



SFCR

Solvency and Financial
Condition Report
as of 31 December 2024



Table of contents

- List of abbreviations 4
- Summary..... 5
- A. BUSINESS AND PERFORMANCE..... 7**
 - A.1 Business 7
 - A.2 Underwriting performance 9
 - A.3 Investment performance.....11
 - A.4 Performance of other activities13
 - A.5 Any other information13
- B. SYSTEM OF GOVERNANCE.....14**
 - B.1 General information on the system of governance14
 - B.2 Fit and proper requirements20
 - B.3 Risk management system22
 - B.4 Internal control system29
 - B.5 Internal Audit function.....31
 - B.6 Actuarial function.....32
 - B.7 Outsourcing.....32
 - B.8 Any other information33
- C. RISK PROFILE.....34**
 - C.1 Underwriting risk35
 - C.2 Market risk40
 - C.3 Credit risk.....42
 - C.4 Liquidity risk44
 - C.5 Operational risk45
 - C.6 Other fundamental risks47
 - C.7 Other information48
- D. VALUATION FOR SOLVENCY PURPOSES50**
 - D.1 Assets53
 - D.2 Technical provisions.....59
 - D.3 Other liabilities.....64
 - D.4 Alternative methods of valuation.....65
 - D.5 Other information66
- E. CAPITAL MANAGEMENT67**
 - E.1 Own funds.....67
 - E.2 SCR and MCR70
 - E.3 Use of the duration-based equity-risk sub-module in the calculation of the Solvency Capital Requirement72
 - E.4 Differences between the standard formula and any internal models used72

E.5	Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement.....	73
E.6	Any other information	73
Annex		75
Glossary		91
Independent Auditor’s Report		92

Note with regard to figures and rounding:

In general, figures are presented as per thousand EUR (kEUR) As a result of the use of automatic calculation aids, calculation differences caused by rounding may occur when adding up rounded amounts and percentages. Unless specified differently, calculations are based on data as per balance sheet date 31 December 2024.

Pictures: Shutterstock

Copyright: GRAWE Reinsurance Ltd.

List of abbreviations

Adj _{DT}	Adjustment term for deferred taxes
Adj _{TP}	Adjustment term for technical provisions
AG	Aktiengesellschaft (joint Stock corporation)
Art.	Article
BE	Best Estimate
BSCR	Basic solvency capital requirement of Pillar 1
CCL	Cyprus Company Law
cf.	Latin: <i>confer</i>
CoC	Cost of Capital
EC	European Commission
ECB	European Central Bank
e.g.	Latin: <i>exempli gratia</i>
EIOPA	European Insurance and Occupational Pensions Authority from 01 January 2011
EPIFP	Expected Profits Included in Future Premiums
etc.	etcetera
GRAWE	Grazer Wechselseitige Versicherung Aktiengesellschaft
HR	Human Resources
HRG	Homogeneous risk group
i.e.	in other words
IAS/IFRS	International accounting standards in the respective last valid version endorsed by the EU
IBNR	incurred but not reported
ICCS	Insurance Companies Control Service
incl.	including
IS	Income statement
ISR	Interest supplement reserve
LAW	The Law on Insurance and Reinsurance Business and other Related issues of 2016 and additional Orders and Guidelines issued from the Superintendent
LoB	Line of Business
Ltd.	Limited
MCR	Minimum capital requirement
OECD	Organisation for Economic Cooperation and Development
ORSA	Own risk and solvency assessment of Pillar 2
Par.	Paragraph
PZV	Subsidised retirement investment products
SCR	Solvency capital requirement of Pillar 1
SI	Superintendent of Insurance
TÜV	Technical Inspection Association (German: Technischer Überwachungsverein)
VaR	The Value at Risk (VaR) denotes the threshold value that with the determined probability (=confidence level) is not exceeded within a defined period of time (=holding period).
VaR95	The Value at Risk that denotes the threshold value that is not exceeded within a defined period of time with a 95% probability.

Summary

GRAWE Reinsurance Ltd. (hereafter referred to as GRAWE RE) is a subsidiary of Grazer Wechselseitige Versicherung AG, an Austrian company which has grown since its initial founding by Archduke Johann of Austria in 1828 from its original form as a fire damage insurer into an international group in Central and Eastern Europe which unites insurance undertakings, real estate and financial services under one roof.

GRAWE RE was founded in 1999 and focuses mainly on proportional life and non-life reinsurance of the subsidiaries of Grazer Wechselseitige Versicherung AG.

A Business and Results

In the reporting year in the two business segments non-life reinsurance and life reinsurance, GRAWE RE generated in total written premiums of kEUR 12,521 (2023: kEUR 13,282) with focus on fire and other damage to property reinsurance, general liability, income protection and life reinsurance. The premiums written are offset by claims incurred amounting to kEUR 5,204 (2023: kEUR 7,413). In the reporting year in the annual financial statements according to IFRS, earnings before taxes in the amount of kEUR 19,258 (2023: kEUR 16,231) were generated.

The income from investments (incl. liquid funds) in the annual financial statements according to IFRS of GRAWE RE amounted to kEUR 17,460 (2023: kEUR 15,315). The most important goal in the investment is the continuous ensuring of the ongoing ability to fulfil the obligations from the reinsurance contracts.

B System of Governance

The system of governance means the management and control system of GRAWE RE. The organisation, tasks and authorisations of the Governance functions are defined in company-internal policies. In addition, the system of governance guarantees compliance with the compensation and outsourcing regulations as well as the fit and proper requirements of the Board of Directors and of key function holders.

C Risk Profile

The risk profile of GRAWE RE remains unchanged in comparison to previous year. The main risk categories for the solvency capital requirement (SCR) according to the Solvency II standard formula are the market risk, the underwriting risk Non-Life and cumulatively the credit risk and underwriting risk Health.

Furthermore, the capital requirement of internal risk view that was determined within the ORSA process is far below the solvency capital requirement according to the standard formula.

D Valuation for Solvency Purposes

GRAWE RE prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, alongside complying with the Cyprus Companies Law, Chapter 113.

Assets with exception of holdings in related undertakings as well as liabilities are measured at fair value. These valuations are either directly presented in the IFRS statement of financial position or disclosed in the accompanying notes to the financial statements.

For the Solvency II balance sheet, GRAWE RE utilizes the fair values determined under IFRS, provided these valuations align with Solvency II principles. Therefore, following differences arise between IFRS financial statements and the Solvency II balance sheet:

- Difference in the valuation of technical provisions
- Difference in the valuation of holdings in related undertakings
- Intangible assets recognised as asset under IFRS but valued with nil under Solvency II
- Differences in the valuation of deferred tax assets/liabilities

E Capital Management

As at 31 December 2024 the SCR amounted to kEUR 50,235 (2023: kEUR 42,752). The superb own funds with the amount of kEUR 268,423 (2023: kEUR 234,044), make it possible for GRAWE RE to be a strong and reliable partner in years to come and provides the necessary reliability to the existing and future customers.

The SCR ratio, i.e. the comparison of the eligible own funds to the solvency capital requirement based on the calculations of the standard formula is as at 31 December 2024 534.3% (2023: 547.4%). The MCR of GRAWE RE was kEUR 12,559 (2023: kEUR 10,688). The ratio of the eligible own funds to the MCR amounted to 2137.3% (2023: 2189.8%).

The requirements to cover the SCR were constantly fulfilled during the whole reporting period.

Statement of the Board of Directors

The following solvency and financial condition report of GRAWE RE was prepared in all conscience in accordance with the law and the corresponding European regulations. It provides the truest possible reflection of the solvency and financial condition and gives a description on the business, the system of governance, the risk profile and the assets, liabilities and own funds as well as the solvency balance sheet.

This report was approved for publication with the resolution by the Board of Directors dated 4 April 2025.

A. BUSINESS AND PERFORMANCE

A.1 Business

A.1.1 Business strategy

The business strategy of GRAWE RE focuses on proportional life and non-life reinsurance of the subsidiaries of Grazer Wechselseitige Versicherung AG, which are situated in Central and Eastern European countries (CEE) and make up 90% of all reinsurance treaties. The remaining 10% are attributable to contracts with external international clients.

The company's external clients are from well-known markets and have already been several years reinsured at Grazer Wechselseitige Versicherung AG before they became clients of GRAWE RE. Therefore, these clients meet the company's main targets, namely security, long lasting customer relationship and knowledge of the written risk categories. Furthermore, to minimize the risk, the share on the maximum amount of cover of these contracts is very low.

As long-lasting relationships with clients and mutual trust are essential for the business of GRAWE RE, almost all reinsurance contracts are concluded directly with clients, thus almost no brokers are involved in negotiations and conclusion of contracts.

As of 31 December 2024, 54% of premiums written of GRAWE RE are attributed to non-life reinsurance and 46% to life reinsurance.

As far as investments are concerned, a high importance is attached to security and long-term success and profit, in compliance with the legal provisions. This is reflected by long-term successful and security-oriented investments, for which market bets in the capital investment area as well as not transparent and complex products are generally renounced. In addition, defined spreads and limits exist per asset category.

Based on the above-mentioned business principles, the following risk-related principles can be derived for GRAWE RE:

1. Safeguarding the continuance and sustainable prosperity of the company
2. Safeguarding the financial objectives
3. Achievement of the strategic objectives
4. Compliance with the legal provisions
5. Customer oriented service

The risk management and the internal control systems of GRAWE RE are aligned with the strategy of the company and thus ensure that both the financial and the strategic objectives are achieved as well as the legal and Solvency requirements are fulfilled.

A.1.2 Ownership structure and group affiliation

GRAWE RE is a 100% subsidiary of Grazer Wechselseitige Versicherung AG. At the top of GRAWE Group and as direct majority owner of Grazer Wechselseitige Versicherung AG, with shares in the volume of 100% of its capital, there is GRAWE-Vermögensverwaltung, with its

registered office in Graz, a mutual insurance association and a mixed financial holding company pursuant to the Financial Conglomerate Act.

GRAWE RE is incorporated entirely into the consolidated annual financial statements of GRAWE-Vermögensverwaltung, Herrengasse 18-20, 8010 Graz, Austria.

The following simplified GRAWE Group structure shows the integration of GRAWE RE in GRAWE Group as of 31 December 2024:



Affiliated undertakings

As of 31 December 2024 GRAWE RE was 100% owner of:

- Medlife Insurance Ltd.
- GRAWE Real Estate Ltd. (rename of Flutrana Enterprises Ltd).

A.1.3 Auditor

The annual financial statements of GRAWE RE are audited by the appointed auditing and tax consulting company, KPMG Ltd., as of the balance sheet reference date 31 December 2024.

Contact details:

KPMG Limited
14 Esperidon
1087 Nicosia
Cyprus
Tel: +357 22 209 000
www.kpmg.com.cy

A.1.4 Supervisory authority

The responsible supervisory authority for GRAWE RE is the Superintendent of Insurance (SI) which is also the Head of the (Re-)insurance Companies Control Service (ICCS).

Contact details:

(Re-)insurance Companies Control Service (ICCS)
P.O. Box 23364,
1682 Nicosia
Cyprus
Tel.: +357 22 602 952
<http://mof.gov.cy/en/directorates-units/insurance-companies-control-service>

A.2 Underwriting performance

The following tables provide an overview of the underwriting performance according to the IFRS financial statements for non-life and life reinsurance.

	Premiums written		Earned premiums	
	2024	2023	2024	2023
Gross amount	kEUR	kEUR	kEUR	kEUR
Non-life reinsurance	6,765	6,782	6,637	6,649
Life reinsurance	5,756	6,500	5,790	6,442
Total	12,521	13,282	12,427	13,091

The following table gives an overview of claims incurred and operating expenses:

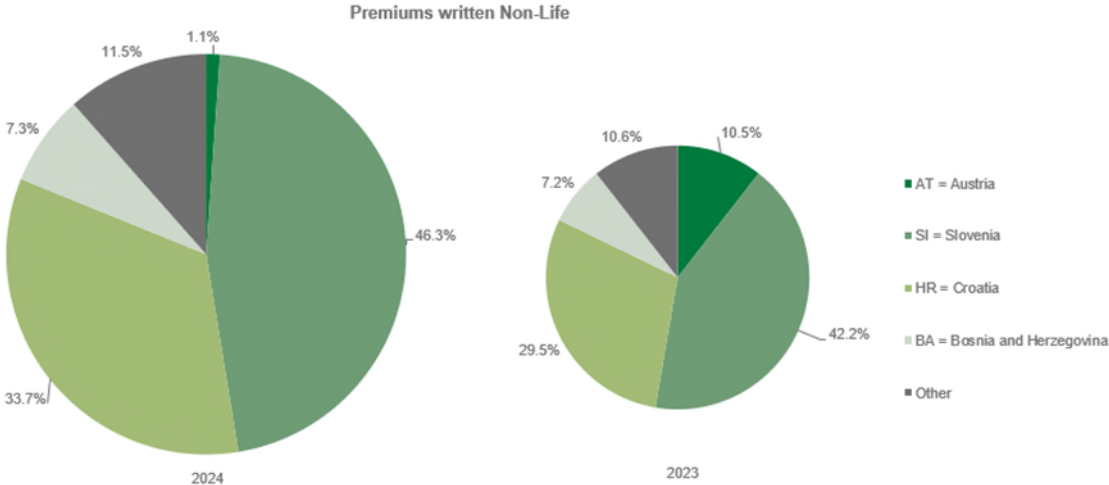
	Claims incurred		Operating expenses	
	2024	2023	2024	2023
Gross amount	kEUR	kEUR	kEUR	kEUR
Non-life reinsurance	3,232	4,733	3,202	2,760
Life reinsurance	1,972	2,680	1,232	841
Total	5,204	7,413	4,434	3,601

A.2.1 Non-life reinsurance

The following table shows the premiums written and the earned premiums in the non-life reinsurance in 2024 according to the material lines of business from the IFRS annual financial statements.

	Premiums written		Earned premiums	
	2024	2023	2024	2023
Gross amount	kEUR	kEUR	kEUR	kEUR
Income protection reinsurance	1,235	1,408	1,251	1,407
Fire and other damage to property reinsurance	5,110	4,823	4,979	4,703
General liability reinsurance	420	551	407	539
Total	6,765	6,782	6,637	6,649

GRAWE RE has long-lasting relationships with clients. The chart below gives a breakdown of the premiums written of the non-life reinsurance according to geographical regions, which remained stable compared to last year.



The following table gives an overview of claims incurred and operating expenses of non-life reinsurance:

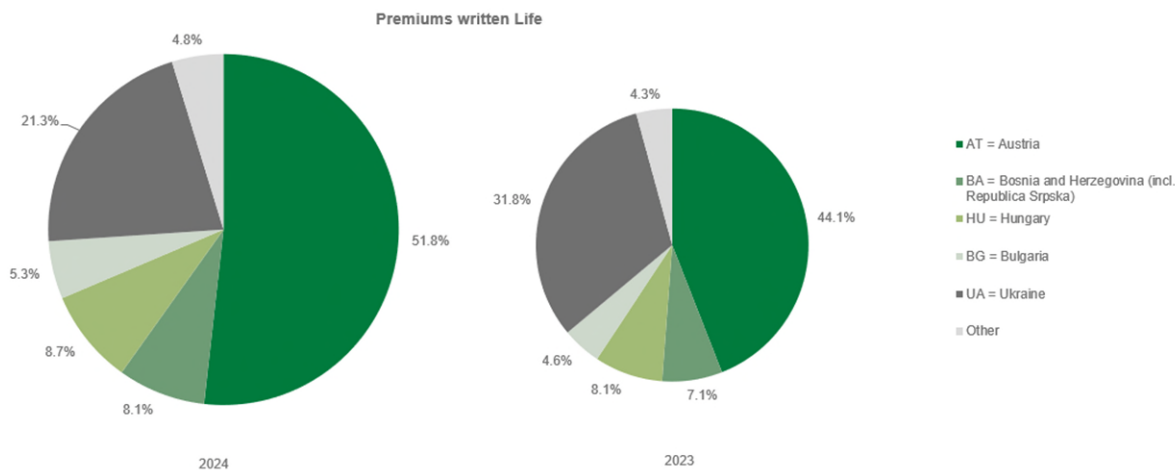
	Claims incurred		Operating expenses	
	2024	2023	2024	2023
Gross amount	kEUR	kEUR	kEUR	kEUR
Income protection reinsurance	408	453	669	721
Fire and other damage to property reinsurance	2,625	4,131	2,331	1,732
General liability reinsurance	199	149	202	307
Total	3,232	4,733	3,202	2,760

A.2.2 Life reinsurance

The following table shows the gross premiums written and earned premiums of life reinsurance:

	Premiums written		Earned premiums	
	2024	2023	2024	2023
Gross amount	kEUR	kEUR	kEUR	kEUR
Life reinsurance	5,756	6,500	5,790	6,442

The following chart provides an overview of the composition of the premiums written in life reinsurance as of 31 December 2024, broken down according to geographical regions.

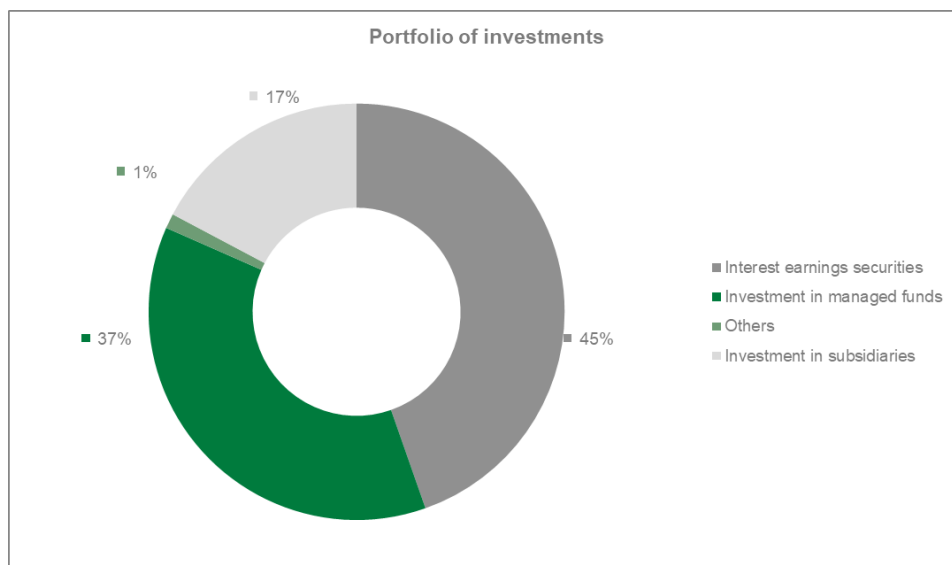


A.3 Investment performance

A.3.1 Structure of the investments

In the individual annual financial statements according to IFRS that are set in accordance to Article 2 of the Cyprus Company Law chapter 113, the investments (incl. liquid funds) in the non-life insurance amounted as of 31 December 2024 to kEUR 105,240 (2023: kEUR 92,892). In life insurance, the investments amounted to kEUR 45,551 (2023: kEUR 49,435).

The total portfolio of the investments at book values according to IFRS/CCL (incl. cash at bank and in hand) is comprised as follows as of 31 December 2024:



The investments as of the reference date 31 December 2024 do not include any investments in securitisations.

With regard to the transfer of the book values in the annual financial statements according to IFRS/CCL at the market values in the economic balance sheet, reference is made to section C.7.

A.3.2 Result of the investment

The net total income incorporates current income from investments, realised profits and losses as well as depreciations from the following investment groups:

Result of the investments	Investment Income and realised Profits		Depreciations and realised Losses		Amortisations		Net Total Income	
	2024 kEUR	2023 kEUR	2024 kEUR	2023 kEUR	2024 kEUR	2023 kEUR	2024 kEUR	2023 kEUR
Financial Assets OCI	1,554	1,373	-260	-244	47	37	1,341	1,166
Other Structured bonds	316	402	0	0	0	0	316	402
Investments held at FVTPL (Fair Value Through Profit Loss)	5,178	5,600	-8	0	0	0	5,170	5,600
Investments in other equity	6	7	0	0	0	0	6	7
Investments in subsidiaries	10,588	8,145	0	0	0	0	10,588	8,145
Loans and receivables including bank balances	97	53	-58	-58	0	0	39	-5
Total result of the investments	17,739	15,580	-326	-302	47	37	17,460	15,315

The investment income is higher compared to the previous year primarily due to an increase in market values, particularly in equity prices during 2024, similar to the trend observed last year. Another main driver of the investment result growth compared to previous year is the rise in dividend income from subsidiaries, as Medlife distributed an additional 2 Mil USD in dividends. Additionally, the USD to EUR exchange rate declined to 1.0389, further contributing to the improved results.

