	3,117	171,852
Ceded Written Premium	354	-	-	-	354	-	-	-	-
Net Written Premium	2,504,967	57,187	164,268	516,217	498,872	1,067,249	26,204	3,117	171,852
Net Earned Premium	2,723,828	67,367	182,962	590,863	529,437	1,148,749	24,404	3,117	176,929
Incurred Claims	1,860,844	58,940	116,031	367,502	340,248	872,427	22,181	2,482	81,033
Commission Expense	764,098	11,312	51,523	149,045	172,124	308,310	4,612	352	66,820
Administration Expenses	2,378	35	160	464	536	960	14	1	208
Net Underwriting	96,508	(2,920)	15,248	73,852	16,529	(32,948)	(2,403)	282	28,868

2022

Figures in € thousand	All Classes	Non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					accepted non-proportional reinsurance		Other Classes
		Motor vehicle liability	Other motor insurance	Marine, aviation and transport	Fire and other damage to property insurance	General liability insurance	Casualty	Property	
Gross Written Premium	2,121,097	38,549	84,991	511,468	412,668	913,990	2,634	1,765	155,032
Ceded Written Premium	1,466	-	-	-	1,466	-	-	-	-
Net Written Premium	2,119,631	38,549	84,991	511,468	411,202	913,990	2,634	1,765	155,032
Net Earned Premium	1,606,177	27,638	62,222	404,413	299,015	721,560	2,634	1,765	86,930
Incurred Claims	1,097,748	10,883	45,918	261,201	149,562	581,798	351	841	47,194
Commission Expense	481,821	9,503	22,043	107,653	103,682	209,104	1,689	185	27,962
Administration Expenses	2,041	35	79	514	380	916	4	3	110
Net Underwriting	24,567	7,217	(5,818)	35,045	45,391	(70,258)	590	736	11,664

Administration expenses are allocated in proportion to the gross written premium.

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A.2.2 Regions

All of the Company's cedants are situated in Europe except for the Australian branch. A breakdown of underwriting performance by the largest geographical areas by gross written premium is as follows:

2023

Figures in € thousand	All Regions	Ireland	Germany	Austria	Australia
Gross Written Premium	2,504,613	0	2,476,281	27,995	337
Ceded Written Premium	(354)	0	(354)	0	0
Net Written Premium	2,504,967	0	2,476,635	27,995	337
Net Earned Premium	2,723,828	0	2,695,494	27,995	337
Incurred Claims	1,860,844	0	1,841,690	18,922	231
Commission Expense	764,098	0	754,387	9,460	0
Administration Expenses	2,378	2,378	0	0	0
Net Underwriting	96,508	2,378	99,167	(387)	106

2022

Figures in € thousand	All Regions	Ireland	Germany	Austria	Australia
Gross Written Premium	2,121,097	0	2,102,315	18,466	316
Ceded Written Premium	1,466	0	1,466	0	0
Net Written Premium	2,119,631	0	2,100,849	18,466	316
Net Earned Premium	1,606,177	0	1,587,395	18,466	316
Incurred Claims	1,097,748	0	1,086,165	11,470	113
Commission Expense	481,821	0	476,310	5,502	9
Administration Expenses	2,041	2,041	0	0	0
Net Underwriting	24,567	2,041	22,878	1,495	194

Germany

Included in Germany is all business stemming from both HDI Global and HG Specialty.

A.3 Investment performance

A.3.1 Asset classes performance

In 2023 the total investment income of the Company according to IFRS 9 amounts to €44.324 Mio. (2022: €27.349 Mio.). This corresponds to a net return of 1.65% (2022: 1.48%) and includes a management fee amounting to €3.139 Mio. (2022: €2.151 Mio).

Income, broken down to the different asset classes is shown in the table below. The management fee cannot be assigned to a specific asset class and will therefore not be further specified in the following annotation.

The ordinary income, resulting predominantly from coupon payments of corporate bonds, collateralized securities and government bonds, amounts to €68.412 Mio. (2022: €29.868 Mio) as opposed to ordinary expenses of €3.139 Mio. (2022: €2.151 Mio).

Other comprehensive income (OCI) amounts to €-101.832 Mio. (2022: €-152.219 Mio), mainly driven by fixed income securities €-103.927 Mio. (2022: €-190.566 Mio) such as corporate bonds and government bonds. Delta OCI amounts to +102.099 Mio. in 2023. ECL change amounts to €-0.433 Mio. in 2023.

The net result from gains and losses on disposals amounting to €-0.287 Mio (2022: €0.80 Mio) is based on effects from normal business activity. Unrealized Gains and Loss resulting from positions valued at fair value through profit and loss net to €-6.860 Mio. mainly resulting from collective investment undertakings. The mentioned management fee of €3.139 Mio (2022: €2.151 Mio.) is the result of a basis point related remuneration model in the amount of 12.25 basis points, applied to the respective assets under management. The management fee shall be seen as mixed pricing which allocates the same fee to all asset classes from least complex to very complex.

In compliance with the given risk budget and duration from the liabilities side, an average reinvestment yield of 4.09% (2.15%) was generated in the fixed income segment in 2023.

A.3.2 Planned Performance

Planning assumptions

The expected development of the capital market is depicted by the consideration of an equity market premise, miscellaneous yield curves and several exchange rates of the most important currency areas. The focus lies on the forecast of interest rate levels, since most of the portfolio consists of interest-bearing assets.

Basis of the planning is the portfolio as of 31st of May 2023. The assumptions shown below are therefore planned assumptions as per end of May, although the real values are already determined at the point in time this annotation is prepared.

Equity/ Equity funds

For all planning periods, an equity market increase of 4.5% p.a.p.r.t. plus 2.5% dividend yield is assumed. Exemplary, the following index values of the Eurostoxx50 and the DAX occur (here perpetuated like a price index):

Index	31.05.2023	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028
Eurostoxx50	4.218	4.329	4.524	4.727	4.940	5.162	5.394
Dax	15.664	16.075	16.799	17.555	18.344	19.170	20.033

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Interest-bearing securities / money market

As a reference for the valuation of the interest sensitive assets, the market-expected forward curves of different benchmarks are used, to which the interest-bearing single titles are linked.

Exemplary, the expected interest rate developments of the most important benchmarks for fixed income bonds (currencies EUR and USD, par yield, maturity 10 years) are listed below:

Benchmark	31.05.2023	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028
EUR Semi-/government bonds AAA-AA	2,86%	2,80%	2,73%	2,75%	2,78%	2,82%	2,82%
EUR Secured bonds AAA-AA	3,32%	3,26%	3,19%	3,21%	3,24%	3,28%	3,28%
EUR Industrial bonds	3,98%	3,92%	3,85%	3,87%	3,90%	3,94%	3,94%
EUR Senior financials	4,75%	4,69%	4,62%	4,64%	4,67%	4,71%	4,71%
USD Government bonds	3,74%	3,60%	3,48%	3,53%	3,58%	3,62%	3,64%
USD Industrial bonds	5,34%	5,20%	5,08%	5,13%	5,18%	5,22%	5,24%
USD Senior Financial bonds	5,66%	5,52%	5,40%	5,45%	5,49%	5,53%	5,56%

The complete benchmark universe for fixed income investments consists of a variety of additional term-divided benchmarks of different currencies.

Using the Discounted-Cash-Flow method, the determined forward curves (respectively the derived Zero-curves) are used in the planning of the estimation of the expected market values (and thereby the hidden reserves) of the interest-bearing securities. In addition, the interest rates are also used to determine the expected coupons (and thereby the income) of the new and re-investments.

Besides, money market interests are used as a forecast of the expected current income from short term investments and as a forecast of the cash flows from swaps. The predicted interest rate is being compared to the reference interest rate of the respective swap in order to determine the corresponding cash flow.

Money Market	31.05.2023	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028
EURIBOR 1M	3,21%	3,21%	3,78%	3,02%	2,64%	2,58%	2,60%
EURIBOR 3M	3,46%	3,46%	3,77%	2,97%	2,61%	2,56%	2,59%
EURIBOR 6M	3,75%	3,75%	3,70%	2,91%	2,59%	2,56%	2,60%

Other investment classes

As other investment classes (i.e. not mentioned under Equity/equity funds, interest-bearing securities and money market) especially direct and indirect investments in real estate, infrastructure and participations are considered. For the expected development of the book- and market values as well as the income, estimations are normally made on single asset level by different specialist departments. Therefore, no consistent premises are available.

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Currencies

Group wide, constant exchange rates are assumed from the basis date of the planning on:

Currencies (vs. EUR)	31.05.2023	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028
USD	1,0680	1,0680	1,0680	1,0680	1,0680	1,0680	1,0680
GBP	0,8640	0,8640	0,8640	0,8640	0,8640	0,8640	0,8640
CHF	0,9720	0,9720	0,9720	0,9720	0,9720	0,9720	0,9720
AUD	1,6488	1,6488	1,6488	1,6488	1,6488	1,6488	1,6488
CAD	1,4577	1,4577	1,4577	1,4577	1,4577	1,4577	1,4577
JPY	149,2200	149,2200	149,2200	149,2200	149,2200	149,2200	149,2200
BRL	5,3823	5,3823	5,3823	5,3823	5,3823	5,3823	5,3823
PLN	4,5380	4,5380	4,5380	4,5380	4,5380	4,5380	4,5380
DKK	7,4478	7,4478	7,4478	7,4478	7,4478	7,4478	7,4478
NOK	11,9964	11,9964	11,9964	11,9964	11,9964	11,9964	11,9964
SEK	11,6300	11,6300	11,6300	11,6300	11,6300	11,6300	11,6300

Further remarks

The premises are applied consistently for the capital investments in the direct portfolio and special funds if existent.

Besides the possibly premise-caused exceptional depreciations, the flat depreciations are estimated on basis of market- or rating implicated default probability of credit risks.

Flat Depreciation	2023	2024	2025	2026	2027	2028
	-0,08%	-0,08%	-0,08%	-0,08%	-0,08%	-0,08%

Procedure for new / reinvestments

The new- and re-investment of interest-bearing assets are based on the results of an ALM-study, which includes the development of the assets and liabilities as of 31.03.2023.

Furthermore, already established acquisitions of fixed income securities are included with the contractual agreed conditions. This issue may explain the volatile development of the return in single years.

Planned investment budgets in other investment classes (for example real estate, infrastructure, and shares) are subtracted from the available investment volume for bonds.

Investment strategy

Interest-bearing Securities

In the planning process for the investments of HDI Reinsurance an average duration of seven years is assumed. The main part of new investments is allocated in Covered Bonds and Corporates (Senior Financials/Industrials). Generally the allocation to the different asset classes is kept constant.

Equity

Investments in Equities occur through direct investments in single shares, shown in the category Equities. According to the established strategy and on basis of the planning premises, a further increase in the equity portfolio occurs over the planning period.

Real estate

Investments in Real Estate occur through investments in Indirect Real Estate Funds. In the Real Estate

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portfolio a moderate increase is considered, which reflects the expected capital calls of the investments HDI Re is committed to.

Infrastructure/Private Equity

In the Infrastructure/Private Equity portfolio a moderate increase is considered, which reflects the expected capital calls of the investments HDI Re is committed to.

Forecasted development of return

A steady increase of the ordinary income in the years 2024 to 2028 can be observed. From € 136.42 Mio. in 2024 to € 285.60 Mio. at the end of the planning period in 2028. This increase is mainly based on a higher investment volume and the assumed increase of interest rates. A slight effect also comes from the enhancement of the alternative investment portfolio.

Besides the realized profit contributions, the flat depreciations, which are supposed to cover the expected defaults in the balance year, determine the exceptional result. The risk provision rises from € -3.94 Mio. in 2024 and to € -6.85 Mio. in 2028 due to the growing portfolio.

The planned total investment income rises consistently in the observed timeframe to a level of € 269.70 Mio. in 2028.

HDI Re		2024										
in Mio. EUR	Total	Government Bonds	Corporate Bonds	Equities	Collective Investment Undertakings	Structured Notes	Collateralised Securities	Deposits other than cash equivalents	Loans/Mortgages	Property (other than own use)	Derivatives	Other
Investments	3,990.10	544.07	2,777.72	46.88	353.40	0.00	237.63	3.56	26.83	0.00	0.00	0.00
Ordinary income	104.74	14.73	66.17	1.17	10.57	0.00	10.69	0.14	1.27	0.00	0.00	0.00
Appreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairments/Depreciation	-3.09	-0.42	-2.17	-0.04	-0.28	0.00	-0.19	-0.00	0.01	0.00	0.00	0.00
Realized gains	0.11	0.00	0.07	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00
Realized losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrealized gains	0.33	0.00	0.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrealized losses	-0.01	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	-4.22	-0.59	-2.90	-0.05	-0.39	0.00	-0.26	-0.00	-0.03	0.00	0.00	0.00
Currency gains/losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	97.86	13.72	61.50	1.09	9.90	0.00	10.24	0.13	1.29	0.00	0.00	0.00

*No current accounts with banks

2025												
HDI Re	Total	Government Bonds	Corporate Bonds	Equities	Collective Investment Undertakings	Structured Notes	Collateralised Securities	Deposits other than cash equivalents	Loans/Mortgages	Property (other than own use)	Derivatives	Other
in Mo. EUR												
Investments	4,929.23	646.57	3,480.51	60.00	433.96	0.00	279.05	3.24	25.90	0.00	0.00	0.00
Ordinary income	136.42	18.65	94.38	1.50	7.93	0.00	12.65	0.10	1.21	0.00	0.00	0.00
Appreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairments/Depreciation	-3.94	-0.50	-2.82	-0.05	-0.35	0.00	-0.22	-0.00	0.01	0.00	0.00	0.00
Realized gains	0.09	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.00	0.00
Realized losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrealized gains	0.21	0.00	0.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrealized losses	-0.04	0.00	-0.04	0.00	-0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	-5.26	-0.70	-3.67	-0.06	-0.48	0.00	-0.31	-0.00	-0.03	0.00	0.00	0.00
Currency gains/losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	127.48	17.44	88.12	1.39	7.10	0.00	12.12	0.09	1.22	0.00	0.00	0.00

*No current accounts with banks

2026												
HDI Re	Total	Government Bonds	Corporate Bonds	Equities	Collective Investment Undertakings	Structured Notes	Collateralised Securities	Deposits other than cash equivalents	Loans/Mortgages	Property (other than own use)	Derivatives	Other
in Mio. EUR												
Investments	5,988.07	770.72	4,260.38	73.70	529.61	0.00	325.42	2.86	25.37	0.00	0.00	0.00
Ordinary income	176.35	22.94	125.23	1.84	10.05	0.00	15.03	0.08	1.18	0.00	0.00	0.00
Appreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairments/Depreciation	-4.81	-0.62	-3.45	-0.06	-0.43	0.00	-0.27	-0.00	0.01	0.00	0.00	0.00
Realized gains	0.09	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.00	0.00
Realized losses	-0.00	0.00	-0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrealized gains	0.18	0.00	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrealized losses	-0.00	0.00	-0.00	0.00	-0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	-6.45	-0.84	-4.54	-0.08	-0.59	0.00	-0.36	-0.00	-0.03	0.00	0.00	0.00
Currency gains/losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	165.36	21.48	117.48	1.70	9.04	0.00	14.40	0.07	1.18	0.00	0.00	0.00

*No current accounts with banks

2027												
HDI Re	Total	Government Bonds	Corporate Bonds	Equities	Collective Investment Undertakings	Structured Notes	Collateralised Securities	Deposits other than cash equivalents	Loans/Mortgages	Property (other than own use)	Derivatives	Other
in Mio. EUR												
Investments	7,156.77	908.69	5,170.17	88.02	599.16	0.00	371.81	2.44	16.49	0.00	0.00	0.00
Ordinary income	234.13	27.32	157.86	2.20	27.93	0.00	17.78	0.07	0.97	0.00	0.00	0.00
Appreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairments/Depreciation	-5.74	-0.70	-4.18	-0.07	-0.48	0.00	-0.30	-0.00	0.00	0.00	0.00	0.00
Realized gains	0.08	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00
Realized losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrealized gains	0.13	0.00	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrealized losses	-0.09	0.00	-0.09	0.00	-0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	-7.73	-0.99	-5.51	-0.10	-0.69	0.00	-0.42	-0.00	-0.03	0.00	0.00	0.00
Currency gains/losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	220.79	25.62	148.28	2.03	26.76	0.00	17.06	0.06	0.97	0.00	0.00	0.00

*No current accounts with banks

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A.4 Performance of other activities

A.4.1 Other activities

The Company have two subordinated loan agreements in place, one with its parent company, HDI Global SE, and one with a related party in the group, Targo Lebensversicherung.

The subordinated loan with the parent €188 Mio is classified as Tier 2 Basic own funds under in accordance with the provisions on solvency capital according to Directive 2009/138/EC (the “Solvency II Directive”), Regulation (EU) No. 35/2015. The interest is charged annually and the payments are due on the 9th December annually up until 9th December 2031, where it becomes payable on a quarterly basis until 9th December 2041. The loan is placed on an arm’s length basis with a fixed interest rate.

