



STONEFORT
INSURANCE

We believe every business is unique and deserves a unique solution

2025

Solvency and Financial Condition Report

Stonefort Insurance S.A.



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SUMMARY

Context

This report is the Solvency and Financial Condition Report (“SFCR”) of Stonefort Insurance S.A. for the reporting period ended 31 December 2025. This SFCR provides public quantitative and qualitative disclosures as required by the Solvency II regulation.

This report is established pursuant to the requirements of the Insurance Law dated 7th December 2015 (the “Insurance Law”), the Solvency II Directive 2009/138/EC (the “SII Directive”), the Delegated Regulation (EU) 2019/981 and the EIOPA Guidelines on Reporting and Disclosure. Where appropriate, it contains updated information beyond 31 December 2025.

Stonefort Insurance is required to submit the Quantitative Reporting Templates (hereafter QRTs) to its regulatory authority, the Commissariat aux Assurances (“CAA”). A subset of these QRTs, which are required to be publicly disclosed, and which provide quantitative information in accordance with Solvency II as at 31 December 2025, are included in the appendix to this SFCR.

The section A “Business and Performance” describes the overall business profile and structure of the company. It also provides insight into the underwriting and investment performance of Stonefort Insurance. The section B “System of Governance” explains the organisational governance structure and looks into the role and execution of the Solvency II functions. The section C “Risk Profile” analysis Stonefort Insurance’s exposure to financial and non-financial risks and explains the risk mitigation techniques in place. Section D “Valuation for Solvency purposes” elaborates on the differences in presentation and measurement of balance sheets elements between Solvency II and Lux-GAAP statutory rules. Finally, section E “Capital management” discusses the composition of the Eligible Own Funds (EOF) and the calculation of the Solvency Capital Requirement (SCR).

Material changes and events in 2025

No key change nor event, impacting STI, took place in 2025.

Eligible Own Funds

Solvency II requires to hold Eligible Own Funds for covering the SCR. The Eligible Own Funds (EOF) are classified in three tiers depending on whether the own funds items are available to absorb losses on a going concern basis and/or in the case of winding-up as prescribed in the Solvency II Legislation. Tier 1 Own Funds items are the highest-grade capital and Tier 3 Own Funds are the lowest grade capital.

For Stonefort Insurance S.A. (“STI”) as of 31 December 2025, 100% of the EOF are unrestricted Tier 1 Own Funds.

Solvency Capital Requirement

The SCR is calculated based on the Standard Formula. At the end of 2025, the calculations were made based on the latest published technical specifications in the Delegated Acts (Delegated Regulation (EU) 2019/981 from March 8th 2019).

Solvency II ratio

Stonefort Insurance S.A. (in kEUR)	31/12/2024	31/12/2025
Eligible Own Funds	23,977	24,958
Solvency Capital Requirement (SCR)	10,357	10,791
Solvency II ratio	232%	231%

The Solvency II ratio of STI very slightly decreased between year-end 2024 and year-end 2025. This is explained by the fact that the SCR increase is almost fully compensated by the EOF increase over the year 2025. The EOF increase is mainly driven by the positive annual result. The SCR increase is mainly explained by the increase of the counterparty-default risk SCR, driven by the increase of the type 2 exposures (receivables from intermediaries due for more than 3 months). More details are given in section C.

Disclaimer

To the best of the STI's knowledge, the information contained herein is accurate and reliable as of the date of publication. The figures presented in this report are those accounted for as of 28 February 2026 for statutory accounts, on which the Solvency II figures are produced. Statutory figures were unaudited as of that date.

Contact

contact@stonefort.com

A. BUSINESS AND PERFORMANCE

A.1. Business

A.1.1. General information

Stonefort Insurance S.A. (hereafter referred to as the Company or "STI") is a Luxembourg company registered on 1st March 2013 as a "*société anonyme*". The Company's registered office is 8D rue Collart, L-8414 Steinfort Luxembourg.

The Company is licenced as a non-life insurance Company, whose object is to carry out insurance and co-insurance operations in any business class except for life insurance, under the Law of 7th December 2015 as amended on the insurance sector.

On August 22, 2023, the Board resolved to cease the Company's insurance new business operations, and to put its existing operations into run off.

Since August 2023, STI is in run-off and has ceased actively writing new business. The classes of business covered include accident, illness, surety bonds, goods in transit, fire and natural disaster, motor insurance, general and public liability and legal expense for the Luxembourg market and within Europe (primarily Belgium, Norway and Germany) under a freedom of service license and the UK through a branch office under the temporary permission regime until 30 December 2023. Since 31 December 2023, the UK branch is in supervised run-off. The registered office of the company is 8D rue Collart L-8414 Steinfort.

As of 31 December 2025, the Company continues to run off its portfolio of insurance business.

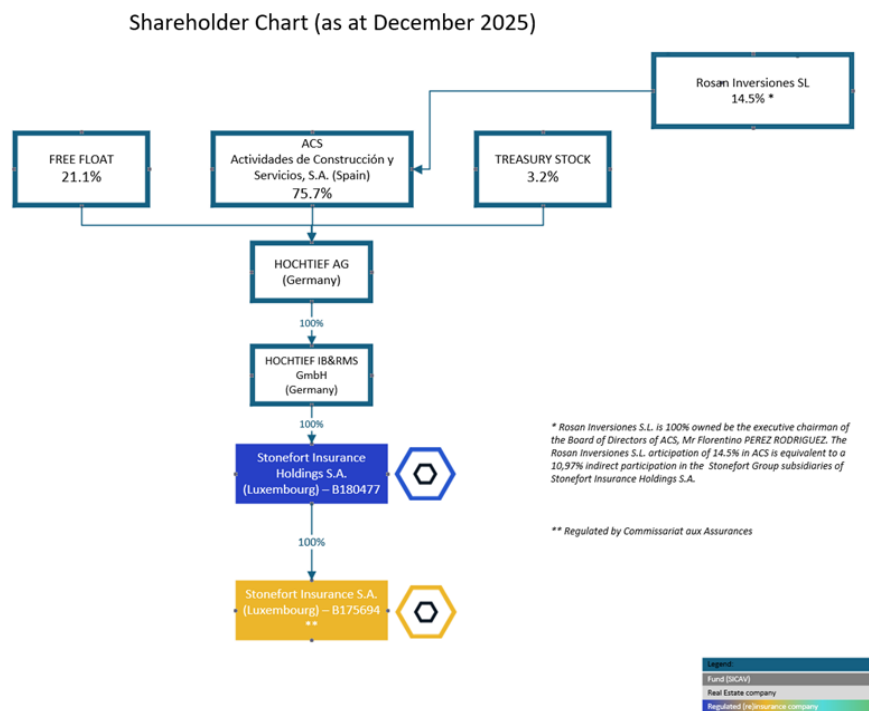
The Company is regulated by the Commissariat aux Assurances (hereafter CAA):
 11, rue Robert Stumper,
 L-2557 Luxembourg
 Tel : +352 22 69 111
<https://www.caa.lu/>

The Company's external auditor is Deloitte Luxembourg:
 20, Boulevard de Kockelscheuer
 L-1821 Luxembourg
 Tel: +352 45 14 51

A.1.2. Structure of ownership

The Company is 100% owned by Stonefort Insurance Holdings S.A., a wholly owned indirect subsidiary of the German stock corporation "HOCHTIEF Aktiengesellschaft Germany" listed on the Frankfurt stock exchange, ISIN DE 0006070006 (see shareholder chart below in table 1). HOCHTIEF Aktiengesellschaft Germany is in turn majority owned by Actividades de Construcción y Servicios S.A. Spain ("ACS") listed on the Spanish stock exchange in Madrid.

The legal structure of the entire HOCHTIEF and of Stonefort Insurance as of 31 December 2025 (with no change since) is the following:



ACS' participation in HOCHTIEF AG exceeds 75% since November 2023.

A.1.3. The Company Undertakings

The Company does not participate in the ownership of any undertaking.

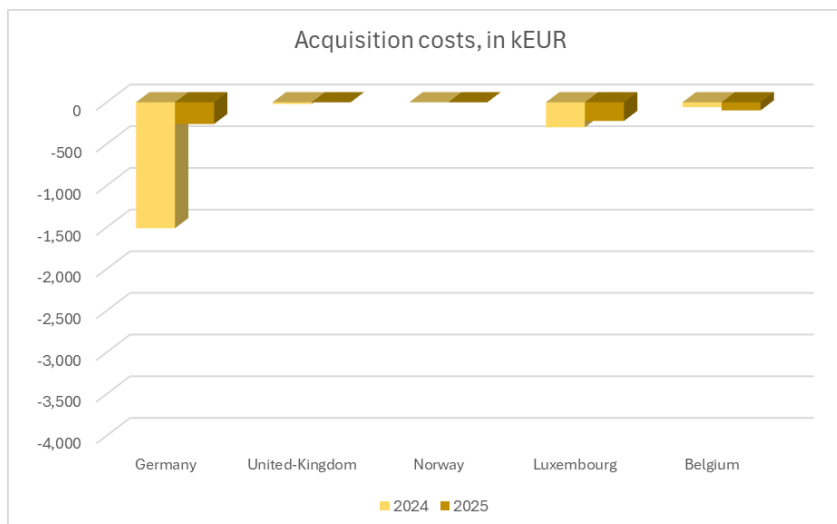
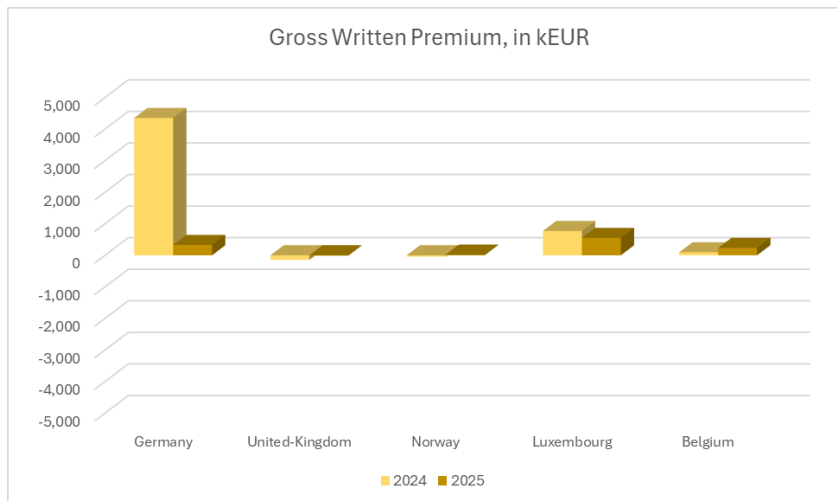
A.2. Underwriting Performance

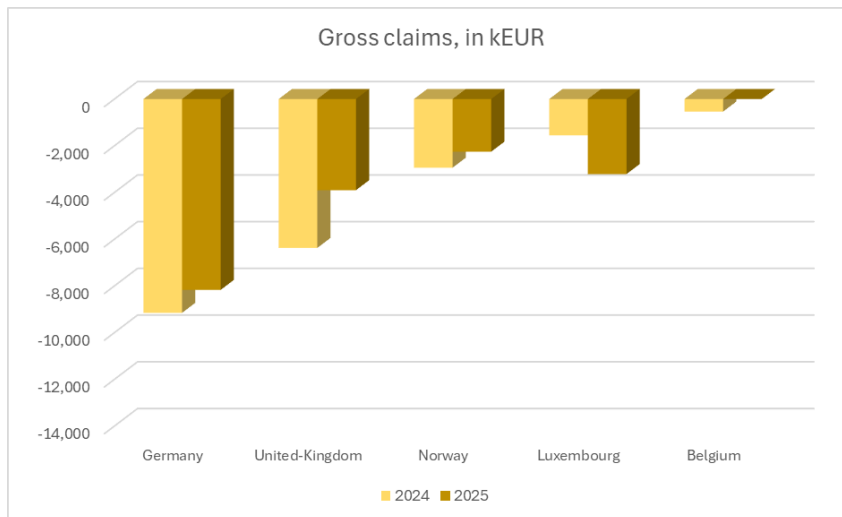
A.2.1. Underwriting income and expenses

For Stonefort Insurance for the years 2024 and 2025, below are:

- the gross underwriting income,
- the underwriting expenses (acquisition costs) and
- the gross claims figures.

The three first graphs illustrate the split by geographical zone.





In terms of gross written premiums and acquisition costs, the run-off effect is noticeable between 2024 and 2025, with a significant decrease of the figures. However, even in 2025, a significant number of claims from the past underwriting years was still to be managed.