In the reporting year, the annual financial statements drawn up pursuant to the provisions of the IFRS/CCL include profits / losses that were recognised directly in equity as per below table.

Income for the year	2024 kEUR	2023 kEUR
Profit for the year (after tax)	18,818	15,917
Financial Assets OCI	7,862	9,737
Revaluation reserve for bonds positive	83	553
Revaluation reserve for bonds negative	821	2,307
Other comprehensive income	8,766	12,597
Total comprehensive income for the year	27,584	28,514

A.4 Performance of other activities

All material income and expenses were explained in the previous sections. In addition, there are no other material income and expenses that need to be listed in the reporting year 2024.

A.5 Any other information

Any relevant information regarding business and results are incorporated in the previous sections .

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

B.1.1 Appropriateness

The system of governance of GRAWE RE guarantees a solid and prudent company management and is appropriate to the nature, scope and complexity of the business. The appropriateness and effectiveness of the internal control systems and of the other components of the system of governance are regularly checked by the Internal Audit department.

B.1.2 Board of Directors and key functions

B.1.2.1 Board of Directors

The management of the company is the responsibility of the Board of Directors which consists of five Board members (3 executive Board members and 3 non-executive Board members). The company is represented jointly by two members of the Board of Directors.

The allocation of responsibilities within the Board of Directors is defined in the rules of procedures of the company in which also the company management measures are listed that require the prior approval of the shareholder.

As of 31 December 2024, the Board of Directors of GRAWE RE consisted of:

- Dr. Othmar Ederer (Chairman, non-executive Board member)
- Aristodemou Aristodemou, BA, FCCA (General Manager, executive Board member)
- Daniela Uhlmann, MA (executive Board member)
- Dr. Thomas Hlatky (executive Board member)
- Petros Petrides, BSC FCA (non-executive Board member)
- Christos Michael, MA FCCA (non-executive Board member)

Dr. Ederer is supervising the other members of the Board of Directors in his role as Chairman.

The responsibilities of Mr. Aristodemou are the areas of accounting, finance, asset management and HR. In addition, he has the role of the General Manager.

Mrs. Uhlmann is responsible for the areas IT services, marketing, internal reporting and controlling and project management.

The responsibilities of Mr. Hlatky are the areas of life and non-life reinsurance, claims, law and sales.

Mr. Petrides and Mr. Michael form the Audit Committee and are additionally responsible for supervising the Board of Directors.

Each member of the Board of Directors has to present the important issues of the areas of responsibility at the Board meetings to make them subject of joint consultation and decision-making. On demand of a Board member, important matters of another area of responsibility

shall be dealt with in the overall Board; especially the Chairman can submit questions of any area of responsibility submitted to the Board for resolution.

B.1.2.2 Key functions (Governance functions)

In addition to the Board of Directors, the four Governance functions, namely the Risk Management function, Compliance function, Internal Audit function and Actuarial function are set up at GRAWE RE as "key functions".

B.1.2.2.1 Risk Management function

The Risk Management function draws up and defines the risk strategy and determines risk limits. The Risk Management function analyses risk-relevant data, aggregates risks and highlights risk concentrations. In addition, the Risk Management function prepares a report that gives an overview of the company's overall risk situation (ORSA) and updates the existing risk management policies at least annually.

B.1.2.2.2 Compliance function

The Compliance function monitors compliance with the external and internal requirements and advises the Board of Directors in particular with regard to compliance with the regulations valid for operating the business. It assesses the compliance risk and the possible effects of changes to the legal environment to the business of GRAWE RE. It also assesses the appropriateness of the in-house measures at the company to comply with the requirements.

B.1.2.2.3 Internal Audit function

The Internal Audit function provides independent and objective auditing and advising services. For this purpose, it draws up an annual audit plan on the basis of a risk-weighted audit land map that is to be approved by the Board of Directors.

Based on a risk-based audit approach, the Internal Audit department carries out ongoing and comprehensive audits of the legality, correctness and expediency of the entire business operations and audits of the appropriateness and effectiveness of the in-house control systems and of the other components of the system of governance.

B.1.2.2.4 Actuarial function

The Actuarial function carries out coordination, control and consulting tasks. It coordinates the necessary steps to calculate the technical provisions pursuant to the Solvency II regulations and controls the calculation process. In addition, it expresses and explains any concerns with regard to the appropriateness of the technical provisions.

The Actuarial function assesses the sufficiency and the quality of the data that are taken as basis for the calculation of the technical provisions and compares the Best Estimate values with the empirical values.

It provides assistance in the implementation of the risk management system, in particular regarding own risk and solvency assessment.

B.1.3 Material changes in the system of governance

There were no material changes of the system of governance in the reporting period.

B.1.4 Compensation policy and compensation practices

B.1.4.1 Principles of the compensation policy and importance of fixed and variable compensation components

The principles of the compensation policy are aligned to the corporate strategy, the mission statement of the Group, the goals and values as well as the long-term interests and the permanent performance of GRAWE RE and include measures to avoid conflicts of interest. The compensation policy is in line with the business and risk management strategy of GRAWE RE and its risk profile.

The compensation practices are reconcilable with a solid and effective risk management, conducive to it and do not encourage the taking of risks that exceed the risk tolerance thresholds of GRAWE RE. Within the overall compensation, the ratio between fixed and variable components is appropriate, whereat on the one hand the fixed compensation is high enough that an absolute economic dependence of the employee on the receipt of the variable component is avoided, and on the other hand, a flexible policy with respect to the variable compensation components is possible without restriction and thus, also the granting of a variable compensation can be renounced completely.

The variable compensation of the employees working in the Governance functions (Risk Management, Compliance, Internal Audit and Actuarial function) – if there is any - depends, in any case, on the success of the company and is independent of direct performance of the operative units and areas for which they are responsible for.

If employees which have a significant impact on the risk profile of GRAWE RE receive a variable compensation amounting to more than 30% of the annual basis compensation (below that level it is not expected that a significant financial incentive which encourages the taking of excessive risks exists), a retention of an adequate percentage of the variable compensation over 3 years will be applicable.

Employees with a significant impact on the risk profile of GRAWE RE are the members of the Board respectively the Heads of the key functions.

The payment of variable compensation components, with the exception of any variable compensation components to be accrued is made entirely in the form of monetary payments.

Voluntary severance/settlement payments are granted only on an exceptional basis and if, only in accordance with the work performed during the overall period of activity.

Persons subject to this compensation policy are not allowed to follow personal hedging strategies and to make use of compensations-related and liability-related (re-)insurances,

which, if applicable, undermine the risk adaptation effects enshrined in the compensation regulations.

B.1.4.2 Individual and collective performance criteria

At GRAWE RE, the variable compensation components are linked to individual and collective performance criteria.

B.1.4.2.1 Employees without management or earnings responsibility

The so-called "bonus" is a variable compensation component that can be granted for extraordinary performances (e.g. successful project completion) and is paid out as lump sum amount to the employees.

B.1.4.2.2 Executives (including Board of Directors)

Executives can get a variable compensation in form of an annual bonus. The amount of the variable compensation is by contract limited and may not exceed 30% of the annual fixed salary. The performance-related compensation components primarily depend on the earnings and financial position of GRAWE RE and are particularly focused on strengthening the own funds situation and the sustainable safeguarding of the competitiveness.

B.1.4.3 Supplementary pension or early retirement schemes

There is currently no supplementary pension or early retirement schemes for members of the Board of Directors.

B.1.5 Material transactions

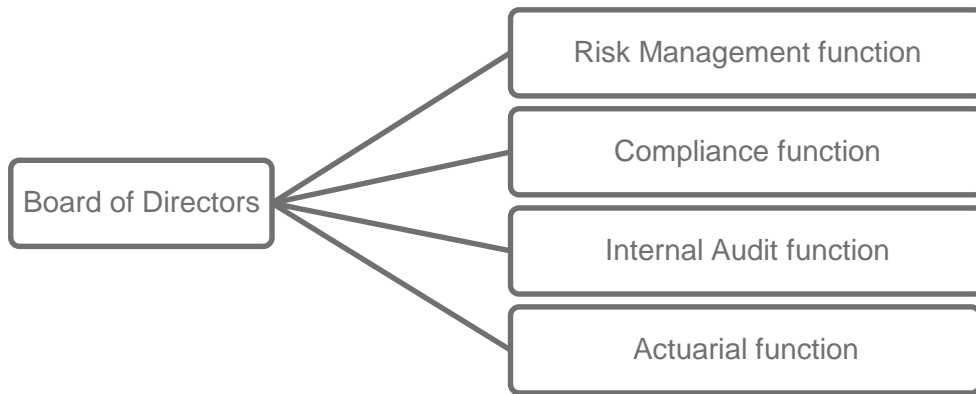
In the reporting period, there were no material transactions between GRAWE RE and its shareholders, persons who exercise a significant influence over the company, or members of the Board of Directors.

B.1.6 Governance structure

At GRAWE RE, Governance functions have been set up. Due to the limited size of the company a Governance Committee will be established in the future only if required by law or due to the size of the company.

B.1.6.1 Organisational integration

In the following, the integration of the system of governance in the business organisation of GRAWE RE is depicted in graphical form:



B.1.6.2 Authorisations, resources and operational independence

The Heads of the Governance functions have the authorisations and resources required to carry out their respective function. They are appropriate to the nature, scope and complexity of the business of GRAWE RE.

The Heads of the Compliance function, Risk Management, Internal Audit function and Actuarial function are professionally independent and report directly to the Board of Directors. For the Actuarial function and Internal Audit function personnel leasing agreements exist with Grazer Wechselseitige Versicherung AG.

All Heads of the Governance functions can only be appointed, re-appointed or dismissed by the overall Board of Directors.

B.1.6.3 Reporting and advising

B.1.6.3.1 Risk Management function

The reporting differentiates between the standard reporting at defined dates (annually or quarterly) and the ad-hoc reporting.

The standard reporting by the Risk Management function is divided into the risk assessment for the following year carried out once a year as part of the planning process of GRAWE RE (risk assessment) and the quarterly reporting of the risks occurred in the accounting year (risk reporting). The reports are made by the persons responsible for the risk (Risk Owners) to the risk management. The risk management creates risk reports that are (if material risk occurred) communicated to the Board of Directors.

In addition to the standard reporting, there is also a so-called ad-hoc reporting.

Furthermore, an ORSA report is created at least once a year by order of the Board of Directors and communicated to the Board of Directors for approval. The recipients of the report are, in addition to the Board of Directors, the Governance functions and the supervisory authority (SI).

The Risk Management function advises the Board of Directors on risk-relevant issues and proposes corresponding measures and cross-departmental measures to limit risks and their monitoring.

B.1.6.3.2 Compliance function

The reporting obligations of the Compliance function are the responsibility of the Compliance Officer as well as the compliance contact persons and incorporate the regular reporting and the ad-hoc reporting. The Compliance Officer sends a written report (Compliance annual report) to the Board of Directors once a year. In addition, the Compliance Officer reports to the Board of Directors immediately on important compliance issues (ad-hoc Compliance Report).

The reporting by the Compliance contact persons is done in the course of the risk management process. In addition, the Compliance contact persons report to the Compliance Officer on a quarterly basis on the compliance risks, compliance measures and the other compliance topics that relate to their area of responsibility. The results are incorporated into the annual report of the Compliance Officer. Important compliance topics are to be reported to the Compliance Officer immediately.

The Compliance function advises the Board of Directors in particular with regard to compliance with the regulations valid for the operation of the business and with regard to the implementation of compliance measures.

B.1.6.3.3 Internal Audit function

Promptly after completion of an audit, the internal audit function creates an audit report on the results of its audit activities. The reports are to be communicated to the overall Board of Directors. The approved audit reports will be distributed to the managers of the audited or affected divisions/departments.

Irrespective of these reports, the Internal Audit function has the obligation to inform the Board of Directors immediately, whenever the continuity, development or the viability of the company may be vulnerable or affected significantly. An immediate reporting is also mandatory, whenever a recorded interference with extensile dimensions must be corrected in time or its extension must be limited.

In the context of consultancy services, the Internal Audit function provides support for projects (in particular consulting regarding the design of internal control systems and implementation of projects) and workflows, in particular in respect of IT-support, in order to ensure compliance and to achieve the implementation of adequate controls.

B.1.6.3.4 Actuarial function

The Actuarial function draws up a written report to the Board of Directors and the supervisory authority once a year. The report documents the tasks carried out by the Actuarial function as well as the generated results and defines any defects clearly and unambiguously and contains recommendations on the elimination of such defects.

According to the LAW the tasks of the Actuarial function are as follows:

- Coordinate the calculation of technical provisions.
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions.

- Assess the sufficiency and quality of the data used in the calculation of technical provisions.
- Compare Best Estimates against experience.
- Inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions.
- Oversee the calculation of technical provisions in the cases set out in section 88.
- Express an opinion on the overall underwriting policy.
- Express an opinion on the adequacy of reinsurance arrangements.
- Contribute to the effective implementation of the risk-management system referred to in section 45, in particular with respect to the risk modelling underlying the calculation of the capital requirements set out in the Sixth Chapter, Sections 4 and 5 of this Part, and to the assessment referred to in section 46.

The Actuarial function submits information about the calculation of the technical provisions to the Board of Directors. These contain an analysis of the reliability and appropriateness of the calculation and of the uncertainty that the estimate of the technical provisions contains.

B.2 Fit and proper requirements

B.2.1 Requirements of skills, know-how and expertise

B.2.1.1 General

With regard to the qualification of members of the Board of Directors and key function holders, the knowledge acquired through theoretical training and practical experience has to be taken into account. Within the Board of Directors, the allocation of responsibilities is fundamental.

Regarding key function holders, it has to be taken into account that their requirements are to be applied also to the deputies of the functions (if existent) accordingly proportional to the duration of the representation as well as the nature, extent and complexity of the business activity.

B.2.1.2 Board of Directors

B.2.1.2.1 Training and professional experience

Requirements for the professional qualification of Board members: Graduation from relevant professional degree programs/courses and/or external or internal trainings or corresponding education and further training.

At least two board members shall have adequate professional experience as a leader or expert; experience shall be assumed if a managing position for at least ten years at GRAWE Group or an insurance or reinsurance undertaking of comparable size and type of business is certified. For further members, experience in other areas which are essential for running the (re-)insurance business and a leading position in corresponding companies are sufficient.

B.2.1.2.2 Know-How

Members of the Board of Directors must have know-how in the areas of (re-)insurance and financial markets, business strategy and business model, system of governance, financial analysis (accounting) and actuarial analysis as well as supervisory law and regulatory requirements.

In this context the Board of Directors must be considered in its entirety as adequately fit. Individual members with pronounced specialist know-how can compensate – particularly with regard to the allocation of responsibilities - less pronounced know-how of other members in these areas.

B.2.1.3 Key function holders

B.2.1.3.1 Training and professional experience

The holders of key functions have training specific to their field or sufficient professional experience. A specialist qualification sufficient for the respective area of responsibility in the areas relevant for insurance and reinsurance companies is usually at any rate to be assumed if a relevant degree has been completed and evidence is provided of at least three years of relevant professional experience.

If these requirements are not met, it is to be checked in individual cases whether the respective person has sufficient theoretical and practical knowledge. In this case, a different relevant training can be seen as sufficient instead of a relevant degree course.

B.2.1.3.2 Know-How

Detailed knowledge is required for the Heads of a Governance function. This includes know-how in the area of (re-)insurance and financial markets, business strategy and business model and the knowledge of the general regulatory conditions according to the respective function.

The Head of the Risk Management function, the Head of the Compliance function and the Head of Internal Audit function must have know-how in the area of the system of governance.

The Head of the Risk Management function and the Head of the Actuarial function have to have knowledge in the areas of financial analysis (accounting) and actuarial analysis (the risk management only to a limited extent). In addition, the Head of the Actuarial function has the necessary know-how of insurance mathematics and financial mathematics that is appropriate to the nature, scope and complexity of the risks associated with the business of GRAWE RE as well as relevant experience with regard to applicable professional and other standards.

B.2.2 Procedures for the fit and proper evaluation

B.2.2.1 Board of Directors

The overall Board of Directors is responsible for the fit and proper evaluation of members of the Board of Directors. The responsible Board member for HR can be entrusted with operational tasks such as the obtaining, forwarding and preparation of documents.

The aptitude assessment for new members of the Board of Directors has to be done before they are appointed, so that the overall Board of Directors can take the result of the aptitude assessment as basis for their decision. For the aptitude assessment a detailed CV, qualification certificates (highest qualification) and/or references for relevant professional experience (duration and content) and an actual criminal record certificate have to be submitted.

Before the appointment, a hearing can take place during which the members of the Board have the opportunity to also ask verbal questions to the candidate. The notification to the SI is to be made latest immediately after the new Board member has been appointed (but if possible already one month before the appointment).

B.2.2.2 Key function holders

The final decision regarding the appointment of key function holders is taken by the Board of Directors whereas the Board member responsible for HR can refer to other resources and/or departments (e.g. Internal Audit) to assess the specialist aptitude.

The documents and the results of the aptitude assessments will be documented/filed by the Board member responsible for HR.

All potential new employees undergo a multi-stage and structured application procedure, which includes besides psychometric, qualification-diagnostic potential analysis instruments also semi-structured interviews or aspects of assessment procedures.

The aptitude assessment for new key function holders is done in the course of an internal or external recruiting process. For the aptitude assessment a detailed CV, a structured HR questionnaire, qualification certificates (highest qualification) and/or references for relevant professional experience (duration and content) and an actual criminal record certificate have to be submitted.

The notification to the SI is to be made immediately after the appointment of the key function holder.

B.3 Risk management system

Risk management refers to all measures regarding the identification and management of risks that GRAWE RE is exposed to and therefore all harmonized and coordinated regulations, measures and procedures for the identification, monitoring and averting risks.

The task of the risk management is not to prevent risks, but to enter into risks in a conscious and goal-oriented manner and to systematically assess, control and monitor these undertaken risks and to prepare alternative measures in order to promptly counteract any threatening developments.

One goal of risk management is to create a company-wide risk culture, i.e. risk awareness in all decisions and actions in the business procedure.

Awareness of risks at all levels of the company is therefore necessary and involves basically all employees. A corresponding information and training is already implemented for new and existing employees within the framework of basic training of GRAWE RE.

B.3.1 Risk strategy

The following risk-related principles of GRAWE RE can be derived based on the business principles explained in section A.1.1:

1. Safeguarding the continuance and sustainable prosperity of the company
2. Safeguarding the financial objectives
3. Achievement of the strategic objectives
4. Compliance with the legal provisions
5. Customer oriented service

The sustainable equipment with own funds and its safeguarding are key factors for ensuring the continuance of the company.

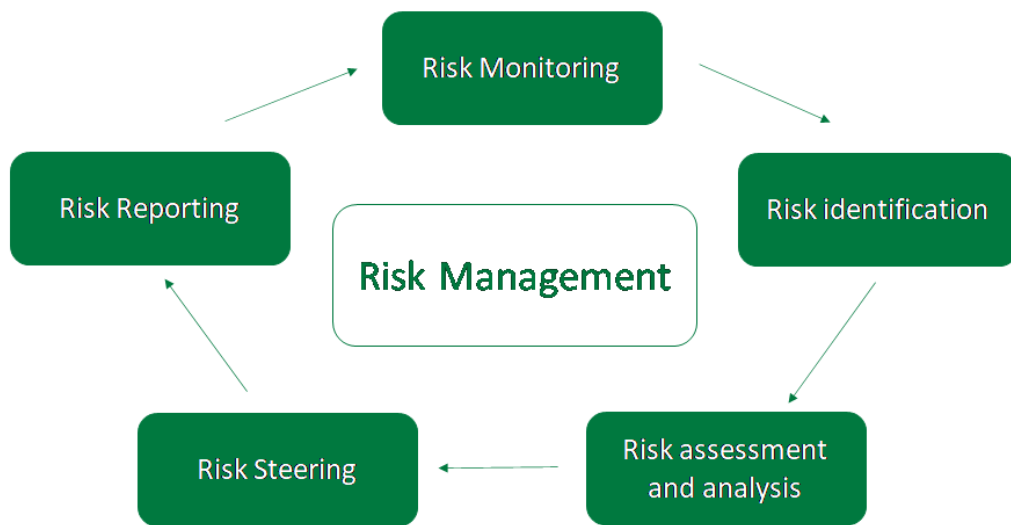
The harmonization of the business strategy and the risk strategy takes place in the course of the annual planning as well as regularly through the calculation of key figures and own funds and according to the Solvency II standard formula.

Furthermore, conclusions with regard to the equipment of own funds are drawn based on the multi-year-planning within the ORSA process, and with scenario analysis it is analysed if the required minimum capital requirement is also ensured for the company in an adverse market environment.