The second loan place since 2014, another Tier 2 Basic own funds loan of €30.000 Mio. The subordinated loan is dated thirty years (up to 14th January 2045) and is non-cancellable for the first ten years (up to 14th January 2025). It is placed on an arm’s length basis with a fixed interest rate for the period of ten years and thereafter with a market dependable rate.

A.4.2 Leasing arrangements

The Company entered into IFRS 16 lease obligations under a 10-year lease agreement for its office premises, cancellable for the first time after five years (2027) with the right of use (RoU) asset in the amount of € 1.117 Mio excluding VAT. There are no other significant leasing arrangements in place for HDI Re.

A.4.3 Off balance sheet commitments

Off balance sheet capital commitments of the company as at 31 December 2023 are €193.662 Mio (2022: €153.429 Mio). These commitments are in respect of investment projects with no set cash call dates.

A.5 Any other information

The 2023 net profit before taxes is €148.494 Mio (2022: €40.119 Mio) and the corporation tax charge for the year amounts to €18.561 Mio (2022: €5.015 Mio).

B. System of governance

B.1 General information on the system of governance

HDI Re has established and maintains a strong system of governance which specifies the distribution of rights and responsibilities throughout the whole company.

HDI Re has established an organisational structure based on the principle of three lines of defence. The Company ensures that all personnel, who effectively run the Company or have other key functions (including risk management, actuarial, compliance and internal audit functions), are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

At the core of our corporate governance principles is integrity in HDI Re's dealings with our business partners, employees, shareholders and other stakeholders. HDI Re complies with all statutory and regulatory requirements and applies them in a proportionate way that's appropriate to its business model.

HDI Re's Conduct Standards

HDI Re is fully committed to uphold its Conduct Standards Guideline and the Talanx Code of Conduct. Honesty and Integrity guides HDI Re personnel's conduct towards our business partners, colleagues, shareholders and stakeholders and this concept is at the very heart of its corporate governance principles and forms the basis of HDI Re's corporate strategy. Both HDI Re's strategic considerations and its day-to-day business activities are based on high ethical and legal standards. The Conduct Standards Guidelines are binding rules applicable to all individuals at HDI Re who perform PCF and CF roles. They are the fundamental standards that underpin the provision of financial services and the relationships of trust that are central to this area. As a member company of the Talanx Group, HDI Re has undertaken to comply with the Talanx Group Code of Conduct, which applies to every employee within the Company and is intended to assist each individual confidentially handle all ethical and legal challenges that may arise in their daily business activities.

B.1.1 Roles and responsibilities

Board of Directors (BoD)

HDI Re's Company Charter sets out its approved principles of composition and role, delegation of authorities, possible conflicts of interest to consider, matters reserved for board decisions and its diversity policy. In addition, HDI Re's governance process is characterized by the segregation of function, which is achieved by assigning specific business review information/documentation to Board of Directors committees. The detailed responsibilities are outlined in the individual committee's charter and summarised below.

The Board of Directors meetings are held quarterly and the Board is responsible for:

- determining the overall business strategic objectives of the Company
- monitoring the performance of the Company and its management against the strategic objectives
- overseeing an adequate and effective internal control framework that includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework
- ensuring that the risk management and internal controls reflect HDI Re's risk appetite and that there are adequate arrangements in place to ensure that there is regular reporting to the Board on compliance with the risk appetite
- overseeing the strategy for on-going management of material risks, including liquidity risk, and has established procedures to maintain an appropriate relationship with external auditors.

The Board of Directors as a whole is collectively responsible for promoting HDI Re's success by directing and supervising its business affairs. In addition to the responsibilities common to all Board of Directors, non-executive directors exercise their independence of judgement by:

- Challenging constructively and contributing to the development of HDI Re's strategy
- Scrutinising the performance of HDI Re's management in meeting agreed goals and

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- objectives and monitoring the reporting of performance
- Satisfying themselves that financial information is accurate and that financial controls and
- systems of risk management are robust and defensible
- Reviewing the reports and recommendations of the delegated committees.

2023 HDI Re's BoD membership details:

- Dr Christian Hermelingmeier (Chairman) German
- Mr Michael Bast (Chief Operating Officer) German
- Mr Rainer Fischer (Non-Executive Director) German
- Ms Mary Fulton (Independent Non-Executive Director)
- Mr Matthias Schwarz (Managing Director) German
- Ms Asma Sahibzada (Chief Financial Officer)
- Mr Ralph Beutter (Non-Executive Director) German
- Mr Eddy Van Cutsem (Independent Non-Executive Director) Belgian
- Dr Gerhard Stahl (Non-Executive Director) German – appointed 9th May 2023

HDI Re's Committees

Each Committee Chairman reports to the Board of Directors on its committee's meetings proceedings within its overall duties and responsibilities. The committee's chairman is responsible for determining the form and nature of the information delivered to the Board of Directors and also confirms that its committee members have carried out their duties as outlined above.

All committee's proposals, as outlined in the committee chairman's report, are discussed at the Board of Directors meeting to obtain their final approval.

HDI Re has five committees and the Board of Directors are responsible for the oversight of each committee:

- Risk (meetings held at least three times a year)
 - Audit (meetings held quarterly)
 - Underwriting (meetings twice a year)
 - Investment (meetings held at least twice a year)
 - Human Resources (one annual meeting in Q4).
- a) Risk Committee (RC):
HDI Re's RC currently has three members and is composed of non-executive and independent non-executive directors. Their charter is reviewed annually and the committee's 2022 responsibilities and duties are outlined in the Risk Committee Charter.
- b) Audit Committee (AC):
HDI Re's AC currently has three members and is composed of non-executive and independent non-executive directors. Their charter is reviewed annually and the committee's 2021 responsibilities and the duties are outlined in the Audit Committee Charter.
- c) Underwriting Committee (UC):
HDI Re's UC currently has five members and is composed of executive, non-executive and independent non-executive directors. Their charter is reviewed annually, and the committee's responsibilities are outlined in the Committee Charter
- d) Investment Committee (IC):
HDI Re's IC currently has three members and is composed of executive, non-executive and independent non-executive directors. Their charter is reviewed annually, and the committee's responsibilities are outlined in the Committee Charter.
- e) Human Resources Committee (HRC):
In Q4 2021, HDI Re's Compensation Committee changed its name to Human Resources Committee to better reflect its roles and responsibilities. The committee has three members and is composed of executive, non-executive and independent non-executive directors.

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The HRC meets annually to assess their current charter, review the adequacy of the succession plan for Board of Directors positions, PCF- and other key functions, including but not limited to the review and evaluation of activities and progress in promoting Diversity and Inclusion, approving proposals for employee performance related bonus and annual salary increases and also ensuring that all provisions regarding disclosure of remuneration, including pensions, are fulfilled.

B.1.2 Remuneration and system of governance

Compensation principles

The compensation strategy of HDI Re is based on the objective of sustainable ongoing development of the company and group. HDI Re's compensation structure and the compensation rules are compliant with the Irish market and are competitive.

The compensation structure is directed towards attracting high-calibre employees to the management and senior personnel and to retaining their loyalty. The system is also intended to guarantee sustainable and value-based corporate governance.

The selection of target criteria for the variable compensation system and for restricting the upper limit of variable compensation elements is ensured such that no inappropriate performance incentives are offered which could persuade employees to enter into unnecessary risks.

Compensation components for the Board of Directors

The non-executive directors are reimbursed for their expenses only, while the independent non-executive directors also receive a fixed annual compensation. The executive directors are reimbursed in accordance with their individually agreed contracts of employment.

Compensation components for employees

The compensation for HDI Re's employees comprises of a range of different components. It guarantees an appropriate and balanced compensation package which takes account the level of responsibility and function inherent in the position, and the conditions prevailing within the Irish marketplace.

B.1.3 Material changes

Dr Gerhard Stahl was appointed as a Non-Executive Director, following CBI PCF-2a approval, on the 9th May 2023.

B.2 Fit and proper requirements

According to the requirements of the Solvency II framework directive, all senior management or individuals carrying out pre-controlled functions (PCFs) and controlled function (CFs) must satisfy the requirements regarding:

- their technical and professional qualification (fitness) and
- their personal reliability (propriety).

HDI Re is committed to ensuring that both CF and PCF role holders adhere to the fitness and probity requirements as set out in the legislation. This is reviewed on an annual basis.

B.2.1 Policies and processes

The Solvency II fit and proper requirements are currently outlined in the following CBI guidelines: 'Guidance on Fitness and Probity Standards 2023, Guidance for Reinsurance Undertakings on the Fitness and Probity Amendments 2015, Domestic Actuarial Regime and Related Governance Requirements under Solvency II 2015, Guidance for Reinsurance Undertakings on the Head of Actuarial Function Role 2015'. HDI Re adheres to the aforementioned guidelines and required reporting was upheld in 2023.

B.2.2 Persons in key functions

Persons with key functions can be distinguished as follows:

- Persons actually leading the company (Board of Directors members)
- Persons holding other key functions (key functions according to the Solvency II Directive, functions requiring pre-approval according to the local fitness and probity regime).

The following roles are classified by CBI (Guidance for Reinsurance Undertakings on the Fitness and Probity Amendments guidelines 2015) as the four key functions of the system of governance under Solvency II:

- PCF 12 - Head of Compliance
- PCF 13 – Head of Internal Audit
- PCF 14 – Chief Risk Officer
- PCF 48 – Head of Actuarial Function.

Under Solvency II where key functions are outsourced, the entity must designate an individual within the company with overall responsibility for the key function. The designed local individual must be a current CBI PCF holder within the company and possess sufficient knowledge and experience regarding the outsourced key function to enable change of the performance and results of the outsourced service provider.

B.3 Risk management system including the own risk & solvency assessment

B 3.1 Risk strategy

The main objective is to achieve an 'A' rating according to the standards of AM Best. This in turn implies an adequate capital adequacy ratio according to the internal model TERM. Furthermore, full compliance with the regulatory requirements under Solvency II is a prerequisite. HDI Re has a fully-fledged limit and threshold system in place that allows control of the risks taken, in order to achieve the profit targets. HDI Re outsourced many aspects of the risk management process, in particular the calculations under Pillar 1, parts of the reporting (e.g. ORSA) and the CRO function. These outsourcing activities allow at one hand to be cost-efficient and effective on the other hand, this approach allows HDI Re to interact with the holding (HDI Group) respectively the industrial lines division in a very smooth manner. Of course, the local management ensures that the interests of HDI Re are adequately represented in committees and considered appropriately. The Pillar 1 calculations are based on the internal model TERM which yields the row data for the various reporting formats.

B.3.2 Risk profile

The risk profile of HDI Re is stable over time since several years because the business model is unchanged and splits up to the following risk categories:

- Premium and reserve risk
- NatCat
- Market risk
- Operational Risk.

The contribution from other risk categories is of minor importance. Note that TERM is from Q3/ 2019 on a full internal model. With the use of the full internal model, there has been a significant reduction within the operational risk category.

B.3.3 Material risks not included in the SCR

There are no material risks that are not fully included in the calculated SCR.

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B.3.4 Investment risk and Prudent Person Principle

The investment decisions are worked out by the investment committee. The execution of the related deals are realized by Ampega Asset Management, an asset manager which has more than € 160bn assets under its management and keeps high standards in their processing both for internal and external clients as well. Within this environment a number of policies and related governance structures ensure that the requirements of the prudent person principles are fulfilled.

For HDI Re the feasible investment universe applies as for the whole Talanx group. Therefore, HDI Re has access to systems and knowledge that enable the identification, measurement, monitoring, controlling and reporting of all the risks related to their investments or investment strategies.

In that respect a number of additional risk management systems beyond TERM are in place and related reports are delivered. The most prominent ones are the Credit Value-at-Risk Report and the so-called Asset Liability Value-at-Risk Report. These reports are produced on a monthly basis.

B.3.5 Appropriateness of credit assessments from external credit assessments institutions

This chapter is not applicable for the Company.

B.3.6 Extrapolation of the risk-free rate

According to the standards for internal models, the EIOPA curve is applied within very tight boundaries of few basis points and this curve is applied for the evaluation of HDI Re's assets and liabilities.

B.3.7 Own risk and solvency assessment

HDI Re's ORSA is provided by the CRO and is based on the quantitative output of our internal model TERM and the available qualitative information is also included as well as the main focus of a risk analysis and a risk assessment. In addition, according to the five-year-planning process the forward-looking perspective is considered.

The results of the ORSA process are discussed in-depth and challenged by means of workshops with the Managing Director, INEDs and senior management of the Company. Furthermore, the results of the ORSA are discussed at the risk committee and related board meetings.

The main application from the ORSA is the revision and updating of the limit and threshold system which include, of course, the general strategy of the company.

The ORSA is reviewed by Internal Audit according to the audit plan.

B.4 Internal control system

B.4.1 Key procedures

In line with Solvency II requirements (articles 46 and 47 of 2009/138/EC Directive), HDI Re has an Internal Control System (ICS) Policy. The policy sets minimum requirements for the design of the ICS within the company. The ICS is an aggregation of all integrated and process independent monitoring measures (internal controls and organisational measures) which ensure that HDI Re's organisation and processes function satisfactorily. It applies to all levels and focuses on process risk and the controls implemented for their monitoring.

The ICS is an integral part of business administration. It serves to reach business goals efficiently, with regard to compliance with regulations and the avoidance of risks.

The processes and measures of the ICS have the following objectives:

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- Compliance with legal requirements and with further regulation, contracts and internal rules
- Adequate execution of business activity
- Protection of assets
- Protection of an adequate and reliable accounting
- Prevention and exposure of asset misappropriation
- Focus and special regard on material risks
- Effectiveness and efficiency of risk monitoring and avoidance in business processes
- Correctness of the display of the assets, financial and earnings position and the risk situation
- Implementation of the risk strategy
- Proper reporting.

The Three Lines of Defence concept, which characterises Solvency II, forms the organisational foundation for HDI Re's control and monitoring system:

- The first "line of defence" is the responsibility of the operative departments for ensuring risk identification, evaluation and monitoring of risks at operational levels. Thereby they bear the responsibility for an adequate design of ICS in the respective department
- The second "line of defence" consists of functions, which ensure an adequate design of ICS at a superior level and assist the operative departments. This includes the Risk Committee, the risk management, compliance and actuarial functions and the officers for data security, money laundering, outsourcing etc. The risk management function is also responsible especially for identification, evaluation, analysis, monitoring and reporting of risks at company level
- As independent and objective function and as third "line of defence" internal auditing observes the effectiveness and efficiency of the entire ICS, the risk management system and the risk management process, using the respective audit activities.

The ICS reporting contains the following reports of the second and third line of defence, which include the appropriateness and functionality of the ICS:

- Reports of the risk management function
- Reports of the actuarial function
- Reports of the compliance function
- Audit and activity reports of Internal Audit.

B.4.2 Compliance function

As outlined in CBI's Corporate Governance Code for Insurance Undertakings 2015 (the Code), HDI Re's Board has the ultimate responsibility for ensuring that the risk and compliance functions are properly managed within the company.

HDI Re's compliance function has the responsibility for advising the Board on compliance with regard to the relevant laws, regulations and administrative provisions and includes an assessment of the possible compliance risk impact of any changes in the legal environment of HDI Re's operations.

Compliance risk

Compliance risk is defined as the risk HDI Re may suffer as a result of its failure to comply with applicable law, regulation, codes of conduct and standards of good practice and includes:

- statutory and regulatory risk
- reputation risk
- litigation risk
- risk of regulatory sanction
- risk of financial loss.

HDI Re manages its compliance risks using three lines of defence (see chapter B4 Internal Control System).

The compliance function is part of the second line of defence and:

- translates laws into compliance obligations and assists management to identify its compliance risks
- assists management in identifying activities to mitigate risks, monitors control of compliance risks
- advises Management on compliance risk management matters.

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The compliance function works with other second lines of defence functions (risk management, actuarial function) to provide objective challenge and support. The function also serves in an advisory role as it implements and embeds procedures (via Risk Committee) and executes other compliance framework activities (internal audit reports). The work and performance of the compliance function is subject to periodic review by internal audit.

Independence of the compliance function

The Head of Compliance (HoC) is independent from any commercial, administrative or control function within HDI Re in order to allow the individual to carry out compliance tasks/reviews with absolute impartiality. The HoC has a formal regular reporting line to the Managing Director and the CRO and together with the CRO reports to the Risk Committee on a quarterly basis and to the Board as a whole as necessary.

Compliance framework

The compliance function maintains a fit for purpose compliance framework in order to meet its objectives. The HoC produces an annual Compliance Report which is reported to the Risk Committee in Q2 the following year.

B.5 Internal audit function

B.5.1 Policy

HDI Re's internal audit function is outsourced to the holding company Talanx AG and carried out by Group Auditing. HDI Re's internal audit function reports their findings and communicates updates directly with the management of HDI Re as well as the Chairman of the audit committee at least on a quarterly basis.

The basic standards upheld by Group Auditing are outlined in a document called Guidelines Group Auditing' and it has been approved by the Board of Directors of Talanx AG. The charter facilitates the evaluation of the structure and tasks of Group Auditing and describes the tasks, rights and responsibilities in respect of the supervisory authorities, the employees and any third parties transparently. HDI Re's senior management regulates the requirements of the internal audit function as part of the overall governance system via this policy.