Overall, the net cash-flow, gross of reinsurance, are given below:

	<i>in kEUR</i>	Germany	United-Kingdom	Norway	Luxembourg	Belgium
2024	TOTAL	(6,313.8)	(6,539.9)	(2,923.1)	(1,082.2)	(499.7)
2025	TOTAL	(8,103.5)	(3,912.3)	(2,148.9)	(2,885.9)	137.2

The table below presents the metrics (gross of reinsurance) by business type:

	<i>in kEUR</i>	Property	Casualty	Surety	mis. financial loss
2024	Gross Written Premium	4,026.8	165.2	838.6	-
2025	Gross Written Premium	305.6	(2.2)	817.4	-
2024	Acquisition costs	(1,659.1)	127.1	(302.4)	-
2025	Acquisition costs	(259.0)	0.6	(238.8)	-
2024	Claims	(14,621.2)	(194.6)	(5,327.9)	(411.2)
2025	Claims	(10,603.5)	(903.4)	(5,489.7)	(540.3)
2024	TOTAL	(12,253.5)	97.7	(4,791.7)	(411.2)
2025	TOTAL	(10,556.9)	(905.1)	(4,911.1)	(540.3)

A.2.2. Analysis of the underwriting performance

Stonefort Insurance's underwriting's performance can be detailed as follows:

Stonefort Insurance S.A., in EUR	31.12.2025	31.12.2024
Gross Premiums	1,120,804	5,030,530
Change in UPR	3,354,994	16,634,682
Earned Premiums	4,475,798	21,665,211
Acquisition Costs	-496,104	-1,829,730
Change in DAC	-968,860	-3,138,371
Operating Expenses	-1,464,964	-4,968,100
Losses paid	-17,536,864	-20,554,822
Change in OCR	4,596,642	4,221,227
Change in IBNR	1,278,233	5,934,005
Change in IBNR Inflation	0	360,000
Change in IBNER	675,739	-11,254,237
Change in ULEA	1,407,224	-924,175
Losses recoveries	1,907,688	1,590,889
Losses OCR recoveries	469,852	-7,280,634
Claims incurred	-7,201,487	-27,907,747
Profit commissions	-259,259	1,274,471
Change in other technical provisions	3,264,598	1,920,397
INWARDS Insurance result	- 1,185,314	- 8,015,768
Gross Premiums	-1,139,785	-4,404,080
Change in UPR	-3,175,218	-11,548,409
Earned Premiums	-4,315,004	-15,952,490
Acquisition Costs	442,573	1,947,215
Change in DAC	958,208	2,558,517
Override	54,644	0
Operating Expenses	1,455,425	4,505,732
Losses paid	15,258,566	17,826,055
Change in OCR	-3,168,367	-4,709,749
Change in IBNR	758,202	-4,608,413
Change in IBNR Inflation	0	-356,400
Change in IBNER	-576,955	6,606,384
Losses recoveries	-1,815,417	-1,459,406
Losses OCR recoveries	-464,569	7,210,367
Claims incurred	9,991,459	20,508,839
Change in other technical provisions	-2,344,761	847,442
OUTWARDS Insurance result	4,787,120	9,909,524
NET INSURANCE RESULT (Lux-GAAP)	3,601,806	1,893,756

The net underwriting results increased between 2024 and 2025 mainly explained by a decrease of the net reserves for the UK Branch account and a release of the run-off costs provision.

A.2.3. Risk Mitigation Techniques

In the context of its run-off activities, Stonefort Insurance relies primarily on its sister company, Stonefort Reinsurance, as its main reinsurer, with the majority of reinsurance arrangements structured on a risk-attaching basis for the remaining in-force programs. This intra-group reinsurance continues to provide the principal risk mitigation framework for the orderly management of existing liabilities.

In parallel, a limited number of legacy programs remain reinsured with external third-party reinsurers. It reflects historical arrangements entered into prior to the cessation of new business.

All risk-mitigation arrangements are integrated into the company's Solvency II framework. Their impact is reflected in the calculation of the reinsurance recoverables and in the counterparty-default risk SCR.

A.3. Investment Performance

A.3.1. Performance attribution

Market overview

In 2025, the global markets navigated a challenging macroeconomic and geopolitical environment marked by trade tensions, policy uncertainties, and AI-driven optimism. Despite numerous political turbulences, major asset classes delivered broad-based gains.

Despite these challenges, most major asset classes in Europe delivered positive returns, supported by stabilizing monetary policy expectations and improving investor sentiment. Across the continent, the environment was shaped by the continued war in Ukraine, shifting political dynamics in several EU member states, and renewed fiscal commitments to defense, energy transition, and infrastructure. France experienced repeated government reshuffles. Germany accelerated spending on strategic sectors. The broader region faced ongoing debates around fiscal rules and competitiveness. Meanwhile, the UK also navigated its own policy uncertainties while benefiting from moderating inflation and improving business confidence.

For EUR-denominated investments, short-dated government and corporate bonds performed well as yields remained elevated and volatility in longer maturities persisted. The European Central Bank's gradual shift towards a more neutral stance, having delivered its final cut in June 2025 which provided stability in the front end of the curve, making short-term fixed income attractive for portfolios prioritizing capital preservation and liquidity. Corporate fundamentals in the Investment Grade (IG) segment remained resilient, contributing to steady credit spreads.

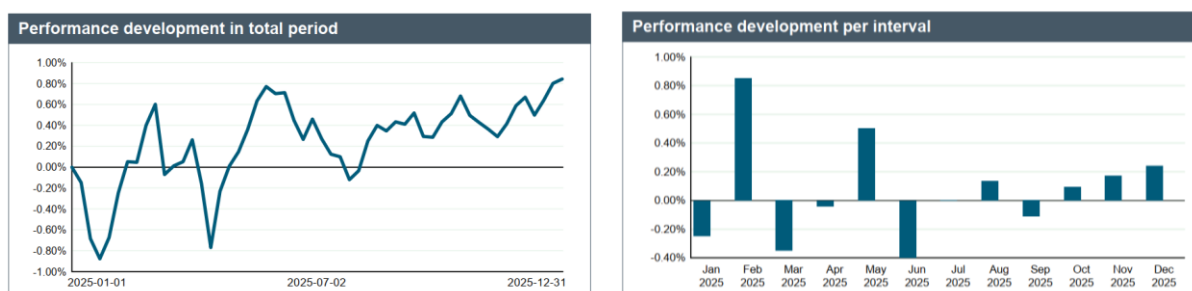
Overall, the market backdrop in 2025 supported the Company's conservative run-off investment strategy, with short-term EUR bonds and multi-currency liquidity offering a balanced combination of stability, income, and flexibility over the three-to-five-year horizon.

Performance review

The Company's portfolio delivered a positive time-weighted return of +0.85% in 2025 across all asset classes. This performance was mainly driven by the exposure to European sovereign and corporate bonds, which contributed +1.72%. Investment effect contributed +2.57% while currency effect contributed -1.71% to the performance, primarily due to the depreciation of the GBP, which affected the

portfolio's GBP liquidity holdings as the currency weakened by 5.4% against the EUR over the year. Nevertheless, the portfolio remains well positioned for run-off, maintaining an appropriate balance between stability and liquidity.

The graphs below show the evolution of performance over the year, as well as the month-by-month performance:



The table below provides a breakdown of performance contributions by asset class (not time-weighted thus slightly different):

Asset Class	Weight as of 31 December 2025	Performance Contribution
Bonds	57.53%	1.72%
Liquidity	41.56%	-0.86%
Private Market	0.91%	0.00%
TOTAL	100.00%	0.85%

A.3.2. Investment income and expenses

Investment income includes dividends, interest, and other receivables, along with both realized and unrealized gains and losses on investments. The table below presents an extract from the annual report.

Stonefort Insurance S.A.	2025 (in EUR)	2024 (in EUR)
Investment income		
▪ Income from other investments	1,229,042.90	1,584,498.94
▪ Value re-adjustment on investments	(83,643.59)	922,581.06
▪ Gains on the realisation of investments	228,400.00	-
	1,373,799.31	2,507,080.00
Investment charges		
• Investment management charges, including interest	(127,746.66)	(99,806.92)
• Value adjustments on investments	(43,109.64)	(133,497.23)
• Losses on the realisation of investments	-	(651,290.90)
	(170,856.30)	(884,595.05)

A.3.3. Asset Allocation

Since 2024, the Company refined its Strategic Asset Allocation (“SAA”) to align with the planned 3-to-5-year run-off horizon. The revised framework prioritizes risk-adjusted returns within a conservative risk profile, a strong focus on liability matching, minimal FX exposure, and a high degree of liquidity.

Based on these objectives, it was recommended, and subsequently approved by the Board, that the SAA remain concentrated in two core asset classes:

- Liquidity: Almost entirely in GBP through cash deposits and money-market instruments to meet short-term technical liabilities and support the Solvency Ratio of the UK branch.
- Bonds: Primarily high quality/IG EUR-denominated short-to-medium-term European sovereign, supranational, and corporate bonds.

The primary objective of the Company’s investment portfolio is to maintain a reasonable return with a prudent level of risk throughout the run-off period. Its investment activities follow an established investment policy and an SAA recommended by the Investment function and approved by the Board of the Company. As of 31 December 2025, the SAA in effect since April 2025 targets a short-to-medium-term expected return of 2.9%, with expected volatility of 3.62%. The current SAA targets a combination of 40% Liquidity (30% GBP + 10% EUR) and 60% Bonds (15% sovereign/supranational bonds + 45% corporate bonds). The following table compares the portfolio allocation with the SAA target:

Asset Class	Weight as of 31 December 2025	SAA Target
Bonds	57.53%	60%
Liquidity	41.56%	40%
Private Market	0.91%	0%
TOTAL	100.00%	100%

A.3.4. Investments in securitization

As of 31 December 2025, the Company held no direct or indirect investments in securitizations.

A.3.5. Other information

The Company segregates its assets between “*comptes conventionnés*” and “*comptes non conventionnés*”. Assets in the “*comptes conventionnés*” are managed by the Company, while the “*comptes non conventionnés*” consist exclusively of cash.

Given the run-off profile, the Company targets maintaining around 40% of its assets in cash holdings denominated in the currencies of its technical liabilities, predominantly in GBP, EUR and NOK, reflecting the geographical distribution of its insurance exposures in Northern and Western Europe.

A.4. Performance of other activities

The Company does not perform any other activity than those mentioned above.

A.5. Any other information

In 2025, the administrative costs amounted to 2.4m EUR.

B. SYSTEM OF GOVERNANCE

B.1. General information on the system of governance

The Company is committed to the highest standards of corporate governance commensurate with the business risks, size, nature of clients and complexity of its operations.

The system of governance section of this report sets out information regarding the system of governance in place and includes a description of the Board, the Group's Executive Committee, and a description of the roles, responsibilities, and governance of the Company's key functions of Risk Management, Actuarial, Compliance, and Internal Audit.

In the course of 2025, the Company and Stonefort Group as a whole have further strengthened their governance framework and aim to further enhance a robust governance and control framework, including appropriate levels of authority, accountability, responsibility, oversight and challenge. To support this, the Company and Stonefort Group continue to use a 'three lines of defence' model.

B.1.1. The Board of Directors

The Company is governed by a Board of Directors which is responsible for leadership and control, setting the strategic direction, promoting the success of the Company and exercising oversight. The Board operates within its respective Terms of Reference and according to established principles and requirements of good governance. The Board meets at least four times a year and receives sufficient and timely information to ensure that the Board can fulfil its corporate and individual responsibilities. Their mandates are renewed annually at the Company's Annual General Meeting.

As at 31 December 2025, the composition of the Company's Board of Directors consists of four members: one Executive Director, who is the Company's Dirigeant Agréé, two Non-Executive Directors, one of whom is the Board's Chairman, and one Independent Director.

Functioning of the Board

Board Responsibilities

The role of the Board of the Company is to be collectively responsible for promoting the long-term sustainability of the Company, generating value for shareholders in a manner which also allows it to discharge its responsibilities to its stakeholders whilst maintaining compliance with legal and regulatory requirements.

The Board sets the purpose, strategy and values of the respective company and seeks to ensure that the culture within the Company is aligned with these. The Board is also responsible for setting the entity's risk appetite and satisfy themselves that financial controls and risk management systems are robust, while ensuring the entities are adequately resourced.

The Board also ensures that there is appropriate dialogue with shareholders on strategy and remuneration.

The Board's responsibilities include taking account of other stakeholders including employees, intermediaries, third party partners, policyholders, and customers. This includes ensuring that an appropriate system of risk governance is in place in respect of the Company and Stonefort Group as a whole. To discharge this responsibility, the Board has established frameworks for risk management and

internal control using a ‘three lines of defence model’ to ensure that the Company is managed in accordance with the risk appetite established by the Board.

Control Framework

The Board retains ultimate responsibility for the internal control system and the risk management framework. It reviews the effectiveness through the establishment of an effective governance and monitoring process. This includes regular reporting and in-depth monitoring of the establishment and operation of prudent and effective controls. The Company operates a ‘three lines of defence’ controls framework whereby the business implements first line controls so as to ensure that the front-line business units comply with the requirements set by the Board regarding risk appetite and control. The Compliance and Risk Management functions undertake monitoring to provide second line assurance that these controls are effective, meet the expectations of our regulators and are in accordance with the Company’s risk appetite.

The Internal Audit function provides independent oversight and reports to the Internal Audit Committee of the Board.

Stonefort Group Three Lines of Defence Model:

The diagram below sets out the structure of the Company’s three lines of defence model.