The risk management and the internal control systems of GRAWE RE are aligned with the strategy of the company and thus ensure that both the financial and the strategic objectives are achieved as well as the statutory solvency requirements are fulfilled. These goals can be achieved through mature and functional internal control and risk management systems that are according to the Group standard.

B.3.2 Risk management process

The individual steps of the risk management process can be seen in the following chart.



The first step in the risk management process is the **risk identification**. It involves an analysis of the current situation of the risk management by scrutinising critical areas of the company as well as processes and by identifying risks in core processes and finding corresponding measures to mitigate or prevent risks.

The main focus here is predominantly on the risks with the potentially greatest financial effects.

At first the identified risks are classified into risk categories and into underlying individual risks. The categorisation simplifies the reconciliation and analysis of the risks as well as their steering.

During the initial identification of the risks of GRAWE RE, clear responsibilities for the risks were defined; whereby the assigned risk owners are responsible for the evaluation and the steering of these risks.

To assess the overall risk profile, a time horizon of one year and beyond that a three-year risk perspective pursuant to the planning horizon of GRAWE RE is used.

In order to standardise the identification and evaluation of the risks within the individual departments of GRAWE RE, guidelines for the evaluation of potential risks and those that have already occurred will be provided besides a uniform risk list.

The second step in the risk management cycle is the **risk assessment and analysis**. As far as possible, the identified risks are quantified. Qualitative assessments are used for risks that cannot be quantified or are difficult to quantify (such as in the area of operational risks).

The assessment of the potential risks is carried out in the form of expert estimations by using risk evaluation matrices based on risk level and probability of occurrence (=risk assessment).

The selection of the risk level and the probability of occurrence results in the expected value of a risk per year. The standard risk assessment of the potential risks is implemented once a year as part of the planning process (third quarter).

In addition, in the risk analysis the materiality of the identified risks is defined and a risk ranking is carried out. In further analyses and in the determination of suitable risk steering measures, it will be especially focused on the material risks of GRAWE RE.

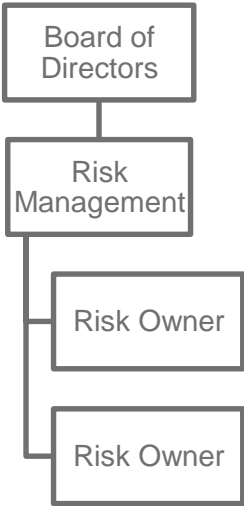
After the risk evaluation and analysis, the **risk steering** follows. During the risk steering, the risk profile, the internal overall solvency needs and the internal defined risk limits will be merged. It is to be ensured that the material risks are subsequently covered with corresponding capital resources. This is ensured by transferring risk-relevant information into corresponding measures (such as a withdrawal from certain business fields or the adaptation of products or in the investment). In doing so the principle of economic efficiency is taken into account.

As part of the **risk reporting** a standard reporting on set dates (i.e. annual, quarterly) or an ad hoc reporting can take place. Thereby, risks that have occurred and also have been reported within the risk assessment are reported within the standard reporting. In case of a significant change of the risk situation ad hoc reports are used.

Another step in the risk management process is the **risk monitoring**. The risk monitoring of the identified risks is the responsibility of the defined risk owners and is done on one hand by checking the compliance of risk limits and on the other hand by continuously monitoring the risk indicators. In addition, the effectiveness of the implemented risk-limiting measures and the development of the (re-)insurance and capital market are monitored in order to react as quickly as possible to changes.

B.3.3 Implementation of the Risk Management function

The Risk Management function is implemented organisationally as follows:



The Risk Management function is well integrated into the organisational structure and in the decision-making processes of GRAWE RE and is sufficiently independent in pursuing of its activity.

The Risk Management function is represented in various corporate management bodies such as various annual meetings organised by the Group, planning and forecast meetings, risk meetings with the Board of Directors and also has access to extensive information for

assessing the risk situation. Furthermore, there is a regular exchange of information between the Board of Directors and the Risk Management function on current risk-relevant topics.

The Risk Management function reports directly to the overall Board of Directors and can only be appointed, re-appointed or dismissed by Board of Directors. For details on the Risk Management function, it is referred to section B.1.

The overall Board of Directors is responsible for the implementation of an appropriate risk management system.

The responsibilities in the risk management process are regulated as follows:

The evaluation, steering and monitoring of the individual risks are done by the **Risk Owners**. The identification and evaluation of the risks in connection with reserving is the responsibility of the **Actuarial function**. The latter also audits the appropriateness of the methods used.

As already stated in B.1.2.2, the risks related to compliance are identified and assessed by the **Compliance function**.

The **Internal Audit** creates a risk-oriented audit planning and assesses the effectiveness of the risk management system during its audits.

The **responsible Board member for HR** department implements the compensation policy that, among others together with the risk strategy serves the goal of guaranteeing a prudent management of the company and strengthening the effectiveness of the risk management.

The **Risk Management** is responsible for the coordination and the support of the risk owners and the merging of the results in order to determine the overall risk profile of GRAWE RE.

With regard to the main tasks and responsibilities of the Risk Management function, it is referred to section B.1.2.2.1. The authorisations, resources and operational independence are described in section B.1.6.2.

The reporting lines start on the one hand from the Risk Owners to the Risk Management and on the other hand from the Risk Management function to the overall Board of Directors. The reporting and advising by the Risk Management function are depicted in section B.1.6.3.1

B.3.4 Risk management for users of Internal Models

For the calculation of the solvency capital requirement according to Solvency II (Pillar 1), GRAWE RE only uses the standard formula.

B.3.5 Own risk and solvency assessment

The main goal of the own risk and solvency assessment (in brief ORSA) is the depiction of the real risk and solvency situation of the company according to the solvency requirements (Solvency II), whereby both the strategic, financial and technical goals of the business strategy and the risk limits of the risk strategy are taken into account.

Therefore, any material risk of GRAWE RE is taken into account, no matter if they can be quantified or not.

The ORSA links the risk management system with the company control and forms a linkage between the areas capital requirement, supervision and internal control as well as disclosure. This is done in compliance with the business strategy, taking into account the risk and capital management strategy. In the process, a forward-looking, future-oriented perspective is also taken into account in order to be able to include potential future risks in the overall risk analysis.

In the course of the review of the risk-bearing capacity, the internal solvency ratio is determined by comparing the overall solvency needs (= internal solvency capital requirement) and available own funds.

The ORSA is a fundamental control instrument for the Board of Directors and a central source of information for the other key functions of GRAWE RE as well as for the SI.

The ORSA process is configured taking into account the nature, scope and complexity of the risks of GRAWE RE.

In addition, there is a comparison between the results of the calculation of the solvency capital requirements according to Solvency II (SCR of Pillar 1) and the results of the calculation from the company-internal view as well as an assessment of a continuous compliance of the SCR and MCR and an assessment whether the requirements of the calculations of technical provisions are satisfying.

B.3.5.1 Description of the ORSA process

The ORSA process of GRAWE RE starts with the definition of the risk strategy. This must be done in accordance with the business strategy. In addition, the risk limits and the risk appetite are defined and already available limits are reviewed.

Within the calculation of the risk-bearing capacity, the overall solvency need is compared with the available own funds according to Pillar 1. The own funds are classified according to their quality into the so-called tier categories 1 to 3, whereby GRAWE RE only has own funds of the highest quality (therefore Tier 1). This results into an internal solvency ratio for a year.

The future perspective matters fundamentally in the ORSA process. The results of multi-year perspective are summarised in the ORSA report. However, the results influence the business and risk strategy and can, if applicable, result in an adjustment of the business and risk strategy.

Another part of the ORSA report considers the review of the appropriateness of the SCR calculations and/or SCR assumptions. This is also done in the course of the ORSA process by comparing results of Pillar 1 and Pillar 2. In addition, the compliance with regulations regarding technical provisions is checked in the course of the ORSA process and explained in the ORSA report.

The underlying assumptions for the ORSA risk evaluations and risk calculations as well as the results and findings from the ORSA process and from the SCR calculation are summarised in the ORSA report and discussed within various management bodies of GRAWE RE and approved by the Board of Directors.

These assumptions, results and findings are incorporated into management decisions and can result into adjustments of the business and risk strategy. After adoption of the ORSA report by the Board of Directors, this report is sent to the SI within two weeks.

A key point of the ORSA process - particularly when determining the overall solvency needs - is the assurance of the data quality. In GRAWE RE, this is ensured through uniform systems within GRAWE Group by using automatic or largely automatic interfaces, exact definitions of the individual data and audit-proof of the data but also by having close collaboration between the Governance functions and any other areas affected by the ORSA process.

B.3.5.2 Organisational structure and decision-making processes in the ORSA

The overall responsibility for an effective ORSA process lies within the overall Board of Directors. There is an ongoing reporting to the Board of Directors, assumptions about the planning figures for the business planning requirements for pillar 2 are discussed/agreed with them. This means that the Board of Directors has to be able to relate to the assumptions of the ORSA calculations, to scrutinise the results and consequently to derive management decisions. These in turn are incorporated into the ORSA process as a new basis.

In addition, the Board of Directors can decide to conduct an ad-hoc ORSA in the case of a significant change of the risk situation or the risk profile.

The Risk Management function coordinates and implements the ORSA process. With regard to the organisational structure and decision-making processes of the Risk Management function, reference is made to the section B.3.3.

B.3.5.3 Frequency of the ORSA

As a standard procedure, the ORSA process is carried out once a year, taking into account the planning cycle of GRAWE RE. The ORSA report is approved by the Board of Directors. The findings from the ORSA report are incorporated in turn into the business and risk strategy and in the decisions by the Board of Directors.

If significant changes result in the risk profile and/or in the available own funds of GRAWE RE, an ad-hoc ORSA (=not a regular ORSA) will be launched directly. Such changes can be triggered by internal decisions and factors (such as a fundamental change in the investment policy, the commencement or termination of a fundamental business field or the purchase or sale of a fundamental strategic investment) or also by external factors.

B.3.5.4 Determination of the overall solvency needs

The risk profile of GRAWE RE is derived from the risk evaluations of the risk assessment in the risk management process (cf. section B.3.2). In addition, the results of the SCR calculations according to the standard formula are analysed.

For the determination of the internal overall solvency needs, own internal methods are developed on the basis of "Value at Risk" calculations with a confidence level of 95% for one year (in brief: "VaR95") for the largest risk positions (from the risk assessment and/or from the SCR calculation) and/or internal stress tests and scenario analyses are carried out.

The largest risk position in GRAWE RE is the market risks and the underwriting risk Life for which therefore "VaR95" calculations have been carried out in GRAWE RE. The remaining risks are predominantly evaluated using expert estimations. It should be noted that all material risks are included in the calculation of the overall solvency need, including those that are not taken into account in the standard formula. In addition, risks that are not adequately depicted in the standard formula such as the risk-free assessment of OECD government bonds are replaced with an evaluation in line with risk.

The overall solvency needs from the company-internal risk view result from the aggregation of the material risks determined. The risks are aggregated in the ORSA process, taking into account the correlation matrices of the standard formula of Pillar 1.

The projection of the overall solvency needs GRAWE RE is done based on the existing three-year planning in the form of IFRS planning and represents a market value planning.

B.3.5.5 Interaction between capital management and risk management

As already explained in section B.3.5.1, in the calculation of the risk-bearing capacity, the overall solvency needs determined are compared with the available own funds as of the defined reference date. In addition to the quantity of the own funds, their quality and volatility (Tiering) are also relevant.

GRAWE RE only has own funds of the best tier category (Tier 1). Also the goal of GRAWE RE is to only have Tier 1 equity in the future.

In addition, it is ensured that there are realistic plans in increasing of own funds. This is done through a mid-term capital management plan that is set up annually, including forecast for the own funds and capital requirements. In the capital management plans the information from the risk management system and the ORSA report are to be taken into account. In addition, there is a detailed annual plan for the following year that includes the eligible own funds and the own funds requirement. This detailed plan is submitted to the overall Board of Directors along with the ORSA report.

If the forecasts reveal that the solvency ratio of GRAWE RE threatens to fall below the internally defined threshold, a corresponding corporate action plan has to be developed.

B.4 Internal control system

B.4.1 Description

The overall Board of Directors is responsible for setting up, monitoring and adapting an appropriate and effective internal control system on an ongoing basis that guarantees compliance with the valid legal and administrative regulations of GRAWE RE, the effectiveness and efficiency of the business activities with regard to the company goals and the availability and reliability of financial and non-financial information.

The internal control system is based on the "three lines of defence" concept.

The first line of defence is formed by the risk owners (asset management, underwriting, claims handling, IT, etc.). They take the immediate operational decisions to control risks in order to comply with the set goals and limits. The second line of defence is formed by the Risk Management function, the Compliance function and the Actuarial function. The third line of defence consists of the Internal Audit department that audits and evaluates the effectiveness and efficiency of the internal control system on an ongoing basis and assists in the further development of effective controls in particular through follow-up audits.

The internal control system incorporates, among others, administrative and accounting procedures, an internal control framework, an appropriate notification and reporting system on all levels of GRAWE RE as well as a Compliance function.

The centralised documentation of the fundamental core processes, including the described checks, the coordination, checks of completeness for the updating and development of the internal control system is the responsibility of the qualified department.

The Risk Management department initiates the process of depicting the core processes and supports the process managers and/or employees in the depiction of the process. Through allocation of the documented activities to specific roles, the responsibility for carrying out the controls is clearly defined.

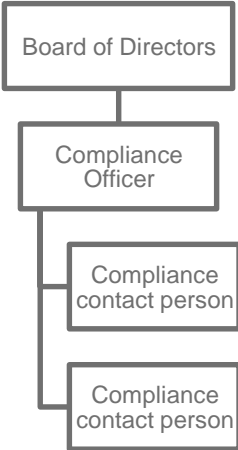
The risks identified in the processes, the corresponding controls, IT systems, roles and documents are managed in uniform "pool models" in order to gain a better overview on the one hand and to standardise terms on the other.

The internal control system of GRAWE RE consists of a large number of controls, where the most important ones are signing regulations, a consistent four eye principle, an adequate separation of functions, a limit setting and internal guidelines.

B.4.2 Implementation of the Compliance function

The Compliance function is part of the internal control system.

The Compliance function in GRAWE RE is exercised within the framework of a decentralised compliance organisation that can be depicted as follows:



The overall Board of Directors ensures an appropriate organisation of the Compliance function. In this process, it pays attention to the Compliance function being sufficiently resourced and

being able to act independently. The overall Board of Directors is responsible for the implementation of the compliance requirements pursuant to Solvency II and decides on compliance-relevant measures and orders.

The Compliance Officer is the responsible Head of the Compliance function. He reports directly to the overall Board of Directors, is independent and free of instruction with regard to his field of expertise. In the event of absence of the Compliance Officer, his tasks and authorisations will be carried out by his deputy.

The Compliance contact persons carry out the Compliance function for their respective corporate area and ensure that all relevant compliance topics are covered.

With regard to the main tasks and responsibilities of the Compliance function, reference is made to section B.1.2.2.2. The authorisations, resources and operational independence are described in section B.1.6.2.

The reporting and advising by the Compliance function are depicted in section B.1.6.3.2.

B.5 Internal Audit function

B.5.1 Implementation of the Internal Audit function

In GRAWE RE, the Internal Audit function has been set up to carry out and to report directly to the overall Board of Directors which ensures an appropriate organisation and set up of the Internal Audit. It decides which measures are to be taken based on the findings by the Internal Audit and ensures that these measures are implemented.

The Head of the Internal Audit has to carry out the tasks of planning, controlling, monitoring and representing externally the Internal Audit. In his absence, he is represented by his deputy.

With regard to the main tasks and responsibilities of the Internal Audit function, reference is made to section B.1.2.2.3. The authorisations, resources and operational independence are described in section B.1.6.2.

The reporting and advising by the Internal Audit are depicted in section B.1.6.3.3.

B.5.2 Objectivity and independence

The Internal Audit carries out its tasks autonomously, independently, objectively, impartially and above all process-independently. The employees of the Internal Audit department only work for the Internal Audit department and are entrusted with no other tasks. They are not subject to instruction from any other department when carrying out the audit, the reporting and the evaluation of the audit results. The Internal Audit is not influenced when determining the scope of the audit, the executing of the order and during the reporting.

The members of the Internal Audit proceed in an impartial and unbiased manner when carrying out their audit work. The prohibition of self-auditing is complied with and conflicts of interest that occur are disclosed.

B.6 Actuarial function

The Actuarial function at GRAWE RE reports directly to the overall Board of Directors and is independent in its subject matter. The Board of Directors ensures an appropriate organisation and set up of the Actuarial function. It decides which recommendations from the Actuarial function are to be complied with to eliminate deficiencies, and ensures that these recommendations are implemented.

With regard to the main tasks and responsibilities of the Actuarial function, reference is made to section B.1.2.2.4. The authorisations, resources and operational independence are described in section B.1.6.2.

The reporting and advising by the Actuarial function are depicted in section B.1.6.3.4.

B.7 Outsourcing

B.7.1 Outsourcing policy

Outsourcing within GRAWE RE is defined as follows:

An outsourcing can be a simple outsourcing or an outsourcing of a critical or important operational function or activity (hereinafter also: "critical outsourcing").

A critical or important operational function or activity is a function or activity which GRAWE RE cannot continue its business activity without any material impairment, or perform continuously and satisfactory service to contractual partners or cannot meet material governance requirements.

An outsourcing of a critical or important operational function or activity results in requirements that have to be met additionally to the requirements of a simple outsourcing. The obligations of GRAWE RE regarding outsourcing therefore depend on whether a simple outsourcing or a critical outsourcing exists. At any rate, including intra-group outsourcing, GRAWE RE remains responsible for the fulfilment of all requirements under supervision law.

GRAWE RE does not carry out the outsourcing of a critical or important operational function or activity if this means a material impairment of the quality of its system of governance or an undue increase of the operational risk. Furthermore, such an outsourcing may not jeopardise the monitoring of the compliance with the regulations valid for the operation of the reinsurance by the SI or the permanent and defect-free provision of the service to contractual partners.

Regarding each outsourcing, it is regulated in the corresponding outsourcing contract that the service provider collaborates with the SI with regard to the outsourced task and that GRAWE RE, its auditors for the annual financial statements and the SI have access to the data and the business premises of the service provider with regard to the outsourced task.

B.7.2 Outsourcing of critical or important operational functions or activities

GRAWE RE has outsourced as of 31 December 2024 just two critical or important operational functions or activities, the Asset Management and IT services, to its mother company Grazer Wechselseitige Versicherung AG.

B.8 Any other information

Any important information regarding the governance system is described in the relevant section.

C. RISK PROFILE

A risk profile is the entirety of all risks that a company is exposed to on a certain reference date, taking into account the business planning horizon. The conditions under which the existence of GRAWE RE could be at risk can be derived from it.

In order to illustrate the risk profile of GRAWE RE, all risks entered into as well as potential risks are recorded individually and on aggregated basis, whereby the implemented risk mitigation techniques and other measures are taken into consideration.

To determine the risk profile, the largest risk positions from the internal risk assessment - cf. sections B.3.2 and B.3.5.1 are analysed and prioritised. In addition, the results from the calculations of the statutory solvency capital requirement (SCR) are analysed.

To limit the risks, GRAWE RE has defined internal risk limits. These are the limits that the company has imposed upon itself when entering risks. The compliance with the limits is on one hand attained by a well-functioning internal control system and on the other hand by efficient risk mitigation techniques.

In case this internal limit is breached, an escalation process is started in which it is precisely defined who has to be informed and what measures have to be taken in order to reduce the risk again as quickly as possible.