The Charter is based on international best practice regulations that derive from the legal requirements, the Solvency II regulations as well as the professional auditing standards of the Institute of Internal Auditors (IIA). It defines the general basics including tasks, standards, rights and obligations of Group Auditing and its integration into the organization. In addition, the Charter regulates the basic internal auditing processes, the reporting, the quality assurance, the collaboration with other key functions and the document management. The Charter is reviewed and adjusted as necessary (at least on an annual basis) by the Head of Group Auditing. The last review and approval were conducted in September 2023. Changes might be necessary due to changes of the internal and external requirements or because of relevant procedural or structural changes (e.g. changes of the Group or corporate structure). All substantial changes of the charter are approved by the Board of Talanx AG.

In Q4/2024, Group Auditing had an external Quality Assessment conducted by Ernst & Young. As a result, it was determined that Group Auditing fully meets the professional requirements according to the International Professional Practices Framework (IPPF) with an adherence level of 94.7%.

B.5.2 Planning

The auditing activities are based on the internal audit plan prepared by Group Auditing and approved by the Board. Group Auditing's role is carried out autonomously and includes unscheduled audits being undertaken if a major weakness is discovered during the year. Approx. 5% to 10% of the audit capacity is reserved for unscheduled audits. In order to exercise its monitoring function systematically, effectively as well as target oriented and efficiently for all relevant corporate areas, a comprehensive risk-based internal audit plan is prepared.

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The focus of internal audit is proactive and risk-driven. Accordingly, emerging risk topics will be taken into account going forward.

The audit universe is a basic methodology which is reviewed at least annually with regard to its completeness or its representative status. All business processes as well as organizational structures are reviewed at least once within a 3-5 year period. Particular external requirements in respect of the annually auditing frequency (e.g. compulsory audits based on the anti-money laundering law) are also taken into account.

The following risk influencing factors are reflected in the risk-based audit plan:

- Inherent risk of the audit field
- Results from the last audit
- Legal and organizational changes regarding the audit field and
- Insights from the participation in committees and regular internal meetings with other governance functions.

B.6 Actuarial Function

The Actuarial Function of HDI Re is outsourced, via service level agreement, to HDI Global SE. The Head of Actuarial Function (HoAF) has a supporting team of members from HDI Global SE's Risk Management department. Within HDI Re, the HoAF and his team are referred to as the Actuarial Function (AF).

In accordance with the Solvency II-Directive (Article 48, clause 2) and the implementation to national law via European Union (Insurance and Reinsurance) Regulations 2015 – hereafter called “the 2015 Regulations” – (Regulation 50, clause 2) the Actuarial Function shall be carried out by persons who:

- have knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the business of the insurance or reinsurance undertaking, and
- are able to demonstrate their relevant experience with applicable professional and other standards.

Segregation of existing actuarial functions

HDI Re's Chief Actuary (CA) is responsible for calculating the booked reserves and Technical Provisions with regard to Solvency II. The CA and the Actuarial Team perform and review the pricing of incoming business and are involved in the Solvency II Internal Model (IM) process.

The Actuarial Function reviews the appropriateness of the methods and models used for calculating the Technical Provisions according to Solvency II. The AF supports the CA by highlighting quality issues (data, processes, assumptions, methods).

Additional actuarial roles with HDI Re are:

- Reviewing Actuary, who performs a peer review of the “Actuarial Opinion of Technical Provisions” and “Actuarial Report of Technical Provisions” every 5 years,
- the Service Centre Non-Life, who administer the IM and
- the Validation Team, who validate HDI Re's IM.

The responsibility for the risk management is with the Risk Committee and the Board of Directors. In particular, the Board of Directors decides about the composition of this function, ascertains the suitability of the respective qualifications of the person appointed, taking the Actuarial Function's reporting requirements into account.

Independence of the Actuarial Function

In accordance with regulatory requirements, the HoAF is independent of HDI Re's additional actuarial roles. The HoAF, the CA with the Actuarial Team and the Service Centre Non-Life are outsourced via service level agreements to HDI Global SE. As the HoAF and the CA are members of separate departments, there are no inter dependencies between these roles or reporting lines.

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In order to highlight the HoAF's independence, the following measures are established:

- HDI Re's HoAF reports directly to its BoDs
- the HoAF has no participation with regard to underwriting or reinsurance arrangements within HDI Re.

Tasks of the Actuarial Function

The tasks of the AF are regulated and outlined in several supervisory requirements (e.g. Article 48 of Solvency II-Directive, Article 272 of Delegated Acts, Guidelines on the System of Governance, Guidelines on Valuation of Technical Provisions). CBI published two papers ("Guidance for (Re)Insurance Undertakings on the Head of Actuarial Function Role" and "Domestic Actuarial Regime and Related Governance Requirements under Solvency II"), which assist undertakings to comprehend certain tasks outlined in Regulations 50 of the 2015 regulations. The regulations outlined above are the basis for the HoAF to produce the Report of the Actuarial Function.

The core tasks according to Regulation 50 of the 2015 Regulations are listed below. Insurance and reinsurance undertakings shall provide for an effective Actuarial Function to:

- a) coordinate the calculation of Technical Provisions;
- b) ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of Technical Provisions;
- c) assess the sufficiency and quality of the data used in the calculation of Technical Provisions;
- d) compare best estimates against experience;
- e) inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of Technical Provisions;
- f) oversee the calculation of Technical Provisions in the case set out in Article 82 of Solvency II-Directive and Regulation 95 of the 2015 Regulations;
- g) express an opinion on the overall underwriting policy;
- h) express an opinion on the adequacy of reinsurance arrangements; and
- i) contribute to the effective implementation of the risk-management system referred to in Regulation 46 of the 2015 Regulations in particular with respect to the risk modelling underlying the calculation of the capital requirements set out in Regulations 113 to 140 of the 2015 Regulations, and with respect to the assessment referred to in Regulation 47 of the 2015 Regulations.

In Article 272 of Delegated Act task a) is explained in more detail. The term "coordinate" is an assessment of the calculation of Technical Provisions (including assumptions, methods and quality of data).

The Actuarial Function produces an annual Actuarial Function report for the HDI Re Board of Directors. The Actuarial Function report outlines the tasks, results and recommendations of the Actuarial Function. If significant weaknesses are ascertained in the Actuarial Function, the Board of HDI Re is to be informed directly.

Regarding his opinion on the calculation of Technical Provisions according to Solvency II the HoAF informs the Board of Directors via the Actuarial Report on Technical Provisions (ARTP) within two months after the submission date of the QRTs to which the report relates. The HoAF presents the ARTP to the Board of Directors. Within the scope of the aforementioned tasks, the HoAF is supported by the employees of HDI Re, and the Actuarial Function team.

B.7 Outsourcing

B.7.1 Outsourcing policy

HDI Re's Outsourcing strategy, safeguarded by an Outsourcing Policy, ensures that the decision to outsource activities is taken in a rigorous, transparent and consultative manner serving the best interests of the company. Robust and effective systems and controls over outsourced activities are an integral element of HDI Re's control over the outsourced provider and the management of outsourcing risk, whilst also ensuring compliance with regulatory obligations.

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Effective controls are also a key element in ensuring outsourced activities deliver the required level of service, at the agreed costs, and minimise any potential reputational damage whilst complying with all regulatory and legislative obligations.

The key to outsourcing is ensuring the Company's senior management team retains ultimate responsibility for the discharge of its obligations.

Any HDI Re company activity maybe outsourced under Solvency II, including all activities in relation to the key functions. Any material development to an outsourcing arrangement (including commencement or change of any outsourcing arrangements of critical or important functions of outsourcing functions) must be reported to CBI giving at least 6 weeks' notice to the proposed change.

B.7.2 Outsourcing activities

The Outsourcing guidelines outline HDI Re's outsourcing processes and strategies throughout the lifecycle of the outsourced activity. These processes include:

- Selecting an outsourced provider
- Requirement content of a Service Level Agreement (SLA)
- Responsibilities of SLA owners
- Management and monitoring of SLAs
- Exit Strategies audit
- Breaches reporting.

HDI Re conducts an annual audit of its major outsourcing agreements (including Exit Strategies) and the results are outlined in the annual HDI Re's Compliance Report.

B.8 Any other information

None at this time.

C. Risk profile

C.1 Underwriting risk

Underwriting risk for property / casualty lines consist of premium risk and of reserve risk. It describes a change in value caused by ultimate loss costs for full contractual obligations varying from those assumed when these obligations were estimated.

The underwriting risk of HDI Re is subject to the 'General Underwriting Guideline' and the 'General Retrocession Guideline'. The framework for the HDI Re's underwriting risk is given by the risk strategy and the risk appetite statement.

HDI Re's underwriting risk originates almost exclusively from cedants being entities of Talanx group. Few exceptions exist, which were Talanx group entities at the time the respective reinsurance contracts were signed. The nominal technical provisions according to Solvency II of these entities are comparably small and are below 0.1% of the total amount.

No collateral in terms of Article 214 of the Commission Delegated Regulation (EU) 2015/35 has been given by or to HDI Re.

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Underwriting risks property / casualty

a) Premium risk

Premium risk describes the risk that future losses are larger than expected, either through higher than expected individual loss events or higher loss frequencies.

The premium risk within the internal model of HDI Re is estimated by a simulation approach at treaty level. The simulations per treaty are taken from the actuarial pricing process, carried out per treaty before writing any share in accordance with HDI Re's 'General Underwriting Guideline' and the 'Actuarial Pricing Guideline'. The simulations of the single treaties are combined using a copula with dedicated dependencies between the treaties.

The simulations are, subject to the underlying risk, split into attritional losses, large losses and natural perils losses. For a consistent view on natural perils, HDI Re applies external models (Applied Insurance Research, Risk Management Solutions, Impact Forecasting). The simulations, input data, output data and methodologies, are subject to a validation process which is independent of any risk taking activity.

The most material premium risk exposures currently held by HDI Re are:

- German industrial GTPL
- Worldwide Specialty business.

HDI Re does not place any direct retrocession.

Various inuring reinsurance is in place before the business is ceded to HDI Re. This inuring reinsurance is not shown at HDI Re level.

Compared to previous years, the premium risk increased due to increasing shares and increasing volumes of the cedents.

The potential default of retrocession reinsurers for premium risk is captured within the counterparty default risk of the internal model (for details please refer to chapter C.3 of this document). The retrocession is reviewed in line with the 'General Retrocession Guideline' with respect to the premium risk portfolio annually.

From a cedant point of view, the highest concentration of assumed reinsurance treaties is with HDI Global Specialty SE. In terms of written premium, the following table shows the most material cedants by premium volume:

Share in volume, 2023	
HDI Global Specialty SE	72.1%
HDI Global SE	27.1%
All Remaining	0.8%
Total	100.00%

Table: Concentration by Cedant

To define the risk sensitivity of the premium risk stress tests are carried out. Stress tests are carried out by changing the input data of the internal model and performing a full model run.

Stress 1: The dependency structure between the individual treaties is stressed by stressing the underlying dependencies of the applied copula within reasonable limits. This results into a change in SCR between -8% and +8%.

Stress 2: The copula chosen to reflect the dependency structure is stressed within reasonable limits. This results into a change in SCR of up to +16 %.

Stress 3: For the largest premium risk segment the probability distribution parameters are stressed within reasonable limits. This results in an impact on the SCR of less than 1%.

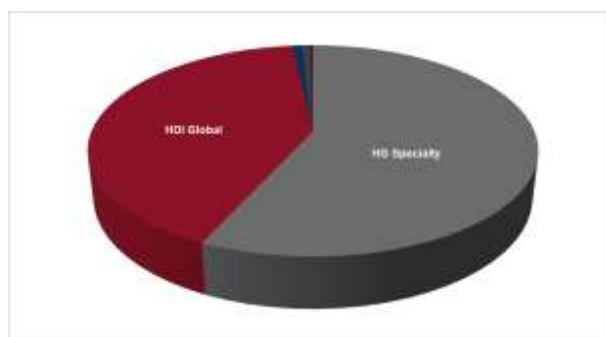
b) Reserve risk

Reserve risk relates to already incurred claims, i.e. existing claims including IBNR and IBNER and originates from claim sizes being greater than expected, differences in timing of claims payments from those expected and differences in claims frequency from those expected.

The reserve risk within the internal model of HDI Re is based on actuarial methods and on data, generally identical to the data applied in the actuarial reserving process of HDI Re.

The technical provisions are subject to an annual independent review by the actuarial function of HDI Re. The outcome of this review is presented to and discussed in the Board of Directors meeting. One outcome controlled by this review is the relation of booked IFRS claims reserves to actuarially calculated best estimate reserves according to ARTP. Within the context of the limit and threshold system the IFRS reserves have to be above 102% (threshold) respectively 100% (limit) of the best estimate reserves. Currently this reserve ratio is well above the threshold.

The following graph gives a split of the volumes, by nominal best estimate reserves, by segment:



Graph: Split of nominal reserves

The single reserve segments are combined within the internal model using a copula with dedicated dependencies among the segments.

A large part of the reserves are protected by inuring reinsurance of the cedants which limits the maximum single loss. The largest single reserve risk segment originates from industrial lines third party liability business. The counterparty default risk of the inuring reinsurance is part of HDI Re's risk for a large part of the portfolio. The technical provisions take account of these risks. For a discussion of the default of these inuring reinsurers please compare chapter C.3 of this document.

The nominal best estimate reinsurance recoverables of the retrocessions in place for past accident years are €10.9 Mio. Of these more than 90% are ceded to one reinsurer, Talanx AG, the holding company for all Talanx entities.

Reserve volume and reserve risk concentrations are reviewed on a quarterly level and discussed in the Board of Directors meetings.

To define the risk sensitivity of the reserve risk stress tests are carried out. Stress tests are carried out by changing the input data of the internal model and performing a full model run.

Stress 1: The dependency structure between the individual segments is stressed by changing the underlying dependencies of the applied copula within reasonable limits. This results into a change in SCR between -3% and +3%.

Stress 2: The copula chosen to reflect the dependency structure is stressed within reasonable limits. This results into a change in SCR of up to +13 %.

Stress 3: The largest reserving segment is stressed in volume within reasonable limits. This results in an impact on the SCR of up to 3%.

C.2 Market risk

Market risk is the risk of loss or of adverse change in the financial position resulting directly or indirectly from fluctuations in the level and volatility of market prices of assets, liabilities and financial instruments.

The investment of capital is carried out within the framework of the principle of prudent business practice. This means that the necessary prudence is exercised in all processes by means of which the investment strategy is developed, adopted, implemented and monitored. The indispensable competence of the employees deployed for prudent asset management is fully guaranteed. In particular, the application of the principle of entrepreneurial prudence means that investments are only made in assets and instruments whose risks can be adequately identified, assessed, monitored, managed and controlled. Decisive criteria for investment decisions are the security, quality, liquidity and profitability of the entire portfolio as well as an appropriate mix and spread.

	SCR 2023	SCR 2022	Delta
Market Risk	238	203	35.0

The market risk is balanced by an investment volume of 3,234 per 31.12.2023 (EUR 2,382 Mio² per 31.12.2022). The increase in market risk is mainly due to a significant increase in the investment volume.

Sensitivities

The table with stress tests related to interest rate risk highlight HDI Re's sensitivity with respect to this risk factor:

Stress Test analyses of different assets:

Q4 2023	AuM* (in TEUR)	Change in interest rate					Equity (without alternative investments)			
Stress factor		-100bps	-50bps	+50bps	+100bps	+150bps	-20%	-10%	+10%	+20%
Fixed Income	2.959.064	3,9%	1,9%	-1,9%	-3,7%	-5,4%	-	-	-	-
Equity	35.292	-	-	-	-	-	-19,6%	-9,8%	9,8%	19,6%
Altern. Investments	100.446	-	-	-	-	-	-	-	-	-
Other*	138.936	-	-	-	-	-	-	-	-	-
Total	3.233.739	3,6%	1,8%	1,8%	-3,4%	-5,0%	-0,2%	-0,1%	0,1%	0,2%

* incl. Cash

*AuM = Assets under management

The stress tests provide information on the sensitivity of the investments to different risk factors. If the interest rate changes by +/-100 basis points, the value of the total assets is recording a 3.6% to -5% move. And similarly, if the value of equity prices changes by 20% the value of the total assets moves by 0.2% in either direction.

Conclusion: the symmetry of the table above indicates that the portfolio is dominated by so-called quasi linear instruments, i.e. the proportion of options and complex derivatives in HDI Re's portfolio is of minor importance.

² "Dirty" Value AuM (including mortgage loan) considers cash and excludes intercompany transactions/ participations.

C.3 Credit risk

Credit risk is the risk of a change in value due to actual credit losses deviating from expected credit losses due to the failure to meet contractual debt obligations.

Credit risk in terms of the internal model of HDI Re is limited to reinsurance counterparty default risk. The default risk of assets as bonds and other investments is part of the market risk, and here especially the credit and spread risk of investments and liabilities.