First line: Management Monitoring

Management is responsible for implementing and monitoring the system of internal controls to ensure key business objectives are achieved and for complying with the risk appetite and controls set by the Board. Collectively the first line of defence is responsible for the day-to-day management of risk, including the identification and assessment of risks and controls.

Second line: Risk and Compliance functions

The Risk function is accountable for developing the Risk Management Framework (“RMF”) and for the quantitative and qualitative oversight and challenge of the process to identify, measure, manage, monitor and report (“IMMMR”) risk. As the business responds to changing market conditions, customer needs and regulatory requirements, the Risk function regularly monitors the appropriateness of the Company’s risk policies and the RMF to ensure they remain up to date.

The Compliance function supports and advises the business on the identification, measurement and management of its regulatory, financial crime and conduct risks; in this regard the Compliance function acts as part of the first line of defence. Compliance also monitors, evaluates, and provides assurance on the effectiveness of the first line controls and therefore, also acts as part of the second line of defence. In addition, Compliance is

also accountable for monitoring and reporting on the performance of the Company against the conduct risk metrics agreed by the Board.

These second line's functions are the Control Functions.

Third line: Internal Audit

This function provides independent and objective assurance on the robustness of the RMF and the appropriateness and effectiveness of internal controls to the Internal Audit Committee and the Board.

Remuneration

The remuneration system reflects the vision and values of Stonefort Group's compensation approach, defines the pillars of compensation and corporate as well as organizational governance structures and processes, details total compensation elements and provides details on the incentive systems and benefits.

All staff members are in principle eligible to all or part of the following elements of the remuneration package, depending on their responsibilities, grade, and specific work location:

- Basic annual fixed salary, which is determined based on the staff member's role, experience, and skills.
- A range of ancillary benefits as per local practices (such as luncheon vouchers, standard pension schemes aligned with local laws and market practices, which do not create any incentive for risk taking, death insurance, mobile phone, company car, etc.).
- An individual variable component linked to performance, in the form of money or financial instrument.

The payout is determined based on a combination of business performance and the achievement of the personal objectives, with discretion on Stonefort Group level for downward adjustments of awards to account for exposure to current and future risks, considering the overall risk profile and the cost of capital.

A balanced ratio between fixed and variable remuneration is ensured so as to prevent any excessive risk taking through increasing and incentivizing the variable component. The fixed component of remuneration shall represent a sufficiently high proportion of the total remuneration to avoid an overly dependence on the variable components.

Independent and non-executive directors receive a basic annual fee in respect of their Board duties. Further fees are paid for membership and, where appropriate, chairing Board committees. Fees are reviewed annually considering market data and trends and the scope of specific Board duties. Executive and Non-executive directors employed by Stonefort Group and/or HOCHTIEF group entities are not separately compensated in respect of their Board duties.

Material transactions with direct or indirect shareholder entities, shareholder controllers, persons who exercise significant influence, board members or senior executives

The Company on 31 December 2025 had not recorded any material transactions with some persons who exercise a significant influence on the Company or members of the Board.

The Company in particular enters on a regular basis into transactions with group entities of Stonefort Group's sole ultimate shareholder HOCHTIEF AG in the normal course of business. Such

transactions are mostly reinsurance treaties between STI and STRe and the reinsurance programmes relating to HOCHTIEF AG's business interests in the US construction sector.

B.1.2. The Group Executive Committee(s)

Executive management of the Company is supported by a Group's Executive Committee, a combined Stonefort Group executive forum serving the Stonefort Group entities (SIH, SCM, STI and the Company) in accordance with the Terms of Reference of the Stonefort Group's Executive Committee(s).

The Group's Executive Committee steers the Company's day-to-day operations, monitors performance and supports implementation of Board-approved strategy and policies. It ensures that the organisational set-up supports objectives while maintaining effective risk and control oversight.

The Group's Executive Committee meets regularly and ensures escalation and reporting of material matters to the Company's Board. The work of the Group's Executive Committee supports the Company's Board's oversight by providing consolidated reporting, analysis and proposals for decision-making, within the boundaries set by the Delegation of Authority framework.

B.1.3. Board Specialized Committees

To support effective governance and oversight, the Company's Board has established specialised committees and working bodies that perform an advisory role, issue opinions and make recommendations to the Board. Board committees operate under defined Terms of Reference, meet at least twice per year (and more frequently as needed), and provide structured review and challenge over key topics such as underwriting oversight, risk and compliance oversight, internal audit oversight and statutory audit oversight, as applicable.

Risk and Compliance Committee (RCC):

The committee is responsible for the second level of control functions and coordinates the engagement of the internal audit function (outsourced).

In respect of Risk Management, the RCC is responsible for overseeing the management of all aspects of the Company's risk exposures. The committee's role is to provide guidance and advice on the identification, assessment, measurement, and management of risks that may impact the Company's financial performance, reputation, or regulatory compliance.

The RCC's scope of work covers all areas of the Company's operations that may pose a risk, including but not limited to credit risk, market risk, liquidity risk, operational risk, insurance risk, regulatory risk, and other emerging risks.

Regarding Compliance, the RCC of the Company is responsible for ensuring that its operations comply with all applicable legal and regulatory requirements. The RCC's role is to provide guidance and advice on the development and implementation of effective compliance programs to manage the risks associated with non-compliance. The committee's scope of work covers all areas of the Company's operations that may pose a compliance risk, including but not limited to regulatory compliance, financial crime prevention, data protection, and market conduct.

Internal Audit Committees (IAC):

This committee is responsible for the second level of control functions and coordinates the engagement of the internal audit function (outsourced).

The Committee is responsible for the following aspects:

- Assist the Board in its oversight of the integrity of the reporting relating to internal audit and internal controls to meet its responsibilities.
- Monitor, on behalf of the Board, the effectiveness and objectivity of internal audit and internal control.
- Assess, on behalf of the Board, the effectiveness of the key controls' framework
- Approve the triennial internal audit plan and monitor the performance
- Review the outsourcing of material activities monitoring

Statutory Audit Committee (STAC):

The Committee is responsible for the following aspects:

- The statutory audit activities of the Company generally.
- Ensuring the independence of the statutory auditors.
- Supporting the Board of Directors in its oversight of the integrity of the reporting that relates to the statutory audits to meet its responsibilities.
- Monitoring, on behalf of the Board of Directors, the effectiveness and objectivity of the financial audit.

Each Committee operates under defined terms of reference and reports to the Board. Each committee appoints a chairman and follows specific procedures. Decision-making remains the exclusive responsibility of the Board.

B.1.4. The Solvency II functions

Within risk governance, the key functions are organised in accordance with Solvency II regulation and play an important role in terms of checks and balances in relation to the decision-making process of the Executive Management. With the exception of the Internal Audit function, the key functions of the Company are serviced through SCM.

The Solvency II key functions are:

- Actuarial function
- Risk Management function
- Compliance function
- Internal Audit function

The internal audit function for the Company is exercised by a non-executive member of the respective Board which control the internal audit services that are outsourced to the Corporate Audit department of the Company's ultimate shareholder, HOCHTIEF AG, in partnership with Ernst & Young, Luxembourg.

The four Solvency II key functions are independently positioned within the Company. The Solvency II key functions participate in the Board specialised committees. All Solvency II key functions have direct communication lines with the Board or via the specialised committees. Executive Management ensures that all monitoring policies issued by control functions are consistent with each other.

B.2. Fit & Proper requirements

Fit and proper requirements are set on Stonefort Group level for persons who effectively run SG entities such as the Company, and other key functions that contribute to a sound business operation and promote the stability and integrity of the Company and its stakeholders as well as market confidence. These requirements are further detailed in the Stonefort Group - Fit and Proper Policy, applicable to the Company.

B.2.1. Specific Requirements concerning Fit and Proper

In accordance with Section 2 – System of governance (Article 72 and 73) of the Law of 7 December 2015 on the insurance sector, individuals who are performing roles where they are considered to effectively run the undertaking or have other key functions (as defined under Solvency II) are required to be assessed for their fitness and propriety at appointment and on an on-going basis by the Company.

Assessing a person's fitness and propriety includes an assessment of:

- Their honesty, integrity, and reputation.
- Their professional qualifications, knowledge and experience are adequate to enable sound and prudent management; and
- Their financial soundness.

The Company's Board identifies the skills and experience that are required at Board level, including the appointments of executive directors or independent or non-executive directors, so as to ensure the relevant diversity, experience, skills, and knowledge required for effective oversight and challenge.

B.2.2. Policies and Processes for assessing fitness and propriety

To ensure that the Company identifies and recruits appropriate people to perform the roles which are key and/or are considered to effectively run the undertaking, the individual is assessed for:

- Fitness: skills and experience must be adequately matched to the role they are being employed to undertake.
- Propriety: checks are in place to ensure that an individual is honest, of good reputation, has integrity and is financially sound.

An adequate level of screening is applied to all employees. Where an individual performs a role that is required to be approved by the CAA, a criminal record extract is required by the authorities of the country of predominant residence over the last 5 years if different to the individual's current place of residence. Additionally, for individuals performing an executive function subject to a licence or a Solvency II key function role, a declaration of honour confirming the individual has not previously been declared bankrupt is required to be made before a notary.

Fit and Proper assessments are carried out on an annual basis, although it is made clear to individuals that should they consider that they may have incurred a breach of the requirements, it is their responsibility to report this immediately.

B.2.3. Culture and on-going monitoring

Within Stonefort Group including the Company the importance of fitness and propriety is reinforced by the culture set by the respective Boards and this is expressed through:

- Mandatory training that all staff need to complete on an annual basis,

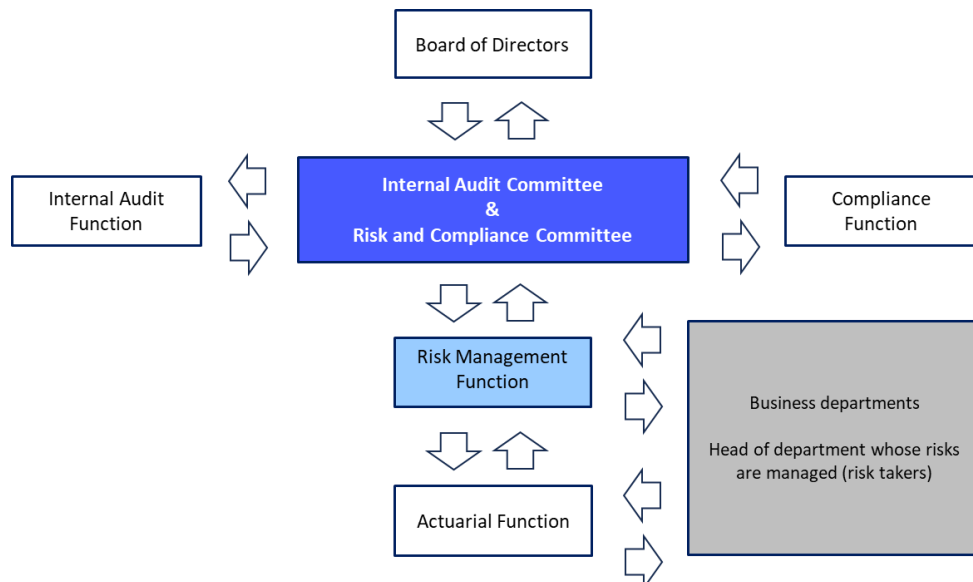
- Assessment of fitness to perform the role through the on-going performance management discussions,
- Ability for individuals to report where they consider there are barriers to them being able to perform their role such as not being provided with sufficient time or staff or where they have identified a training need.

B.3. Risk Management System including the own risk and solvency assessment

B.3.1. Risk Management System

Risk governance

Risk management is a core management requirement and integral part of day-to-day operations and of the decision-making process.



1. The *Risk Management function* ensures the effectiveness of the Risk Management System. The Risk Management System includes the policies, processes and reporting required to continuously identify, assess, control, monitor and report on new and evolving risks, on an individual and aggregated basis, and their interdependencies.
2. The *Risk and Compliance Committee* is established to perform an advisory role, issuing opinions, and making recommendations to the Board of Directors (“BoD”) regarding the risk management framework. The committee reviews the implementation of the risk strategy and mitigation actions and monitors risk tolerance and review risk results.
3. The *BoD* carries responsibility for the conduct and oversight of the business and sets strategy and risk appetite. It is responsible for the potential set up of mitigation measures and the validation of the ORSA report
4. The *Internal Control* function is responsible for overseeing the maintenance of the internal control system.

5. The *Internal Audit function* is responsible for independent and objective reviews and assessments of the business activities, operations, financial systems, and internal accounting controls.
6. *All individual employees* play their part in managing risk and staff at all levels are responsible for understanding and implementing risk management principles and practices in their work areas. The department heads are responsible for applying agreed risk management policies and strategies in their area of responsibility and are expected to be involved in the risk management process.

The three lines of defence model is exposed under the section B.1.1.

Risk management process

The risk management process performed by Stonefort Group is presented and briefly explained below:



The four steps of the risk management process i.e., risk identification, risk assessment, risk control and risk monitoring & reporting are carried out for individual risks. For an effective risk management process a continuous exchange of information between the risk owners, the Risk Management function and the BoD must be ensured.