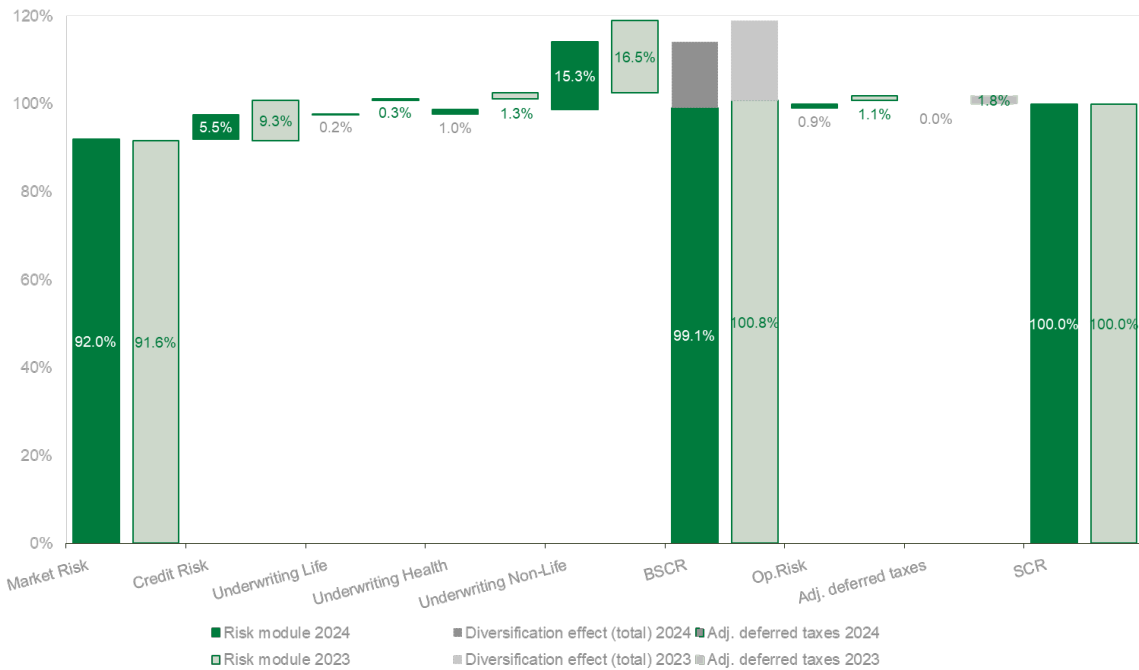
The database for the determination of the risk profile of GRAWE RE is the result of the determination of the internal overall solvency needs and the result of the calculation of the solvency capital requirement (SCR) of the standard formula as of 31 December 2024. With regard to the calculation of the solvency capital requirement, reference is made to the statements in section E.2.

GRAWE RE does not transfer any risks to special-purpose vehicles and does not hold any participation in such either. There are no off-balance-sheet positions as of the reference date 31 December 2024.

Neither company-specific parameters, nor the matching adjustment nor the volatility adjustment are applied.

The risk profile from the **SCR result** as per 31 December 2024 is comprised as follows:

Distribution of the SCR among the risk modules (SCR)
without diversification effect as of 31.12.2024 and 31.12.2023



The material risk positions of the SCR calculation are the market risk followed by the underwriting risk Non-Life and credit risk. The detailed risk values of the SCR calculation can be found in section E.2.

Materiality

At GRAWE RE, risks are classified as material if they have been assessed either in the "critical/red area" within the internal risk assessment or exceeded the threshold of 10% of the SCR on a sub-module basis after diversification. These include in any case the market risks as well as underwriting risk Non-Life.

With regard to the assessment of the materiality criteria, it should be noted that individual risks that are not assessed as material can exceed the limit threshold cumulatively.

In order to give a more detailed overview of the risk profile of GRAWE RE, all risks that meet the aforementioned criteria are explained in this report.

C.1 Underwriting risk

Underwriting risk is defined as the risk of loss, or adverse change in the value of (re-)insurance liabilities, due to inadequate pricing and provisioning assumptions. In the following, only underwriting risk Non-Life reinsurance is being assessed as underwriting risk Life and Health are not deemed to be material. The underwriting risks of **Non-Life reinsurance** of GRAWE RE are comprised of the following risks:

- Premium and reserve risk
- Catastrophe risk.

Premium risk (= underwriting risk) are risks in which the realization of the technical results deviates from the expectation of the current financial year (e.g. due to a high amount of mass damages, numerous major damages and natural disasters, etc.).

The **reserve risk** describes the uncertainty that is associated with the forecast of the settlement of already incurred losses (e.g. incurred but not reported [IBNR] claims, legislative amendments, high increase in inflation, and increased cost on individual claims).

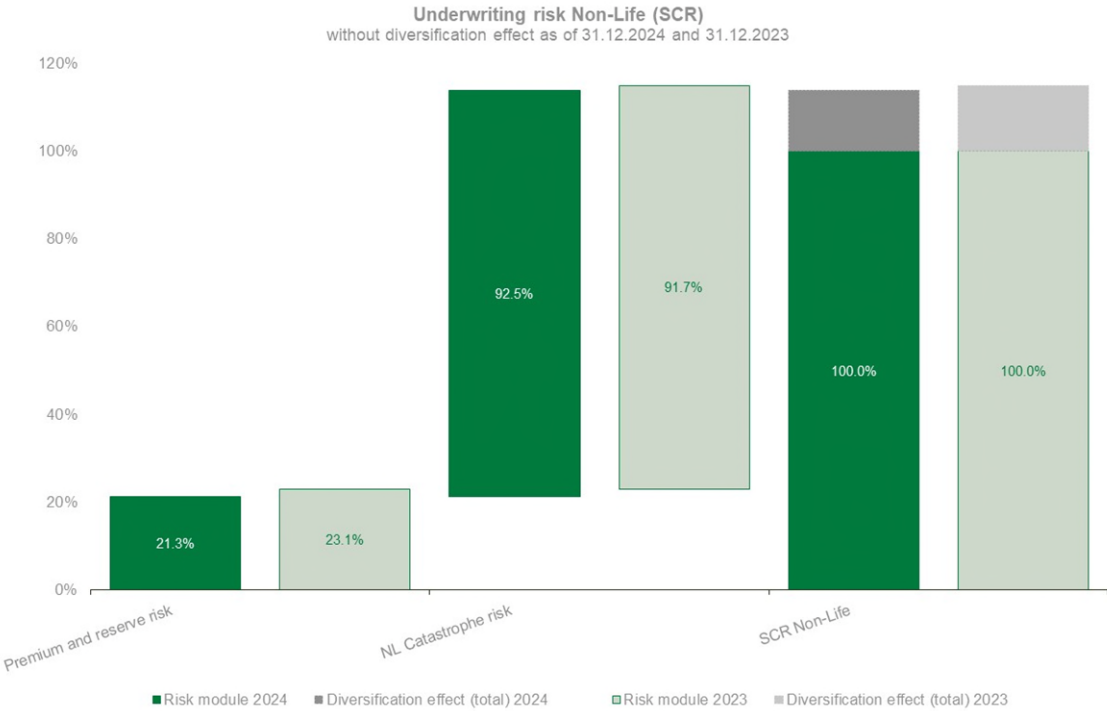
In the **catastrophe risks Non-Life** a differentiation is made between natural catastrophe risks, that include incidents caused by flood, hail, earthquake and windstorm, and disasters that are man-made (such as fire or liability).

GRAWE RE does not operate in the health reinsurance business itself. The risks of the income protection reinsurance are assigned according to the standard formula to the underwriting **Health similar to Non-Life** as following:

- Premium and reserve risk from Health similar to Non-Life and
- Catastrophe risk

C.1.1 Risk exposure

Underwriting risk Non-Life



The **Underwriting risk Non-Life** has a material impact on the risk profile of GRAWE RE with 15.3% (2023: 16.5%) of the total SCR that is attributable mostly to the Non-Life catastrophe risk with a share of 92.5% (2023: 91.7%) on the SCR Non-Life. The remaining 21.3% (2023: 23.1%) are attributable to the premium and reserve risk. In general, the development of underwriting risk Non-Life is rather stable due to the steady business.

In GRAWE RE the **premium and reserve risk** in the area of underwriting Non-Life consists of the fire and other property divisions and general liability reinsurance.

The **catastrophe risk Non-Life** results from the natural catastrophes windstorm, flood and hail and from the man-made scenarios (fire and liability).

For the internal risk analysis, specific scenarios are simulated at GRAWE RE based on the reinsurance portfolio for natural and man-made catastrophes. Due to the existing portfolio structure and the maximum burden of losses for GRAWE RE that may arise out of the reinsurance treaties, the respective amount for the single scenario events is relatively low.

Underwriting risk Health

The **Underwriting risk Health** results solely from the income protection reinsurance. The risk is assigned to Health similar to Non-Life, from which 92.1% (2023: 93.5%) result from premium and reserve risk and 7.9% (2023: 6.5%) from health catastrophe risk which is determined by the mass accident scenario.

Underwriting risk Life

Underwriting risk Life is not deemed to be material, which is due to the nature of the reinsurance treaties, which are concluded with a duration of one year.

Prudent Person Principle applied on the coverage of technical provisions

The Prudent Person Principle stipulated in Article 139 of the LAW requires security, quality, liquidity and profitability for all assets as well as a sufficient and adequate coverage of the technical provisions. The assets that are held to cover the technical provisions are invested in the best interest of the reinsured persons and the shareholders.

In the **Life reinsurance** area, the concrete investment objective is dependent on the factors average actuarial interest rates, free equity capital in conjunction with the fluctuation of the value of the portfolio resulting from the target return and the structure of the liability side. The goal is the payment of any claims that may arise in the life reinsurance treaties, whilst minimising the investment risk and taking into account the risk-bearing capacity of the company.

In the **Non-Life reinsurance** area, the specific investment goal is not subject to any minimum interest rates but rather having investments that can be easily converted into cash in case of large claims due to natural disasters, etc. A risk-appropriate profit is strived for at reasonable risk.

Technical provisions indicate in the balance sheet of (re-)insurance companies' future obligations from reinsurance treaties in accordance with the statutory regulations for valuation. They must be also formed in the annual financial statement, if necessary, in a way to permanently ensure the obligations from reinsurance contracts.

The business accepted by GRAWE RE is predominately stemming from GRAWE Group members (90% of the business) and mainly has proportional quota share character. Thus, GRAWE RE as reinsurer recognizes its share of the original technical reserves of the ceding entities given in the reinsurance statements. As within GRAWE Group, the same standards

and systems are applied and the underwriting follows a very conservative approach, the original reserves given within the reinsurance statements are known to be sufficient and do not require any additional reserves.

The **coverage requirement** comprises of the technical provisions in life and non-life. In life reinsurance, the coverage requirement must always be met in full by the assets earmarked for life provisions. In the non-life business, it is in general ensured for the long-tail divisions (such as liability or accident) that the assets match the term of the technical provisions as closely as possible.

The Prudent Person Principle applied on the coverage of technical provisions is ensured through the measures indicated above.

C.1.2 Risk concentration

Risk concentrations can jeopardise the solvency or liquidity of the (re-)insurance company. They can, for instance, arise from

- individual counterparties,
- groups of counterparties who are linked to one another,
- geographical areas or sectors, but also from
- natural catastrophes or man-made catastrophes.

The biggest risk in the area of non-life results from risk concentrations of events with low occurrence probability but big impact on the liabilities of GRAWE RE, such as natural catastrophes. The risks regarding non-life and health are closely monitored and they have been constant and on a low level in the past few years due to the quality of the underwriting (=reinsurance acceptance) and partners. The prudent approach on the specific risks will continue.

Furthermore, GRAWE RE acts as the guarantor for the premiums on pension policies (PZV) of two Group companies (parent company Grazer Wechselseitige Versicherung AG and HYPO Versicherung AG) and four external insurance companies.

The performance of this private pension scheme product is linked to the performance of investments which serve as an index for the value of the contract. These pension contracts guarantee the amount of gross premiums paid by the policy holders plus the extra premiums provided by the government of Austria in cases of death, and subject to some conditions, in cases of expiration or premature termination of the contracts. The Company provides cover for any death claims and guarantee payments paid by the ceding companies. The difference between the investment value of the contracts and the death benefit or guaranteed amount paid by ceding companies will be reimbursed by GRAWE RE.

The risks concerning PZV are calculated and monitored on a monthly basis. In overall, the risks do not represent a material risk in GRAWE RE in the internal view as the reinsurance treaty stipulates that the guarantee is only provided by GRAWE RE if the policy holder chooses one of the options as defined in the Austrian Income Tax Act (Section 108i – so called ‘intended use’). The percentage of intended use is currently at a low level, in a range of 5% to 10%. Furthermore, all PZV reinsurance contracts are 1-year contracts and can thus be yearly terminated.

In total and based on the SCR results, in no area neither in the area of Underwriting Life nor Underwriting Health nor Underwriting Non-Life concentrations are identified.

C.1.3 Retrocession and other risk mitigation techniques

In accordance with “Part 1 Definition and introductory provisions” of the LAW, **risk mitigation techniques** (including retrocession) describe all techniques which put insurance and reinsurance companies in the position to transfer a part or all of their risks to another party.

In the case of risk-mitigation techniques, it can be distinguished between reinsurance-based risk mitigation (i.e. retrocession) and financial risk-mitigation (i.e. financial derivatives).

In GRAWE RE, only traditional retrocession instruments are applied with retrocession partners that belong to the group. Retrocession is used to limit the risks assumed (=underwriting risks), especially peak risks. The portfolio will be homogenized and the volatility will be reduced. GRAWE RE uses in the area of underwriting risk retrocession as a risk-mitigating measure. Thus, peak risks and exposures can be covered or portfolios homogenised.

Derivatives and structured securities serve as financial risk mitigation instruments, e.g.

- interest rate structures (such as interest rate swaps),
- equity structures,
- structured loans and
- structured bonds (e.g. steepener callables, multiple tranches, reverse of convertibles)

GRAWE RE’s investment strategy clearly states that such investments should be avoided and no direct investment in such instruments was in place as at 31 December 2024. Some of the above may be used by the asset managers that are managing the structured funds for protection purposes and never for speculative purposes.

The risk thereby lies within the fund management itself and not with GRAWE RE.

C.1.4 Liquidity risk future profits

The amount of Expected Profits Included in Future Premiums (in short EPIFP) is taken into account in the liquidity management.

The EPIFP is a Tier 1 own funds component (as part of the reconciliation reserve) and amounts to kEUR 0 (2023: kEUR 0) in the area of life reinsurance in GRAWE RE as of 31 December 2024.

C.1.5 Risk sensitivity

The risk sensitivities of the claims reserve in the Non-Life area in GRAWE RE are examined based on statistical methods. These calculations are done on the basis of group divisions (according to the LoB of the standard formula) and by using confidence levels.

Moreover, within the Asset Liability Management interest rate sensitives were calculated and their impact on the relevant positions for assets and also for Best Estimates for technical provisions.

C.2 Market risk

GRAWE RE understands **market risk** to be the risk of a loss or disadvantageous change in the financial situation that results directly or indirectly from fluctuations in the amount and in the volatility of the market prices for the assets, liabilities and financial instruments.

C.2.1 Risk exposure

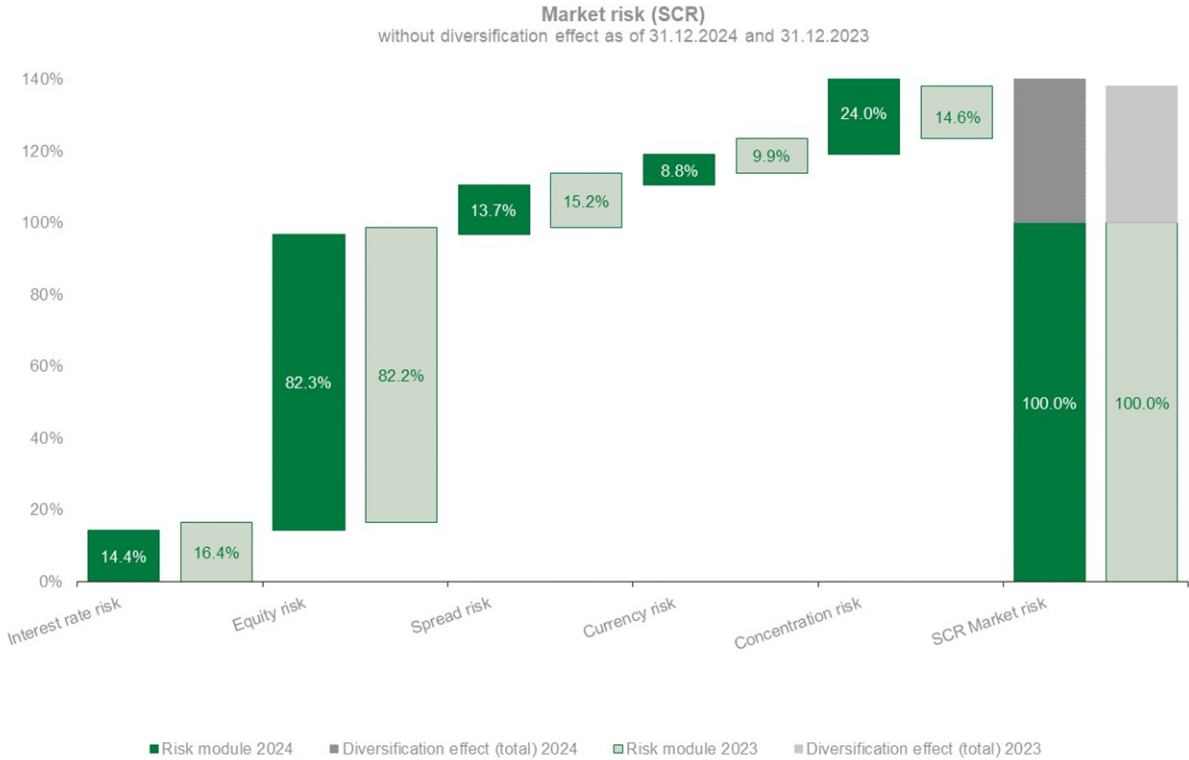
At GRAWE RE in an analogous way to the standard formula, the market risks are divided into the following sub-risks:

- Interest rate risk,
- equity risk,
- property risk,
- spread risk,
- currency risk and
- concentration risk.

The market risks of GRAWE RE form the largest risk position.

According to the specifications from Solvency II, all assets "are to be invested in a form and manner that guarantees the safety, the quality, the liquidity and the profitability of the entire portfolio" (Article 139 of the LAW). For the management of investments, the principle of freedom of investment applies by taking into account the "Prudent Personal Principle". Great attention is paid to the monitoring and management of the investment risks.

Only those types of investments, whose opportunities and risks can be understood and assessed adequately, shall be chosen.



The most material risk within the market risks of GRAWE RE is the **equity risk** amounting to 82.3% (2023: 82.2%) of the SCR market risk. The equity risk describes the possible volatilities in the share prices. The amount of the equity risk results primarily due to the strategic participation in Medlife Insurance Ltd. where the equity risk stemming from this participation is kEUR 27,382 (2023: kEUR 23,513) and an additional amount from GRAWE Real Estate Ltd. of kEUR 3,550 (2023: kEUR 1,937). The strategic participation is stressed according to the standard formula at a level of 22%. The remaining amount of risk comes from type 1 equity exposure stressed at 41.9% resulting in an additional equity risk of kEUR 7,708 (2023: kEUR 7,424) and equities type 2 stressed at 51.9% adding another kEUR 622 (2023: kEUR 952).

Concentration risk includes the risks that are caused by a lack of diversification of the capital investment portfolio or by a high exposure to the default risk of a single issuer of securities or a group of related issuers. In GRAWE RE this risk represents 24.0% (2023: 14.6%) of the SCR market risk. The increase compared to last year relates to an increase in share capital of GRAWE Real Estate Ltd.

The **interest rate risk** in GRAWE RE results from changes in the market value of interest-bearing financial instruments caused by changes in the interest curve and has a share of 14.4% (2023: 16.4%) of the SCR market risk. The relevant risk-free interest rate curves used for the calculations of the solvency capital requirement for interest rate risk is as per 31 December 2024. In the interest rate risk of the standard formula, in addition to the interest sensitivity of the investments (asset side) also those of the liabilities are taken into consideration.

Spread risk in GRAWE RE represents 13.7% (2023: 15.2%) of the SCR market risk. The spread risk incorporates the values of assets, liabilities and financial instruments with regard to changes in the amount or in the volatility of the profit spread over the risk-free interest curve (credit spread). Changes in the credit spread arise, for instance, from a deterioration in the credit rating of security issuers.

Currency risk is the sensitivity of assets, liabilities and financial instruments with regard to changes in the amount or in the volatility of the exchange rates. Despite the currency-matched investment at GRAWE RE, the currency risk is only 8.8% (2023: 9.9%) of the SCR market risk.

Prudent Person Principle in the asset management

The Prudent Person Principle has always been taken into account at GRAWE RE in that investment has only been in assets whose risks can be identified, assessed, monitored, managed and steered. In addition, these risks must be integrated into the reporting system in an appropriate manner and taken into account in the calculation of the overall solvency needs during the ORSA process.

The investment policy of GRAWE RE is based on the goals specified by the Board of Directors of GRAWE RE with regard to the safety, profitability and liquidity of the invested funds. The paramount goal in the investment by GRAWE RE exists in the continuous safeguarding of the fulfilment of the obligations from the reinsurance contracts and at a second stage to maintain an acceptable return to the shareholders. In the long term, in-depth, well-balanced investment products offer the highest safety and the most sustainable profit, taking into account the risk/profit aspects as well as rating requirements. The balance of the strategic asset allocation goes beyond the statutory specifications and follows the longstanding, successful, safety-

oriented strategy of GRAWE RE. A fundamental principle is the broad spread within the respective asset category.