No collateral in terms of Article 214 of the Commission Delegated Regulation (EU) 2015/35 has been given by or to HDI Re in respect of credit risk.

The reinsurance default risk of HDI Re is comparably small with less than 5% of SCR before tax of the full internal model.

Besides the reinsurance recoverables and reinsurance receivables, the reinsurance default risk stems from two additional sources. The first source is the default of reinsurers participating in cessions of the current underwriting year, out of premium risk. The other source stems from the default of inuring reinsurers. HDI Re carries the default risk from such constructions as part of the underwriting risk for parts of the portfolio.

To model the default risk appropriately the default risk of the inuring reinsurance is modelled within the reinsurance default risk.

Credit risk in terms of failure of receivables from cedants is not reflected in the internal model. With almost all premiums being 12 month treaties this risk is assumed to be remote.

To define the risk sensitivity of the credit risk stress tests are carried out. Stress tests are carried out by changing the input data of the internal model and performing a full model run. When stressing the parameters within reasonable limits, the effect on the SCR is below 1%.

C.4 Liquidity risk

For HDI Re, liquidity risk is the risk that assets cannot be sold timely, at reasonable price levels, to fulfil HDI Re's financial obligations in time.

HDI Re's liquidity position is typically very good due to the fact that premiums are paid before claims payments or other obligations are due. At the same time, HDI Re has had a positive technical cash flow for the past years.

The liquidity risk is hedged at HDI Re through a high diversification and fungibility of the invested assets. By matching assets and liabilities with respect to currencies and expected terms and through cash flow planning, HDI Re ensures sufficient liquidity at all times.

To control the liquidity risk each asset class has a liquidity code which gives a rating towards the possibility to sell the asset at a reasonable (market) price at short notice. The liquidity codes are regularly verified by the risk control department of Ampega, the asset managers of HDI Re. Additionally HDI Re's Investment Guidelines define a minimum quota to be invested in highly liquid assets and a maximum quota to be invested in illiquid asset classes.

The liquidity, that is needed to balance the current accounts, is given for the following 12 months according to the liquidity planning. The aforementioned checks and controls do not show any liquidity issue.

The largest asset class, representing more than 80% of the invested assets are bonds, in particular government, corporate and covered bonds.

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The invested assets are split into many 100 individual investments (including equity funds, which again split into hundreds of individual assets) creating a well-diversified portfolio.

Other risk concentrations are not anticipated over the business planning time period.

For liquidity risk, no risk mitigation technique other than asset liability matching is in place. The expected profit included in future premiums (EPIFP) is regularly not included in the liquidity planning. The EPIFP are calculated by applying the results from the actuarial pricing (basically mean loss ratio and mean commission) to the expected premium, then the expected retrocession losses are deducted, the expected retrocession premium are added and the expected administrative expenses are added. In the economic balance sheet the total net amount is shown at three different positions, including reinsurance recoverables.

The result is the EPIFP:

Figure in € thousand	
Gross Value	191,114
Expected Retrocession	0
Net Value	191,114

HDI Re applies a volatility adjustment (VA). To ensure that the conditions for applying the volatility adjustment are fulfilled, HDI Re provides a proof of earnability for the spread and a liquidity plan. It has to be ensured that there is sufficient liquidity in stressed market conditions such that the spread can still be earned. The following table summarizes the impact of the volatility adjustment for year-end 2023 (figures in € thousand).

Risk Sensitivity	with VA	without VA	Difference
Eligible Own Funds	1,085,967	1,055,215	30,752
SCR	613,452	627,691	-14,239
CAR	177%	168%	9%

Table: Risk Sensitivity to Volatility Adjustment

C.5 Operational risk

Operational Risk (along with other risk management topics) is outlined in HDI Re's risk report which is produced in Q2 and Q4 annually. The risk report monitors the overall risk situation comprising of information from the quantitative and qualitative risk management systems. The coverage of own funds according to the current regulatory regime and the internal model is presented as well as breaches originating from the system of limits and thresholds and the risk appetite statement. In addition, results from further risk relevant analyses are provided in order to outline a holistic view of the risk situation.

Operational risk, by definition, is a risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems or from external events (including legal risk), differ from the expected losses.

Within the internal model TERM HDI Re's operational risks are quantified. The following table outlines the results of the SCR calculations: **Risk appetite - operational risk**

Risk appetite - operational risk				
Risk measure	TERM Q4 2023	TERM Q3 2023	TERM Q2 2023	TERM Q1 2023
Share of operational risk in aggregated undiversified SCR (in thousand EUR)	14,724.10	14,685	14,685	14,752

Source: Internal model as at Q4 2023 (after retrocession, after tax)

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The Self-Assessment of Operational Risk (SAOR) for year-end 2023 shows stable SCR compared to Q3, Q2 and Q1 2023. HDI Re's results are within expectation.

C.6 Other material risk

C.6.1 Further information regarding other material risk

Group transactions

HDI Re, being a reinsurer of the HDI group, underwrites only group internal reinsurance contracts and almost all of the technical provisions are stemming from group cedants. Only those cedants which are sold after the respective reinsurance contracts were signed do not belong to the HDI group (compare chapter C1 Underwriting Risk). In turn also almost all of the insurance receivables of HDI Re are from within the Talanx group.

All reinsurance contracts are signed with arm's length conditions. For most contracts, the arm's length conditions are proved via third party comparison (third parties participate on the original contract with relevant shares) and for a few treaties via a hypothetical third party comparison. The arm's length documentation is discussed within the Board of Directors meetings at least annually.

On retrocession, group participations are limited to Talanx AG. Within HDI Re's asset portfolio one bond, The Talanx Group bond was redeemed on 13 February 2023. The EOP market value is "0" as per end of February 2023. HDI Re has no remaining intragroup exposure.

C.7 Any other information

None at this time.

D. Valuation for solvency purposes

D.1 Assets

General Remarks

Generally assets and liabilities are measured by how they could be exchanged, transferred or settled between knowledgeable, willing parties in an arm's length transaction. The valuation of assets and liabilities requires an economic, market-based and risk-based approach. The risks arising from certain balance sheet items are considered and market assumptions are taken into account. For this reason, risk, uncertainty and discounting are adequately considered in all positions.

Due to the fact that the Solvency II regulations refer to the International Financial Accounting Standards, the FRS balance sheet is used as a starting point for the revaluation. The entities that do not engage in business with significant financial options and guarantees use an existing balance sheet in accordance with FRS or national accounting principles and re-assess each position in accordance with the Solvency II requirements.

Fair Value

Generally the fair value in FRS is identical to the fair value in Solvency II. The fair value is defined as the price which is achievable when selling an asset or transferring a liability in an orderly transaction between market participants.

Active Market

Fair value measurement is based on observable market prices in an active market. A financial market is regarded as active market if quoted prices for traded items are readily and regularly made available by a stock exchange, trader, broker, industry group, pricing service or supervisor, and those prices represent actual and regularly occurring market transactions on an arm's length basis. An active market is a market where all the following requirements are met:

- The items traded within the market are homogeneous,
- Willing buyers and sellers can normally be found at any time and
- Prices are available to the public.

Inactive Market

The following circumstances can lead to an inactive market:

- There are few transactions
- Quotations are not based on current information or vary significantly across time or among market participants.
- There is a wide bid-ask-spread or a significant increase of the bid-ask-spread
- Indices, which were strongly correlated with the fair value of the underlying assets or liabilities are proven to be uncorrelated with the latest fair value data of these assets or liabilities
- There is a significant increase in the implicit liquidity risk premiums, yields or the performance indicators (e.g. default rates or Loss Given Defaults) for observable transactions or prices compared to the estimated cash flows of the reporting entity, taking into account all available market data on the credit and other non-performance risks to the asset or liability
- There is a significant decrease or absence of a market for new issues of the asset or liability or comparable assets or liabilities.
- Only limited information is publicly available (e.g. Principal-to-principal market).

Primary Market

A primary market is the market with the largest volume and level of activity for the asset or liability and is not necessarily the market with the lowest prices. The company must have access to the market. In the absence of evidence to the contrary, the market in which the company normally enters into a transaction to sell the asset or transfer a debt is the primary market.

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Usually the primary market is the market the company normally uses, unless there are objective indications (e.g. a decline in market activity, higher access restrictions, etc.) that another market is the primary market. A revaluation of the primary market will be carried out at least once a year.

We take into account all information that is reasonably available. The determination of the primary market for non-standard OTC contracts could be based on the type of orders (e.g. interest rate swap) or on the basis of the individual contract (e.g. swap contract X). In Talanx Group, the determination of the primary market for OTC derivatives generally depends on the nature of the contract.

Within Talanx Group markets are determined as follows, the primary market for stocks, futures and standard options consists of the local stock exchanges. For bearer bonds, registered bonds, ABS, MBS and OTC derivatives (e.g. interest rate swaps, credit default swaps, currency futures), the primary market consists of institutional brokers, which use banks as trading partners. These markets are the primary markets with the characteristics that the company has access to the market, typically uses the market for trading, and that these markets are the markets with the largest volume for each asset class. The measurement is usually based on information that exists in relation to these markets.

The most advantageous market

Unless there is a clear major market for assets and liabilities, the fair value measurement is based on the most advantageous market. In the most advantageous market, the company maximizes the value of selling an asset or minimizes the value of transferring a liability. The company must have access to the market.

Within several possible markets, the most advantageous market is the one where the company can achieve the highest net profit after deduction of transaction costs or transportation costs (for property, plant and equipment). This does not affect the fair value measurement, which is based on the purchase price without deduction of transaction costs. This leads to the fact that the market offering the highest net return on sales is not necessarily the market that provides the highest fair value.

Methods of Valuation

Generally assets and liabilities are valued under the going concern assumption.

The valuation methods used are in line with Article 75 of Directive 2009/138/EC. Assets and liabilities (other than technical provisions) are always valued in accordance with FRS 102/103/ and IFRS 9 standards. Where the valuation methods per these standards, whether temporary or permanent, are inconsistent with the valuation approach set out in Article 75 of Directive 2009/138/EC, other valuation methods consistent with this article shall be applied.

When valuing assets and liabilities according to market valuation methods, the following valuation hierarchy is used:

- Generally quoted prices in active markets for identical assets or liabilities are used as a standard valuation method. If the use of quoted market prices is not possible quoted prices in active markets for comparable assets or liabilities will be used and adjusted accordingly if necessary taking into account all observable and relevant market information.

For the valuation of liabilities no adjustment for taking into account the own credit-worthiness is made.

Assets are priced mark-to-model if there are no publicly available price quotations or the markets from which they are derived are not considered active.

The classification of market prices according to the explanatory text of guideline 7, EIOPA Guidelines SFCR BoS. 15/109, item 2.22 is defined as follows:

- a) „Quoted prices in active markets for identical assets“: Assets measured at (unadjusted) prices quoted directly in active markets.
- b) “Quoted prices in active markets for similar assets“: None

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- c) „Inputs other than quoted prices in active markets for identical or similar assets, that are observable for the asset directly (i.e. as prices) or indirectly (i.e. derived from prices)”: Assets which are measured using observable market data and are not allocable to Level a). Their Measurement is based, in particular, on prices for comparable assets that are traded on active markets, prices on markets that are not considered active as well as inputs derived from such prices or market data.
- d) „Inputs not based on observable market data”: Assets that cannot be measured or can only partially be measured using observable market inputs. The measurement of such instruments is principally based on valuation models and methods.

A significant input is defined as an input parameter or an adjustment to an input parameter that affects the fair value measurement of an instrument in its entirety by more than 10 percent (i.e., up or down by more than 10 %).

Changes in 2023 Calendar year

There haven't been made any changes in valuation methods or valuation proceedings in calendar year 2023 in comparison to calendar year 2022.

Goodwill

Goodwill from acquisitions is valued at zero in Solvency II balance sheet as this is not applicable.

Figures in € thousands	Solvency II value		Statutory Accounts	
	Value		Value	
	2023	2022	2023	2022
Goodwill	0	0	0	0

Deferred acquisition costs

The deferred acquisition costs (DAC) do not represent a recognisable asset, as acquisition costs are dealt with via the best estimate calculation of technical provisions.

Figures in € thousands	Solvency II value		Statutory Accounts	
	Value		Value	
	2023	2022	2023	2022
Deferred acquisition cost	0	0	161,987	226,996

Intangible assets

Intangible assets are valued in the Solvency II balance sheet with zero unless they can be sold separately and there is a quoted market price in an active market for the same or similar intangible assets. According to the Solvency II requirements the definitions in IAS 38 Intangible Assets, including the definition of active markets, are applicable in Solvency II.

The intangible assets shown under the statutory accounts represent bespoke software developmental and associated costs including licence fee etc. As no active quoted prices in an active market can be observed this amount is valued at zero in the solvency II balance sheet.

Figures in € thousands	Solvency II value		Statutory Accounts	
	Value		Value	
	2023	2022	2023	2022
Intangible assets	0	0	310	381

Deferred tax asset

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IAS 12 Income Taxes applies for Solvency II. Deferred taxes are recognised for the revaluation differences between the local (tax) IFRS balance sheet and the Solvency II balance sheet. IAS 12 requires deferred tax assets be established if assets have to be recognised in a lower amount or liabilities in a higher amount in the balance sheet than in the tax balance sheet and if these temporary differences will lead to reduced tax burdens in the future.

Deferred tax assets are also recognised on tax loss carry-forwards and tax credits. Value adjustments are taken on deferred tax assets as soon as realisation of the net value of deferred tax assets and deferred tax liabilities no longer appears likely. Deferred taxes are measured at 12.5% according to the tax regulations in the Republic of Ireland adopted as at the closing date.

Deferred tax assets may only be netted with deferred tax liabilities if an enforceable right exists to net actual tax refund claims with actual taxes owing. A precondition here is that the deferred tax assets and deferred tax liabilities refer to income taxes that are levied by the tax authority.

Under FRS deferred tax assets and liabilities are measured at the tax rates that are expected to apply for the period in which an asset is realised or a liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax assets and liabilities reflect the tax consequences that would follow, as of the balance sheet date, from the expected manner of the reversal of temporary differences.

The balance of deferred tax assets (€32.645 Mio) and deferred tax liabilities (€91.309 Mio) results in a net deferred liability for Solvency II to FRS in the amount of (€58.665 Mio) which is caused by valuations of assets and liabilities according to Solvency II framework compared to IFRS valuation.

The FRS deferred tax asset (€12.266 Mio) is derived from the large movement in OCI.

Figures in € thousands	Solvency II value		Statutory Accounts	
	Value		Value	
	2023	2022	2023	2022
Deferred tax assets	32,645	49,832	12,266	19,065

Pension benefit surplus

There was no pension benefit surplus to report as this is not applicable.

Figures in € thousands	Solvency II value		Statutory Accounts	
	Value		Value	
	2023	2022	2023	2022
Pension benefit surplus	0	0	0	0

Property, plant & equipment held for own use

Assets under property, plant and equipment held for own use are measured at cost less accumulated depreciation in the statutory accounts under FRS and comprising mainly of Leased building.

In arriving at the Solvency II fair value the Company believes in the absence of an existing active market the fair value is close to book value:

Figures in € thousands	Solvency II value		Statutory Accounts	
	Value		Value	
	2023	2022	2023	2022
Property, plant & equipment held for own use	956	1,070	956	1,070

Property (other than own use)

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There are no valuation differences as this is not applicable:

Figures in € thousands	Solvency II value	
	2023	2022
Property (other than own use)	0	0

Statutory Accounts	
Value	
2023	2022
0	0

Holdings in related undertakings, including participations

The company has no holdings in related undertakings, including participations:

Figures in € thousands	Solvency II value	
	2023	2022
Holdings in related undertakings, including participations	0	0

Statutory Accounts	
Value	
2023	2022
0	0

Equities – listed/unlisted

The position includes quoted stocks.

Figures in € thousands	Solvency II value	
	2023	2022
Equities- listed	35,295	22,050
Equities- unlisted	0	0

Statutory Accounts	
Value	
2023	2022
35,295	22,050
0	0

Basis: In general listed stocks are priced with their publicly available price as published by their respective exchange. Non-listed stocks are prices via alternative valuation models. Especially investment vehicles for alternative investments (e. g. private equity investments), which are equity investments due to business-policy considerations, are subject to a mark-to-model valuation and are not treated like listed equity investments.

Methods: Listed instruments are priced on instrument-level. Quotes from the domestic stock exchange are applied as default-valuation. If reasonable (e. g. because of liquidity considerations) the quotation from another exchange may be applied.

A hierarchy of the available quote types is used independently from the exchange. Highest priority is attached to quotation type "bid" (i. e. the quote applicable for a sale). If not available the price types "traded" (i.e. the last traded price of the day) and "Close" (i.e. the officially published quote for the day as published by the exchange on the following business day) used in second and third place.

The aforementioned alternative investment vehicles are valued via the net asset value method. The net asset value is calculated as the sum of all assets (in this case mainly investments and current accounts and bank deposits) less any liabilities. The investments (in this case, the actual "alternative investments" such as "private equity" investments) usually are unlisted companies which provide audited annual or quarterly financial statements to the investor. The investments are therefore equity investments (typically only a portion of the whole transaction is owned). Their values, as derived from the audited financial statements, are the basis of the valuation of the (alternative) investment vehicle.