Each step of the risk management process is described hereafter.

Risk Identification

The aim of the risk identification is to obtain a complete overview of all the material risks that the undertaking is exposed to.

This phase is a combination of two approaches:

- 1) The **Top-Down** approach. This approach is also referred to as the “*Top-10 risks assessment*”. This annual exercise of top-10 risks assessment is carried out by the ExCo members in presence of the Risk Management function. These identified risks are considered as the most significant risks for Stonefort Group and of equal importance. They are therefore not classified in the Severity and Frequency Assessment matrix. Together, they give an overall view of the exposure to the greatest macro-risks and allow the identification of the areas where the Risk and Compliance Committee and the BoD should focus with higher priority.
- 2) The **Bottom-Up** approach: Regular workshops and interviews with the different operational teams are organized to identify all kind of risks such as - but not limited to - financial, underwriting, reputational, legal... The risks owners provide the information on the basis of their experience and skills as well as their knowledge of specific features of their business area, such

as historical losses, legal framework, Internal Audit findings...; For the pure operational risks, this bottom-up approach is complemented by an incident reporting process.

Risk Assessment

Once the risks have been identified and properly described, a qualitative and/or a quantitative assessment is carried out for each risk individually. This risk assessment serves to complete the overall risk profile of the undertakings.

For the **Top-Down** approach, as mentioned above, the risks being considered of equal importance, the assessment is qualitative and consists of a description of the risk materialization's consequence. For the top-10 risks, the categorization will systematically be "very high" (red category) and an action plan to mitigate the risk will be put in place, as part of the control phase (see sub-section hereafter).

For the **Bottom-Up** approach, each residual risk is assessed in terms of impact and probability of occurrence. The assessment of the impact ("severity assessment") is an estimate of the different impacts on the achievement of Stonefort' objectives. The assessment of the probability of occurrence ("frequency" assessment) is an estimate of the factors that make the risks likely to occur. These can be internal or external factors. This assessment considers the processes and controls that are in place to mitigate the risk. The residual risk assessment is the one resulting from an annual Risk and Control Self-Assessment (RCSA) exercise.

For the operational risks and the Information and Communication Technology (ICT) risks, only the two or three highest, most probably classified as "very high" or "high", are retained as part of the global Risk Cartography. More specific Risk Cartographies, specific to all identified and assessed operational risks and ICT risks, are performed by the operational risk manager and the CISO respectively. The Severity and Frequency Assessment matrices are aligned.

For the two or three most significant (severe and frequent) operational risks that are integrated to the global Risk Cartography, some stress testing scenarios are developed on an annual basis to quantify how much the materialization of these operational risks could cost and see if the capital that Stonefort Group would need to face them is sufficiently covered by the one calculated using the standard formula (operational risk SCR). These stress tests are performed once a year, prior to the ORSA exercise.

Risk Control

The risk control aims to provide a response to the identified and assessed risk (mitigation technique, risk acceptance, consent to potential losses, risk transfer, withdrawal from the activity causing the risk...).

For the "very-high" (red category) risks, a mitigation action plan must be defined. Additionally, for the most severe and frequent operational risks identified, action plans will be determined to reduce the risks or at least contain them within the defined risk appetite, as holding capital is not the only answer to mitigate these big operational risks.

When a risk is subject to treatment, the risk owners are responsible for suggesting and implementing the necessary mitigation measures. An action plan is defined and presented to the Risk and Compliance Committee together with the department(s) exposed to that risk to put in place the required measures. The Risk Management function coordinates the implementation of action plans.

Risk Monitoring and Reporting

The monitoring is the follow-up of the evolution of the identified risks and the re-evaluation (identification and assessment phases) of the risks on a regular basis, at least annually. The risk monitoring also includes the run of some sensitivities and the monitoring of the implementation of the mitigation

measures. Depending on the classification of the residual risk level obtained in the assessment phase, annual sensitivities of the Solvency II ratio will be performed for the “high” and “very high” categories that are not already covered by other stress tests. Ad hoc sensitivities (sensitivity to one specific parameter, all other things remaining similar) or stress tests (alternative business scenario), depending on the context, can be performed on an ad-hoc basis in case of development of a new line of activity, in case of emergence of a new high or very high residual risk or in case of a change in the assessment of an existing one leading to one of these categories.

The continuous reporting of the RMS includes the creation of a structured quarterly Risk Report, available to the BoD and the ExCo, for decision-making and their availability allows to improve risk awareness and integrate all risk aspects into operations and business activities.

In addition to the above, a crisis management system is in place to guarantee the continuity of the Company activities following a critical event (natural disaster, IT disaster, property damage, or pandemic). The crisis management system comprises various recovery plans, as for example business contingency plan in case of data loss an external data backup is available or a cash contingency plan. Additional disaster recovery plans are under consideration.

B.3.2. The Risk Appetite Framework

The purpose of the Risk Appetite Framework (RAF) is to support the Board to effectively fulfil its risk oversight responsibilities.

In the context of Solvency II, the implementation of a RAF is essential for managing and aligning an insurance or reinsurance company's risk profile with its strategic goals, regulatory requirements, and financial stability.

The RAF helps Stonefort entities to balance risk-taking with financial stability and regulatory compliance. It provides a structured approach to managing, mitigating, and reporting risks, ultimately safeguarding the Group's solvency and enhancing its resilience to adverse conditions.

Approach

The approach describes below is implemented for each (re)insurance entity of Stonefort Group: STI, STRe and SIH. The risk tolerance is adapted to the context of each company.

Dimensions

The RAF is articulated around five dimensions covering key aspects of Stonefort Group's objectives: capital, earnings, liquidity, operations and reputation.

For the earnings dimension, three sub-dimensions are defined: the *underwriting* profitability, the *markets* profitability and the *overall* profitability.

Dimension	Sub-dimension
Capital	
Earnings	UW profitability Markets profitability Overall profitability
Liquidity	
Operations	
Reputation	

Given the run-off of STI, a limited number of indicators will be followed under the *Earnings* dimension.

Statements and Key Indicators

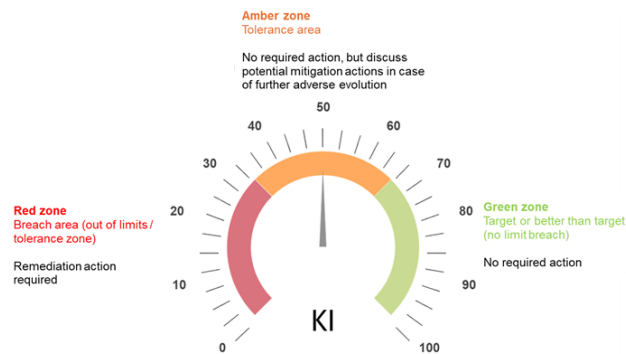
For each dimension, some qualitative statements and/or Key Indicators (KI) – either Key Risk Indicators (KRI) or Key Performance Indicators (KPI) – are defined.

Qualitative statements, target and limits

If a qualitative statement is made, usually, no tolerance level is defined. Any deviation to such a statement is therefore considered as a breach of the risk appetite and remediation action plans must be implemented.

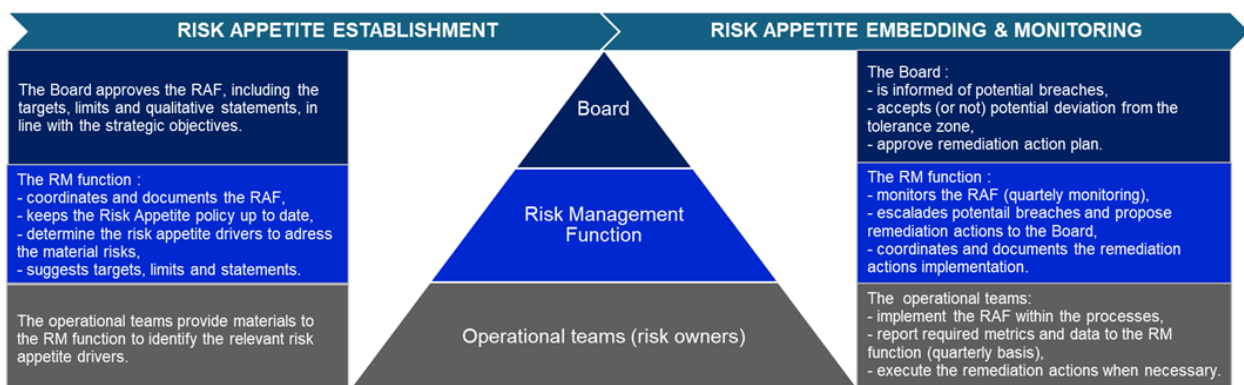
For the KRI and KPI, for which a target level and some limits are defined, a breach must be reported when the monitoring shows that the KI is out of limits and a remediation action must be implemented. Sometimes, the breach can be passive¹, and in that case the remediation action could resume to wait for the breach to resolve naturally or could initiate a change of limit if it continues over many consecutive periods.

The deadline to resolve a breach depends on the context of the breach and is therefore decided by the Board simultaneously to when they approve the remediation action plan.



Roles and responsibilities

The risk appetite process and the linked roles and responsibilities are summarized in the illustration hereafter:



¹ An example of passive breach could be the fact that the market risks SCR would outreach its limits because of a favourable market value increase of SMAF.

On a quarterly basis, the RAF monitoring results will be presented to the ExCo and to the BoD by the Risk Function.

The need of reviewing aspects of the Risk Appetite can emerge and the review can be initiated either by the Risk Function or directly at the initiative of the Board.

Any change to the RAF will be properly documented as part of the Board’s meetings decisions as documented in their minutes.

B.3.3. The Own Risk and Solvency Assessment (ORSA) process

The ORSA exercise is considered as an essential part of the Risk Management System. Its main objective is to ensure that Stonefort Group assesses all the risks inherent in its activity and determines its corresponding capital requirements.

The ORSA exercise shall cover at least the following elements:

- The overall solvency requirement, considering the risk profile, the approved risk tolerance limits and the business strategy of the company.
- Continuous compliance with capital requirements and technical provisions requirements.
- The extend to which the company’s risk profile deviates from the assumptions underlying the Standard Formula used by Stonefort Group’s undertakings for the calculation of the capital requirements.

The underlying objectives of the ORSA are the following ones:

- to identify and assess the risks that Stonefort Group may face over its 4-year business plan horizon following its business strategy.
- to determine the adequacy of its own funds.
- to ensure that overall solvency requirements are met.
- to ensure the technical provisions can be covered at any time.

The annual set of processes and methodologies performed by Stonefort Group for the ORSA exercise is depicted below:



1. Deviation Analysis

This first step consists in challenging the underlying assumptions of the Standard formula.

The starting point of the deviation analysis is the EIOPA-14-322 document enabling the application of Solvency II Pillar I. This document summarizes the underlying assumptions of the standard formula. These underlying assumptions are compared individually with the risk profile of Stonefort Group and checked for deviations from one another. In addition, it is necessary to examine whether there are further differences between the risk profile of Stonefort Group and the assumptions of the standard formula that are not listed in this document.

If the cumulative effect of the identified deviations leads to a significant underestimation of the risk assessed by the Standard formula, the standard formula is considered not suitable for quantifying the risk of the company in the context of the ORSA process. In this case, measures must be taken to sufficiently cover that deviation, and an adjusted capital requirement must be applied. The results of the deviation analysis are discussed with the Risk and Compliance Committee and the BoD to decide on any potential measures.

Based on the risk profile of Stonefort Group in 2024, the BoD is convinced that the Standard Formula reflects best all the risks of the Stonefort Group and that no additional capital is needed.

2. Risk profile analysis

The overall solvency need for the determined risk profile is calculated based on the Pillar I results, supplemented by the quantitative and/or qualitative assessment of the risks not or insufficiently considered in the standard formula.

3. Capital projection

The future capital needs, the Solvency ratio, and the minimum capital requirements are assessed as part of the ORSA process and aligned to the HOCHTIEF Group forecasting and budgeting process (4-year horizon timeframe). Assumptions of the future development of important risks and the risk profile are documented in the ORSA report and reflected in the estimation of future capital needs. The projected solvency ratio and overall solvency needs is assessed against the risk appetite (*local capital target and minimum level*) established by the BoD.

The evolution of the Solvency II ratios is obtained by considering the evolution of its two components, the Eligible Own Funds (EOF) and the Solvency Capital Requirement (SCR).

The EOF's projections essentially consist of projecting the best estimate of technical provisions (constituting elements present on both the liability and asset sides of the balance sheet), as well as the investments in market value only on the assets side of the balance sheet. To perform it, the technical and economic assumptions are the ones from the strategic plan, based on the business knowledge and expertise from the different departments.

Other elements that have been considered to project the Solvency II balance sheets are:

- the foreseen share premium reimbursements (when applicable),
- the potential expected (de)investments in SMAF and expected SMAF market value evolution,
- the estimated cash and debts movements,
- the projected technical (re)insurance results,
- the projected overheads,
- the projected payables and receivables.