It is ensured through limit setting and suitable control and reporting processes that no unwanted or excessive assumption of risk is possible within the investment process of GRAWE RE and that the investment policy sticks to the safety-oriented principles described.

The investment limits are analysed twice a year in the asset allocation meeting with the Board of Directors of GRAWE RE and checked for their validity and/or for any need for amendment.

The upper threshold for interest and equity structures is defined by limit setting. Without exception, purely speculative goals are not pursued. In addition, **structured products** (for interest hedging) are only used within the framework of the strategically selected asset allocation with the goal of cost efficiency and an improvement in the risk profile. When determining permissible volumes, the increasing risk content of the envisaged categories is taken into account.

C.2.2 Risk concentration

In GRAWE RE, there is a risk concentration with respect to GRAWE Real Estate Ltd., which is a strategic participation.

C.2.3 Risk mitigation

GRAWE RE uses derivatives (incl. structured products) as a risk reduction technique in the market risks. These are so-called foreign currency forwards that are concluded within the investment funds as pure foreign currency hedging transactions.

GRAWE RE also uses such an instrument to convert once per year any USD dividend income received from Medlife Insurance Ltd. in EUR considering that after performing the appropriate test the USD currency is not needed.

C.2.4 Risk sensitivity

Risk sensitivities are evaluated within the ORSA process and across the market risk module in order to test the effect of a doubling of any risk module on the BSCR. Even when doubling the most sensitive risk, which is for GRAWE RE equity risk, the company has still a sufficiently high solvency ratio.

C.3 Credit risk

The **credit risk** (also counterparty default risk) identifies the risk of loss or an adverse change in the financial situation, resulting from fluctuations in the creditworthiness of issuers of securities, counterparties and other debtors against which insurance and reinsurance undertakings have receivables. It occurs in the form of counterparty default risk, spread risk or market risk concentrations.

The possible types of the default risk in the form of spread risks or market concentrations were already dealt with under section C.2 meaning that in this section solely the counterparty default risk is explained.

C.3.1 Risk exposure

The counterparty default risk at GRAWE RE primarily relates to the possible loss of deposits at commercial banks (predominantly Group-internal) or the default of retrocession partners. The loss of custodian account receivables from insurance business taken as reinsurance, obligations of third parties or guarantees play a subordinated role or no role at all.

The counterparty default risk of the standard formula is around 5.5% (2023: 9.3%) of the total SCR and thus plays a subordinated role in the risk profile of GRAWE RE.

A major part of the bank deposits lies within Group-internal banks. GRAWE RE is solely reinsured at GRAWE AG which is not rated. As a result of the good solvency capital base the probability of default can be very well assessed and is thus minimised.

In the selection of external retrocession partners, a minimum rating of A- according to Standard & Poor's and/or Moody's or, in case of long-tail businesses, a minimum rating of A+ are aspired. Nevertheless, GRAWE AG is considered to be an appropriate retrocessionaire for GRAWE RE as it is not only the parent company of GRAWE RE but with a SCR above 300% a solid and financially strong company and highly diversified. Thus, the risk of default is very low.

With regard to banks, business relationships are entered into primarily with banks with a minimum rating of A according to Standard & Poor's and/or Moody's. If there is no rating available of one of the mentioned rating agencies, an internal evaluation of the business partner is carried out by increased analysis. Results from other rating agencies, annual reports, market experience, or other sources of information can be the basis for this.

In order to reduce the counterparty default risk, in addition to the guidelines attention is paid for credit and also a sufficient diversification of counterparties.

C.3.2 Risk concentration

The counterparty default positions primarily relate to Group-internal banks and reinsurance companies and/or to a low extent commercial banks and other reinsurance partners with whom longstanding business relationships exist. Both the external commercial banks as well as the external retrocession partners have excellent credit ratings.

With the commercial banks, there is also a division over several banks; however, the short-term investment of liquid funds fluctuates over the course of time due to liquidity requirements and availability and is also dependent on the respective bank conditions. The defined limits per commercial bank also apply for Group-internal banks are complied with at any rate.

C.3.3 Risk mitigation

In the area of counterparty default risk, no risk mitigation techniques are applied beyond the internal risk-minimising measures such as strict selection of the retrocession partner and commercial banks as well as diversification of the business partners.

C.3.4 Risk sensitivity

For the assessment of the risk sensitivity of the counterparty default risk, following scenarios are used to quantify the default risk and to analyse the impact of the risk on the overall situation of the company:

- Shock of the probabilities of default or downgrade of the ratings
- Complete default of a bank

The results show that the impact on own funds and capital requirements is not significant.

C.4 Liquidity risk

The **liquidity risk** is the risk of losses arising from an actual or expected inability of the company to cover its financial obligations at the time of maturity.

According to “Part 1 Definition and introductory provisions” of the LAW, the liquidity risk designates the risk that the insurance and reinsurance undertakings are not able to realize investments and other assets in order to settle their financial obligations when they fall due.

The most common causes that can lead to the liquidity risk are:

- reduction in the value or in the usability of assets,
- the increase in the mismatch of maturities of assets and liabilities,
- the financial strength of the company and the perception of the markets that depend on a series of parameters (e.g. risk profile, solvency ratio, profitability, expected future trends, ratings, etc.) or
- an insufficient liquidity ratio of the company.

C.4.1 Risk exposure

The liquidity risk pursuant to the definition above is not explicitly depicted per se in the standard formula; nevertheless, the assessment of the liquidity risk in the risk management process and in the ORSA process is important. In particular, the occurrence of a material risk (e.g. in the case of natural catastrophes) could result in a liquidity shortage.

At GRAWE RE, a weekly cash report is created. This approach ensures that there is no liquidity shortage even with short-term unexpected and/or unplanned claims payments or other payment outflows.

Should there actually be an increased need for cash and liquidity in the short term, GRAWE RE would be in a position to sell securities (of a good rating) at short notice (e.g. within a day) in order to generate the necessary liquid funds. Approx. 89% of the bond portfolio of GRAWE RE consists of bonds of a good rating of BBB- and higher.

The investment grade rating allowable in GRAWE RE according to the internal limit system is at the moment at BB+. For the said reasons, the liquidity risk was internally rated at zero at GRAWE RE due to the nature of its business.

C.4.2 Risk concentration

No risk concentration was identified at GRAWE RE with regard to the liquidity risk.

C.4.3 Risk mitigation

In the liquidity risk area, no risk-mitigation techniques are applied besides the internal risk-minimising measures such as regular cash flow reports and a cash flow planning.

C.4.4 Risk sensitivity

The liquidity risk brings along a strong connection to other risks. For this reason, any increased liquidity need has also already been assessed with other scenarios. Further details can be found in section C.2.4.

C.5 Operational risk

The operational risk is the risk of loss that arises from the inappropriateness or the failure of internal processes, employees, systems or through external events. Legal risks are also included. The typical representatives of the operational risk include causes of business interruptions as the result of e.g. fire or flooding events or IT failures that make an uninterrupted continuation of the business operations difficult or impossible. In addition, however, they also include damage caused by conscious fraud, errors in daily work processes or also risks that arise from human errors.

The operational risks are in general more difficult to identify and evaluate than other risks, meaning that GRAWE RE places a special focus on the possible different characteristics and takes these into account in a comprehensive manner.

C.5.1 Risk exposure

The operational risk of GRAWE RE is calculated according to the standard formula, based on premiums collected and amounts to 0.9% (2023: 1.1%) of the SCR.

Particularly in the area of operational risks, the focus is not on quantification but on the development of suitable measures for the early identification of the risks and on the avoidance and reduction of its consequences (cf. section C.5.3).

C.5.2 Risk concentration

In the operational risks, risk concentrations could occur in the areas outsourced by GRAWE RE (e.g. in the case of an IT failure).

C.5.3 Risk mitigation

The potential operational risks can be reduced through suitable contingency plans such as the GRAWE IT contingency plan, Business Continuity Plan, etc.

The IT contingency management of GRAWE has been implemented since many years ago. In addition, there has been TÜV certification of the data centre of GRAWE since 2012. If an emergency occurs, an efficient staff and crisis management can thus be ensured.

Another central focus of the GRAWE IT contingency management is on the IT data security in order to ensure that no loss or misuse of critical data can occur. For this reason, there is a consistent system of security redundancies so that with minor failures of an IT system a smooth operation is ensured.

The implementation of the Digital Operational Resilience Act (DORA for short) has brought a further improvement in the maturity level of the entire IT systems. The aim of these regulations is to strengthen the resilience of the European financial market to threats from cyber-attacks and thereby further increase the level of protection for investors and consumers. The DORA regulation is applicable from 17.01.2025.

The Business Continuity Plan of GRAWE RE aims to ensure the upholding or restoration of the orderly business operations after an incident.

Anti-fraud measures and a well-functioning internal control system are other risk-mitigating measures within the operational risks.

In the cash-equivalent area of GRAWE RE, there are strict internal regulations and control procedures.

The effectiveness of the contingency plans is checked at regular intervals. The effectiveness of the internal control systems is regularly checked by the Internal Audit department of GRAWE RE in the course of the respective audits.

These risk-mitigating measures let to very low operational risks in the past at GRAWE RE.

C.5.4 Risk sensitivity

To assess the risk sensitivity of the operational risks of GRAWE RE, scenarios for identified critical processes were defined in the contingency plans.

In the process, the worst-case scenarios are selected whose occurrence appears plausible for GRAWE RE. The potential scenarios include the failure of the IT over a lengthy period of time and the loss of the headquarters in Graz (e.g. due to a fire). It was ensured in the existing contingency plans that the effects (e.g. loss of several persons over a lengthy period of time or restricted access possibilities to the business premises) are taken into account accordingly.

The appropriateness of the scenarios and their underlying assumptions are checked jointly with the contingency plans at least once a year and the results are taken into account appropriately in the assessment of the risk-bearing capacity.

C.6 Other fundamental risks

In GRAWE RE, the following other risks were identified that are being continuously monitored:

- Strategic risks,
- Reputation risks,
- Risk from the asset liability management,
- Pandemic risk,
- Sustainability risk.

The named risks are not explicitly taken into account in the standard formula. Within the ORSA process, however, none of the named risks proved to be material.

Newly occurring risks and changes in the risk profile of GRAWE RE are quickly identified through the quarterly reporting based on the ad-hoc risk reports of the risk owners with regard to risks that have occurred or potential risks so that, if necessary, it is possible to react in a timely manner (e.g. in the form of risk-mitigation measures). A change in the risk profile can influence both the business strategy and the risk strategy.

C.6.1 Risk exposure

An explicit quantitative assessment by strategic or reputational risks is difficult, because they have mostly a quantitative impact in one or more other risk modules. Therefore, the assessment of strategic risks and reputational risks is made in the course of the annual risk assessment via an assessment matrix. These are non-material risks.

The **Asset Liability Management** is assessed in the course of stress tests (cf. section C.2.4). The results show that GRAWE RE also has sufficient own funds in extreme scenarios on the financial market.

In the context of sustainability, sustainable investments are of particular importance. Within the ORSA process, GRAWE RE's investment portfolio was therefore analysed for sustainability impacts based on ESG ratings from external providers as well as on seals of approval and certifications. Data quality and the measurement of sustainability risks are a particular challenge in this context, especially as technical regulatory standards are still pending. Developments in this area are monitored on an ongoing basis.

C.6.2 Risk concentration

No risk concentrations are seen in the category "other fundamental risks".

C.6.3 Risk mitigation

With the strategic and reputation risks, the focus is placed on the risk mitigation using contingency plans and other measures.

Through detailed risk analyses before strategically relevant business decisions, GRAWE RE counters **strategic risks** beforehand.

The reputation risk is monitored through the depiction of the most important risks and respective risks of GRAWE RE within the framework of the internal control system, whereby specifically the interaction with other risks is monitored as a reputation risk is frequently a trigger for the realisation of other risks. Potential reputation risks (among others also specific individual cases) are discussed within the Board of Directors. In addition, special countermeasures in the area of external communication and the next steps when an emergency occurs are described in contingency plans.

C.6.4 Risk sensitivity

For strategically wide-reaching decisions applicable scenario assessments are always performed.

C.7 Other information

Adjustment term deferred taxes

The adjustment term deferred taxes in GRAWE RE amounts as at 31 December 2024 to kEUR 0 (2023: kEUR -789). The adjustment term is calculated either by applying the tax rate to the sum of BSCR, Operational risk and adjustment term technical provisions (option 1) or by the difference between deferred tax assets and deferred tax liabilities (option 2). The lower of the two values determines the adjustment term deferred taxes, which in both years was option 2.

As at the end of year 2024 deferred tax assets were higher (kEUR 64) than the calculated deferred tax liability (kEUR 17). The Regulator usually requires special evidence to proof any excess of deferred tax assets crystallising in the future. Therefore, based on a prudent approach, the deferred tax assets were limited with the deferred tax liability amount leading to an adjustment term of nil.

Disclosure in accordance with s.9 of the Cyprus Law on the Encouragement of the Long-Term Active Participation of Shareholders of 2021 – Investment Strategy and Arrangements with Asset Managers

GRAWE RE has commissioned Grazer Wechselseitige Versicherung AG with the assessment of the premiums of its clients in compliance with the Law on Insurance and Reinsurance Services and Other Related Business. The agreement is concluded for an indefinite period of time.

The Investment Strategy's objective is to generate long-termed stable revenues while ensuring a capital guarantee, whereat the assessment is undertaken in accordance with the legal requirements for the insurance products. Therefore, separate incentives for a co-ordination of Grazer Wechselseitige Versicherung's Investment Strategy with the profile and duration of the liabilities of GRAWE RE are not provided.

The Investment Strategy and the accordingly applicable legal provisions allow for a broad diversification of the assets. Stocks traded on a regulated market only represent a small percentage of the investment strategy, which is why there haven't been provided any

incentives to make medium to long-term improvements of the performance of those companies, in which there has been invested, via active contribution of Grazer Wechselseitige Versicherung AG.

Grazer Wechselseitige Versicherung AG's performance is evaluated continuously. For its activities in the field of asset management there has been agreed upon a charge in an amount customary in the market. The monitoring of the portfolio turnover costs is ascertained by the reporting required by law. A specific portfolio turnover range has not been defined.

The required information on the investment strategy in accordance with s.9 of the Cyprus Law on the Encouragement of the Long-Term Active Participation of Shareholders of 2021 is given in GRAWE RE's Solvency and Financial Condition Report (SFCR), which is available on the website under Financial Information.

D. VALUATION FOR SOLVENCY PURPOSES

The valuation of the assets and liabilities in the solvency balance sheet is based on the economic value. Paragraphs 1 and 2 of Article 9 of the Delegated Regulation for Solvency II are the basis provision for assets and liabilities being valued according to International Financial Reporting Standards (IFRS) unless other regulations apply.

As a general rule, the economic value thus corresponds to the market value pursuant to IFRS as adopted by the Commission in accordance with Regulation (EC) No 1606/2002 unless other provisions apply.

Pursuant to Section 77 of Chapter 6 of the LAW, insurance and reinsurance companies have to value their assets and liabilities for the determination of the values in the economic balance sheet as follows:

Assets are valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

Liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction.

The valuation of the assets and liabilities of GRAWE RE is based on the going-concern basis pursuant to Article 7 of the Delegated Regulation. The technical provisions are calculated pursuant to the regulations for technical provisions (Article 76 to 86 of the Solvency II Directive 2009/138/EC).

The values in the annual financial statements are determined according to IFRS as adopted by the European Union and the requirements of the Cyprus Companies Law chapter 113.

Hereinafter the economic balance sheet of GRAWE RE as it is illustrated in the reporting table S.02.01 as of 31 December 2024 can be found. Only assets and other liabilities are applied that are used in the Solvency II balance template according to the technical operating standards for operations, formats and templates for the report of solvency and financial condition. Within the section D.1 and D.3 fundamentals, methods and relevant assumptions, that are the basics for the valuation of solvency purposes, are described for all relevant assets and other liabilities.

Moreover, for these positions quantitative and qualitative descriptions for possible relevant differences in fundamentals, methods and relevant assumptions between the valuation for solvency purposes and the valuation according to IFRS/LAW are illustrated.

The economic balance sheet of GRAWE RE as of 31 December 2024 is as follows in the reporting table S.02.01:

Economic Balance Sheet

Assets		2024	2023
		KEUR	KEUR
Goodwill	R0010	0	0
Deferred acquisition costs	R0020	0	0
Intangible assets	R0030	0	0
Deferred tax assets	R0040	17	61
Pension benefit surplus	R0050	0	0
Property, plant & equipment held for own use	R0060	4	3
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	263,660	235,448
Property (other than for own use)	R0080	0	0
Holdings in related undertakings, including participations	R0090	140,596	115,684
Equities	R0100	18	13
Equities - listed	R0110	18	13
Equities - unlisted	R0120	0	0
Bonds	R0130	67,294	63,840
Government Bonds	R0140	26,330	24,656
Corporate Bonds	R0150	40,964	37,275
Structured notes	R0160	0	1,910
Collateralised securities	R0170	0	0
Collective Investments Undertakings	R0180	55,751	55,911
Derivatives	R0190	0	0
Deposits other than cash equivalents	R0200	0	0
Other investments	R0210	0	0
Assets held for index-linked and unit-linked contracts	R0220	0	0
Loans and mortgages	R0230	0	0
Loans on policies	R0240	0	0
Loans and mortgages to individuals	R0250	0	0
Other loans and mortgages	R0260	0	0
Reinsurance recoverables from:	R0270	0	0
Non-life and health similar to non-life	R0280	0	0
Non-life excluding health	R0290	0	0
Health similar to non-life	R0300	0	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0	0
Health similar to life	R0320	0	0
Life excluding health and index-linked and unit-linked	R0330	0	0
Life index-linked and unit-linked	R0340	0	0
Deposits to cedents	R0350	0	0
Insurance and intermediaries receivables	R0360	2,330	3,393
Reinsurance receivables	R0370	0	0
Receivables (trade, not insurance)	R0380	10,656	8,180
Own shares (held directly)	R0390	0	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0	0
Cash and cash equivalents	R0410	1,719	3,752
Any other assets, not elsewhere shown	R0420	8	8
Total assets	R0500	278,394	250,846

Economic Balance Sheet

		2024	2023
		kEUR	kEUR
Liabilities			
Technical provisions – non-life	R0510	3,306	4,271
Technical provisions – non-life (excluding health)	R0520	2,552	3,527
Technical provisions calculated as a whole	R0530	0	0
Best Estimate	R0540	1,979	3,002
Risk margin	R0550	573	526
Technical provisions - health (similar to non-life)	R0560	754	744
Technical provisions calculated as a whole	R0570	0	0
Best Estimate	R0580	682	671
Risk margin	R0590	72	72
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-2,596	2,929
Technical provisions - health (similar to life)	R0610	0	0
Technical provisions calculated as a whole	R0620	0	0
Best Estimate	R0630	0	0
Risk margin	R0640	0	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-2,596	2,929
Technical provisions calculated as a whole	R0660	0	0
Best Estimate	R0670	-2,602	2,918
Risk margin	R0680	6	11
Technical provisions – index-linked and unit-linked	R0690	0	0
Technical provisions calculated as a whole	R0700	0	0
Best Estimate	R0710	0	0
Risk margin	R0720	0	0
Other technical provisions	R0730	0	0
Contingent liabilities	R0740	0	0
Provisions other than technical provisions	R0750	0	0
Pension benefit obligations	R0760	0	0
Deposits from reinsurers	R0770	0	0
Deferred tax liabilities	R0780	17	850
Derivatives	R0790	0	0
Debts owed to credit institutions	R0800	0	0
Insurance & intermediaries payables	R0820	755	1,072
Reinsurance payables	R0830	7	0
Payables (trade, not insurance)	R0840	3,481	2,681
Subordinated liabilities	R0850	0	0
Subordinated liabilities not in Basic Own Funds	R0860	0	0
Subordinated liabilities in Basic Own Funds	R0870	0	0
Any other liabilities, not elsewhere shown	R0880	0	0
Total liabilities	R0900	4,971	11,802
Excess of assets over liabilities	R1000	273,423	239,044

D.1 Assets

D.1.1 Explanation of the valuation differences per category of asset

D.1.1.1 Intangible assets

Currently, a purchased goodwill or deferred conclusion costs are not applied neither in the annual financial statements according to IFRS nor in the economic balance sheet of GRAWE RE.

Other intangible assets are valued at kEUR 0 in the economic balance sheet above and kEUR 81 in the financial statements prepared under IFRS. The amount represents licences and software development and implementation costs that will be used in the future to facilitate the company's reporting under IFRS17. Depreciation of this asset class will start as at 1.1.2024 when IFRS17/IFRS9 are in use.