All methods and parameter-definitions applied are validated at least annually (for timeliness and/ or adequacy) and adjusted if necessary.

Main Assumptions: None

Difference: No differences to report.

Government Bonds and Corporate Bonds

This position includes investments such as bearer bonds and other fixed income securities, registered bonds, promissory notes and loans to affiliated companies.

Figures in € thousands	Solvency II value	
	2023	2022
Bonds	2,886,995	1,856,330
<i>Government-Bonds</i>	459,952	329,854
<i>Corporate Bonds</i>	2,251,865	1,403,820
<i>Structure Notes</i>	0	0
<i>Collateralised Securities</i>	175,168	122,657

Statutory Accounts	
Value	
2023	2022
2,886,995	1,872,007
459,952	332,786
2,251,865	1,416,564
0	0
175,168	122,657

Government Bonds and Corporate Bonds:

This position includes investments such as bearer bonds and other fixed income securities, registered bonds, promissory notes and loans to affiliated companies.

Basis: Government and corporate bonds prices are mainly based on quoted prices from active markets. If there are no publicly available quoted prices or the respective markets are not classified as active as active markets, the positions are marked-to-model.

Methods: Market quotations come from selected pricing services, trade information systems or intermediaries (brokers) considered as reliable. The available potential pricing sources are placed in a ranking based on a hierarchy. In general prices of pricing services have the highest priority the ones from intermediaries is the lowest. Exceptions may be made e. g. for selected market segments-/ currency-combinations.

If there are no publicly available quoted prices or the respective markets are not classified as active as active markets, the Bonds are marked-to-model taking into account the creditworthiness of the issuer, using parameters derived from observable market data (yield and spread curves) and applying appropriate valuation models. For non-structured bonds the mark-to-model approach is the net present value method which discounts the future payments of the instruments to the valuation date. The rate applied for discounting consists of a term-linked base component (derived from the risk-free rate) and an issuer-/ emission-specific risk premium covering spread, migration and default risks.

All methods and parameter-definitions applied are validated at least annually (for timeliness and/ or adequacy) and adjusted if necessary.

Changes in Calendar year: Starting from 1st of January 2023 the company is reporting according to IFRS 9 – all instruments are considered with the fair value

Main Assumptions: Applying a mark-to-model approach using parameters derived from observable market data for bonds without publicly available quotation the main assumption is that a difference in pricing for comparable listed bonds (transparent market) with the same risk, term and creditworthiness is mainly due to emissions specific features and less liquidity.

Difference: No differences to report.

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Structured Notes

The Company has no investments in any structured products.

Collateralised bonds

This position contains various types of collateralised securities. These include Asset Backed Securities (ABS), Mortgage Backed Securities (MBS), Commercial Mortgage Backed Securities (CMBS), Collateralised Debt Obligations (CDOs), Collateralised Loan Obligations (CLOs) and Collateralised Mortgage Obligations (CMOs). It does not include "Pfandbriefe" and other legally secured bonds that are subject to special legal regulations. These are included in the category Corporate Bonds.

Basis: Generally quoted prices are not available for collateralised securities. Valuation of these positions is therefore performed theoretically using internal valuation models or prices provided by specialized service providers.

Methods: Collateralised bonds such as CLOs are priced internally or by specialized service providers using a mark-to-model approach. This is done using special databases that allow an evaluation of the underlying securities or receivables.

The collateral of the covered position is treated as a risk mitigating factor. However spread, migration and default risk are still accounted for when performing the mark-to-model calculation.

All methods and parameter-definitions applied are validated at least annually (for timeliness and/ or adequacy) and adjusted if necessary.

Main assumptions: For special forms of collateralised bonds like CLOs, assumptions are made concerning prepayment and loss rates.

Difference: No differences to report.

Collective Investment Undertakings

This position includes several types of funds, e.g. Indirect Real Estate Funds, Fixed Income Funds, Equity Funds, Funds of Funds.

Figures in € thousands	Solvency II value		Statutory Accounts	
	Value		Value	
	2023	2022	2023	2022
Collective Investment Undertakings	253,335	263,747	253,335	263,747

Basis: Mutual funds are priced with their official redemption price.

Methods: The redemption price is regularly calculated and published by the investment company (KVG) according to contractual and supervisory compliant aspects. Typically, these prices are automatically available via price service providers. Alternatively, the net asset value method is used. The net asset value is calculated from the sum of all assets (in-case, mainly the investments and bank balances and deposits) less potential obligations.

All methods and parameter-definitions applied are validated at least annually (for timeliness and/ or adequacy) and adjusted if necessary.

Main Assumptions: None.

Difference: No differences to report.

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Derivatives

There are currently no investments in derivatives:

Figures in € thousands	Solvency II value	
	2023	2022
Derivatives	0	0

Statutory Accounts	
Value	
2023	2022
0	0

Deposits (excluding cash equivalent item):

Figures in € thousands	Solvency II value	
	2023	2022
Deposits other than cash equivalents	0	0

Statutory Accounts	
Value	
2023	2022
0	0

Basis: Deposits are priced at their redemption value.

Methods: none

Main assumptions: none

Difference: No differences to report.

Other investments

There are no valuation differences as this is not applicable.

Assets held for index-linked and unit-linked contracts

There are no valuation differences as this is not applicable.

Figures in € thousands	Solvency II value	
	2023	2022
Assets held for index-linked and unit linked contracts	0	0

Statutory Accounts	
Value	
2023	2022
0	0

Loans and mortgages

Figures in € thousands	Solvency II value	
	2023	2022
Loans & Mortgages	29,550	26,460
Loan & mortgages to individuals	0	0
Other loans & mortgages	29,550	26,460

Statutory Accounts	
Value	
2023	2022
29,550	28,378
0	0
29,550	28,378

Changes in Calendar year: Starting from 1st of January 2023 the company is reporting according to IFRS 9 – all instruments are considered with the fair value.

Difference: No differences to report.

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Reinsurance recoverables from:

Under IFRS the total recoverables reported stems from the 2023 Property XL ceded to Talanx AG at nominal value. Under Solvency II valuation the reinsurance recoverables are present value of future recoveries based on treaties in place as at end of December.

Figures in € thousands	Solvency II value	
	2023	2022
Reinsurance recoverables	10,159	12,037
Non-Life excluding health	10,159	12,037
Health similar to non- life	0	0

Statutory Accounts	
Value	
2023	2022
10,883	13,205
10,883	13,205
0	0

Deposits to cedants

These assets primarily consist of funds held on certain contracts representing the collateral contractually withheld by our cedants to cover the technical liabilities HDI Re has reinsured. The cedants invest these deposits within the criteria of the Talanx Group “Limit and Threshold” system of governance. These assets are initially recognised at cost under IFRS accounting and valued at face value. There are no differences between statutory accounts versus solvency II.

Figures in € thousands	Solvency II value	
	2023	2022
Deposits to cedants	98,975	70,093

Statutory Accounts	
Value	
2023	2022
98,975	70,039

Insurance and intermediaries receivables

The carrying amount of insurance and intermediary receivables is deemed to be a reasonable approximation of fair value. Balances receivable include actual account balances due plus an estimate of the amount due for the period for which accounts have not yet been received.

The receivable balance is diversified among a range of cedants. The risk of non-payment by cedants is mitigated by the use of offset clauses in the underlying contract. Following our review of the receivable balances, no impairment was necessary.

The amounts shown under Solvency II are the netted amounts with corresponding payables. Please refer to further details under section Insurance and intermediaries payables.

Figures in € thousands	Solvency II value	
	2023	2022
Insurance & Intermediaries receivables	1,497,657	1,149,524

Statutory Accounts	
Value	
2023	2022
1,497,657	1,149,524

Reinsurance receivables

There are no valuation differences between IFRS and Solvency II.

Figures in € thousands	Solvency II value	
	2023	2022
Reinsurance receivables	0	80

Statutory Accounts	
Value	
2023	2022
0	80

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Receivables (trade, not insurance)

Receivables here represent mainly tax rebate on corporation tax over payment in respect of 2023 tax liability and are valued at the expected present value of future cash flows, i.e. discounted with the Solvency II valuation interest rate. In addition, receivables are adjusted for the expected counterparty default. The Solvency II value is held to be identical with the IFRS fair value. No revaluation is applied by HDI Re due to materiality reasons.

Figures in € thousands	Solvency II value	
	2023	2022
Receivables(trade, not insurance)	1,039	601

Statutory Accounts	
Value	
2023	2022
1,039	601

Own shares (held directly)

There are no valuation differences as this is not applicable.

Figures in € thousands	Solvency II value	
	2023	2022
Own Share (held directly)	0	0

Statutory Accounts	
Value	
2023	2022
0	0

Amounts due in respect of own fund items or initial fund called up but not yet paid in

There are no valuation differences as this is not applicable.

Figures in € thousands	Solvency II value	
	2023	2022
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0	0

Statutory Accounts	
Value	
2023	2022
0	0

Cash and cash equivalents

Cash and cash equivalents are carried at their face value.

Figures in € thousands	Solvency II value	
	2023	2022
Cash & cash equivalents	68,332	70,208

Statutory Accounts	
Value	
2023	2022
68,332	70,208

Any other assets, not elsewhere shown

The assets here represent a small balance of accrued interest adjustment accounted for at fair value under Solvency II. They are accounted for at amortised costs according to IFRS.

Figures in € thousands	Solvency II value	
	2023	2022
Any other assets, not elsewhere shown	0	13

Statutory Accounts	
Value	
2023	2022
0	13

The Solvency II values are held to be identical with the IFRS fair value and no revaluation is applied by HDI Re due to materiality reasons.

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D.2 Technical provisions

D.2.1 Non-life techniques

The Technical Provisions (TP) of HDI Re are determined by revaluation of the IFRS underwriting provisions as disclosed in the financial statements of HDI Re. This is done in three main steps.

In the first step, the IFRS loss reserves are revalued. This includes the elimination of prudence and Unearned Premium Reserves (UPR) and other valuation adjustments. Furthermore the discounting is adjusted. It results in the Best Estimate for Claims Provisions (BECP).

In the second step, the Best Estimate for Premium Provisions (BEPP) are established as provisions for future coverage.

Lastly, a risk margin (RM) is calculated for the present loss portfolio in net terms due to the inherent uncertainty in this portfolio, and is added to the BECP and BEPP. This results in the TP according to Solvency II.

Below the individual steps are discussed in more detail (details to determine the IFRS provisions are listed in chapter D.2.1.5). HDI Re's numbers for the TP under Solvency and the provisions under IFRS are shown in D.2.1.4.

D.2.1.1 Best Estimate for Claims Provisions

BECP relate to claims events occurring before the valuation date. All future cash flows resulting from those losses which occurred up to the valuation date are taken into account. The BECP shall not include any implicit or explicit redundancy or deficiency of calculated reserves.

In order to take the time value of these future cash flows into consideration, they are discounted. The yield curve for discounting has been initially calibrated on swap market data and adjusted by a Credit-Risk-Adjustment in accordance with EIOPA methods. The pay-out pattern is derived from actuarial analyses.

The calculation methods for the BECP are analogous to these for the IFRS reserves (see chapter D.2.1.5).

D.2.1.2 Best estimate for premium provisions

The BEPP relates to claims events occurring after the valuation date and during the remaining in-force coverage period of policies.

Hence, the best estimate for premium provisions shall include the valuation of all recognised obligations within the boundary of (re)insurance contracts, for all exposure to future claims events, where:

- Cover has incepted prior to the valuation date;
- Cover has not incepted prior to the valuation date, but the insurance or reinsurance undertaking has become party to the insurance contract providing cover.

The calculation of the (gross) BEPP at HDI Re is based on an approximation as set out in the EIOPA "Guidelines on valuation of TP".

HDI Re uses the following formula to determine the Best Estimate for Premium Provisions per SII segment:

$$BEPP_{seg} := \sum_{treaty \in seg} UPR_{treaty} \cdot LR_{treaty, UPR} + InvExpenses_{seg} - (Premium - Loss - Commission - Expenses)_{seg},$$

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- UPR_{treaty} = Unearned Premium Reserves according to IFRS per treaty. To be precise this UPR are not the ones from local financial statements but the ones delivered by cedants. Discounting effects are taken into consideration.
- $LR_{treaty,UPR}$ = expected Loss Ratio (claims/premium gross of acquisition expenses) per treaty derived from HDI Re's pricings
- $InvExpenses_{seq}$ = discounted Future investment expenses per SII segment resulting from the unearned premiums
- $(Premium - Loss - Commission - Expenses)_{seq}$ = expected Present value of future profits per SII segment, the expected Premium, the expected gross Loss and the commission is derived from HDI Re's input for the internal model, the Expenses are estimated to be 0.1% of the premium plus investment expenses, discounting effects are taken into consideration.

The left hand part in the above formula describes the present value of future claims payments resulting from the unearned premiums (UPR). The Receivables not overdue are no longer considered within the Premium Provisions since 31.12.2022. The right hand part describes the present value of the future profit (<0) or loss (>0) (PVFP), which results from underwriting business already signed but not incepted.

The later term is derived by mapping the respective values of the single treaties to the related Solvency II segments. This mapping is based on the renewal information provided by the cedant. For the expected values the averages from the pricing process are taken.

Expenses are included as future investment expenses, commissions to be paid to cedants and administration expenses for the renewal business. Based on the going concern principle the administration expenses as well as unallocated claims handling costs are covered by the renewal business in every financial year.

Most of HDI Re's HDI Global treaties cover accident year losses identical to the underwriting year, from 1st January to 31st December. Specialty contracts are underwriting year (or "risks attaching during", contrary to "losses occurring during") contracts where multiple accident years are covered by a single underwriting year. As at 31.12.2023, the UPR amount to €474 Mio, whereby 93.5% relate to Specialty business.

D.2.1.3 Risk margin

The risk margin is calculated in a way that the value of the TP, including the risk margin, corresponds to the value which an insurance or reinsurance company would require being able to take over to meet the obligations of the entity. This is achieved by determining the costs of providing an amount of eligible own funds that meets the Solvency Capital Requirement, which in turn is necessary to cover the insurance and reinsurance liabilities during their term.

The risk margin is calculated by HDI Re's internal model.

Following the requirements of Delegated Acts, the risk margin (RM) for the entire portfolio of insurance and reinsurance liabilities is calculated as follows:

$$RM := CoC * \sum_{t \geq 0} \frac{SCR_t}{(1 + r_{t+1})^{t+1}}, \quad t \in \mathbb{N}_0$$

with

CoC = Cost of Capital
 SCR_t = Solvency Capital Requirement for non-hedgeable risks after t years and
 r_{t+1} = risk-free EURO interest rate for the term of t+1.

The risk margin calculation in HDI Re's IM follows the simplification method level (2) as presented in the EIOPA Guidelines on the valuation of TPs. For the calculation of $SCR_t, t \geq 0$ the Internal Model SCR, comprising of reserve risk, reinsurance default risk and operational risk, is utilised. Market risk is not considered in the above calculation. The future cash flows per IM segment are derived from current claim data. The Cost of Capital for the calculation of the risk margin amounts 6%. The Euro interest rate curve is used for discounting.

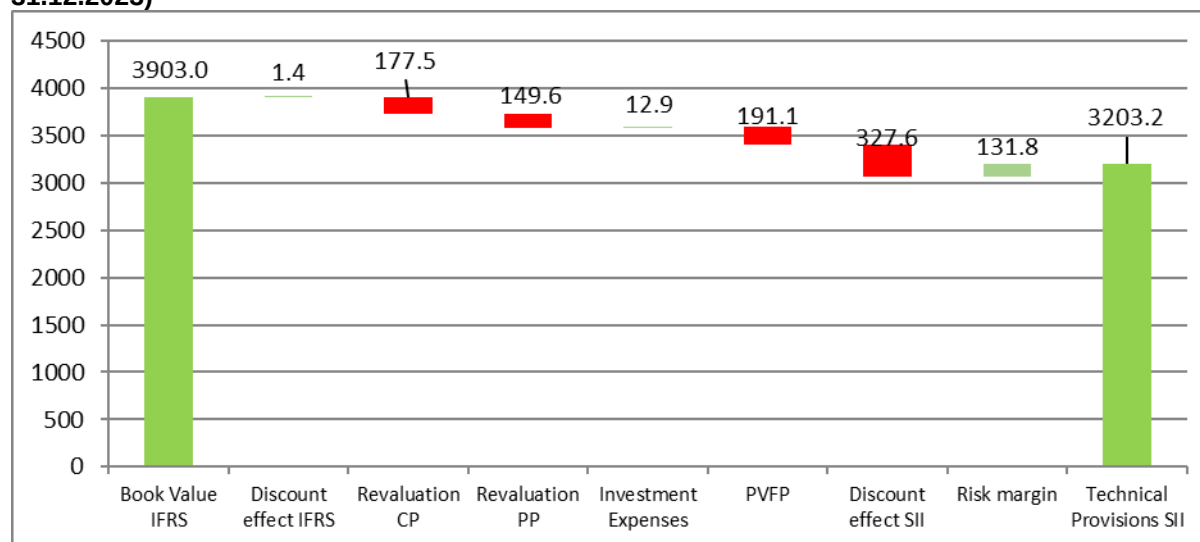
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D.2.1.4 Comparison of TP with local reporting provisions

When comparing local balance sheet values and those from the solvency balance sheet regarding TP, three components - the BECP, the BEPP, and the RM - have to be taken into consideration.