The SCR projections are made according to the expected evolution of the different components used for the SCR calculations over the projection period: best estimate of technical provisions (claims and premiums) corresponding to the nature of the risks cover, market values of investments (allocation to

the different assets types is based on SAA), exposures to counterparty default risks, volume of premiums and reserves (for the operational risk SCR).

4. Stress and Scenario analysis

Stress tests to analyse future risks are performed. In these stress tests scenarios, modifications are made to key risk drivers to determine the sensitivity of capital requirements to adverse scenarios. Should the ORSA model differ from the standard formula, the scenario analysis should be performed under the standard formula and the adjusted ORSA model.

The stress tests scenarios are selected together with the ExCo, presented to the Risk and Compliance Committee and validated by the BoD.

5. Assessment and decision-making

The results of the different stress scenarios are compared with the risk appetite and risk limits regarding the Solvency II ratio, to evaluate if any scenario would lead to a non-compliance with the risk appetite. In this case, the management implements countermeasures that would bring the risk back within appetite.

The actuarial function assesses the continuous compliance with technical provisions.

If the overall risk situation changes significantly, it is necessary to check whether an ad hoc ORSA is required. This changed risk situation should be considered when selecting the stress scenario for an ad hoc ORSA.

6. Creation of the ORSA report

Once the process and results have been approved by the BoD, the Risk Management Function consolidates the ORSA results of each Stonefort Group's operating entity in the Single ORSA report.

The ORSA report is established, including at least:

- The ORSA qualitative and quantitative results and related conclusions.
- The methods and main assumptions used.
- A comparison between the overall solvency needs, the regulatory capital requirements, and the company's own funds.
- An assessment on the adequacy and potential differences to the calculation assumptions used to determine the regulatory capital requirements with the standard formula.

No later than two weeks after the completion of the ORSA and its approval by the BoD, the ORSA report must be submitted to the CAA.

B.4. Internal control system (ICS)

Stonefort Insurance S.A. (STI) maintains an internal control system designed to support sound and prudent management, reliable financial and regulatory reporting and compliance with applicable requirements. The internal control system is proportionate to the nature, scale and complexity of the undertaking and reflects STI's run-off profile.

The internal control system comprises administrative and accounting procedures, operational controls embedded in key processes, appropriate reporting arrangements and a compliance function. As a run-

off undertaking, STI's internal control framework primarily focuses on controls supporting claims handling and reserving activities, financial reporting processes, investment-related operations, cash and payment controls, and the oversight of outsourced or delegated services.

STI's control environment follows a structured governance approach where operational teams perform day-to-day controls and maintain supporting evidence, while oversight activities provide independent challenge and monitoring through defined control expectations and proportionate review of the control environment.

During the reporting period, STI continued to maintain and update operational procedures relevant for a run-off portfolio and progressed the development of its internal control monitoring framework within the scope of the internal control function. This included continued work on an ICS tool, supported by stakeholder interactions to validate selected control points and underlying metrics, and the preparation of a draft ICS KPI tracker pending formalization.

B.5. Internal Audit function

STI's internal audit function provides independent assurance to the administrative, management or supervisory body on the adequacy and effectiveness of the system of governance, including the internal control system, and is organised to ensure objectivity and independence from operational decision-making.

Internal audit assurance is primarily delivered through outsourced internal audit engagements performed under the authority of the Internal Audit Key Function Holder and coordinated by the Internal Audit Coordinator (Internal Control Manager). Solvency II-mandated internal audit work is performed by an external internal audit provider (EY Luxembourg). Any additional corporate audit work performed by HOCHTIEF remains outside the Solvency II-mandated internal audit key function scope; HOCHTIEF has no role in Solvency II-mandated internal audits.

During the reporting period, internal audit work was carried out in accordance with the risk-based audit plan, and internal audit conclusions, findings and recommendations were reported to the relevant governance bodies and management. Remediation actions are defined by management and monitored through structured follow-up arrangements, with progress reporting and escalation where necessary.

STI operates under an Internal Audit Policy and Internal Audit Charter defining mission, responsibilities, independence principles, reporting arrangements and follow-up expectations. The policy framework is reviewed at least annually and updated when required.

B.6. Actuarial function

B.6.1. Positioning and structure of actuarial function

The actuarial function is a centralized function established at the level of Stonefort Captive Management (SCM).

This position is held by Eric Petitjean, since July 1st 2021, the Head of Actuary. He provides independent oversight and validation on the actuarial works of the Company.

B.6.2. Responsibilities and duties

The Actuarial Function Holder of Stonefort Insurance is the Head of Actuary. He effectively performs most of the first line input tasks surrounding the Solvency II valuations of technical provisions. Therefore, there are no additional tasks performed in his dual role of key function holder, to those robust data quality and completeness checks already performed for the Solvency II valuation process.

Last, still due to the run-off status of the company, no opinion is being expressed on the underwriting policy, neither on the reinsurance arrangements, the latter being almost entirely on a risk-attaching basis and continue to protect adequately Stonefort Insurance.

B.6.3. Reporting

The Actuarial Function produces an annual report for the company that highlights the adequacy of technical provisions and reinsurance arrangements.

B.7. Outsourcing

Stonefort Insurance adopts a conservative and risk-sensitive approach to outsourcing as part of its overall governance and control framework. Outsourcing is used only when the relevant activities cannot be performed internally to the required standard or when outsourcing offers clear efficiencies. Regardless of whether the activity is delegated to an intra-group entity or an external provider, STI ensures that outsourced services are delivered in line with its own quality, risk management, and regulatory expectations.

STI operates under a Board-approved Outsourcing Policy, which sets out the principles and minimum requirements applicable to all outsourced insurance-related activities and key functions. The Policy includes:

- **Assessment and due diligence**, involving assessment of operational risks, regulatory implications, and the capability and reliability of the prospective service provider.
- **Contractual formalisation**, requiring detailed agreements that define service scope, performance obligations, data protection, reporting requirements, audit and regulatory access rights, and limits on sub-outsourcing.
- **Ongoing monitoring**, including periodic review of service performance, compliance monitoring, and reassessment of operational risks associated with the outsourced activity.
- **Contingency and termination measures**, ensuring uninterrupted continuation of essential reinsurance activities in the event of provider failure or termination of the arrangement.

Consistent with Solvency II, the Company identifies critical or important outsourcing arrangements, being those whose inadequate performance could adversely affect STI's ability to meet its regulatory obligations, ensure continuity of operations, or fulfil commitments to policyholders.

Stonefort Insurance outsources certain operational and insurance-related activities to both intra-group entities and external providers. For all critical or important arrangements, STI retains adequate internal expertise to supervise and manage the outsourced activities, ensuring continuous compliance and full access rights for supervisory authorities.

B.8. Any other information

The Company has assessed its corporate governance system at the date of this report and concluded that it effectively provides a sound and prudent management of the business, and is proportionate to the nature, scale and complexity of the operations of the Company.

C. RISK PROFILE

This part presents the qualitative and quantitative information about the risk profile of the Company. The table below presents the Solvency II ratio evolution between the year-end figures 2024 and 2025, in EUR.

Stonefort Insurance S.A., in k EUR			
	FY 2024	FY 2025	Difference FY 2025 versus FY 2024
Eligible Own Funds	23,977	24,958	981
SCR	10,357	10,791	434
Solvency II ratio	232%	231%	0%
<i>Target level</i>	<i>150%</i>	<i>150%</i>	

The breakdown of the SCR by risk modules is the following:

Stonefort Insurance S.A., in k EUR			
	FY 2024	FY 2025	Difference FY 2025 versus FY 2024
SCR	10,357	10,791	434
Adj Differed taxes	-1,781	-1,505	277
SCR Operational	2,415	2,171	-243
Basic SCR	9,724	10,125	401
Market Risks	2,361	1,995	-367
Interest Rate Risk	75	75	
Equity Risk			
Property Risk			
Spread Risk	691	492	-199
Concentration Risk	844	869	24
Currency Risk	1,898	1,589	-308
Diversification Effect	-1,147	-1,030	117
Default Risks	5,153	6,536	1,383
Type 1	3,138	2,836	-301
Type 2	2,364	4,134	1,770
Underwriting Health			
Premium & Reserve			
Cat			
Similar Life Techniques			
Underwriting Non-Life	4,980	4,201	-779
Premium & Reserve	4,779	4,114	-665
Lapse			
Cat	645	307	-338

The overall SCR increased from year-end 2024 to year-end 2025, going from 10.4m EUR to 10.8m EUR. This increase of +0.4m EUR is mainly explained by the increase of the counterparty-default risk SCR, driven by the increase of the type 2 exposures (receivables from intermediaries due for more than 3 months). This increase is explained by the profit commission on the UK ATE account that has been requested back to Oceva regarding the reserves (IBNR) that were booked and that is, at year-end 2025, due for more than 3 months as compared to year-end 2024 situation.

This increase of the CPD risk SCR is partly compensated by:

- the UW non-life risks SCR decrease (business decrease because of the run-off),
- the market risks SCR decrease (driven by the decrease of the market value of the assets).

Compared to FY 2024, the Solvency II ratio remained stable, the increase of SCR over the year 2025 being compensated by the EOF increase.

The EOF increase is due to the statutory result (P&L) realized during the year 2025: +1.7m EUR (already including all adjustments regarding the run-off provision), partly compensated by the fact that the Solvency II expected future profits for the programs on which an UPR remains, ECB and IAM, were reduced compared to the situation at year-end 2024.

C.1. Underwriting risk

Given the run-off, the underwriting risk is limited to the risks associated to the business underwritten prior to the run-off, as no new risk has been underwritten since then.

C.1.1. Overview of the risk exposure to underwriting risk

Underwriting Non-Life risks

Premium Risk is related to future claims, i.e. the risk that the gross premiums received are not sufficient to cover the expenses and losses (incurred and not yet incurred) for claims, or that the profitability will be less than expected.

Reserve Risk is the risk that the final value of claims paid is higher than the technical provisions.

Natural catastrophe risk arises from aggregation or accumulation of risks which may result in increased exposure to natural catastrophe losses (hurricanes, earthquakes or floods). Man-made catastrophe risk arises from the aggregation or accumulation of risks which may result in increased exposure to man-made catastrophe losses (terrorism, explosion, systemic financial losses, latent disease, or pandemic).

There is no lapse risk SCR calculated for STI.

For the premium and reserve risks SCR, a different shock is applied by segment-type defined under the Solvency II framework). For the natural catastrophe risks SCR, capital requirements are generally determined based on weighted sum insured and probable events risk factors established by the Standard Formula. For the man-made catastrophe risks SCR, capital requirements are calculated differently based on the nature of the underlying risk (liability, fire, credit and suretyship...).

For STI, at FY25 and as it was also already the case at FY24, the UW non-life risks SCR is the second most important contributor to the BSCR and is mainly driven by the premium and reserve risks SCR, the catastrophic risk SCR being lower. The strong reinsurance program with STRe limits the underwriting risks to which STI is exposed to, limiting the SCR corresponding to these UW risks accordingly.

Underwriting Health risks

For STI, there is no UW health risk SCR as the insurance company did not sell any health cover.

C.1.2. Concentration risk

Stonefort Insurance's business is concentrated in Northern and Western Europe, including UK. All STI accounts are direct non-life insurance programs. STI is not present in the health business.

The table below shows the breakdown by segment of the premium volume and reserve volume as of 31 December 2025, in K EUR.

Stonefort Insurance S.A. (in kEUR)	Volume measure Premium Risk	Volume measure Reserve Risk
Insurance and proportional reinsurance		
Motor vehicle liability - S1 :		
Other motor - S2 :		
Marine, aviation and transport - S3 :		
Fire and other damage to property - S4 :	43	2,057
General liability - S5 :		4,446
Credit and suretyship - S6 :	198	4,588
Legal expenses - S7 :		4,960
Assistance and its proportional reinsurance - S8 :		
Miscellaneous financial loss - S9 :		

The total non-life premium volume is 241k EUR and the total reserve volume is 16,050k EUR.

The premium and reserve risk is sufficiently diversified. The premium and reserve risk SCR for the non-life business is 4,114k EUR, which represents 25% of the non-life exposure (premium and reserve).

C.1.3. Risk mitigation

In the context of its run-off activities, Stonefort Insurance relies primarily on its sister company, Stonefort Reinsurance, as its main reinsurer, with the majority of reinsurance arrangements structured on a risk-attaching basis for the remaining in-force programs. This intra-group reinsurance continues to provide the principal risk mitigation framework for the orderly management of existing liabilities.

In parallel, a limited number of legacy programs remain reinsured with external third-party reinsurers. It reflects historical arrangements entered into prior to the cessation of new business.

Examples: EuroCaution Benelux (ECB), 99% of the business is ceded to Stonefort Reinsurance, which retrocedes to a panel of external reinsurers (up to about 90%). For UK ATE, 60% of the Stonefort Direct acceptance is reinsured by Ocean Re.