D.1.1.2 Deferred tax assets

The deferred tax assets in the economic balance sheet amount to kEUR 17 and in contrast to the financial statements under IFRS the amount shown is nil.

In the economic balance sheet, a tax rate of 12.5% for the determination of the deferred taxes was applied in the reporting year at GRAWE RE in the balance sheet for both life and non-life business.

D.1.1.3 Property, plant and equipment

Property, plant and equipment are presented at cost net of accumulated depreciation and any possible impairment. Depreciation on property, plant and equipment is calculated on a monthly basis using the straight-line method over their estimated useful lives using the rates shown in the table below.

	Annual %
Furniture and fittings	25
Leasehold Improvements	25
Equipment	25
Computer hardware	25

The assets residual values and useful life are reviewed, and adjusted if appropriate, at each reporting date. The depreciation provision is included in the administration expenses.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

D.1.1.3.1 Property, plant and equipment for own use

The valuation for this item is calculated as the description above and the value was kEUR 4 in both, the annual financial statements under IFRS and the economic balance sheet reported under Solvency II.

D.1.1.4 Holdings in related undertakings including participations

The economic value of holdings in related undertakings and participations corresponds to the market value. The market value of holdings in related undertakings and participations is determined pursuant to Article 13 Par. 1 Letter b of the Delegated Regulation with the adjusted equity method. There is no valuation at listed share prices as holdings in related undertakings and participations of GRAWE RE do not include any shares in stock-exchange-listed companies.

The market value of the participation in Medlife Insurance Ltd in the amount of kEUR 124,461 is determined based on the own funds calculated and reported quarterly under the LAW and the economic balance sheet submitted as at 31 December 2024 to the SI after converting the total amount from USD to EUR using the rate 1.0389. The market value of the participation in GRAWE Real Estate Ltd. in the amount of kEUR 129,303 is determined as per the total equity or own funds of the latest available unaudited financial statements as at 31 December 2024 that have been prepared under the relevant IFRS standards.

D.1.1.5 Equities, bonds and organisms for common investments (excluding assets for index and unit linked contracts)

Shares, securities via participation and supplementary capital and other non-fixed-interest-bearing securities, bonds and organisms in common investments that are not held within the framework of unit and index-linked life insurance are valued in the annual financial statements according to market values as these are described in current IFRS regulations.

The economic value of these assets corresponds to the fair value of the asset to be applied at the time of the valuation. To determine the fair value to be applied, the valuation hierarchy defined in section D.1.2.1 is applied.

The fair value of equities, organisms in common investments that are not held for unit- and index-linked life insurance, as well as of bonds corresponds to the book value or a market value that is above the book value.

There are no valuation differences regarding equities, bonds and collective investment undertakings between the value in the economic balance sheet and the book value according to IFRS as of the reference date 31 December 2024.

D.1.1.6 Derivatives

In the portfolio of GRAWE RE, there were no freestanding, open derivative liabilities neither in the economic balance sheet as of 31 December 2024 nor in the annual financial statements according to IFRS as per 31 December 2024.

As stated in section C.2.1, derivatives are used within the framework of investment funds if they result in an optimisation/improvement in the investment performance.

D.1.1.7 Receivables from reinsurances and intermediaries

Receivables from reinsurance companies are indicated under this item.

Receivables in the economic balance sheet are valued with the economic value. In the process, it is assumed that all receivables have a term of up to 12 months. The consideration of these short-term receivables is done at the nominal value less individual and general value adjustments carried out and for reasons of proportionality corresponds to the approach in the annual financial statements according to IFRS.

D.1.1.8 Receivables (trade not insurance)

The receivables, trade not insurance primarily include receivables towards affiliated companies. In addition, receivables towards other insurance companies that do not originate from the reinsurance and receivables, trade not insurance towards suppliers as well as receivables towards tax and levies' authorities are indicated under this item.

Receivables in the economic balance sheet are valued with the economic value. In the process, it is assumed that all receivables have a term of up to 12 months. These short-term receivables are considered with the nominal value less individual and general value adjustments; this corresponds to the approach in the annual financial statements according to IFRS.

D.1.1.9 Cash and cash equivalents

The item includes domestic cash and deposits at banks. Foreign cash (currencies) and deposits at banks in foreign currency will be converted at the ECB reference exchange rate as of the balance sheet reference date.

The liquid funds are valued at the nominal value in the annual financial statements according to IFRS. This value corresponds to the present value pursuant to the International Accounting Standards. There are thus no differences between the approach of the economic balance sheet and the book value in the annual financial statements according to IFRS.

As of 31 December 2024 cash and cash equivalents amounted to kEUR 1,719 in the economic balance sheet as well as in the balance sheet according to IFRS.

D.1.1.10 Any other assets, not elsewhere shown

This item includes accruals from interest on tax pre-payments. The other assets in the economic balance sheet are valued at the economic value. For reasons of proportionality, the book value of the economic balance sheet corresponds to the book value in the annual financial statements according to IFRS and amounts to kEUR 8 as of 31 December 2024. The accrued interests from securities are assigned in the economic balance sheet to the market value of the investments for which it is incurred and displayed in the corresponding balance sheet position of the economic balance sheet.

D.1.2 Assessments that can fundamentally influence the valuation approaches

D.1.2.1 Valuation models of financial assets

The fair value of shares, investment funds that are not held for unit and index-linked life insurance, other non-fixed-interest-bearing securities, bonds and other fixed-interest-bearing securities corresponds to the book value or a stock exchange/market value.

D.1.2.1.1 Listed prices on an active market (Level I)

Financial assets are valued based on the market prices that are listed on active markets for same assets.

Definition of an active market

An active market is considered as a market on which business transactions take place with assets in sufficient frequency and volume so that price information is available on a continuous basis. If a financial instrument is managed on a recognised market/stock exchange, it is called a listed financial instrument. Regular transactions between independent contractual partners are not required for this but a low trading volume, a low number of transactions and the expansion of the bid-ask spread (spread) generally indicates the lack of an active market.

Another characteristic of liquidity is the volume of the issue. It can be usually assumed that under prevalent market conditions benchmark issues (from a volume of around EUR 500 million) can be seen as liquid.

In the valuation, GRAWE RE fundamentally assumes that sovereign bonds in the respective country currency can be seen as liquid.

Price sources to determine the listed market prices

The price sources of the market prices are defined by the Asset Management department, transferred to their system and continually updated.

Securities whose valuation prices can be found in the Bloomberg information system will be rated at this price if it concerns liquid market prices. With investment funds, the valuation is done by the fund management program of Security KAG that is continually updated based on the current price information.

D.1.2.1.2 Valuation methods based on verifiable market data (Level II)

In cases in which there is no listing on a stock exchange or a market cannot be seen as active due to limited activity of the market, quoted market prices in active markets for similar assets and liabilities with adjustments to reflect differences are used to determine the fair value of a security.

D.1.2.1.3 Model valuations (Level III)

In cases in which neither listed prices on an active market (Level I) nor verifiable market data (Level II) are available to determine the fair value of a security, valuation models are used that are based on assumptions and estimates.

GRAWE RE applies valuation procedures that are appropriate for the respective circumstance and for which sufficient data are available to measure the fair value to be applied, whereby in compliance with IFRS 13 the use of relevant verifiable input factors is maximised and that of non-verifiable input factors minimised.

If the most important parameters of the model (e.g. interest curves, credit spreads...) can be monitored on the market, the security to be valued will be valued on the basis of these methods.

The goal when using a valuation method is to determine the price at which under current market conditions on the valuation reference date an orderly business transaction could take place between two independent market participants when the asset would be sold or the liability transferred.

The following three valuation methods are in compliance with Art. 10 Par. 7 of the LAW:

- **Market-based approach** - uses prices and other relevant information that are generated by market transactions and include identical or comparable assets, liabilities or a group of assets or liabilities (e.g. a business operation)
- **Cost-based approach** - reflects the amount that would currently be required in order to replace the service capacity of an asset (current replacement costs)
- **Income-based approach** - converts future amounts (payment streams or costs and earnings) into a single current (discounted) amount that reflects the current market expectations with regard to these future amounts (cash value method)

Non-verifiable input factors are used to calculate the fair value to be applied if relevant verifiable input factors are not available. A company develops non-verifiable input factors using the information that is available in the best possible form in this circumstance which may include the company's own data. In the process, all available information about the assumptions made by market participants is to be taken into account.

If non-verifiable input factors are used, the company's own data must be adjusted.

D.1.2.1.4 Value reductions of financial assets

GRAWE RE checks at least on each report reference date whether there are objective indications for a value reduction in an asset. All assets are assessed for specific value reductions.

Indications of a need for a value reduction can be, e.g.:

- Payment arrears
- Failed redevelopment measures
- Threat of insolvency and over indebtedness
- Deferment or waiver of payment obligations of the borrower
- Opening of insolvency proceedings

D.1.2.2 Deferred tax

The deferred tax equals the expected future tax profits (deferred tax assets) or tax payment (deferred tax liability). The evaluation of deferred taxes is based on the difference between the value of each individual asset and each individual liability in the economic balance sheet and

in the fiscal balance sheet. The temporary differences determined in such a way are multiplied with the individual corporate tax rate. There is no discounting of the deferred taxes.

Permanent differences between the economic balance sheet and the fiscal balance sheet do not trigger any tax deferrals pursuant to IAS 12.

A positive value may only be assigned to deferred tax assets if it is probable that there will be taxable profits in future against which the deferred tax claim can be offset, whereby all legal and administrative regulations regarding temporal restrictions for the carry forward of not yet used tax credits or the carry forward of not yet used fiscal losses are taken into account.

Deferred tax assets and liabilities in Cyprus are offset when there is a legal enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The deferred tax assets are indicated under the item "Deferred tax assets" of the assets in the economic balance sheet and the deferred tax liabilities under the item "Deferred tax liability". There is no netting with the posted deferred tax liabilities in the economic balance sheet. In the economic balance a tax rate of 12.5% was applied for the valuation of deferred taxes for GRAWE RE.

D.1.2.3 Holdings in related undertakings

The economic value of holdings in related undertakings and participations corresponds to the market value. The market value of holdings in related undertakings and participations is determined pursuant to Article 13 Par. 1 Letter b of the Delegated Regulation with the adjusted equity method.

There is no valuation at quoted market prices as holdings in related undertakings and participations of GRAWE RE do not include any shares in stock-exchange-listed companies.

Any changes in the own funds of the participating subsidiaries, i.e. their profits and/or losses thus have a direct effect on the fair value of the participation.

The market value of the participation in Medlife Insurance Ltd in the amount of kEUR 124,461 is determined based on the own funds calculated and reported under the law and the economic balance sheet submitted as at 31 December 2024 to the SI after converting the total amount from USD to EUR using the rate 1.0389. In the financial statements as at 31 of December 2024 under IFRS this investment is shown at a cost of kEUR 10,011.

The market value of the participation in GRAWE Real Estate Ltd. in the amount of kEUR 129,303 is determined as per the total equity or own funds of the latest available unaudited financial statements as at 31 December 2024 that have been prepared under the relevant IFRS standards. In the unaudited financial statements as at 31 of December 2024 under IFRS this investment is shown at a cost of kEUR 16,000.

D.2 Technical provisions

The technical provisions represent all current claims from ceding companies against GRAWE RE. They are calculated for the balance based on actuarial principles.

The technical provisions under Solvency II are derived as the sum of two components: the Best Estimate (in non-life further split into claims provisions and premium provisions) and the risk margin. The calculation of the risk margin is explained in section D.2.6.

D.2.1 Non-Life

D.2.1.1 Premium provision

Basis for calculating the premium provision is the upright contract portfolio. The basic idea is the "profitability of a reinsurance contract", including cash flow projections for all relevant cash flows and discounting them with the EIOPA interest curves. In general, the Best Estimate of the premiums provision is the difference between the discounted future premium income and the future costs that arise from claims under consideration of inflation expectations and the specific contract boundaries. For GRAWE RE, the premium provision is calculated under consideration of the accepted reinsurance contract boundaries as the unearned premium multiplied by the combined ratio.

Premium provisions Non-Life		Gross Best Estimate		Net Best Estimate		Reinsurance Recoverables	
		2024	2023	2024	2023	2024	2023
LoB	Type of reinsurance	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
14x	Income protection reinsurance	140	141	140	141	0	0
19x	Fire and other damage to property reinsurance	639	912	639	912	0	0
20x	General liability reinsurance	18	28	18	28	0	0
Total Non-Life		797	1,081	797	1,081	0	0

The premium provision Non-Life amounted to kEUR 797 (2023: kEUR 1,081), which decreased mainly within the fire reinsurance as a result of a lower combined ratio.

D.2.1.2 Claims provision

Basis for the calculation of the claims provision are the loss triangles (paid claims) which are built starting with the year 2005 (the year 2005 was chosen on a Group level in order to guarantee a consistent approach).

The Best Estimate of the claims provision equals the probability weighted average of future payment for obligations from claims that have occurred. The method used for the calculation of claims provision is the chain-ladder approach. The completion of the triangle to a quadrangle is made by multiplication with settlement factors derived from historic claims data. The settlement factors are estimations for the expected increase of the claims in consecutive settlement years.

In addition, inflation expectations of cedents are incorporated in the payment pattern. These cash flows are discounted as well as shocked with the risk-free interest structure curves specified by EIOPA.

Claims provisions Non-Life		Gross Best Estimate		Net Best Estimate		Reinsurance Recoverables	
		2024	2023	2024	2023	2024	2023
LoB	Type of reinsurance	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
14x	Income protection reinsurance	542	530	542	530	0	0
19x	Fire and other damage to property reinsurance	1,273	2,015	1,273	2,015	0	0
20x	General liability reinsurance	49	46	49	46	0	0
Total Non-Life		1,864	2,591	1,864	2,591	0	0

The claims provision amounted to kEUR 1,864 (2023: kEUR 2,591) as of 31 December 2024. The decrease in LoB 19x mainly results from lower claims payment in the year 2024.

D.2.1.3 Value of the technical provisions according to LOBs

The technical provisions under Solvency II are derived as the sum of the Best Estimate (consisting of the claims provision and the premium provisions) and the risk margin.

Technical Provisions Non-Life		Best Estimate (gross = net)		Risk Margin		Technical Provision	
		2024	2023	2024	2023	2024	2023
LoB	Type of reinsurance	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
14x	Income protection reinsurance	682	671	72	72	754	743
19x	Fire and other damage to property reinsurance	1,912	2,927	542	479	2,454	3,406
20x	General liability reinsurance	67	74	31	47	98	121
Total Non-Life		2,661	3,672	645	598	3,306	4,270

D.2.2 Life

To calculate the Best Estimate life two different types of life reinsurance treaties are to be considered, each with a different method of calculation for the technical provision.

Reinsurance on risk basis: Reinsurance only covers mortality risk and the contract term is only one year. The cash inflows (risk premium) and the cash outflows (benefit payments) are therefor also limited to one year, which facilitates the Best Estimate calculation.

Reinsurance for tariff 'PZV': This is an Austrian pension product ("Prämiengeförderte Zukunftsvorsorge") with tax relief by the government. It is defined as an index-linked tariff with connected capital guarantees.

D.2.2.1 Value of the technical provisions according to LOBs

The technical provisions under Solvency II comprise of a Best Estimate and a risk margin.

Technical Provisions Life		Gross Best Estimate		Risk Margin		Technical Provisions	
		2024	2023	2024	2023	2024	2023
LoB	Type of reinsurance	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
36	Insurance with profit participation on accepted reinsurance	0	6,024	0	10	0	6,034
36	Other life insurance on accepted reinsurance	-2,602	-3,106	6	1	-2,596	-3,106
Total Life		-2,602	2,918	6	11	-2,596	2,929

For reinsurance on risk basis, the calculation is straightforward due to the once-year contract term and since the reinsurance treaties cover only mortality risk. The coverage lasts only one year, and the associated cash inflows (risk premium) and outflows (risk benefit) can be projected over this period.

The market value for PZV is calculated based on an option pricing method similar to a Black-Scholes-Merton approach to value the capital guarantee embedded. As the relevant reinsurance contracts are one-year-contracts (contract boundary), the considered time period in the calculation for the Best Estimate of PZV for GRAWE RE is always the subsequent year.

Insurance with profit participation on accepted reinsurance was terminated in the course of the year. Therefore, technical provisions as at 31 December 2024 are nil.

D.2.3 Description of the amounts that can be collected from retrocession contracts (reinsurance recoverables)

The reinsurance recoverables result as the difference between the gross and the net result for the Best Estimate Life and Non-Life. In GRAWE RE, gross results equal net result.

D.2.4 Description of the uncertainty level

D.2.4.1 Non-Life

In Non-Life, there are uncertainties regarding:

1. Discount factor and
2. Best Estimate

The cash flows are estimated from the claims triangles. The discount factors are determined by the EIOPA yield curve. Different inflation rates, interest rate scenarios and interest payment dates are also calculated in order to analyse their impact on the best estimate and to quantitatively limit the possible uncertainty. For the claims provision confidence intervals are calculated where appropriate. The idea is to be able to statistically assess the fluctuation. The confidence intervals show a possible range with different safety levels for the Best Estimate.

D.2.4.2 Life

Regarding business reinsured on risk premium basis and reinsurance for tariff 'PZV' the level of uncertainty is regarded immaterial due to the fact that the relevant reinsurance contracts are one-year-contracts (contract boundary).

D.2.5 Qualitative and quantitative explanation of the valuation differences per LOB, differences in the basics, methods and assumptions used

The differences between Solvency II values and values according to IFRS result from valuation differences pointed out in the table below:

	IFRS	Solvency II
Addressees	Creditor protection	Supervisory authority, other insurance undertakings, rating agencies, customers
Valuation Life		
Valuation Best Estimate	IFRS 17 for insurance contracts	Standard formula according to Solvency II
	Company specific yield curve and expenses (only directly attributable expenses)	EIOPA risk free yield curve and expenses
	CSM part of liabilities	No reserve (future profits within retained earnings)
	Contract boundary according to the underlying business of the cedents.	Contract boundary according to the reinsurance treaty (one year)
Valuation Claims Reserves	Payment pattern and company specific yield curve	No discounting
Risk Margin	Confidence level 85%	Confidence level 99.5%
Valuation Non-Life		
Premium provision	Similar to old IFRS 4 concept of unearned premium	IFRS 4 unearned premium times combined ratio
Claims provision	Payment pattern and company specific yield curve	EIOPA risk free yield curve
Risk Margin	Tail Value at Risk with confidence level 75%	Confidence level 99.5%

The values of Technical Provisions (sum of Best Estimate and Risk Margin) as well as the IFRS reserves are presented below as per 31 December 2024.

Technical Liabilities	Economic Balance Sheet		Financial Statements IFRS		Deferred Liability Tax Rate 12.5%	
	2024	2023	2024	2023	2024	2023
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Risk margin (NL excl. Health)	573	526	570	471	0	-7
Best Estimate (NL excl. Health)	1,979	3,001	1,970	2,690	-1	-39
Best estimate Life	-2,602	2,918	-3,019	9,627	-52	839
Risk margin Life	6	11	7	36	0	3
Risk margin (NL health)	72	72	78	78	1	1
Best Estimate (NL health)	682	671	816	728	17	7
Total	709	7,199	422	13,630	-36	804

D.2.5.1 Relevant changes in the assumptions for the calculation of technical reserves

Changes in input data:

- Annual update of expenses of second order;
- Annual update of cedent's assumptions on lapses within the PZV;
- Annual update of cedent's lapse and waiver of premium probabilities.

As for the calculation of claims provision, the run-off triangles were moved forward by one year and start with accident year 2005. Furthermore, as of 31 December 2024 inflation expectations of cedents were updated.

D.2.5.2 Description matching adjustment and portfolio

Due to the high solvency ratio, the use of a LTG measure was not considered.

D.2.5.3 Statement on the use of the volatility adjustment

Due to the high solvency ratio, the use of the volatility adjustment was not considered.

D.2.5.4 Statement on the use of the risk-free transfer interest rate

Due to the high solvency ratio, the use of a risk-free transfer interest rate was not considered.

D.2.6 Calculation of the risk margin

In addition to the Best Estimate, the technical provisions also include the risk margin. The calculation of the risk margin is done in accordance with the standard model via the cost-of-capital (CoC) approach. The consideration of this approach is that the total portfolio is transferred to a reference company that invests without risk and handles this portfolio. The costs for holding solvency capital for risks that exist despite risk-free investment are depicted by the risk margin.

The cost of capital rate specified in the Solvency II standard model is 6%. Besides the underwriting risk, also the unavoidable market risk, the credit risk as well as the operational risk have to be included in the calculation.

The used method corresponds regarding the content to simplification no. 1 of EIOPA guidelines for the assessment of technical provisions (EIOPA-BoS-14/166 DE).