Below a comparison between Technical Provisions according to IFRS and to Solvency II is shown:

Figure 1: Comparison between booked reserves and Solvency II technical provisions (in € Mio as of 31.12.2023)



As shown in the above figure, the transition of the TP from IFRS to Solvency II, can be described in five steps. The starting point is the TPs according to local accounting standards. These TPs according to local accounting standards (€3,903.0 Mio).

The first step of the above reconciliation includes the elimination of the effect of discounting under IFRS (€ 1.4 Mio). Under IFRS the casualty part of LPT Spain is discounted.

As a second step, the TPs are revaluated. In particular this includes an elimination of prudence with respect to claims provisions (€ -177.5 Mio) and a revaluation of UPR (€-149.6 Mio) included in the IFRS amounts, but not in the calculation of best estimates. Furthermore, the Investment Management Expenses (€ 12.9 Mio) are taken into account under Solvency II, but not under IFRS.

In a third step, the Present Value of Future Profits (PVFP) (€ -191.1 Mio) is added. This value is discounted. The next step considers the effect of discounting under Solvency II (€ -327.6 Mio). This discounting impact includes the discounting effect for the Investment Expenses. In the final step, the risk margin is added (€ 131.8 Mio).

The following table shows the Solvency II values split in the Solvency II-Lines of Business. After the derivation of the Gross Technical Provisions, the Net Technical Provisions are calculated by subtracting the Reinsurance Recoverables (€ 10.2 Mio). The future retrocession premium is reflected in the Reinsurance Recoverables.

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Table 1: Technical Provisions of HDI Re as at 31.12.2023 (Figures in € thousand)

Line of Business	Gross Best Estimate Liability	Risk Margin	Gross Technical Provisions (calculated as a whole)	Total Technical Provisions	Recoverables from Reinsurance contracts and SPVs	Total Technical Provisions net of Recoverables
Proportional medical expense reinsurance	0	0	0	0	0	0
Proportional income protection reinsurance	15,799	1,252	0	17,051	0	17,051
Proportional workers' compensation reinsurance	0	0	0	0	0	0
Proportional motor vehicle liability reinsurance	65,111	2,584	0	67,694	0	67,694
Proportional other motor reinsurance	118,183	5,216	0	123,398	0	123,398
Proportional marine, aviation and transport reinsurance	503,034	21,809	0	524,843	-21	524,865
Proportional fire and other damage to property reinsurance	454,654	17,514	0	472,168	10,245	461,923
Proportional general liability reinsurance	1,757,147	77,745	0	1,834,893	-64	1,834,957
Proportional credit and suretyship reinsurance	39,279	1,070	0	40,349	0	40,349
Proportional legal expenses reinsurance	57,016	1,979	0	58,996	0	58,996
Proportional assistance reinsurance	0	0	0	0	0	0
Proportional miscellaneous financial loss reinsurance	52,301	1,558	0	53,859	0	53,859
Non-proportional health reinsurance	73	7	0	80	0	80
Non-proportional casualty reinsurance	10,219	952	0	11,171	0	11,171

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Non-proportional marine, aviation and transport reinsurance	-468	6	0	-462	0	-462
Non-proportional property reinsurance	-896	66	0	-829	0	-829
TOTAL	3,071,452	131,760	0	3,203,211	10,159	3,193,052

D.2.1.5 Claims provision IFRS

General information on the business

HDI Re writes only business of Talanx Group companies and up to now has only written non-life business. The most material sectors in terms of reserving volume are general liability, property (non-catastrophe) and Marine.

Lines of business

As the number of HDI Re's programmes is small, the reserves are calculated separately for each programme or per lines of business in case of specialty business. This is an appropriate way to ensure that the Technical Provisions are calculated with a homogenous risk group segmentation. For reporting purposes these programmes are allocated to the different Solvency II lines of business.

Estimation of claims reserves

Decisions result from the application of appropriate methods and assumptions, therefore the conclusions seem realistic based on the available information. However, it should be kept in mind that the future settlement of claims - also materially - may differ from these estimates. Estimates are always connected to uncertainties. In addition new relevant facts, which were not or insufficiently known at the time of analysis, can arise and lead to changes.

The loss reserves are estimated by applying a wide range of methods. As a general principle, the result for each treaty/ Specialty LoB and each underwriting/accident year is a loss ratio which, by multiplying with HDI Re's accounted earned premium and deducting the accounted paid to date losses gives the reserve estimate by treaty/ Specialty LoB and underwriting/accident year.

If reliable loss triangles, fulfilling necessary data quality standards are available, the reserving actuary applies generally accepted actuarial reserving techniques. Any such analysis is carried out in Willis Towers Watson's tool ResQ. The triangles, which are analysed, do not represent the share of HDI Re but 100% of the original contract and the triangles are in the currency of the respective original contract. The triangles usually contain net numbers (gross after inuring reinsurance).

The result per treaty and underwriting/accident year is always reviewed in the light of the respective pricing loss ratio, reported losses to date and the development over time. The final applied loss ratio, taking into account all aspects, is documented and the methodology used is briefly described. The resulting loss reserves include loadings for events not in data.

Assessment approaches for gross claims reserves

The paid and incurred triangles in ResQ are analysed applying using generally accepted standard actuarial methods (e.g. Chain Ladder, incremental loss ratio). This includes estimations for the tail-factors for long-term business. The final decision regarding the expected loss ratio is made per treaty and accident/underwriting year taking into account all available information. These include not only the general character of the treaty, but also the individual claim information, the usable length of the triangle and the level of development of the respective accident/underwriting years.

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Available data

Considering the available own data of HDI Re, the exclusive use of own data of HDI Re is not sufficient for reliable actuarial analyses. The usage of third party data is necessary; besides, it is common for reinsurance companies.

HDI Re uses third party data from cedants. The third party data consists of paid and incurred loss triangles as well as respective premium information which are provided by the cedant during renewal of the programme and on request. Besides further information from the renewal package, which is required for the pricing process, can be the basis for the reserving.

Quality of data

There are several plausibility checks which are performed with the data of the cedant (e.g. comparison to the own accounted data, consistency checks over years). Any inconsistencies are directly approached and openly discussed between accounting and actuarial staff. If necessary the cedant is approached to clarify any anomaly detection which cannot be explained.

Inflation

Currently, inflation impacting claims settlement has been considered implicitly. By utilising a Chain Ladder, the historically observed inflation is taken into account. The inflation is taken into account in the pricing process and thus in the priced loss ratios which are used in case no reliable loss triangles are available.

Currency

Currency exchange rates are provided by Ampega Asset Management and correspond to the rates outlined in the Talanx financial statement.

Valuation approach reinsurance

The reinsurance recoverables include the expected relief through retrocession, the expected default of retrocession and the future retrocession premium.

Details notes per line of business

a) Income protection insurance

The uncertainty of this segment is mainly attributable to changes in the jurisdiction that could have an impact on loss adjustments. Uncertainties from biometric risks in the area of pensions are adequately represented. For the non-material sub-segments, the provisions according to local accounting are adopted for reasons of simplification. In our opinion this approach is appropriate due to the lack of materiality.

b) Motor vehicle liability insurance

The uncertainty of the segment is mainly attributable to the development of personal injuries, which are heavily influenced by medical advances and the associated increase in costs. For the non-material sub-segments, provisions according to local accounting are adopted for reasons of simplification. In our opinion, this approach is appropriate due to the lack of materiality.

c) Other motor insurance

The uncertainty of this segment is mainly attributable to the assessment of the processing status of the current accident year. For the non-material sub-segments, provisions according to local accounting standards are adopted for reasons of simplification. In our opinion, this approach is appropriate due to the lack of materiality.

d) Marine, aviation and transport insurance

The uncertainty of this segment is mainly attributable to changes in loss adjustments and the volatility of long-term losses. For the non-material sub-segments, provisions according to local accounting standards are adopted for reasons of simplification. In our opinion, this approach is appropriate due to the lack of materiality. Aviation is also included in this Solvency II - Line of business. The uncertainty of this segment is mainly attributable to the very heterogeneous portfolio structure over various accident years. For the non-material sub-segments, provisions according to local accounting standards are adopted for reasons of simplification. In our opinion, this approach is appropriate due to the lack of materiality.

e) Fire and other damage to property insurance

The uncertainty of this segment is mainly attributable to the assessment of future settlement gains on already known losses, i.e. to the assessment of the current processing status. For the non-material sub-segments, provisions according to local accounting standards are adopted for reasons of simplification. In our opinion, this approach is appropriate due to the lack of materiality.

f) General liability insurance

The uncertainty of this segment is mainly attributable to changes in jurisdiction, partly specific litigation risks in the United States and the large share of major long-term losses. For the non-material sub-segments, provisions according to local accounting standards are adopted for reasons of simplification. In our opinion, this approach is appropriate due to the lack of materiality.

g) Legal expenses insurance

The uncertainty of this segment is mainly attributable to losses, where the accident date has to be adjusted retrospectively. Due to the rather small portfolio, this turns out to be the crucial driver of volatility. For the non-material sub-segments, provisions according to local accounting are adopted for reasons of simplification. In our opinion, this approach is appropriate due to the lack of materiality.

2.1.6 Life techniques (with MCEV)

The chapter is not applicable as HDI Re writes only non-life business.

D.3 Other liabilities**D.3.1 Valuation of other liabilities****Contingent liabilities**

There are no valuation differences as identical to Statutory IFRS balance sheet. The contingent liabilities are capital commitments in respect of infrastructure projects with no set cash call dates. These liabilities are no reported in the SII balance sheet, similar to Statutory balance sheet.

Figures in € thousands	Solvency II value		Statutory Accounts value	
	2023	2022	2023	2022
Contingent liabilities	193,662	153,429	193,662	153,429

Provisions other than Technical Provisions

The following liabilities are included in "Provisions other than technical provisions" in the Solvency II balance sheet:

- partial retirement
- holiday and overtime pay
- bonuses and anniversary benefits
- interest for tax payment delay
- outstanding invoices
- remuneration of administrative, management and supervisory body
- anticipated losses
- integration costs or restructuring.

Generally, the miscellaneous other provisions include all provisions which:

- are not underwriting provisions (insurance technical provisions)
- are not provisions for pensions and similar obligations
- are not tax provisions
- fulfil the general requirements for the creation of provisions under IAS 37.

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- Provisions have to satisfy the definition of liabilities and can therefore only be recognised for potential uncertain obligations towards third parties.

The IFRS recognition and measurement principles in IAS 37 are considered to be consistent with Article 75 of Directive 2009/138/EC (Solvency II). The Solvency II value of the other provisions is held to be identical with the IFRS value.

Figures in € thousands	Solvency II value	
	2023	2022
Provisions other than technical provisions	468	465

Statutory Accounts value	
2023	2022
468	465

Pension benefit obligations

There are no valuation differences as this is not applicable.

Figures in € thousands	Solvency II value	
	2023	2022
Pension benefit obligations	0	0

Statutory Accounts value	
2023	2022
0	0

Deposits from reinsurers

These Liabilities consist of funds held from Reinsurers as per terms of the reinsurance treaties. There are no differences between statutory accounts versus solvency II.

Figures in € thousands	Solvency II value	
	2023	2022
Deposits from reinsurers	0	0

Statutory Accounts value	
2023	2022
0	0

Derivatives

There are no valuation differences as this is not applicable.

Figures in € thousands	Solvency II value	
	2023	2022
Derivatives	0	0

Statutory Accounts value	
2023	2022
0	0

Financial liabilities other than debts owed to credit institutions

There are no valuation differences as this is not applicable.

Figures in € thousands	Solvency II value	
	2023	2022
Debts owed to non-credit institutions resident domestically	926	0

Statutory Accounts value	
2023	2022
926	0

Insurance and intermediaries payable

These are amounts due to cedants but not yet settled as at year end. The amounts so outstanding are netted off against any corresponding receivables and the net amount shown under Insurance and intermediaries receivables. There are no valuation differences between IFRS and Solvency II amounts.

Figures in € thousands	Solvency II value	
	2023	2022
Insurance and intermediaries payable	514,231	410,129

Statutory Accounts value	
2023	2022
514,231	410,129

Reinsurance payables

These are present value of future cash outflows in respect of reinsurance contracts in place as at end of December.

Figures in € thousands	Solvency II value	
	2023	2022
Reinsurance payables	1,184	2,755

Statutory Accounts	
value	
2023	2022
1,184	2,755

Payables (trade, not insurance)

There are no valuation differences as such except under SII any dividend payments which are certain but not declared as at year end can be recognised in the balance sheet, whereas under IAS 10 such recognition is not allowed. Included within the payables are corporation tax amount of €2,366 Mio in respect of 2023 liability.

Figures in € thousands	Solvency II value	
	2023	2022
Payables (trade, not insurance)	2,639	(3,209)

Statutory Accounts	
value	
2023	2022
2,639	(3,209)

Deferred tax liabilities

Figures in € thousands	Solvency II value	
	2023	2022
Deferred tax liabilities	91,309	81,346

Statutory Accounts	
value	
2023	2022
0	0

The difference between the Solvency II value and the statutory accounts value to the amount of €91,309 Mio resulting from hidden reserves which were discovered when measuring the assets and liabilities at fair value. Also see comment above under Deferred tax assets.

Debts owed to credit institutions

The position "debts owed to credit institutions" contains mortgages and loans. Excluded are bonds being held by credit institutions and subordinated liabilities as they are shown in separate positions in the Solvency II balance sheet.

Under IFRS mortgage and loans are measured at amortised costs using the effective interest rate method for amortisation. Accrued interests are presented within the investment value using the dirty price method.

The economic valuation of financial liabilities in the Solvency II balance sheet should follow the fair value measurement approach in IFRS 9. However, in some cases no revaluation is applied by HDI Re during the Preparatory Phase due to materiality reasons. Adjustments, if any, to identify the own credit standing under IFRS had been reversed for Solvency II purposes.

The amount as stated in the Statutory accounts represent accrued interest in respect of subordinate loan agreement with Targo Lebensversicherung and HDI Global SE, the former a HDI group entity. Under the Solvency II balance sheet accrued interest is shown within position Subordinated liabilities in BOF. Details of the loan in chapter E 1.

Subordinated liabilities in / not in basic own funds

Subordinated liabilities are loans which are reimbursed in the event of insolvency or liquidation only after serving the claims of other creditors; they have various characteristics of equity (IFRS) in economic terms. Subordinated liabilities, where these are included as own funds, are reported under the solvency position "Subordinated liabilities included in the basic liabilities". "Subordinated liabilities not included in the basic assets" cannot be considered as own funds. Under Solvency II, subordinated liabilities may be classified as equity if the conditions set out in Article 69 (b), 72 (b) or 76 (b) of the Delegated Regulation (EU) 2015/35 are met.

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The subordinate liability in basic own funds (BOF) so shown is a subordinate loan with another group entity, Targo Lebensversicherung, issued in December 2014 for a term of 30 years. Additionally, the parent company, HDI Global SE, issued another subordinate loan of €188,000 Mio in December 2021.

For the economic valuation, the economic value of the instrument determined at the time of the issue is adjusted by means of the solvency balance of the instrument by changes in value which are exclusively attributable to a changed market situation. In contrast to the fair value approach pursuant to IAS 39, value changes resulting from changes in own credit spread (OCS) are not adjusted after issuance. The OCS is therefore kept constant for subsequent evaluations. The subordinate loan is valued with the assumption that the maturity equals the 1st call date. The valuation under Solvency II is uniformly applied to the first due date ("1st call") in HDI Group.

A difference between the Solvency II value (€188 Mio) and the IFRS value (€218 Mio) of the amount of €- 30 Mio is a result of the valuation of the subordinate bonds and loans at market value, mainly driven by the increase in interest rates as seen during 2023.

Figures in € thousands	Solvency II value	
	2023	2022
Subordinated liabilities in / not in basic own funds	188,708	177,379

Statutory Accounts value	
2023	2022
218,000	218,000

Any other liabilities not elsewhere shown

There are no valuation differences as this is not applicable.

Figures in € thousands	Solvency II value	
	2023	2022
other liabilities not elsewhere shown	0	1,000

Statutory Accounts value	
2023	2022
0	1,000

D.4 Alternative methods for valuation

The positions of the balance sheet, for which an alternative valuation method according to article 236 and article 10 (5) of the Delegated Regulation is applied, have been described in chapter D.1 to D.3.

D.5 Any other information

The directors have a reasonable expectation that the company will continue in operational existence for twelve months from the date of approval of the financial statements ('the period of assessment') and have prepared the financial statements on a going concern basis.