C.1.4. Risk sensitivity

The sensitivity of STI to the underwriting risks has been tested during the annual ORSA exercise. A stress testing scenario measuring the impact on the projected Solvency II ratios of a global claims increase on STRe's portfolio, including an increase that could be explained by an exceptional inflation not already captured in the Best Estimate Assumptions and/or an increase of the claims frequency. The parameters for this scenario are described below:

- The Ultimate Loss ratio increase by 15% (relative) in accounting year 2026 on all accounts (UK Branch, IAM...) compared to the central scenario.
- This increase does not apply to the UWY for which the proportion of paid claims is higher than 80% of the Ultimate Losses, which means excluding the already very developed UWY. We shock the UWY for which the development is not already too much advanced.

The highest impact on the projected Solvency II ratio of STI is expected to be -36% at FY26 but remains above the target level of 150%.

C.2. Market risk

The market risks are the possibility for the companies to be adversely affected by movements in the market value of its financial assets (and/or in the fair value of its liabilities), arising from financial market changes driven by credit spreads, interest rates, foreign exchange rates or other price risks.

C.2.1. Overview of the exposure to market risk

According to the standard formula, the components of market risks are:

- *Spread risk*: the potential loss of the assets' market value due to the spreads increase.
- *Currency risk*: the potential loss of the assets' market value arising from the change in the value of currency exchange rates.
- *Interest rate risk*: the potential loss arising from a drop of the assets' market value and/or from a rise in the technical provisions' fair value, due to a change in the interest rates levels (for STI: the risk is a rise in the interest rates);
- *Equity risk*: the potential loss of the assets' market value arising from lower equities and/or mutual funds prices.
- *Property risk*: the potential loss of the assets' market value due to changes in real estate prices.

For STI, at FY25 and as it was already the case at FY24, the market risks SCR is the third most important contributor to the BSCR. At FY25, the market risks SCR is driven by the currency, the concentration and the spreads risks components.

C.2.2. Concentration risk

The exposures given below show a well-diversified assets portfolio so the concentration risk is limited. The section A.3.3 gives more insight into the different categories.

Assets portfolio, in kEUR	Economic
Cash	4,674
Government Bonds	4,062
Corporate Bonds	18,585
Structured notes	0
Equities	0
Collective Investments	0
Holdings, including participations	0
Property	0
Loans and mortgages	359
Derivatives	0
Deposits	11,690
Total	39,370

The company is exposed to the following market risks (under the standard formula):

Stonefort Insurance S.A. (in kEUR)	
Market Risks	
Interest Rate Risk	75
Equity Risk	0
Property Risk	0
Spread Risk	492
Concentration Risk	869
Currency Risk	1,589
Diversification Effect	-1,030
Market risks SCR	1,995
Average Shock :	5.07%

C.2.3. Risk mitigation

In respect of the "prudent person" principle, STI monitors the market risks. Given the conservative Strategic Asset Allocation is the main mitigation measure for the market risks.

However, for STI, as part of the remaining business in portfolio was underwritten in the United Kingdom, in GBP, and STI accounts being reported in EUR, STI is exposed to a currency risk. However, Stonefort Insurance S.A. manages its currency risk through asset liability management and in case the currency risk deteriorates, the company implement countermeasures.

C.2.4. Risk sensitivity

No adverse scenario with significant impact on the investments has been considered during the latest ORSA exercise as the risk is not considered as a material one. To give a sensitivity, it is estimated that a decrease of 5m EUR of the assets market value would bring the Solvency II ratio to about 187% (instead of 231%), considering the reductions on both the EOF and the SCR.

C.3. Credit risk

C.3.1. Overview of the exposure to credit risk

Counterparty default risk is the risk of losses arising from a debtor's failure to pay or a downgrade of their credit rating.

STI is exposed to default risk on both the asset and liability side of its balance sheet and its default risk is split into the two components below:

- Type 1 exposures include risk mitigating contracts like reinsurance arrangements, securitisations, derivatives, deposits with ceding institutions, cash at bank.
- Type 2 exposures include diversifiable and unrated exposures such as receivables from intermediaries, policyholder debtors etc. Type 2 exposures are classified under sub-categories "due for less than 3 months" and "due for more than 3 months", the second category being much more charged in capital.

The Counterparty default risk SCR is calculated based on the exposure types and on the rating of the counterparties (the higher rating, the lower default probability).

C.3.2. Concentration risk

At FY25, the counterparty default risk SCR is the most important contributor to the BSCR, due to the following exposures:

- to mostly two reinsurers : Stonefort Reinsurance and Ocean Re (both classified Type 1),
- to the main banks used by STI (BNP Paribas group),
- to the receivable from Oceva (classified as Type 2 and overdue), for 2.7m EUR.

The investments side, as explained in section C.2., does not show any material concentration risk. However, STI lacks diversification for the current and term-deposits accounts (BNP Paribas group).

C.3.3. Risk mitigation

The company is managing the credit risk by having implemented a Risk Appetite Framework that considers this dimension, both in terms of amount and rating, and a regular monitoring.

C.3.4. Risk sensitivity

In case of bankruptcy of the Group BNP Paribas, which is highly unlikely, assuming that the company would lose its full exposure of 15.2m EUR (worst case), it would bring the Solvency II ratio to about 115% (instead of 231%), considering the reductions on both the EOF and the SCR.

C.4. Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations to policyholders and other creditors when they become due and payable, at a reasonable cost and in a timely manner.

C.4.1. Overview of the risk exposure to liquidity risk

The liquidity risk is the risk of not being able to realize its investments and other assets to meet its financial commitments when they become due and payable.

Since the liquidity risk is not explicitly covered by the Standard Formula, this risk is continuously assessed as part of the company's Risk Management system and is integrated in the Risk Appetite Framework. Should a liquidity risk be detected, mitigation actions would be taken.

For STI, the expected profit included in the future premiums is equal to zero because no future premiums are expected to be received.

C.4.2. Concentration risk

No concentration of liquidity risks has been identified.

C.4.3. Risk mitigation

STI has, since the end of 2025, a liquidity risk management policy in place, with the following objectives:

- Ensure to always have that sufficient liquidity to meet policyholder and other obligations as they fall due,
- Promote proactive management of liquidity risk over both short-term and long-term horizons,
- Maintain a robust liquidity profile through effective Asset and Liability Management (ALM), stress testing and contingency planning.

C.4.4. Risk sensitivity

The sensitivity of STI to the liquidity is quite limited, the cash and liquid investments being quite substantial.

C.5. Operational risk

C.5.1. Overview of the risk exposure to operational risk

The operational risk SCR is determined based on the Standard formula. For STI, the driver is the Best Estimate of technical provisions (gross of reinsurance).

This approach is not risk-based and has, therefore, its limitations. Operational risks not covered by a capital requirement (pillar 1), are covered in the pillar 2: the Risk Management System requires STI to appropriately assess and monitor these risks.

C.5.2. Concentration risk

No concentration of operational risks has been identified.

C.5.3. Risk mitigation

Mitigation measures are put in place across the company to mitigate the operational risks and incidents.

C.5.4. Risk sensitivity

In the ORSA framework, scenario analyses covering severe but plausible operational events were tested and, considering that all risks won't materialize simultaneously, the capital need determined based on a risk-approach is expected to be lower than the one determined based on the standard formula (2.2m EUR).

C.6. Other risks

Not all quantifiable risks have been explicitly included in the standard formula; furthermore, for some risks, it is generally assumed that the exposure is not sufficiently material and that, therefore, holding capital for them is not necessary.

Strategic, reputational, compliance and some other risks are regularly assessed as part of the company's RM system for internal qualitative analysis with both Top-Down and Bottom-Up approaches. Nevertheless, since there is not a quantitative valuation of those risks, they were not taken into consideration for the capital requirement evaluation (pillar 1). They are however managed under the pillar 2.

C.7. Other material information regarding the risk profile

There is no other information to be reported.

D. VALUATION FOR SOLVENCY PURPOSES

The Management of Stonefort Insurance does not envisage any substantial change in its valuation policy in the short to medium term. The only change that occurred since the reporting FY23 (included) is the way the run-off provision was integrated and modelled under Solvency II. The approach in 2025 remained consistent with the one adapted in 2024.

The tables below compare the statutory consolidated balance sheet with the economic one evaluated according to the Solvency II technical specifications, as at 31 December 2025.

Stonefort Insurance S.A. (in kEUR)					
Assets	Statutory	Economic	Liabilities	Statutory	Economic
Investments	34,083	34,342	Eligible Own Funds	20,702	24,958
Reinsurance Recoverables	72,378	54,338	Technical Provisions	96,899	73,305
Receivables	9,040	9,040	Debt (payables)	2,344	2,344
Cash & Equivalent	4,674	4,674	Provision for taxation	336	1,841
Regularisation Account	993	370	Regularisation Account	908	315
Other assets	1,313	0	Other liabilities	1,293	0
<i>Total</i>	<i>122,481</i>	<i>102,763</i>	<i>Total</i>	<i>122,481</i>	<i>102,763</i>

The following chapters describe the different components in more details.

D.1. Assets

D.1.1. Investments and cash & equivalent

The market valuation of the assets is done by the financial department.

The tables below give the comparison between the statutory value and the economic value for STI.

Assets portfolio, in kEUR	Statutory	Economic
Cash and deposits	16,350	16,350
Bonds	22,402	22,661
Equities	0	0
Participation	0	0
Loans and mortgages	359	359
Properties	0	0
<i>Total</i>	<i>39,112</i>	<i>39,370</i>

For the bonds, the statutory value is the amortized cost, whereas the economic value is the market value. Therefore, there is a re-evaluation of +0.26m EUR in the Solvency II accounts.

D.1.2. Reinsurance recoverables and receivables

The reinsurance recoverables is the largest asset class in the balance sheet of STI. This is due to the important cession in place, leaving a limited underwriting risk within the net portfolio of STI.

In addition to the reinsurance programs and to the retrocession agreements impacting the reinsurance recoverables, some other receivables are recognized (in statutory and economic accounts). The impact of these receivables is predominant on the SCR, as explained in section C.

The reinsurance recoverables are the part of the reinsurers in the technical provisions. Under Solvency II, they are evaluated based on the fair value of the corresponding technical provisions. The receivables for STI are equivalent under Lux-GAAP (statutory figures) and Solvency II (economic figures).

D.1.3. Others

The "Regularisation Account" item contains the Deferred Acquisition Costs (DAC) under Lux-GAAP, but these DAC are removed (valued at 0) under Solvency II, as they are a statutory mechanism to spread the acquisition costs throughout the lifetime of the contracts. This does not pertain to the way Solvency II BE Premiums are being modelled.

The "other assets" item contains the subrogations and salvages under Lux-GAAP, whereas these are netted from the economic value of the claims technical provisions (liabilities) under Solvency II.

D.2. Liabilities

D.2.1. Best Estimate

The valuation of premium and claims provisions referred below are valued as at 31 December 2025. These estimates use amongst other the IBN(Y/E)R assessment carried out in the context of regulatory reserving. The Head of Actuary considers these estimates as being necessary and at a sufficient level.

To be compliant with Solvency II, the outstanding claims and IBNR reserves (excluding regulatory required additional reserving prudence) are projected into future claims payment cash-flows and are subsequently discounted, resulting in BE claims technical provisions excluding expenses. Separately, projected claims payments related to unearned premiums and future premiums – next to commissions on those future premiums – are being modelled, then subsequently discounted, resulting in the BE Premium technical provisions excluding expenses.

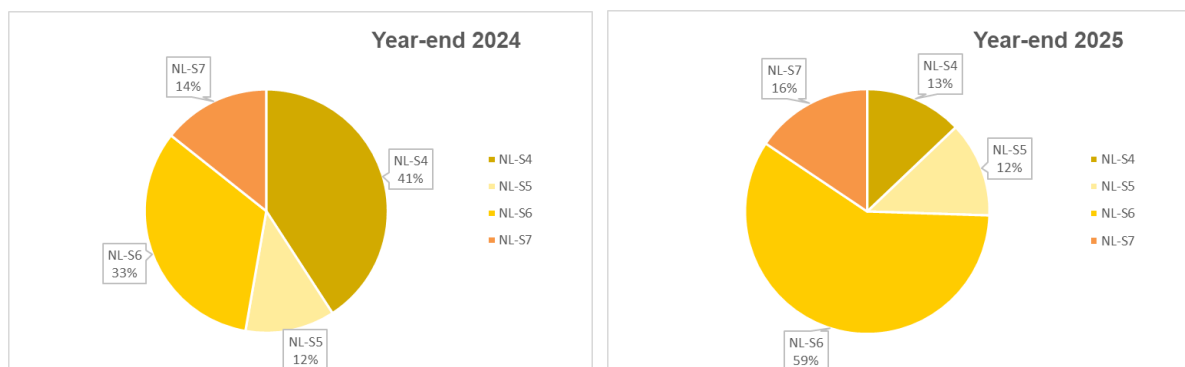
In addition, the projected cash-flows are increased for best estimate expenses, representing all the future costs expected to be supported by the company over the remaining lifetime of the (current and future) claims portfolio, i.e. over the expected claims payment period, ending in 2030. Indeed, in the course of 2023, the BoD decided to stop renewing delegated underwriting authority agreements with third party business partners and to stop the underwriting directly (through the UK Branch). Most of the accounts had already been put in run-off in 2022 and before. Following this decision, the Best Estimate of Technical Provisions does contain, since year-end 2023, all the expected future costs (administrative expenses, investment management expenses and claims management expenses) that STI will have to support until the end of 2030, with 2030 corresponding to the last claims cash-flow projected with the latest claims payment pattern.