D.3 Other liabilities

D.3.1 Explanation of the valuation differences per category of liability

D.3.1.1 Provisions other than technical provisions

In IAS 37.36, the IFRS standardises the consideration of the provisions with the most probable value or with the expected value pursuant to IAS 37.39. From the current perspective, no fundamental deviations to the book value according to IFRS result in this position; therefore, the approach in the annual financial statements according to IFRS corresponds to the valuation approach in the economic balance sheet.

D.3.1.2 Deferred tax liabilities

The deferred tax liabilities are indicated under the item "Deferred tax liabilities" of the liabilities in the economic balance sheet. There is no netting with the posted deferred tax assets in the economic balance sheet. The tax rate used is again 12.5%, the amount reported is kEUR -36 and is derived from the differences in liabilities between the economic balance sheet values and the annual financial statements under IFRS values as shown in the table used in section D.2.5.

D.3.1.3 Payables (trade, not insurance)

Other liabilities are valued with the repayment amount. There are no differences between the approach of the economic balance sheet and the book value in the annual financial statements according to IFRS.

D.3.1.4 Reinsurance payables

Reinsurance payables are the liabilities to be settled and resulting from the invoicing for the reinsurance ceded.

An offsetting with receivables is only to be done if this offsetting is legally permissible on the reference date for the invoicing; an offsetting with custodian account receivables is, however, not permitted under any circumstances.

There are no differences between the approach of the economic balance sheet and the book value in the annual financial statements according to IFRS.

D.3.1.5 Payables (trade, not insurance)

The item "Payables (trade, not insurance)" includes mainly taxes for Value Added Tax and employee payroll and defence tax and some employee bonus and the total amount as at 31 December 2024 is kEUR 3,481. The book value in the annual financial statements according to IFRS thus corresponds to the value of the economic balance sheet.

D.3.1.6 Insurance payables

Insurance payables are the liabilities to be settled and resulting from the invoicing of the reinsurance submitted from cedents.

An offsetting with receivables is only to be done if this offsetting is legally permissible on the reference date for the invoicing; an offsetting with custodian account receivables is, however, not permitted under any circumstances.

D.3.2 Assessments that can fundamentally influence the valuation approaches

D.3.2.1 Deferred taxes

The risk-mitigating effect of deferred taxes (ability of deferred taxes to compensate for losses [Adj_{DT}]) in the economic balance sheet is based on deferred tax liabilities possibly being reduced or deferred taxed assets being increased in the event of loss.

Pursuant to Art. 207 Par. 1 of the Delegated Regulation, the ability of the deferred taxes to compensate for losses corresponds to the total from the basic capital requirement (BSCR), the adjustment of the ability to compensate for losses through the technical provisions (Adj_{TP}) and the capital requirement for the operational risk, multiplied with the individual corporate tax rate.

The amount of the ability of deferred taxes to compensate for losses is limited to the lower value of the amount determined pursuant to Art. 207 and/or the amount of the netted deferred tax liabilities indicated in the economic balance sheet and is taken into account as a deduction item from the SCR. Further explanations are made in section D.1.2.2.

D.4 Alternative methods of valuation

Pursuant to Art. 9 Par. 4 of the Delegated Regulation (EU) 2015/35, the use of deviating methods for valuation is permissible if the methods used

- (1) are also applied within the framework of the creation of the annual financial statements or of the consolidated statements,
- (2) the valuation method complies with Article 75 of the Solvency II Directive,
- (3) the company does not value this asset or this liability according to IFRS,
- (4) an valuation of the assets and liabilities pursuant to IFRS entails costs for the company that based on its administrative costs would be disproportionate overall.

GRAWE RE only uses alternative price determination in an immaterial extent (for subsidiary companies like in GRAWE Real Estate Ltd.) in order to determine the valuation approach in the economic balance sheet. The costs to make a more up to date evaluation from using the

financial statements of the previous year as simply more than the actual effect it will have in the overall results.

In the following areas, GRAWE RE uses alternative valuation methods to determine the valuation approach in the economic balance sheet:

D.4.1 Alternative price determination for securities

The market price for securities for which no market price of a liquid market is available is determined via the risk-free interest curve and a supplement. The following hierarchy is complied with to determine the supplement:

- a) use of a liquid security of the same debtor of the same credit rating,
- b) use of credit default swaps,
- c) determination of credit supplements at banks who carry out primary issues for various issuers (of varying credit ratings),
- d) determination of a credit spread for equivalent securities.

The valuation hierarchy of financial assets is explained in section D.1.2.1.

Private placements are regularly checked for liquidity and value of the prices and if there is illiquidity priced with alternative valuation methods.

D.4.2 At-equity approach for shares in affiliated companies and participations

The fair values of holdings in related undertakings and participations are determined pursuant to Article 13 Par. 1 letter b) with the adjusted equity method as of the balance sheet reference date and/or correspond to the book value pursuant to Article 13 Par. 6.

Any changes in the own funds of the participating subsidiaries, i.e. their profits and/or losses thus have a direct effect on the fair value of the participation.

D.5 Other information

D.5.1 Currency conversion

Assets, reserves and liabilities in foreign currency will be converted into Euro at the ECB reference rate as of the balance sheet date.

D.5.2 Materiality

The principle of proportionality and materiality is implemented pursuant to Art. 9 Par. 4 of the Delegated Regulation (EU) 2015/35 in accordance with the nature, scope and complexity of the company.

With regard to the determination of the materiality threshold in the valuation of the assets and liabilities in the economic balance sheet, reference is made to the definition of the IAS 8.5.

E. CAPITAL MANAGEMENT

E.1 Own funds

Under Solvency II, the own funds requirement of an insurance company is oriented to the latter's actual risk profile (cf. statements in section C). The higher the risks that an insurance company is exposed to, the higher the solvency capital requirement (SCR) or the minimum capital requirement (MCR) that the company has to cover with creditable own funds.

The determination of the own funds that can be taken into consideration to cover SCR and MCR is based on a three-phase procedure:

In a first step, the own funds in the economic balance sheet are calculated as the surplus of the assets over the liabilities. This surplus is indicated in the depiction of the economic balance sheet in section D. The economic valuation of the assets and liabilities, however, deviates from the valuation according to existing IFRS accounting regulations (cf. statements in section D). The own funds indicated in the economic balance sheet are described as basic own funds.

The basic own funds can also include so-called subordinated liabilities. The capital management guidelines of GRAWE RE currently do not make provision for the issue of such liabilities.

Supplementary own funds can be requested from the shareholders to compensate for losses but are not included in the economic balance sheet and may only be taken into account after approval from the financial market supervisory authority. The taking out of supplementary own funds is not envisaged in the valid capital management guideline of GRAWE RE.

In a second step, the own funds components are allocated to three categories ("Tiers") as these can compensate for losses in varying degrees in accordance with their availability and term.

In its economic balance sheet, GRAWE RE only indicates own funds components that have an indefinite term, are free of encumbrances and are permanently available and thus can be classified as Tier 1 capital.

Finally, if applicable, there will be a limitation of the offset ability of Tier 1, Tier 2 and Tier 3 capital as individual own funds components do not have full ability to compensate for losses in an emergency.

In the company-internal capital management guideline, GRAWE RE has formulated the goal of only holding basic own funds of Tier 1 quality.

In order to achieve this goal, in particular the following rules are to be complied with in the case of corporate actions:

- Only ordinary shares may be issued. In the process, the statutory provisions valid for the share issue are to be complied with.
- It is to be ensured that all own funds components are fully paid up at all times or are covered by assets with value.

- It is to be ensured that the own funds components are not encumbered by the existence of agreements or associated transactions or as the result of a group structure via which the effectiveness as capital is undermined.
- Neither subordinated liabilities may be used.
- No treasury stock may be held.

No corporate actions are planned for the financial years until 2024 and 2025.

The annual general meeting of GRAWE RE is responsible for the decision taking regarding dividend payments. The Board of Directors has to submit to the annual general meeting a proposal for the dividend payment. For the year 2024 a dividend payment of kEUR 5,000 will be proposed.

The proposal is to be developed with regard to commercial and strategic interests of all stakeholders (in particular but not solely of the shareholders) but must at any rate take into account the following aspects:

- the statutory provisions, in particular the provisions under company law and supervisory law regarding the dividend payments;
- the resourcing at any time of the company with sufficient own funds to meet the capital requirements as of 31 December of the last financial year;
- key business events since 31 December of the last financial year for which a negative influence on the own funds and the fulfilment of the capital requirements is expected;
- the detailed planning for the ongoing financial year and the resulting forecast of the own funds and of the capital requirements;
- the medium-term capital management plan and the resulting forecast of the own funds and of the capital requirements.

With the proposal to the general shareholders' meeting, the Board of Directors has to ensure that as a result of the dividend payment neither the current nor the forecasted solvency ratio falls below 150%.

E.1.1. Own funds according to IFRS

The paid-up capital of GRAWE RE consists as of 31 December 2024 of 10,001,000 units of shares with a nominal value of 1.00 EUR each. The company does not hold any treasury stock at all.

E.1.2. Own funds pursuant to Solvency II

The own funds resulting from the economic balance sheet as of 31 December 2024 are comprised of the positions depicted in the overview listed below.

GRAWE RE does not have any subordinated liabilities or any supplementary own funds.

The total own funds therefore correspond to the total of the basic own funds.

Based on these characteristics, the basic own funds of GRAWE RE are to be classified solely as "Tier 1" pursuant to Art. 69 to Art. 71 of the Delegated Regulation. They can be offset in an unlimited amount to cover SCR and MCR.

	Total 2024 kEUR	of which Tier 1 unlimited kEUR	Total 2023 kEUR	of which Tier 1 unlimited kEUR
Paid-up share capital	10,001	10,001	10,001	10,001
Capital reserves	280	280	280	280
Reconciliation reserve	258,143	258,143	223,762	223,762
Total of the basic own funds	268,424	268,424	234,043	234,043

The reconciliation reserve corresponds to the total surplus of the assets over the liabilities less the items named in Art. 70 Par. 1 of the Delegated Regulation. In the past financial year, no dividend payment was agreed.

The reconciliation reserve of GRAWE RE is therefore calculated as follows:

	Total 2024 kEUR	Total 2023 kEUR
Surplus of the assets over the liabilities	268,424	234,043
Paid-up share capital	10,001	10,001
Capital reserves	280	280
Other basic own funds	-10,281	-10,281
Reconciliation reserve	258,143	223,762

E.1.3. Explanation of the differences in valuation

The differences in valuation between the own funds of the economic balance sheet and the own funds according to IFRS are comprised of the following positions:

	Difference in valuation	
	2024	2023
	kEUR	kEUR
Difference in the valuation of assets	114,522	96,813
less: difference in the valuation of technical provisions	-288	6,429
less: difference in the valuation of other liabilities	-17	-850
Total amount of the reserves from the annual financial statements	148,926	126,370
<hr/>		
Reserves from the annual financial statements, adjusted to reflect the valuation differences from Solvency II	263,143	228,762
<hr/>		
Surplus of the assets over the liabilities that can be assigned to the other basic own funds	10,281	10,281
<hr/>		
Surplus of the assets over the liabilities	273,424	239,043

The difference in the valuation of the assets results from the market values applied in the economic balance sheet exceeding overall the book values in the balance sheet according to IFRS.

With the technical provisions, the Best Estimate overall is substantially below the book values in the IFRS balance sheet.

The differences in the valuation of other liabilities results primarily from the carrying of deferred taxes as liabilities.

E.1.4. Deferred Tax

As at 31 December 2024 deferred tax assets (DTA) amount to kEUR 17 and deferred tax liabilities (DTL) are kEUR 17. The net deferred tax liabilities, which result from the difference between deferred tax assets and deferred tax liabilities, amount to kEUR 0. This value results primarily from Best Estimates Life and a small value comes from Best Estimates Non-Life.

Furthermore, no Tier 3 capital from net deferred tax assets is reported in GRAWE RE's own funds.

E.2 SCR and MCR

GRAWE RE calculates the solvency capital requirement (SCR) with the Solvency II standard formula.

This is intended to reflect a capital need that makes it possible for the company to compensate for unforeseen losses in the next year. The SCR is calibrated in such a way that it corresponds to a Value at Risk of the basic own funds at a confidence level of 99.5% over a period of one year or to put it another way, a "1-in-200"-year ruin event is simulated. The calibration

guarantees that all quantifiable risks that an insurance company is exposed to are taken into consideration.

When applying the standard formula GRAWE RE does not use neither simplifications for individual modules nor sub-modules or company-specific parameters nor the matching adjustment. No use was made of the application of the volatility adjustment either.

As of 31 December 2024, the SCR of GRAWE RE was kEUR 50,235 (2023: kEUR 42,752) and, based on risk modules, is comprised as follows:

		2024	Share on SCR	2023	Share on SCR
Market risk	Interest rate risk	6,651	13.2%	6,424	15.0%
	Equity risk	30,039	75.7%	32,180	75.3%
	Property risk	0	0.0%	0	0.0%
	Spread risk	6,334	12.6%	5,938	13.9%
	Concentration risk	11,078	22.1%	5,722	13.4%
	Currency risk	4,050	8.1%	3,859	9.0%
	Diversification	-19,943	-39.7%	-14,979	-35.0%
	TOTAL	46,208	92.0%	39,144	91.6%
Counterparty default risk		2,757	5.5%	3,962	9.3%
Life underwriting risk	Mortality risk	87	0.2%	78	0.2%
	Longevity risk	0	0.0%	0	0.0%
	Disability risk	0	0.0%	0	0.0%
	Lapse risk	23	0.0%	89	0.2%
	Cost risk	28	0.1%	28	0.1%
	Revision risk	0	0.0%	0	0.0%
	Catastrophe risk	1	0.0%	5	0.0%
	Diversification	-35	-0.1%	-63	-0.1%
TOTAL	103	0.2%	137	0.3%	
Health underwriting risk	Health (similar to Life)	0	0.0%	0	0.0%
	Premium and reserve risk	482	1.0%	526	1.2%
	Lapse risk	0	0.0%	0	0.0%
	Health (similar to Non-Life)	482	1.0%	526	1.2%
	Catastrophe risk	117	0.2%	107	0.3%
	Diversification	-75	-0.1%	-71	-0.2%
TOTAL	524	1.0%	562	1.3%	
Non-Life underwriting risk	Premium and reserve risk	1,637	3.3%	1,626	3.8%
	Lapse risk	0	0.0%	0	0.0%
	Natural catastrophes	5,676	11.3%	5,187	12.1%
	Man-made catastrophes	4,304	8.6%	3,843	9.0%
	Other catastrophes	0	0.0%	0	0.0%
	Catastrophe risk	7,123	14.2%	6,455	15.1%
Diversification	-1,063	-2.1%	-1,041	-2.4%	
TOTAL	7,698	15.3%	7,040	16.5%	
Basic SCR (BSCR)		49,804	99.1%	43,084	100.8%
Operational risk		431	0.9%	457	1.1%
Adjustments technical provisions (Adj_{TP})		0	0.0%	0	0.0%
Adjustments deferred taxes (Adj_{DT})		0	0.0%	-789	-1.8%
Adjustments (Adjustment term)		0	0.0%	-789	-1.8%
SCR (capital requirement)		50,235	100.0%	42,752	100.0%

The ratio of the eligible own funds to the SCR (solvency ratio) was 534.3% (2023: 547.4%) as of the reporting reference date. The own funds were sufficiently fulfilled in the whole reporting period.

The **minimum capital requirement (MCR)** constitutes the minimum volume of capital that the insurance company must hold at any time in order to be able to continue its business activities further.

The MCR is calculated in a three-stage procedure in accordance with the Solvency II calculation regulations:

The linear MCR is determined as a function of the net Best Estimate, the net written premiums and the risk capital for the unit-linked and index-linked life insurance that are to be multiplied with specified factors.

For the linear MCR calculated in Step 1, it is checked whether it is between 25% and 45% of the SCR. If this is the case, the linear MCR is then used further for the third step of the calculations.

If, however, the linear MCR is below 25%, 25% of the SCR will then be applied in Step 3. If it is over 45%, 45% of the SCR will then be included in the calculations of Step 3.

It is checked whether the value from Step 2 has an absolute lower threshold stipulated by law. If this is the case, then the result from step 2 corresponds to the MCR. If the calculation result from step 2 results in a lower value than the absolute lower threshold, the MCR will be increased to this lower threshold.

The MCR of GRAWE RE corresponds to 25% of the SCR (MCR floor). As of the reporting reference date 31 December 2024, the MCR of GRAWE RE was kEUR 12,559 (2023: kEUR 10,688).

Adjustment Term Deferred Taxes

In GRAWE RE the adjustment term deferred taxes amounts to kEUR 0.

Currently the SCR is subject to supervisory assessment.

E.3 Use of the duration-based equity-risk sub-module in the calculation of the Solvency Capital Requirement

Not relevant.

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

Not relevant.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

Not relevant.

E.6 Any other information

Any relevant information was mentioned in the previous sections.

Nicosia, 4 April 2025

The Board of Directors



Dr. Othmar Ederer



Aristodemos Aristodemou, BA, FCCA

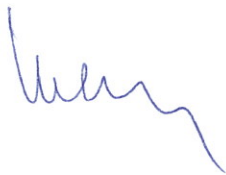


Petros Petrides, BSC FCA

Daniela Uhlmann, MA



Dr. Thomas Hlatky



Christos Michael, MA FCCA



Annex

Annex I	
S.02.01.02	
Balance sheet	
	Solvency II value
	C0010
Assets	
Intangible assets	R0030
Deferred tax assets	R0040 17,497
Pension benefit surplus	R0050
Property, plant & equipment held for own use	R0060 3,945
Investments (other than assets held for index-linked and unit-linked contracts)	R0070 263,659,597
Property (other than for own use)	R0080
Holdings in related undertakings, including participations	R0090 140,596,237
Equities	R0100 17,972
Equities - listed	R0110 17,972
Equities - unlisted	R0120
Bonds	R0130 67,294,227
Government Bonds	R0140 26,329,771
Corporate Bonds	R0150 40,964,457
Structured notes	R0160
Collateralised securities	R0170
Collective Investments Undertakings	R0180 55,751,161
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
Loans on policies	R0240
Loans and mortgages to individuals	R0250
Other loans and mortgages	R0260
Reinsurance recoverables from:	R0270 0
Non-life and health similar to non-life	R0280 0
Non-life excluding health	R0290 0
Health similar to non-life	R0300 0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310 0
Health similar to life	R0320
Life excluding health and index-linked and unit-linked	R0330 0
Life index-linked and unit-linked	R0340
Deposits to cedants	R0350
Insurance and intermediaries receivables	R0360 2,330,319
Reinsurance receivables	R0370
Receivables (trade, not insurance)	R0380 10,656,400
Own shares (held directly)	R0390
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400
Cash and cash equivalents	R0410 1,718,516
Any other assets, not elsewhere shown	R0420 7,615
Total assets	R0500 278,393,888

	Solvency II value	
		C0010
Liabilities		
Technical provisions – non-life	R0510	3,306,245
Technical provisions – non-life (excluding health)	R0520	2,552,222
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	1,979,283
Risk margin	R0550	572,940
Technical provisions - health (similar to non-life)	R0560	754,023
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	682,217
Risk margin	R0590	71,806
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-2,596,230
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-2,596,230
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	-2,602,278
Risk margin	R0680	6,049
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	17,497
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	754,826
Reinsurance payables	R0830	7,018
Payables (trade, not insurance)	R0840	3,481,304
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	4,970,661
Excess of assets over liabilities	R1000	273,423,228

Annex I

S.04.05.21

Premiums, claims and expenses by country

Non-life insurance and reinsurance obligations

	R0010	Top five countries - non-life obligations					
		Home Country	CROATIA	SLOVENIA	GERMANY	BOSNIA AND HERZEGOVINA	AUSTRIA
		C0010	C0020	C0020	C0020	C0020	C0020
Premiums written (gross)							
Gross Written Premium (direct)	R0020						
Gross Written Premium (proportional reinsurance)	R0021	-	2,280,924	3,133,376	684,465	496,678	74,840
Gross Written Premium (non-proportional reinsurance)	R0022						
Premiums earned (gross)							
Gross Earned Premium (direct)	R0030						
Gross Earned Premium (proportional reinsurance)	R0031	-	2,198,538	3,076,998	676,806	515,493	75,449
Gross Earned Premium (non-proportional reinsurance)	R0032						
Claims incurred (gross)							
Claims incurred (direct)	R0040						
Claims incurred (proportional reinsurance)	R0041	-	828,802	1,732,751	379,308	231,724	58,219
Claims incurred (non-proportional reinsurance)	R0042						
Expenses incurred (gross)							
Gross Expenses Incurred (direct)	R0050						
Gross Expenses Incurred (proportional reinsurance)	R0051	-	1,306,699	1,299,044	284,092	222,198	27,162
Gross Expenses Incurred (non-proportional reinsurance)	R0052						