In addition, the 'Financial statements' includes notes on its contingent liabilities and other risk factors (note 27); its capital management (note 12) and management of its risks including market, credit and liquidity risk (note 3).

The going concern assessment included consideration of the Company's current and forecast solvency and liquidity positions over a three-year period through management's [2021-2023] business plan and evaluates the results of stress and scenario testing.

The directors do not expect any impact to the company's ability to satisfy regulatory solvency requirements over the period of assessment.

E. Capital management

E.1 Own funds

HDI Re is integrated in the strategic and operational steering and planning processes of the Talanx Group. As part of the regular process HDI Re prepares a capital management plan for a mid-term period of five years. The Company projects the own funds and the SCR to ensure that the regulatory needs are fulfilled at all times.

HDI Re has a Capital Management Guideline in place, which governs the roles and responsibilities in the planning process, the tiering of capital and the Company's SCR requirements within the limit and threshold system. The capital management plan takes account of the development of the assumed business, the cash flow of technical provisions, planned dividends and an investment strategy.

If the mid-term planning process shows capital need, there are basically four management options:

- Revise the dividend policy and retain more profits
- A capital increase by the owner
- Implement alternative capital measures (e.g. issuance of a subordinated loan), which fulfil the requirements to become own funds
- Ultimately, revise the mid-term business plan to reduce the capital need.

Besides the fulfilment of regulatory requirements, HDI Re aims to show an adequate capitalisation according to the following requirements:

- Strategic risk appetite given through the limits and threshold for the overall SCR
- Required rating capital to achieve the Company's rating objective
- Sufficient buffer for movements of capital markets and / or insurance market
- Strategic goals
- Capital costs.

The results of the capital management plan include feedback from risk management and feeds in to the ORSA process and report.

E.1.1 Terms and conditions of the main items in the own funds

Figures in € thousand	Tier 1	Tier 2	Total
Paid in	181,000		181,000
Dated subordinated liabilities		188,708	188,708
Reconciliation reserve	716,259		716,259
Total	897,259	188,708	1,085,967

Table: basic own funds as at 31 December 2023

The basic own funds shown above can be used to support the SCR and the MCR. The "paid in" is equal to the paid in capital according to HDI Re's IFRS financial statement as of 31 December 2023. For more information regarding "dated subordinated liabilities" reference is made to the detailed description in chapter D.3. The reconciliation reserve consists of the "retained earnings" comprised of the cumulative profit for the year and brought forward, which have not been distributed to the shareholders and the "difference in valuation", representing the cumulative difference between the local Irish balance sheet (IFRS) value and the economic fair value according to Solvency II for all balance sheet positions of HDI Re.

The difference to the equity in the local Irish balance sheet mainly arise from:

- balance sheet items not recognised in the Solvency II balance sheet, but in the local Irish balance sheet (deferred acquisition costs)
- valuation differences on investments (market vs. book value)

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- valuation and recognition differences in the technical provisions and reinsurance recoverables (contracts underwritten, but not yet incepted; risk margin)
- subordinated liabilities included in the Solvency II basic own funds, but not in the equity of the local Irish balance sheet
- deferred taxes on these differences.

A reconciliation of the equity in the local Irish balance sheet and the Solvency II basic own funds according to these differences is provided in the table below:

Figures in € thousand	
Local Irish equity	415,738
Deferred Acquisition Costs	-161,987
Investments (incl. Loans and Mortgages)	0
Reinsurance Recoverables	-724
Technical Provisions	699,776
Dividends to be paid	-15,000
Subordinated Liabilities	218,000
Deferred Taxes	-70,932
Others	1,096
Solvency II basic own funds	1,085,967

Table: Reconciliation of local Irish equity and Solvency II basic own funds

For details on the valuation according to Solvency II and valuation differences compared to IFRS please refer to chapter D of this report.

E.1.2 Basic own funds due to transitional arrangements

HDI Re does not have transitional arrangements in place according to Article 308b(9) and (10) of Directive 2009/138/EC.

E.1.3 Distribution to shareholders

In 2023, the Company paid no dividend in respect of financial year 2022.

E.2. Solvency capital requirement and minimum capital requirement

E.2.1 Solvency capital requirement

HDI Re calculated the SCR as well as the CAR for regulatory purposes from the year 2023 by the approved internal model. The business strategy is fully included into the SCR.

For premium risk the SCR is estimated using the planned assumed business of HDI Re for the full year 2023. This includes the assumed business of underwriting year 2024 that has already been signed, all assumed treaties of prior underwriting years that may produce premium risk in 2024 as well as all assumed treaties that are likely to be signed during the year 2024. For reserve risk the business strategy is to carry the run-off of the existing technical provisions.

Risk mitigation techniques are included on the premium risk side at treaty and peril level by taking into account the retrocession contracts in force for the underwriting year 2024. At the same time this retrocession as well as any inuring reinsurance (compare chapter C.3) are subject to default risk.

For market risk the internal model assumes a stable asset allocation, in line with the business strategy. No future management actions are included in the internal model.

Current solvency capital requirement

The SCR and the MCR according to regulatory requirements and the capital adequacy ratios as relation of the basic own funds to SCR and MCR are:

	Figures in € thousand
Available and eligible own funds	
Total available own funds to meet the SCR	1,085,967
Total available own funds to meet the MCR	1,085,967
Total eligible own funds to meet the SCR	1,085,967
Total eligible own funds to meet the MCR	952,470
SCR	613,452
MCR	276,053
Ratio of Eligible own funds to SCR	177.0%
Ratio of Eligible own funds to MCR	345.0%

Table: SCR MCR

Solvency capital requirements using standard formula due to requirement of the supervisory authority

According to the standard formula the SCR as of 31 December 2023 would have had been as follows:

	Figures in
SCR according to Standard	1,732,810

Table: SCR Standard Formula and this calculation has been carried out without simplifications

E.2.2 Minimum capital requirement

The MCR is calculated as the minimum of a linear function of earned premiums and technical provisions and a percentage of the SCR. For HDI Re the calculation gives a MCR of 45% of the regulatory view SCR and MCR. Please refer to the table under E.2.1 for details.

E.3 Duration-based equity risk sub-module in the calculation of the SCR

This sub-module is not used by HDI Re.

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

E.4.1 Specification of the internal model

HDI Re uses an internal model for the calculation of the regulatory SCR. The internal model covers underwriting risk, market risk, reinsurance default risk and operational risk. The internal model quantifies the required risk capital according to the 99.5% Value at Risk (VaR) within a one year time horizon in an economic view. This is in line with the respective regulation.

HDI Re is part of the internal model of HDI V.A.G., embedded in the processes and standards at group level. It is ensured that HDI Re is included in the decision making process with respect to the internal model at

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group level via committees. Roles and responsibilities of HDI Re's internal model are set in accordance with group wide guidelines.

The internal model of HDI Re measures the value of the Solvency II own funds on the basis of economic market values per cut-off date as well as the development of these own funds over a one year time horizon. The prognosis of the own funds is carried out using Monte Carlo simulation techniques with a sufficient number of simulations.

From the distribution of the prognosis of the own funds the solvency capital required is calculated as the difference between the value at risk at the regulatory given probability (0.5%) and the mean of all simulations. In other words, the SCR estimates the loss of own funds, relative to the mean, that will not be exceeded with a likelihood of 0.5%.

To arrive at the internal model results, all risk categories are combined within the internal model of HDI Re and the loss absorbing capacity of deferred taxes is calculated and deducted from the SCR.

The risk profile of HDI Re is in line with the assumptions underlying the internal model.

No future management actions are included in the internal model.

Not taken into account in the internal model is non-life lapse risk. As none of the treaties signed by HDI Re gives the cedant the right to terminate the contract before 12 months, this risk is immaterial to HDI Re.

Risk categories, assumptions and used data for the internal model

The risk modules examined in the internal model of HDI Re are underwriting risk, market risk, and reinsurance default risk.

The main assumption of the internal models of the Talanx group is that the major risk categories are given by negative developments of the capital market, by the occurrence of large natural perils losses and by the default of counterparties which are possibly linked to the first two assumptions. Based on this assumption the risk scenarios for the risk categories natural perils events, economic scenarios and reinsurance default are group wide identical and pre-defined. This assumption especially defines the dependencies between these three risk categories: that natural perils events have no substantial impact on the world wide economy and that reinsurance default is induced through very large natural perils losses and negative developments in the economy.

Thus, the internal model of HDI Re uses the group wide identical scenarios for a real world economy (including a volatility adjustment), for natural perils losses and for reinsurance default. All of these scenarios are calibrated to fit HDI Re's underlying risk profile. Underwriting risk is estimated individually, making use of the regular actuarial pricing of assumed business - each treaty undergoes such a pricing before it is signed – as well as the quarterly actuarial reserving process. The simulation of the risks is carried out modularly at a reasonable granular and adequate level. Within each risk module, the granularity is reduced step by step until the prognosis at a risk module level is available. For underwriting risk, firstly a gross view is integrated before retrocession reduces the gross risk to net risk.

The internal model of HDI Re is based on a high number of internal data, especially the individual assets, past and current retrocession contracts and contract partners and past loss developments. Wherever beneficial in terms of data quality and data quantity HDI Re also implements external data sources. External data sources are regularly assessed and validated for its appropriateness for HDI Re.

Underwriting risk

Underwriting risk is split into premium risk and reserve risk, with premium risk being further split into natural perils risk and manmade (or other) risk.

The premium risk measures deviations from the final losses to be settled from contracts currently in force to the estimated loss potential when pricing the contracts. The premium risk is estimated by looking at loss

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frequency and severity distributions, for natural catastrophes by applying the group wide defined scenarios whenever possible. The premium risk is assessed at treaty level before being aggregated to segments and includes all relevant programme conditions, i.e. loss influencing clauses and treaty details.

The natural perils risk is simulated overwhelmingly in licensed software models like AIR Touchstone based on the input data provided by the cedants. As a result these licensed models provide gross event losses from the cedants point of view which after application of the reinsurance treaty parameters and the signed share of HDI Re represent the gross loss for HDI Re.

The reserve risk measures deviations of future loss increases from the estimated best estimate claims provisions. The starting point of the reserve risk calculation are loss triangles and current best estimate claims provisions. The loss triangles are stochastically expanded for one year, resulting in scenarios for the one year reserve development.

Based on the underwriting segments a defined dependency structure is applied to the simulated values, resulting into correlated values across the premium and the reserve risk which are also subject to a dependency structure between premium and reserve risk.

Market risk

The market risk captures developments of the assets but also impacts the risk of liabilities through discounting and currency exchange rates of technical provisions. To simulate the assets, the invested individual assets are compressed to homogenous groups (type of asset, rating, currency). The market values of these groups are then mapped to indices stemming from the economic scenario generator respectively asset portfolio individual fixed income indices.

Reinsurance default risk

Reinsurance default risk is estimated through scenarios of the reinsurance default model based on rating migration of the reinsurers. The rating migration is dependent on very large natural perils loss events and the economic environment as both effects possibly reduce the available excess funds of the reinsurance counterparties.

Explanation of significant differences between standard formula and internal model risk modules

Both calculation methods, internal model and standard formula, aim to calculate negative developments from the mean of the own funds on a one-year horizon at a security level of 0.5%. Nevertheless, there are substantial differences between the two methods.

The standard formula and internal model both follow a modular approach where each risk module is firstly calculated on a standalone basis, eventually by sub-modules, and then aggregated assuming a dependency structure. The main difference between the two approaches is that the standard formula calculates the risk of each module based on Europe-wide factors and is ultimately volume driven. In contrast, the internal model is calibrated to the individual risks within HDI Re's balance sheet.

The largest difference is within the premium risk, where the standard formula bases its results on volume, and the internal model bases its results on an individual assessment of the single treaties and its contractual obligations. This difference in premium risk automatically impacts the own funds through the risk margin, as premium risk (together with reserve risk and reinsurance default risk) is one important part of the risk margin calculation.

The reserve risk calculation differs, as again the standard formula calculation is purely volume based while the internal model estimates the risk within homogenous risk groups based on individual loss triangles.

The underwriting risk of the standard formula is calculated for premium and reserve risk together, only at a later stage catastrophe risk is added. In the internal model catastrophe risk is part of the premium risk which is calculated separately from the reserve risk and later aggregated. Treaties with natural perils risk are separated from the remaining treaties and form – as part of the premium risk – the catastrophe risk.

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In the market risk's internal model one main difference is that European government bonds are not subject to default in the standard formula, contrary to the internal model. Another major difference is that within the standard formula the interest rate risk is based solely on changes of the risk free yield curve, while the internal model also takes into account the interest rate volatility.

Contrary to the standard formula, the internal model includes dependencies and thus diversification effects between risk categories through advanced Copula simulations. The standard formula aggregates risk through the "square-root-formula".

E.4.2 Implementation of the internal model

HDI Re's internal model is embedded in a significant number of management processes, such as risk monitoring and reporting, capital allocation and investment and underwriting decisions. There is no explicit decision to exclude internal model results from a particular management process where the results could be relevant. Consistency across processes is also ensured via direct involvement of the risk management function.

E.5 Non-compliance with the MCR & non-compliance with the SCR

HDI Re's capital adequacy ratio is 177% as of 31 December 2023. The Company is sufficiently capitalized.

E.6 Any other information

There are no further material topics to be disclose under this chapter.

GLOSSARY:

Abbreviation	Description
AAM	Ampega Asset Management GmbH
ABS	Asset backed securities
AC	Audit committee
AF	Actuarial function
AIR	Air Worldwide Catastrophe Modelling
ALM	Asset liability management
AM Best	AM Best Company
AOTP	Actuarial Opinion on Technical Provisions
ARTP	Actuarial Report on Technical Provisions
AuM	Assets under management
BaFin	Bundesanstalt fuer Finanzdienstleistungsaufsicht
BECP	Best estimate for claims provisions
BEPP	Best estimate for premium provisions
BoD	Board of Directors
BOF	Basic own funds
BPS	Basis Points
CAR	Capital adequacy ratio
CBI	Central Bank of Ireland
CC	Compensation committee
CDO	Collateralized debt obligation
CFO	Chief Financial Officer
CLO	Collateralized loan obligation
CR	Combined ratio
CRO	Chief Risk Officer
DAC	Deferred acquisition costs
EBIT	Operating profit
EIOPA	European insurance and occupational pension authority
EPIFP	Expected profit included in future premium
EUR	Euro
FWH	Funds withheld
FX	Foreign Exchange
GTPL	General third party liability
GUG	General Underwriting Guidelines
GWP	Gross written premium
HDI Global	HDI Global SE
HDI V.A.G.	Haftpflichtverband Der Deutschen Industrie V.a.G
HoAF	Head of Actuarial Function
HoC	Head of Compliance
IAS / IFRS	International Accounting Standards / International Financial Reporting Standards
IBNER	Incurred but not enough reported
IBNR	Incurred but not reported

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IC	Investment committee
ICS	Internal control system
IM	Internal Model
LoD	Line of defence
LPT	Loss portfolio transfer
LR	Loss ratio
MBS	Market backed securities
MCR	Minimum capital requirement
Mio	Million
MTPL	Motor third party liability
NatCat	Natural Catastrophe
Non Prop	Non-proportional
OCI	Other comprehensive income
OCS	Own credit spread
ORSA	Own risk and solvency assessment
OTC	Over the counter
P&L	Profit and loss
PCF	Pre-approved controlled function
PRISM	Probability Risk and Impact System
Prop	Proportional
PVFP	Present value of future premium
QRT	Quantitative Reporting Template
QS	Quota share
RC	Risk committee
ResQ	ResQ reserving software
RM	Risk margin
RMS	Risk Management System
RSR	Regular supervisory report
RUG	Retrocession Underwriting Guidelines
SCR	Solvency capital requirement
SF	Standard formula
SLA	Service level agreement
SLT	System of limits and thresholds
SNA	Shareholder net assets
TERM	HDI Enterprise Risk Model
TINT	HDI Retail International
TP	Technical provisions
TRB	HDI Reinsurance Broker GmbH
TXD	HDI Retail Germany
TXI	HDI Industrial segment
UC	Underwriting committee
UPR	Unearned premium reserves
VaR	Value at Risk
XL	Excess of loss

Appendix: Annual QRTs

The following listed QRTs are attached as a reference to this report and as per Article 4 (*Templates for the solvency and financial condition report of individual undertakings*) of the Regulation “....laying down implementing technical standards with regards to procedures, formats and templates of the SFCR in accordance with Directive 2009/138/EC”.