Since some STI accounts do not have payment triangles to determine the payment pattern, certain expert judgment assumptions had to be made when the historical statistics were too restricted.

The valuation of provisions for the reinsurer under Solvency II is the result on one hand of the review of the best estimate level and on the other hand of discounting of the cash flows.

Stonefort Insurance S.A. (in kEUR)				
Technical Provision Gross	Claim Prov	Bonus Prov	Prem Prov	Tot
Technical Provision - Statutory	89,927	1,478	3,558	94,963
Best Estimate - Economic Undisc	69,492	1,160	3,815	74,467
Best Estimate - Economic Disc	67,820	1,139	3,419	72,378
Technical Provision, Reinsured part	Claim Prov	Bonus Prov	Prem Prov	Tot
Technical Provision - Statutory	-69,117	0	-1,376	-70,493
Best Estimate - Economic Undisc	-54,144	0	-1,603	-55,747
Best Estimate - Economic Disc	-52,930	0	-1,431	-54,361
Best Estimate - Economic Disc Adj	-52,909	0	-1,429	-54,338
Technical Provision Net	Claim Prov	Bonus Prov	Prem Prov	Tot
Technical Provision - Statutory	20,810	1,478	2,182	24,470
Best Estimate - Economic Undisc	15,348	1,160	2,212	18,720
Best Estimate - Economic Disc	14,889	1,139	1,988	18,017
Best Estimate - Economic Disc Adj	14,911	1,139	1,990	18,040

The Gross Claims & Premiums Best Estimate - Discounted by LoB are given below, for 2024 and 2025:



At year-end 2025, the majority of the technical provisions is coming from the:

- LoB NL-S6 (Credit and suretyship),
- LoB NL-S7 (Legal expenses),
- LoB NL-S4 (Fire and other damage to property),
- LoB NL-S5 (General liability).

The LoB NL-S6 is much more represented compared to the situation at year-end 2024 because, at year-end 2025, ECB and IAM (surety business) are the two programs bearing the higher residual activity (risk) from the past underwriting years.

D.2.2. Risk margin

The risk margin is a part of technical provisions to ensure that the value of technical provisions is equivalent to the amount that insurance undertakings would be expected to require to take over and meet the insurance obligations.

The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the insurance obligations over the lifetime thereof.

It is evaluated as follows:

$$RM = CoC * \sum_{t \geq 0} \frac{SCR(t)}{(1 + r(t + 1))^{t+1}}$$

With *CoC* the rate of Cost-of-Capital, *SCR(t)* the *SCR* after *t* years and *r(t + 1)* the interest rate with maturity (*t + 1*).

The calculated marginal risk assumes that:

- For the underwriting risk *SCR*, the Premium and Cat risks are considered only for the next 12 months; an approximation of the underwriting reserve *SCR* for future years is using a proportional approach based on the development of the net best estimate.
- For the Default risk, the reinsurance default risk is considered by approximating the Default *SCR* for future years by using a proportional approach based on the development of the ceded best estimate.
- The Operational risk *SCR* is approximated for future years by using a proportional approach based on the development of the gross best estimate.

D.2.3. Total technical provisions

The table below gives a comparison between the statutory claims and premium provisions and the economic values including the discounting effect. The difference is due to five effects:

- exclusion of the statutory prudency reserves;
- cash-flows discounting;
- use of future loss or benefits on the future premium, included in the contract boundaries;
- factor adjustment for the default risk of counterparties;
- risk margin.

Stonefort Insurance S.A. (in kEUR)				
	Economic	Statutory	%	Delta
BE Claims Net	16,050	22,288	0.0%	-6,238
BE Premium Net	1,990	2,182	0.0%	-192
BE Net	18,040	24,470	-26.3%	-6,430
BE Claims Ceded	52,909	69,117	0.0%	-16,208
BE Premium Ceded	1,429	1,376	0.0%	54
BE Ceded	54,338	70,493	-22.9%	-16,155
BE Claims Gross	68,959	91,405	0.0%	-22,446
BE Premium Gross	3,419	3,558	0.0%	-138
BE Gross	72,378	94,963	-23.8%	-22,585
Risk Margin	927	0	0.0%	927
Equalization Reserve	0	0	0.0%	0
Technical Provision Gross	73,305	94,963	-22.8%	-21,657

The Solvency II technical provisions are the sum of:

- The discounted Best Estimate Liabilities that correspond to the probability-weighted average of future cash-flows, taking account the time value of money (expected present value).
- A Risk Margin that is the present value of the cost of holding capital for non-wedgeable risk.

Details on the methodologies and assumptions, including on the contract boundaries, used to compute the technical provisions and the reinsurance recoverable are presented in the Actuarial Function Holder report of STI.

Matching adjustment

STI does not use the matching adjustment referred to the article 77 of the Directive 2009/138/EC.

Volatility adjustment

STI does not use the volatility adjustment referred to the article 77 of the Directive 2009/138/EC.

Transitional risk-free interest rates

STI does not use the transitional risk-free interest rate-term structure as referred in the article 308 c of the Directive 2009/138/EC.

Transitional deduction

STI does not use the transitional deduction referred to the article 308 d of Directive 2009/138/EC.

D.3. Other liabilities

The "Debt (payables)" item is valued the same way under Lux-GAAP and Solvency II accounting rules.

The "Provision for taxation" item is the provision for deferred taxes, wealth taxation and other local tax-related provisions. Regarding the deferred taxes liabilities (DTL), the Solvency II value is evaluated by applying the marginal tax rate to the delta (*economic versus statutory* values) in investments, in other assets, in net technical provisions (and in the equalization provision where relevant, not for STI), i.e. to the Solvency II created value (future profits) or the *reconciliation reserve*. For STI, a DTL is present at FY25 mainly due to the regulatory prudence in statutory accounts, despite that the company does not foresee to make future profits that would absorb the loss-carried forward of 44M EUR (economic view).

The "Regularisation Account" item is mainly about the DAC outwards, which are zeroed under Solvency II, as they are statutory mechanism to spread acquisition costs throughout the lifetime of the contracts, not relevant under Solvency II: commissions on perceived premiums have already been recognized (and generally paid).

The "other liabilities" item contains the subrogations and salvages under Lux-GAAP, whereas these are netted from the economic value of the technical provisions (assets, *part of the reinsurers in the TP*) under Solvency II.

D.4. Alternative methods for valuation

STI does not use alternative valuation methods as described in article 263 of delegated acts regulation.

In addition, STI does not value its assets nor its liabilities based on the valuation methods that it uses to prepare its financial statements in accordance with article 9, paragraph 4.

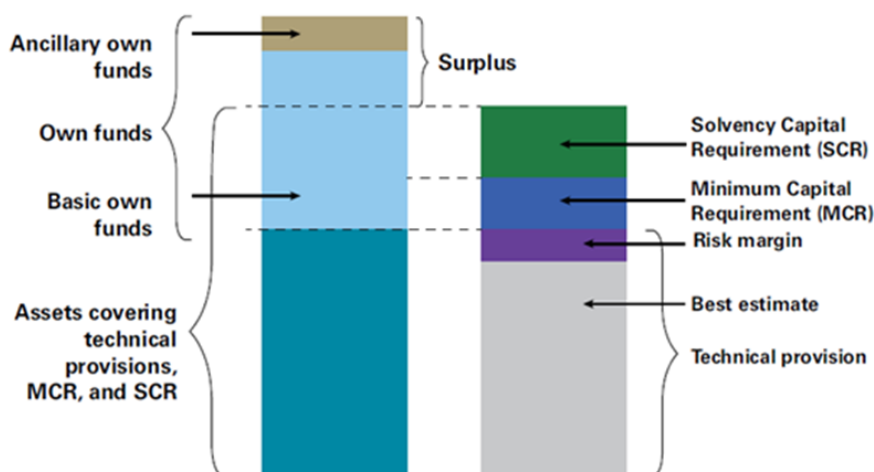
D.5. Any other information

No other information needs to be added to the information described in this section D.

E. CAPITAL MANAGEMENT

E.1. Own Funds

The Solvency II balance sheet of Stonefort Insurance S.A. can be represented as follows:



At year-end 2025, 100% of the Own funds are classified as unrestricted Tier 1 for STI. Additionally, there is no foreseeable dividends, distributions or charges known and therefore considered in the Eligible Own Funds (EOF) figures.

At year-end 2025, the statutory capital of STI amounted to 20,702k EUR and the EOF to 24,767k EUR, meaning that, the Solvency II added value, post-tax, coming from discounted future profits, was equal to 4,065k EUR.

In 2025, a reinforced capital management policy entered into force. Among others, the policy describes the processes that must be followed in case of capital reduction (such as a dividend upstream) or capital injection.

Stonefort Insurance's strategy is to hold only *unrestricted* Tier 1 Basic Own Funds, i.e. *without any ring-fenced funds*. All items that Stonefort Insurance is allowed to consider in its own-funds are deemed to substantially possess the following characteristics (Section 3.1 Own funds classification of the capital management policy):

- the item is available, or can be called up on demand, to fully absorb losses on a going-concern basis, as well as in the case of winding-up (permanent availability) ;*
- in the case of winding-up, the total amount of the item is available to absorb losses, and the repayment of the item is refused to its holder until all other obligations, including insurance and reinsurance obligations towards policy holders and beneficiaries of insurance and reinsurance contracts, have been met (subordination).*

The basic own-funds items considered by Stonefort Insurance is the part of excess of assets over liabilities, constituted of:

- The paid-in ordinary share capital;*
- The related share premium account;*
- The reconciliation reserve, corresponding to the net future gains, discounted and after deferred taxes, evaluated under the Solvency II's framework, as compared to the statutory accounting rules: assets at market value and technical provisions as best estimate increase by a risk margin.*

The basic own-funds are reduced by the foreseeable dividends, distributions and charges (when applicable, which is not the case for STI at year-end 2025).

E.2. Solvency Capital Requirement and Minimum Capital Requirement

E.2.1. Breakdown of the Solvency Capital Requirement by risk module of the Standard Formula

The table below shows the breakdown of the solvency Capital requirement by risk module as of 31 December 2025, in K EUR. The total SCR amounts to 10.8k EUR.

Stonefort Insurance S.A. (in kEUR)	
SCR	10,791
Adj Differed taxes	-1,505
SCR Operational	2,171
Basic SCR	10,119
Market Risks	1,995
Interest Rate Risk	75
Equity Risk	
Property Risk	
Spread Risk	492
Concentration Risk	869
Currency Risk	1,589
Diversification Effect	-1,030
Default Risks	6,536
Type 1	2,836
Type 2	4,134
Underwriting Health	
Premium & Reserve	
Cat	
Sit	
Underwriting Non-Life	4,201
Premium & Reserve	4,114
Lapse	
Cat	307

E.2.2. Minimum Capital Requirement

The table below presents the MCR as of 31 December 2025.

Stonefort Insurance S.A. (in kEUR)	
MCR	4,000
Cap of 45% SCR	4,856
Floor of 25% SCR	2,698
MCR linear	2,377
MCR Min Absolute	4,000

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

STI does not use the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.

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

STI uses the Standard formula for the calculation of the SCR. This part is not applied to STI.

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

The Company has not reported any breach in the MCR or significant non-compliance issues with the SCR during the reporting period.

E.6. Any other information

On 2 June 2025, Stonefort Insurance Holdings S.A., the Sole Shareholder of the Company, has resolved to provide all reasonable support to enable Stonefort Insurance S.A. to continue its operations as a going concern. This commitment has been given for a period of at least 12 months.

F. APPENDIX

F.1. Glossary of Terms

BE - Best Estimate: corresponds to the best estimate of insurance liabilities as calculated in accordance with Solvency II principles.

Board – means Board of Directors

CAA – Commissariat aux Assurances: the Luxembourg Insurance Supervisor

EIOPA – European Insurance and Occupational Pensions Authority

IBN(Y/E)R – Incurred But Not (Yet/Enough) Reported: IBNYR is an estimate of the liability for claim-generating events that have taken place but have not yet been reported to the insurer. IBNER is the part of the reserve that shall cover insufficiently reserved Outstanding Claims Reserve (OCR), i.e. adverse development.

The sum of IBNR losses plus incurred losses provides an estimate of the total eventual liabilities for losses during a given period.

MCR – Minimum Capital Requirement: the Minimum Capital Requirement should ensure a minimum level below which the amount of financial resources should not fall. It is calculated in accordance with a simple formula which is subject to a defined floor and cap and is based on the risk-based Solvency Capital Requirement.

ORSA – Own Risk and Solvency Assessment: refers to the processes and procedures for identifying, measuring, monitoring, managing and reporting all of an insurance undertaking's short and long term risks and determining the overall solvency requirements to cover them over the company's Business Plan period. ORSA is a risk assessment tool used for strategic planning purposes. A key deliverable from the process is a comprehensive quantitative and qualitative assessment of the (re)insurance undertaking's own risks. The ORSA report is submitted to the Board for approval.