S.04.05.21

Premiums, claims and expenses by country

Life insurance and reinsurance obligations

	R1020	Top five countries - life insurance					
		Home Country	AUSTRIA	HUNGARY	BOSNIA AND HERZEGOVINA	BULGARIA	ROMANIA
		C0030	C0040	C0040	C0040	C0040	C0040
Premiums written (gross)	R1020	0	4,192,807	502,926	466,020	306,519	169,204
Premiums earned (gross)	R1030	0	4,217,648	514,994	465,072	304,121	169,814
Claims incurred (gross)	R1040	0	1,646,630	50,137	205,548	37,848	23,849
Expenses incurred (gross)	R1050	0	392,625	302,747	198,660	176,846	97,162

Annex I

S.05.01.02

Premiums, claims and expenses by line of business

	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	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property		
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160		C0200
Premiums written																		
Gross - Direct Business	R0110																	
Gross - Proportional reinsurance accepted	R0120		1,235,061				5,110,035	420,170										6,765,265
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140		7,018															7,018
Net	R0200		1,228,043				5,110,035	420,170										6,758,247
Premiums earned																		
Gross - Direct Business	R0210																	
Gross - Proportional reinsurance accepted	R0220		1,251,390				4,978,566	406,773										6,636,729
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240		7,018															7,018
Net	R0300		1,244,373				4,978,566	406,773										6,629,711
Claims incurred																		
Gross - Direct Business	R0310																	
Gross - Proportional reinsurance accepted	R0320		408,263				2,624,922	199,007										3,232,192
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340																	
Net	R0400		408,263				2,624,922	199,007										3,232,192
Expenses incurred	R0550		609,310				2,330,388	202,388										3,202,086
Balance - other technical expenses/income	R1200																	
Total expenses	R1300																	3,202,086

		Line of Business for: life insurance obligations					Life reinsurance obligations		Total	
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410							5,755,571	5,755,571	
Reinsurers' share	R1420									
Net	R1500							5,755,571	5,755,571	
Premiums earned										
Gross	R1510							5,790,471	5,790,471	
Reinsurers' share	R1520									
Net	R1600							5,790,471	5,790,471	
Claims incurred										
Gross	R1610							1,972,055	1,972,055	
Reinsurers' share	R1620									
Net	R1700							1,972,055	1,972,055	
Expenses incurred	R1900							1,232,493	1,232,493	
Balance - other technical expenses/income	R2500									
Total expenses	R2600								1,232,493	
Total amount of surrender	R2700									

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

	Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010															
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020															
Technical provisions calculated as a sum of BE and RM																
Best Estimate																
Gross Best Estimate	R0030									-2,602,778						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080									-						
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090									-2,602,778						
Risk Margin	R0100									6,049						
Technical provisions - total	R0200									-2,596,730						
Expected profits included in future premiums (EPIFP)	R0370									-						

Annex I
S.17.01.02

Non-life Technical Provisions

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	
Technical provisions calculated as a sum of BE and RM Best estimate																	
Premium provisions																	
Gross		139,893					639,607	17,963									797,462
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	
Net Best Estimate of Premium Provisions		139,893					639,607	17,963									797,462
Claims provisions																	
Gross		542,324					1,272,466	49,247									1,864,038
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	
Net Best Estimate of Claims Provisions		542,324					1,272,466	49,247									1,864,038
Total Best estimate - gross		682,217					1,912,073	67,210									2,661,500
Total Best estimate - net		682,217					1,912,073	67,210									2,661,500
Risk margin		71,806					542,177	30,763									644,746
Technical provisions - total																	
Technical provisions - total		754,023					2,454,249	97,973									3,306,245
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total		-					-	-									-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total		754,023					2,454,249	97,973									3,306,245

Annex I
S.19.01.21
Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year **Z0010** Fire and other property damage

Gross Claims Paid (non-cumulative)
(absolute amount)

		Development year															In Current year	Sum of years (cumulative)		
Year		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15&+			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160			
Prior	R0100																			
N-14	R0110	407,118	71,514	-10,890	11,868	1,928	1,855	1,884	-100	81	267	-301	34	14	-2	1		R0100	-81	
N-13	R0120	358,373	81,518	30,393	6,281	4,433	5,974	3,687	812	166	-1,402	1,724	0	3,835	0			R0110	1	
N-12	R0130	506,893	257,466	28,366	26,794	6,668	13,786	1,970	494	2,020	111	40	-138	4				R0120	0	
N-11	R0140	507,676	384,716	43,877	27,245	5,922	4,198	2,581	8,207	-271	1,617	-211	43					R0130	4	
N-10	R0150	618,421	363,107	24,894	5,847	2,330	534	1,073	9,774	153	6	131						R0140	43	
N-9	R0160	729,409	281,512	71,153	10,044	3,313	7,711	4,974	5,955	1,132	51							R0150	131	
N-8	R0170	625,364	390,532	25,298	7,713	2,608	3,060	29,353	336	-281								R0160	51	
N-7	R0180	830,778	417,528	43,609	14,882	14,519	1,039	2,239	-191									R0170	-281	
N-6	R0190	891,753	326,864	17,844	14,094	1,106	1,191	1,100										R0180	-191	
N-5	R0200	929,492	375,492	35,486	2,953	1,187	4,793											R0190	1,100	
N-4	R0210	1,068,103	386,491	26,744	20,951	2,230												R0200	4,793	
N-3	R0220	993,020	715,249	117,535	49,026													R0210	2,230	
N-2	R0230	1,094,250	471,062	32,526														R0220	49,026	
N-1	R0240	2,803,445	657,541															R0230	32,526	
N	R0250	1,473,711																R0240	657,541	
																		R0250	1,473,711	
	Total																	R0260	2,220,605	
																				19,876,209

Annex I

S.19.01.21

Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year **Z0010** Income protecti...nal reinsurance

Gross Claims Paid (non-cumulative)

(absolute amount)

Development year

Year	Development year																In Current year	Sum of years (cumulative)		
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15&+			C0170	C0180
Prior	R0100																130	R0100	130	130
N-14	R0110	185,859	180,958	58,391	22,384	10,177	2,261	164	18	18	0	0	0	0	0	0	0	R0110	0	460,229
N-13	R0120	105,581	254,006	70,094	24,353	6,342	847	19,722	6,642	-3,924	0	1,287	0	0	0			R0120	0	484,951
N-12	R0130	147,481	198,967	70,590	22,441	4,780	1,528	28	0	-835	181	32	0	0				R0130	0	445,194
N-11	R0140	131,649	240,417	58,473	19,647	8,792	4,990	7,500	52	1,504	6	6	0					R0140	0	473,036
N-10	R0150	108,147	145,606	44,947	30,339	1,910	253	2,076	351	14	1	756						R0150	756	334,400
N-9	R0160	100,300	165,547	38,712	12,823	12,093	613	3,349	1,237	39	126							R0160	126	334,840
N-8	R0170	104,691	218,623	58,944	15,330	20,703	6,514	1,261	124	1,096								R0170	1,096	427,285
N-7	R0180	86,379	170,319	60,752	27,314	18,039	3,537	117	42									R0180	42	366,500
N-6	R0190	107,411	181,739	37,857	36,626	5,719	640	969										R0190	969	370,959
N-5	R0200	149,589	150,069	86,229	20,784	13,887	7,494											R0200	7,494	428,051
N-4	R0210	140,417	186,761	50,838	15,207	4,973												R0210	4,973	398,196
N-3	R0220	182,992	162,396	51,554	19,840													R0220	19,840	416,781
N-2	R0230	142,648	162,901	59,268														R0230	59,268	364,817
N-1	R0240	136,825	177,165															R0240	177,165	313,990
N	R0250	145,700																R0250	145,700	145,700
Total	R0260																	R0260	417,558	5,765,059

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year																Year end (discounted data)			
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15&+				
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0310	C0320	C0330	C0340	C0350	C0360		
Prior	R0100																2	R0100	2	
N-14	R0110															21		R0110	21	
N-13	R0120														24			R0120	24	
N-12	R0130												-139					R0130	-139	
N-11	R0140											-92						R0140	-89	
N-10	R0150										-42							R0150	-39	
N-9	R0160									394								R0160	393	
N-8	R0170								617									R0170	605	
N-7	R0180							710										R0180	687	
N-6	R0190						1,570											R0190	1,523	
N-5	R0200					6,444												R0200	6,301	
N-4	R0210				11,900													R0210	11,579	
N-3	R0220			22,855														R0220	22,141	
N-2	R0230		46,335															R0230	44,958	
N-1	R0240	106,303																R0240	103,290	
N	R0250	359,793																R0250	351,068	
																		Total	R0260	542,324

Annex I

S.19.01.21

Non-life insurance claims

Total Non-Life Business

Accident year / Underwriting year **Z0010** General liability reinsurance

Gross Claims Paid (non-cumulative)

(absolute amount)

Development year

Year	Development year																In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15&+			C0170
Prior	R0100																		
N-14	R0110	1,562	4,383	468	706	1,853	50	312	0	0	0	0	0	0	0	0	R0100	0	0
N-13	R0120	1,364	5,905	682	1,488	3,488	39	305	187	106	-172	0	0	0	0	0	R0110	0	9,334
N-12	R0130	1,504	2,857	1,400	283	476	-180	0	0	0	0	0	0	0	0	0	R0120	0	13,391
N-11	R0140	1,804	403	165	69	414	1,024	801	4,875	1,728	0	0	0	0	0	0	R0130	0	6,340
N-10	R0150	1,318	232	1,285	426	169	235	103	316	9,565	0	0	0	0	0	0	R0140	0	11,283
N-9	R0160	2,888	1,129	0	0	0	0	0	0	0	0	0	0	0	0	0	R0150	0	13,650
N-8	R0170	1,514	3,749	270	5,487	0	0	0	0	0	0	0	0	0	0	0	R0160	0	4,017
N-7	R0180	1,266	3,807	1,561	754	241	310	327	0	0	0	0	0	0	0	0	R0170	0	11,020
N-6	R0190	4,679	3,489	91	988	92	526	174	0	0	0	0	0	0	0	0	R0180	0	8,267
N-5	R0200	3,679	2,483	30	2,494	0	0	0	0	0	0	0	0	0	0	0	R0190	174	10,039
N-4	R0210	5,356	4,903	1,017	554	299	0	0	0	0	0	0	0	0	0	0	R0200	0	8,687
N-3	R0220	3,883	7,001	542	191	0	0	0	0	0	0	0	0	0	0	0	R0210	299	12,130
N-2	R0230	6,244	5,948	8,230	0	0	0	0	0	0	0	0	0	0	0	0	R0220	191	11,618
N-1	R0240	5,046	10,554	0	0	0	0	0	0	0	0	0	0	0	0	0	R0230	8,230	20,421
N	R0250	109	0	0	0	0	0	0	0	0	0	0	0	0	0	0	R0240	10,554	15,600
Total	R0260																	19,557	155,905

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year																Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15&+		C0360	
Prior	R0100																0	R0100	0
N-14	R0110															0	R0110	0	
N-13	R0120														0	R0120	0		
N-12	R0130												0	R0130	0				
N-11	R0140										0	R0140	0						
N-10	R0150									0	R0150	0							
N-9	R0160								0	R0160	0								
N-8	R0170							297	R0170	294									
N-7	R0180						1,458	R0180	1,437										
N-6	R0190					2,777	R0190	2,701											
N-5	R0200					2,706	R0200	2,586											
N-4	R0210				4,787	R0210	4,518												
N-3	R0220			6,134	R0220	5,736													
N-2	R0230		16,285	R0230	15,160														
N-1	R0240	17,794	R0240	16,433															
N	R0250	411	R0250	383															
Total																	R0260	49,247	

Annex I
S.23.01.01
Own funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	10,001,000	10,001,000		
Share premium account related to ordinary share capital	R0030	779,768	779,768		
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	258,142,459	258,142,459		
Subordinated liabilities	R0140				
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				

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	268,423,228	268,423,228		0

Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand	R0300				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310				
Unpaid and uncalled preference shares callable on demand	R0320				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370				
Other ancillary own funds	R0390				
Total ancillary own funds	R0400				

Available and eligible own funds

Total available own funds to meet the SCR	R0500	268,423,228	268,423,228	-	-
Total available own funds to meet the MCR	R0510	268,423,228	268,423,228	-	-
Total eligible own funds to meet the SCR	R0540	268,423,228	268,423,228	-	-
Total eligible own funds to meet the MCR	R0550	268,423,228	268,423,228	-	-
SCR	R0580	50,235,095			
MCR	R0600	12,558,774			
Ratio of Eligible own funds to SCR	R0620	534.33%			
Ratio of Eligible own funds to MCR	R0640	2137.34%			

Reconciliation reserve

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0060				
Excess of assets over liabilities	R0700	273,423,228			
Own shares (held directly and indirectly)	R0710				
Foreseeable dividends, distributions and charges	R0720	5,000,000			
Other basic own fund items	R0730	10,280,768			
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740				

Reconciliation reserve

Expected profits	R0760	258,142,459			
Expected profits included in future premiums (EPIFP) - Life business	R0770	-			
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	-			
Total Expected profits included in future premiums (EPIFP)	R0790	-			

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	46,207,905		
Counterparty default risk	R0020	2,757,466		
Life underwriting risk	R0030	103,345		
Health underwriting risk	R0040	523,764		
Non-life underwriting risk	R0050	7,697,797		
Diversification	R0060	(7,485,861)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	49,804,417		
Calculation of Solvency Capital Requirement		C0100		
Operational risk	R0130	430,679		
Loss-absorbing capacity of technical provisions	R0140	-		
Loss-absorbing capacity of deferred taxes	R0150	-		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-		
Solvency Capital Requirement excluding capital add-on	R0200	50,235,095		
Capital add-on 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	50,235,095		
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	R0400	-		
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-		
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-		
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-		
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-		
Approach to tax rate		Yes/No		
		C0109		
Approach based on average tax rate	R0590	Approach based on average tax rate		
Calculation of loss absorbing capacity of deferred taxes		LAC DT		
		C0109		
LAC DT	R0640	-		
LAC DT justified by reversion of deferred tax liabilities	R0650	-		
LAC DT justified by reference to probable future taxable economic profit	R0660	-		
LAC DT justified by carry back, current year	R0670	-		
LAC DT justified by carry back, future years	R0680	-		
Maximum LAC DT	R0690	-		

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity
Linear formula component for non-life insurance and reinsurance obligations

MCR _{NI} Result	C0010		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	R0010	819,303		
Medical expense insurance and proportional reinsurance	R0020		0	0
Income protection insurance and proportional reinsurance	R0030		682,217	1,235,061
Workers' compensation insurance and proportional reinsurance	R0040		0	0
Motor vehicle liability insurance and proportional reinsurance	R0050		0	0
Other motor insurance and proportional reinsurance	R0060		0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070		0	0
Fire and other damage to property insurance and proportional reinsurance	R0080		1,912,073	5,110,035
General liability insurance and proportional reinsurance	R0090		67,210	420,170
Credit and suretyship insurance and proportional reinsurance	R0100		0	0
Legal expenses insurance and proportional reinsurance	R0110		0	0
Assistance and proportional reinsurance	R0120		0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130		0	0
Non-proportional health reinsurance	R0140		0	0
Non-proportional casualty reinsurance	R0150		0	0
Non-proportional marine, aviation and transport reinsurance	R0160		0	0
Non-proportional property reinsurance	R0170		0	0

Linear formula component for life insurance and reinsurance obligations

MCR _L Result	C0040		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	R0200	372,663		
Obligations with profit participation - guaranteed benefits	R0210		-	
Obligations with profit participation - future discretionary benefits	R0220		0	
Index-linked and unit-linked insurance obligations	R0230		0	
Other life (re)insurance and health (re)insurance obligations	R0240		0	
Total capital at risk for all life (re)insurance obligations	R0250			532,376,069

Overall MCR calculation

	C0070	
Linear MCR	R0300	1,191,966
SCR	R0310	50,235,095
MCR cap	R0320	22,605,793
MCR floor	R0330	12,558,774
Combined MCR	R0340	12,558,774
Absolute floor of the MCR	R0350	3,900,000
Minimum Capital Requirement	R0400	12,558,774

Glossary

Base point:

100 base points correspond to 1% and depict the change on financial markets.

Bid-ask spread:

The bid-ask spread is the difference between the price (bid) that a buyer is willing to pay for an asset and the price (ask) that a seller is willing to accept to sell. The wider this spread gets, the less a market is considered as liquid and active in regards to the traded security.

Correlation:

Measurement for the linear connection between two characteristics

Credit spread:

Credit spread in finance denotes the difference in profit between an interest-bearing asset and a risk-free reference interest rate of the same term. It is intended to show the additional risk premium that an investor receives if he does not wish to invest without risk.

Derivatives:

Derivatives are instruments of futures trading and financial instruments whose value is derived from the development of the value of one or more basic values (underlyings). The value of the derivative is oriented to the value of the underlying, in positive or negative dependency.

Diversification effect:

Reduction of the risk potential through diversification that results from the fact that the negative result of a risk can be compensated by the more favourable result of another risk if these risks are not fully correlated.

Investment grade:

An investment grade is the description for or an achievable status of companies or securities that have a good rating and thus have "investment quality". A minimum rating for investment grade is a rating of BBB (Standard & Poor's) or Baa (Moody's). Investments below this threshold are described as non-investment grade as they are mostly of a speculative nature and associated with higher risk.

SCR ratio:

The SCR ratio constitutes the ratio of the own funds to the regulatory solvency capital requirement pursuant to Solvency II.

Solvency:

Own funds of an (re-)insurance company.

Scenario analyses:

Analyses of the effects of a combination of different events

SCR ratio:

The SCR ratio constitutes the ratio of the own funds to the regulatory solvency capital requirement pursuant to Solvency II.

Value at Risk:

The Value at Risk is a recognised key ratio to evaluate risks. A Value at Risk of EUR 1 million with a confidence level of 95% and with a holding period of 1 year means that the potential loss within 1 year will not exceed the amount of EUR 1 million with a probability of 95%.

Independent Auditor's Report



KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF

GRAWE REINSURANCE LIMITED

REPORT ON THE AUDIT OF THE RELEVANT ELEMENTS OF THE SOLVENCY AND FINANCIAL CONDITION REPORT

Opinion

We have audited the following Solvency II Quantitative Reporting Templates (“QRTs”) contained in Annex I to Commission Implementing Regulation (EU) No 2023/895 of 4 April 2023, of Grawe Reinsurance Limited (the “Company”), prepared as at 31 December 2024:

- S.02.01.02 - Balance sheet
- S.12.01.02 – Life and Health SLT Technical Provisions
- S.17.01.02 – Non – Life Technical Provisions
- S.23.01.01 – Own funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

The above QRTs are collectively referred to for the remainder of this report as “the relevant QRTs of the Solvency and Financial Condition Report”.

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2024 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016 as amended, the Commission Delegated Regulation (EU) 2015/35 as amended, the relevant EU Commission’s Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively “the Framework”).

Limassol
P.O. Box 50161, 3601
T: +357 25 869000
F: +357 25 363842

Paphos
P.O. Box 60288, 8101
T: +357 26 943050
F: +357 26 943062

Polis Chrysochous
P.O. Box 66014, 8330
T: +357 26 322096
F: +357 26 322722

Limassol
P.O. Box 40075, 6300
T: +357 24 200000
F: +357 24 200200

Paralimni / Ayia Napa
P.O. Box 33200, 5311
T: +357 23 820080
F: +357 23 820084



Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report, which describe the basis of preparation. The Solvency and Financial Condition Report is prepared in compliance with the Framework, and therefore in accordance with a special purpose financial reporting framework. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the Other information. The Other information comprises certain narrative sections and certain QRTs of the Solvency and Financial Condition Report as listed below:

Narrative sections:

- Business and performance
- Valuation for solvency purposes
- Capital management

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2023/895 of 4 April 2023):

- S.05.01.02 - Premiums, claims and expenses by line of business
- S.04.05.21 - Premiums, claims and expenses by country

Our opinion on the relevant QRTs of the Solvency and Financial Condition Report does not cover the Other information listed above and we do not express any form of assurance conclusion thereon.

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



Responsibilities of the Board of Directors for the Solvency and Financial Condition Report

The Board of Directors is responsible for the preparation of the Solvency and Financial Condition Report in accordance with the Framework.

The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Solvency and Financial Condition Report, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the relevant QRTs of the Solvency and Financial Condition Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

Our report is intended solely for the Board of Directors of the Company and should not be used by any other parties. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

KPMG Limited

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

4 April 2025