Number	Name	Detail
S.02.01.02	BS-C1	Balance Sheet
S.05.01.01	Cover - Geo	P&L per geographical split, top 5 regions
S.04.05.21	Cover - LOB	Premiums, claims and expenses by country
S.17.01.02	TP-E1	Technical provisions
S.19.01.21	Triangles	Claims development triangles
S.22.01	Volatility adjustments	Impact of long term guarantees and transitional measures
S.23.01.01	OF	Own Funds
S.25.02.01	SCR	SCR under IM
S.28.01.01	MCR	MCR

S.02.01.02:BS –C1		Solvency II value
		C0010
Assets		
Intangible assets	R0030	0.00
Deferred tax assets	R0040	32,645
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	955
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	3,175,624
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	35,295
Equities - listed	R0110	34,948
Equities - unlisted	R0120	347
Bonds	R0130	2,886,995
Government Bonds	R0140	459,962
Corporate Bonds	R0150	2,251,865
Structured notes	R0160	0
Collateralised securities	R0170	175,168
Collective Investments Undertakings	R0180	253,335
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	29,550
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	29,550
Reinsurance recoverables from:	R0270	10,159
Non-life and health similar to non-life	R0280	10,159
Non-life excluding health	R0290	10,159
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	98,975
Insurance and intermediaries receivables	R0360	1,497,657

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Reinsurance receivables	R0370	0
Receivables (trade, not insurance)	R0380	1,040
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	68,332
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	4,914,938
Liabilities		
Technical provisions - non-life	R0510	3,203,211
Technical provisions - non-life (excluding health)	R0520	3,186,081
TP calculated as a whole	R0530	0
Best estimate	R0540	3,055,580
Risk margin	R0550	130,500
Technical provisions - health (similar to non-life)	R0560	17,131
TP calculated as a whole	R0570	0
Best estimate	R0580	15,871
Risk margin	R0590	1,259
TP - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best estimate	R0630	
Risk margin	R0640	
TP - life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best estimate	R0670	
Risk margin	R0680	
TP - index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	468
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	91,309
Derivatives	R0790	
Debts owed to credit institutions	R0800	

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Financial liabilities other than debts owed to credit institutions	R0810	927
debts owed to non-credit institutions	ER0811	927
debts owed to non-credit institutions resident domestically	ER0812	927
Insurance & intermediaries payables	R0820	514,231
Reinsurance payables	R0830	1,184
Payables (trade, not insurance)	R0840	2,640
Subordinated liabilities	R0850	188,708
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	188,708
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	4,002,679
Excess of assets over liabilities	R1000	912,259

S.05.01.01: Cover per LOB splits, Non-life obligations

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											Line of Business for: accepted non-proportional reinsurance					Total
		Income protection 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	Miscellaneous Financial Loss	Health	Casualty	Marine, aviation, transport	Property		
		C0020	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C120	C0130	C0140	C0150	C0160	C0200	
Premiums Written																
Gross - Direct Business	R0110															
Gross - Proportional reinsurance	0120	64,649	57,187	164,268	516,217	498,518	1,067,249	60,952	31,554	14,573	0	0	0	0		2,475,168
Gross - Non-proportional Reinsurance	0130	0	0	0	0	0	0	0	0	0	63	26,204	61	3,117		29,444
Reinsurers' share	R0140	0	0	0	0	(354)	0	0	0	0	0	0	0	0		(354)
Net	R0200	64,649	57,187	164,268	516,217	498,872	1,067,249	60,952	31,554	14,573	63	26,204	61	3,117		2,504,967
Premiums earned																
Gross - Direct Business	R0210															
Gross - Proportional reinsurance	R0220	69,264	67,367	182,962	590,863	529,083	1,148,749	40,161	37,472	29,908	0	0	0	0		2,695,829
Gross - Non-proportional reinsurance	R0230	0	0	0	0	0	0	0	0	0	63	24,404	61	3,117		27,644
Reinsurers' share	R0240	0	0	0	0	(354)	0	0	0	0	0	0	0	0		(354)
Net	R0300	69,264	67,367	182,962	590,863	529,437	1,148,749	40,161	37,472	29,908	63	24,404	61	3,117		2,723,828

S.05.01.01: Cover per LOB splits, Non-life obligations continued

Claims incurred															
Gross - Direct Business	0310														
Gross - Proportional reinsurance	R0320	24,524	59,120	116,031	367,502	338,606	872,427	20,638	16,993	19,001					1,834,842
Gross - Non-proportional	R0330										23	22,181	(148)	2,482	24,538
Reinsurers' share	R0340		180			(1,642)									(1,463)
Net	R0400	24,524	58,940	116,031	367,502	340,248	872,427	20,638	16,993	19,001	23	22,181	(148)	2,482	1,860,844
Changes in other technical provisions															
Gross - Direct Business	R0410														
Gross - Proportional reinsurance	R0420														
Gross - Non-proportional reinsurance	R0430														
Reinsurers' share	R0440														
Net	R0500														
Expenses incurred	R0550	27,608	11,312	51,523	149,045	172,123	308,309	14,720	13,797	10,695	-	4,612	-	352	764,098

4.05.21: Premiums, claims & expenses by country

		Total	Home Country			
	R0010			Germany (DE)	Austria (AT)	Australia (AU)
		C0010		C0020	C0020	C0020
Premium written						
Gross - Direct Business	R0020					
Gross - Proportional reinsurance accepted	R0021	2,475,168		2,446,447	26,721	
Gross - Non-proportional reinsurance accepted	R0020	29,444		27,832	1,612	
Total		2,504,612		2,476,279	28,333	
Premium earned						
Gross - Direct Business	R0030					
Gross - Proportional reinsurance accepted	R0031	2,695,829		2,669,108	26,721	
Gross - Non-proportional reinsurance accepted	R0032	27,644		26,032	1,612	
Total		2,723,473		2,695,140	28,333	
Claims incurred						
Gross - Direct Business	R0040					
Gross - Proportional reinsurance accepted	R0041	1,834,182		1,816,795	18,047	
Gross - Non-proportional reinsurance accepted	R0042	24,538		23,784	1,106	(351)
Net		1,859,381		1,840,579	19,153	(351)
Changes in other technical provisions						
Gross - Direct Business	R0050					
Gross - Proportional reinsurance accepted	R0051	759,134		749,673	9,461	
Gross - Non-proportional reinsurance accepted	R0052	4,964		4,964		
Net		764,098		754,637	9,461	

S.17.01.02 Non-Life Technical Provisions

		Income protection 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	Miscellaneous financial loss
		C0030	C0050	C0060	C0070	C0080	C0090	C0100	C0110	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 as a whole	R0050									
Technical Provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross - Total	R0060	(13,890)	5,164	(4,249)	(8,057)	33,675	56,378	15,299	10,707	16,008
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140				(21)	(10)	(64)			
Net Best Estimate of Premium Provisions	R0150	(13,890)	5,164	(4,249)	(8,036)	33,685	56,442	15,299	10,707	16,008
Claims provisions										
Gross - Total	R0160	12,478	17,366	62,070	317,700	253,251	1,083,151	5,178	35,318	27,794
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					10,255				
Net Best Estimate of Claims Provisions	R0250	29,689	59,946	122,432	511,092	410,724	1,700,769	23,980	46,309	36,293
Total Best estimate - gross	R0260	15,799	65,111	118,183	503,034	454,654	1,757,147	39,279	57,016	52,301
Total Best estimate - net	R0270	15,799	65,111	118,183	503,056	444,409	1,757,212	39,279	57,016	52,301
Risk margin	R0280	1,252	2,584	5,216	21,809	17,514	77,745	1,070	1,979	1,558
Technical provisions - total	R0320	17,051	67,694	123,398	524,843	472,168	1,834,893	40,349	58,996	53,859
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330				(21)	10,245	(64)			
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	17,051	67,694	123,398	524,865	461,923	1,834,957	40,349	58,996	53,859

S.17.01.02 Non-Life Technical Provisions.....continued

		Accepted non-proportional reinsurance:				Total Non-Life obligations
		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 as a whole	R0050					
Technical Provisions calculated as a sum of BE and RM						
Premium provisions						
Gross - Total	R0060	(47)	(6,109)	(610)	(2,489)	101,781
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					(96)
Net Best Estimate of Premium Provisions	R0150	(47)	(6,109)	(610)	(2,489)	101,877
Claims provisions						
Gross - Total	R0160	120	16,328	142	1,593	2,969,670
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					10,255
Net Best Estimate of Claims Provisions	R0250	120	16,328	142	1,593	2,959,416
Total Best estimate - gross	R0260	73	10,219	(468)	(896)	3,071,452
Total Best estimate - net	R0270	73	10,219	(468)	(896)	3,061,292
Risk margin	R0280	7	952	6	66	131,760
Technical provisions - total	R0320	80	11,171	(462)	(829)	3,203,211
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	10,159
Technical provisions minus recoverables from reinsurance/SPV and Finite Re-total	R0340	80	11,171	(462)	(829)	3,193,052

S19.01.21: Non-life Insurance claims information

Non-life Insurance Claims Information

Development year (absolute amount)												In Current year	Sum of years (cumulative)		
0	1	2	3	4	5	6	7	8	9	10 & +					
Gross Claims Paid (non-cumulative)															
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											1,035	R0100	1,035	411,238
2014	R0160	68,345	74,501	15,650	14,042	12,105	4,830	31,624	7,972	1,764	944		R0160	944	231,777
2015	R0170	75,021	57,172	47,395	22,573	12,887	56,100	4,660	3,267	2,842			R0170	2,842	281,916
2016	R0180	33,413	66,146	20,517	15,298	27,953	10,082	9,243	6,842				R0180	6,842	189,493
2017	R0190	20,590	59,381	53,227	56,634	23,865	17,055	12,455					R0190	12,455	243,207
2018	R0200	24,297	91,367	66,806	25,448	29,118	16,633						R0200	16,633	253,669
2019	R0210	18,863	146,624	70,589	39,901	34,021							R0210	34,021	309,997
2020	R0220	30,529	121,634	67,494	52,491								R0220	52,491	272,149
2021	R0230	32,846	139,230	131,069									R0230	131,069	303,145
2022	R0240	52,473	293,382										R0240	293,382	345,855
2023	R0250	52,568											R0250	52,568	52,568
													R0260	604,282	2,895,014
Development year (absolute amount)												Year end (discounted data)			
0	1	2	3	4	5	6	7	8	9	10 & +					
Gross undiscounted Best Estimate Claims Provisions															
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360	
Prior	R0100											23,932	R0100	21,641	
2014	R0160	0	113,821	93,191	74,480	53,192	52,275	17,409	12,434	10,540	7,563		R0160	6,664	
2015	R0170	210,940	147,744	98,361	65,999	63,448	36,594	22,810	18,352	12,215			R0170	10,876	
2016	R0180	194,913	111,646	92,239	85,766	58,848	41,053	32,121	27,801				R0180	24,284	
2017	R0190	232,093	180,107	163,761	104,572	82,596	69,539	54,420					R0190	48,466	
2018	R0200	282,885	203,690	137,552	106,527	88,226	67,353						R0200	60,012	
2019	R0210	240,915	267,784	180,764	162,297	126,567							R0210	113,459	
2020	R0220	310,160	322,541	271,848	220,330								R0220	197,581	
2021	R0230	425,244	497,461	411,847									R0230	371,543	
2022	R0240	885,081	950,641										R0240	867,279	
2023	R0250	1,360,652											R0250	1,247,865	
													R0260	2,969,670	

S.22.01.21 Impact of long term guarantees and transitional measures

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	3,203,211			35,185	
Basic own funds	R0020	1,085,967			(30,753)	
Eligible own funds to meet Solvency Capital Requirement	R0050	1,085,967			(30,753)	
Solvency Capital Requirement	R0090	613,452			14,239	
Eligible own funds to meet Minimum Capital Requirement	R0100	952,470			(29,471)	
Minimum Capital Requirement	R0110	276,053			(6,408)	

S23.01.01: Own Funds

		Total		Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010		C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35							
Ordinary share capital (gross of own shares)	R0010	5,000		5,000			
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	716,259		716,259			
Subordinated liabilities	R0140	188,708				188,708	
An amount equal to the value of net deferred tax assets	R0160						
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	176,000		176,000			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds							
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220						
Deductions							
Deductions for participations in financial and credit institutions	R0230						
Total basic own funds after deductions	R0290	1,085,967		897,259		188,708	
Ancillary own funds							
Unpaid and uncalled ordinary share capital callable on demand	R0300						
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310						
Unpaid and uncalled preference shares callable on demand	R0320						
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330						
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340						
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350						
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360						
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370						
Other ancillary own funds	R0390						
Total ancillary own funds	R0400						

S23.01.01: Own Funds continued

Available and eligible own funds							
Total available own funds to meet the SCR	R0500	1,085,967	897,259		188,708		
Total available own funds to meet the MCR	R0510	1,085,967	897,259		188,708		
Total eligible own funds to meet the SCR	R0540	1,085,967	897,259		188,708		
Total eligible own funds to meet the MCR	R0550	952,470	897,259		55,210		
SCR	R0580	613,452					
MCR	R0600	276,053					
Ratio of Eligible own funds to SCR	R0620	177.0%					
Ratio of Eligible own funds to MCR	R0640	345.0%					

		C0060		
Reconciliation reserve				
Excess of assets over liabilities	R0700	912,259		
Own shares (held directly and indirectly)	R0710			
Foreseeable dividends, distributions and charges	R0720	15,000		
Other basic own fund items	R0730	181,000		
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740			
Reconciliation reserve	R0760	716,259		
Expected profits				
Expected profits included in future premiums (EPIFP) - Life Business	R0770			
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	191,114		
Total Expected profits included in future premiums (EPIFP)	R0790	191,114		

S25.05 Solvency Capital Requirement (SCR)) – for entities with Full Internal Model

Risk Type	Solvency Capital Requirement	Consideration of the future management actions regarding technical provisions and/or deferred taxesAmount modelled	Amount Modeled	Simplifications
	C0010	C0060	C0070	C0120
Total diversification	(562,374)	4 - No embedded consideration of future management actions	(562,374)	- None
Total diversified risk before tax	701,114	4 - No embedded consideration of future management actions	701,114	- None
Total diversified risk after tax	613,452	2 - Future management actions regarding the loss-absorbing capacity of deferred taxes embedded within the component	613,452	- None
Total market & credit risk	349,199	4 - No embedded consideration of future management actions	349,199	- None
Market & Credit risk - diversified	238,022	4 - No embedded consideration of future management actions	238,022	- None
Credit event risk not covered in market & credit risk	652	4 - No embedded consideration of future management actions	652	- None
Credit event risk not covered in market & credit risk - diversified	672	4 - No embedded consideration of future management actions	672	- None
Total Business risk	-		-	
Total Business risk - diversified	-		-	
Total Net Non-life underwriting risk	1,164,070	4 - No embedded consideration of future management actions	1,164,070	- None
Total Net Non-life underwriting risk - diversified	670,007	4 - No embedded consideration of future management actions	670,007	- None
Total Life & Health underwriting risk	-		-	
Total Life & Health underwriting risk - diversified	-		-	
Total Operational risk	14,724	4 - No embedded consideration of future management actions	14,724	- None
Total Operational risk - diversified	14,724	4 - No embedded consideration of future management actions	14,724	- None
Other risk	45,024	4 - No embedded consideration of future management actions	45,024	- None

S25.05.: Solvency Capital Requirement (SCR) continued.....

Calculation of Solvency Capital Requirement		
Total undiversified components	R0110	1,175,208
Diversification	R0060	(561,756)
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	613,452
Capital add-ons already set	R0210	-
of which, Capital add-ons already set - Article 37 (1) Type a	R0211	-
of which, Capital add-ons already set - Article 37 (1) Type b	R0212	-
of which, Capital add-ons already set - Article 37 (1) Type c	R0213	-
of which, Capital add-ons already set - Article 37 (1) Type d	R0214	-
Solvency capital requirement	R0220	613,452
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	(87,662)
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	-
Net future discretionary benefits	R0460	-

		Before the shock C0110	After the shock
Calculation of loss absorbing capacity of deferred taxes			
DTA	R0600	32,645	
DTA carry forward	R0610	12,267	
DTA due to deductible temporary differences	R0620	20,378	
DTL	R0630	91,309	

		LAC DT C0130
Calculation of loss absorbing capacity of deferred taxes		
Amount/estimate of LAC DT	R0640	(87,662)
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	(87,662)
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	

S28.01.01: Minimum Capital Requirement (MCR)**Linear formula component for non-life insurance and reinsurance obligations**

MCR calculation Non Life		Non-life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030	15,799	64,649
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	65,111	57,187
Other motor insurance and proportional reinsurance	R0060	118,183	164,268
Marine, aviation and transport insurance and proportional reinsurance	R0070	503,056	516,217
Fire and other damage to property insurance and proportional reinsurance	R0080	444,409	499,226
General liability insurance and proportional reinsurance	R0090	1,757,212	1,067,249
Credit and suretyship insurance and proportional reinsurance	R0100	39,279	60,952
Legal expenses insurance and proportional reinsurance	R0110	57,016	31,554
Assistance and proportional reinsurance	R0120	0	
Miscellaneous financial loss insurance and proportional reinsurance	R0130	52,301	14,573
Non-proportional health reinsurance	R0140	73	63
Non-proportional casualty reinsurance	R0150	10,219	26,204
Non-proportional marine, aviation and transport reinsurance	R0160		61
Non-proportional property reinsurance	R0170		3,117

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life		Life activities	
		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		
Total capital at risk for all life (re)insurance obligations	R0250		
		Non-life activities	Life activities
		C0010	C0040
MCRNL Result	R0010	640,230	
MCRL Result	R0200		