SCM – Stonefort Captive Management S.A.

SCR – Solvency Capital Requirement: level of eligible own funds that enables a (re)insurance undertaking to absorb significant losses and gives reasonable assurance to policyholders and counterparties that payments will be made if liabilities arise. The Solvency Capital Requirement is the economic capital to be held by insurance and reinsurance undertakings to ensure that financial ruin occurs no more often than once every 200 years. The SCR is calculated using either the standard formula or an approved internal model.

SG – Stonefort Group, being Stonefort Insurance Holdings S.A. and its insurance and reinsurance subsidiaries.

SII - Solvency II: a set of European rules applicable to European insurance undertakings whose objective is to ensure that (re)insurance undertakings have sufficient capital to cover the risks to which they are exposed.

SMAF – Steinfort Multi-Asset Fund SICAV-SIF S.A.

SIH – Stonefort Insurance Holdings S.A.

Standard formula: a risk-based mathematical formula used by (re)insurers to calculate their Solvency Capital Requirement under Solvency II. The standard formula is intended for use by most European (re)insurers, although some choose to develop an internal model.

STI – Stonefort Insurance S.A.

STRe – Stonefort Reinsurance S.A.

QRT - Quantitative reporting templates: quarterly and annual templates required to be submitted under Solvency II regulatory reporting.

F.2. Quantitative Reporting Templates

The figures in the QRTs below are in EUR.

5.02.01.02.01
Balance sheet

		Solvency II value C0010
Assets		
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	15
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	34,337,462
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	22,647,283
Government Bonds	R0140	4,062,038
Corporate Bonds	R0150	18,585,245
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	-
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	11,690,179
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	359,212
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	359,212
Reinsurance recoverables from:	R0270	54,337,948
Non-life and health similar to non-life	R0280	54,337,948
Non-life excluding health	R0290	54,337,948
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	5,583,582
Reinsurance receivables	R0370	2,599,471
Receivables (trade, not insurance)	R0380	856,507
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	4,673,747
Any other assets, not elsewhere shown	R0420	15,066
Total assets	R0500	102,763,009
Liabilities		
Technical provisions – non-life	R0510	73,305,311
Technical provisions – non-life (excluding health)	R0520	73,305,311
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	72,378,066
Risk margin	R0550	927,245
Technical provisions - health (similar to non-life)	R0560	-
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	-
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
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	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	335,780
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	1,504,812
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	1,326,195
Reinsurance payables	R0830	263,375
Payables (trade, not insurance)	R0840	754,309
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	315,167
Total liabilities	R0900	77,804,950
Excess of assets over liabilities	R1000	24,958,058

5.02.01.02.01
Non-Life (direct business/accepted proportional reinsurance and accepted non-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
Premiums written																	
Gross - Direct Business	R0110																
Gross - Proportional reinsurance accepted	R0120																
Gross - Non-proportional reinsurance accepted	R0130																
Reinsurers' share	R0140																
Net	R0200																
Premiums earned																	
Gross - Direct Business	R0210																
Gross - Proportional reinsurance accepted	R0220																
Gross - Non-proportional reinsurance accepted	R0230																
Reinsurers' share	R0240																
Net	R0300																
Claims incurred																	
Gross - Direct Business	R0310																
Gross - Proportional reinsurance accepted	R0320																
Gross - Non-proportional reinsurance accepted	R0330																
Reinsurers' share	R0340																
Net	R0400																
Expenses incurred																	
Gross - Direct Business	R0500																
Gross - Proportional reinsurance accepted	R0510																
Gross - Non-proportional reinsurance accepted	R0520																
Reinsurers' share	R0530																
Net	R0550																
Balance - other technical expenses/income	R1210																
Total technical expenses	R1300																

S.04.05.21.01
Home country: Non-life insurance and reinsurance obligations

		Home country
		C0010
Premiums written (gross)		
Gross Written Premium (direct)	R0020	784,670
Gross Written Premium (proportional reinsurance)	R0021	-
Gross Written Premium (non-proportional reinsurance)	R0022	-
Premiums earned (gross)		
Gross Earned Premium (direct)	R0030	1,708,939
Gross Earned Premium (proportional reinsurance)	R0031	-
Gross Earned Premium (non-proportional reinsurance)	R0032	-
Claims incurred (gross)		
Claims incurred (direct)	R0040	15,886,676
Claims incurred (proportional reinsurance)	R0041	-
Claims incurred (non-proportional reinsurance)	R0042	-
Expenses incurred (gross)		
Gross Expenses Incurred (direct)	R0050	2,708,455
Gross Expenses Incurred (proportional reinsurance)	R0051	
Gross Expenses Incurred (non-proportional reinsurance)	R0052	

S.04.05.21.02
Top 5 countries (by amount of gross premiums written): Non-life insurance and reinsurance obligations

Country	R0010	UNITED KINGDOM	GERMANY	NORWAY
		Top 5 countries:	Top 5 countries:	Top 5 countries:
		- 12,126	327,071	21,190
		-	-	-
		-	-	-
		-	-	-
		- 12,127	700,202	2,078,783
		-	-	-
		-	-	-
		-	-	-
		- 6,244,865	4,399,815	1,647,024
		-	-	-
		-	-	-

\$ 17.01.02.01

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 marine, aviation and transport reinsurance	Non-proportional property reinsurance		
	CO020	CO030	CO040	CO050	CO060	CO070	CO080	CO090	CO100	CO110	CO120	CO130	CO140	CO150	CO160	CO170	CO180
Technical provisions calculated as a whole																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment	R0010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment	R0050	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Best estimate																	
Technical provisions calculated as a sum of BE and RM																	
Premium provisions																	
Gross	R0060																3,419,067
Total recoverable from reinsurance/SPV and Finite Re after the adjustment	R0140																1,429,214
Net Best Estimate of Premium Provisions	R0150																1,987,854
Claims provisions																	
Gross	R0160						9,342,540	9,122,604	39,190,214	11,305,640							68,958,999
Total recoverable from reinsurance/SPV and Finite Re after the adjustment	R0240						7,285,678	4,677,103	34,600,055	6,343,899							52,908,735
Net Best Estimate of Claims Provisions	R0250						2,056,862	4,445,501	4,588,159	4,959,742							16,050,264
Total Best estimate - gross	R0260						9,342,540	9,122,604	42,609,282	11,305,640							72,378,066
Total Best estimate - net	R0270						2,056,862	4,445,501	6,578,013	4,959,742							18,040,117
Risk margin	R0280						111,493	156,529	532,308	126,916							977,245
Technical provisions - total	R0320						9,454,032	9,279,133	43,141,590	11,430,557							73,305,311
Recoverable from re insurance contract/SPV and Finite Re after the adjustment	R0330						7,285,678	4,677,103	36,031,269	6,343,899							54,337,948
Technical provisions minus recoverables from reinsurance/SPV and Finite	R0340						2,168,355	4,602,030	7,110,321	5,086,658							18,967,363

S.19.01.21.01
Gross Claims Paid (non-cumulative) - Development year (absolute amount). Total Non-Life Business

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											
N-9	R0160	49,253	-	75,584	53,111	(242,284)	(120)	(183)	110,521	22,075	(354)	-
N-8	R0170	-	807,053	3,301,571	3,802,123	548,563	338,211	164,309	1,072,942	(5,812,820)	-	-
N-7	R0180	3,032,397	12,677,940	5,746,911	3,858,781	851,237	1,396,140	1,082,450	6,986,376	-	-	-
N-6	R0190	615,632	6,197,334	12,736,494	3,525,921	825,877	1,049,244	1,915,365	-	-	-	-
N-5	R0200	368,359	2,178,410	1,528,063	183,873	732,930	636,871	-	-	-	-	-
N-4	R0210	6,411,684	12,188,045	12,282,596	1,444,109	1,803,636	-	-	-	-	-	-
N-3	R0220	26,212	2,726,578	4,685,843	2,442,696	-	-	-	-	-	-	-
N-2	R0230	30,442	6,385,640	4,532,037	-	-	-	-	-	-	-	-
N-1	R0240	-	-	-	-	-	-	-	-	-	-	-
N	R0250	-	-	-	-	-	-	-	-	-	-	-

S.19.01.21.02
Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative). Total Non-Life Business

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	-	28,559
N-9	R0160	(354)	67,603
N-8	R0170	(5,812,820)	4,221,953
N-7	R0180	6,986,376	35,632,232
N-6	R0190	1,915,365	26,865,867
N-5	R0200	636,871	5,628,506
N-4	R0210	1,803,636	34,130,071
N-3	R0220	2,442,696	9,881,330
N-2	R0230	4,532,037	10,948,119
N-1	R0240	-	-
N	R0250	-	-
Total	R0260	12,503,808	127,404,240

S.19.01.21.03
Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount). Total Non-Life Business

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											
N-9	R0160	21,172	23,642	161,977	181,337	181,241	49,109	107,292	178,740	178,740	-	-
N-8	R0170	-	3,989,781	2,446,104	(1,222,189)	(1,847,489)	4,022,425	4,048,159	3,045,665	2,244,159	-	-
N-7	R0180	10,209,100	17,879,280	10,140,071	4,756,159	4,846,902	3,122,683	1,446,384	1,328,206	-	-	-
N-6	R0190	3,830,383	10,595,552	8,702,659	5,808,677	8,817,744	8,111,048	8,415,704	-	-	-	-
N-5	R0200	5,517,949	10,534,031	4,607,689	14,057,246	11,608,140	16,050,092	-	-	-	-	-
N-4	R0210	15,883,698	32,670,472	16,260,833	11,008,895	13,490,074	-	-	-	-	-	-
N-3	R0220	5,558,331	24,406,819	10,520,391	13,375,532	-	-	-	-	-	-	-
N-2	R0230	7,790,932	19,872,579	8,678,598	-	-	-	-	-	-	-	-
N-1	R0240	-	94,978	-	-	-	-	-	-	-	-	-
N	R0250	-	-	-	-	-	-	-	-	-	-	-

S.19.01.21.04
Gross discounted Best Estimate Claims Provisions - Current year, sum of years (cumulative). Total Non-Life Business

		Year end (discounted data)
		C0360
Prior	R0100	-
N-9	R0160	-
N-8	R0170	2,200,291
N-7	R0180	1,301,188
N-6	R0190	8,294,976
N-5	R0200	15,789,031
N-4	R0210	13,232,436
N-3	R0220	12,901,444
N-2	R0230	8,443,469
N-1	R0240	93,340
N	R0250	6,702,824
Total	R0260	68,958,999

S.23.01.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	53,010,000	53,010,000		-	
Share premium account related to ordinary share capital	R0030	11,990,000	11,990,000		-	
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	(40,041,942)	(40,041,942)		-	
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	24,958,058	24,958,058		-	
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	24,958,058	24,958,058		-	
Total available own funds to meet the MCR	R0510	24,958,058	24,958,058		-	
Total eligible own funds to meet the SCR	R0540	24,958,058	24,958,058		-	
Total eligible own funds to meet the MCR	R0550	24,958,058	24,958,058		-	
SCR	R0580	10,791,242				
MCR	R0600	4,000,000				
Ratio of Eligible own funds to SCR	R0620	2.31				
Ratio of Eligible own funds to MCR	R0640	6.24				

S.23.01.01.02
Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	24,958,058
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	65,000,000
Adjustment for restricted own fund items in respect of matching a	R0740	-
Reconciliation reserve	R0760	(40,041,942)
Expected profits		
Expected profits included in future premiums (EPIFP) - Life busine	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life bu	R0780	-
Total Expected profits included in future premiums (EPIFP)	R0790	-

S.25.01.21.01
Basic Solvency Capital Requirement

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	1,994,716	
Counterparty default risk	R0020	6,535,810	
Life underwriting risk	R0030	-	
Health underwriting risk	R0040	-	
Non-life underwriting risk	R0050	4,201,019	
Diversification	R0060	(2,606,833)	
Intangible asset risk	R0070	-	
Basic Solvency Capital Requirement	R0100	10,124,712	

S.25.01.21.02
Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	2,171,342
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	1,504,812
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	10,791,242
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	10,791,242
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	-

S.28.01.01.01
Linear formula component for non-life insurance and reinsurance obligations

		MCR components
		C0010
MCR _{NL} Result	R0010	2,376,856

S.28.01.01.02
Background information

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	2,056,862	-
General liability insurance and proportional reinsurance	R0090	4,445,501	-
Credit and suretyship insurance and proportional reinsurance	R0100	6,578,013	7,660
Legal expenses insurance and proportional reinsurance	R0110	4,959,742	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	-	-
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

S.28.01.01.05
Overall MCR calculation

		C0070
Linear MCR	R0300	2,376,856
SCR	R0310	10,791,242
MCR cap	R0320	4,856,059
MCR floor	R0330	2,697,810
Combined MCR	R0340	2,697,810
Absolute floor of the MCR	R0350	4,000,000
Minimum Capital Requirement	R0400	4,000,000