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**2025**

**Solvency and Financial Condition Report**

Stonefort Reinsurance S.A.



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## SUMMARY

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### Context

This report is the Solvency and Financial Condition Report (“SFCR”) of Stonefort Reinsurance 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 7<sup>th</sup> 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 Reinsurance 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 Reinsurance. 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 Reinsurance’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

The main event in the year 2025 is the fact that a dividend payment of 50 million USD is foreseen to be made in 2026 to Stonefort Insurance Holdings S.A.

### 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 Reinsurance S.A. (“STRe”) 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 8<sup>th</sup> 2019).

### Solvency II ratio

Stonefort Reinsurance S.A. (in mUSD)	31/12/2024	31/12/2025
Eligible Own Funds	743.36	815.74
Solvency Capital Requirement (SCR)	239.49	295.24
<b>Solvency II ratio</b>	<b>310%</b>	<b>276%</b>

The Solvency II ratio of STRe decreased between year-end 2024 and year-end 2025, which is due to the SCR increase over that period. Even though the EOF increased as well in 2025, it was not sufficient to compensate the SCR increase. The EOF increase is mainly due to the investments' good performance. The SCR increase is mostly attributable to the higher UW non-life Cat risks SCR, explained by the calculation update of this module. More details are given in section C.

### **Disclaimer**

To the best of the STRe'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](mailto:contact@stonefort.com)

## **A. BUSINESS AND PERFORMANCE**

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### **A.1. Business**

#### **A.1.1 General information**

Stonefort Reinsurance S.A. (hereafter referred to as the Company or "STRe") is a Luxembourg company registered on 28<sup>th</sup> October 2014 as a "*société anonyme*". The Company's registered office is 4 Rue de Neuerburg, L-2215 Luxembourg.

The Company is a reinsurance company active in the non-life reinsurance sector.

The Company's objective is to perform all reinsurance operations in all branches excepting life reinsurance. The bulk of the reinsurance business consists of reinsuring the HOCHTIEF Group internal business that is affiliated to its parent HOCHTIEF Aktiengesellschaft. The Company is also seeking to expand its business outside of the HOCHTIEF Group via, for example, agreements with (re)insurers of global repute. The reinsurance business is reinsured when possible and/or suitable, via retrocession cover with global reinsurance companies.

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

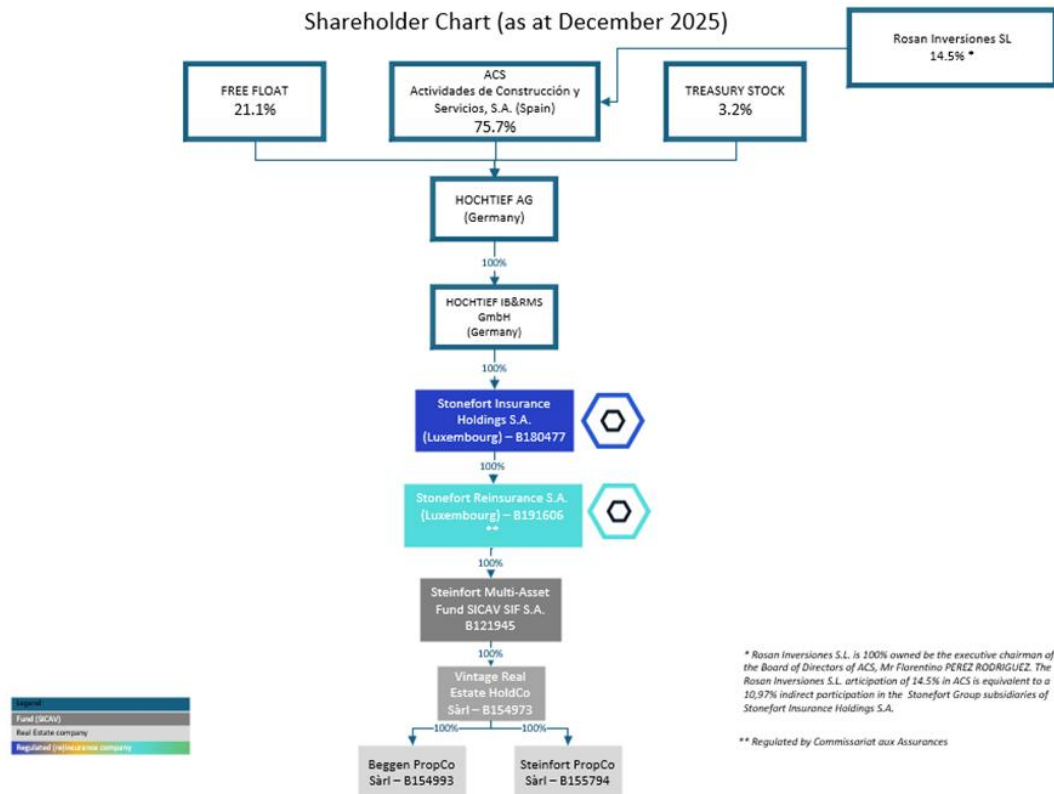
L-1821 Luxembourg

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 Reinsurance as of 31 December 2025 (with no change since) is the following:



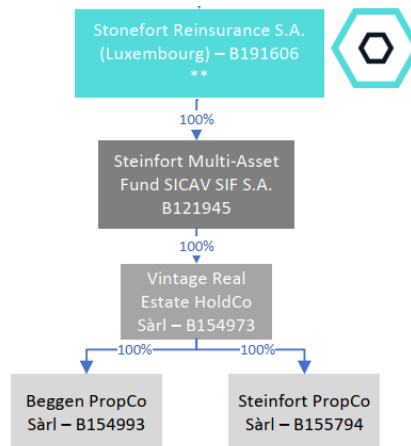
ACS’ participation in HOCHTIEF AG is higher than 75% since November 2023 and, since Q1 2024, the Steinfort Multi-Asset Fund SICAV-SIF S.A., (“SMAF”) is solely owned by Stonefort Reinsurance S.A.

### A.1.3 The Company Undertakings

The Company owns directly 100% of a Luxembourg SIF under the name Steinfort Multi Asset SICAV-SIF (SMAF). SMAF is domiciled with BNP Paribas, 60 avenue JF Kennedy, L-1855 Luxembourg. SMAF is a private fund under the supervision of the Commission de Surveillance du Secteur Financier (CSSF).

SMAF itself fully owns a real estate holding company “Vintage Real Estate HoldCo Sàrl” domiciled at 8C rue Collart, L-8414 Steinfort, Luxembourg.

Vintage Real Estate HoldCo Sàrl fully owns two real estate companies “Beggen PropCo Sàrl” and “Steinfort PropCo Sàrl”, both domiciled at 8C rue Collart, L-8414 Steinfort, Luxembourg.



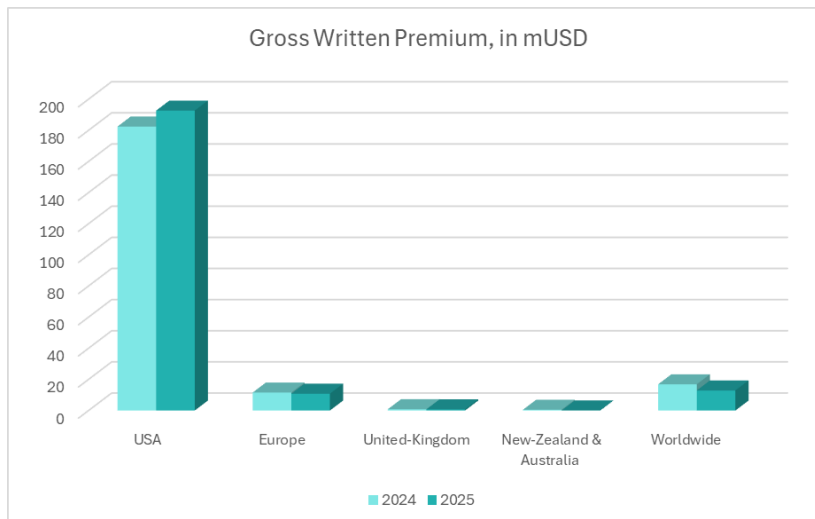
## A.2. Underwriting Performance

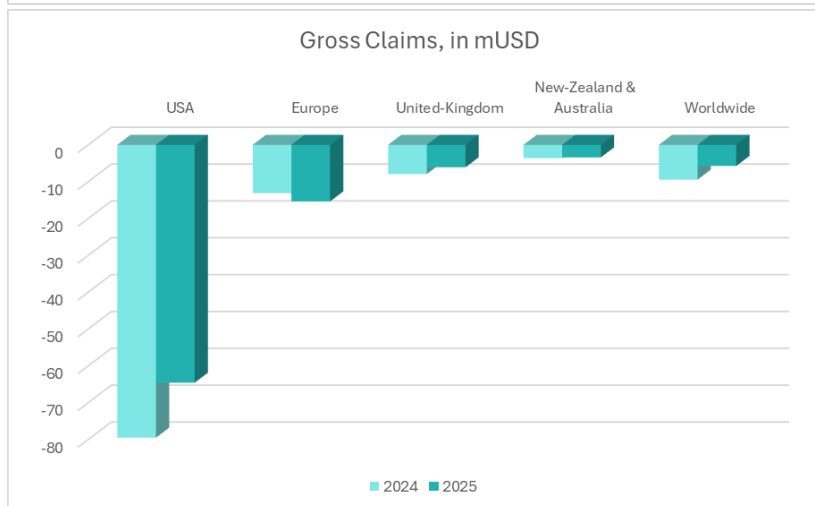
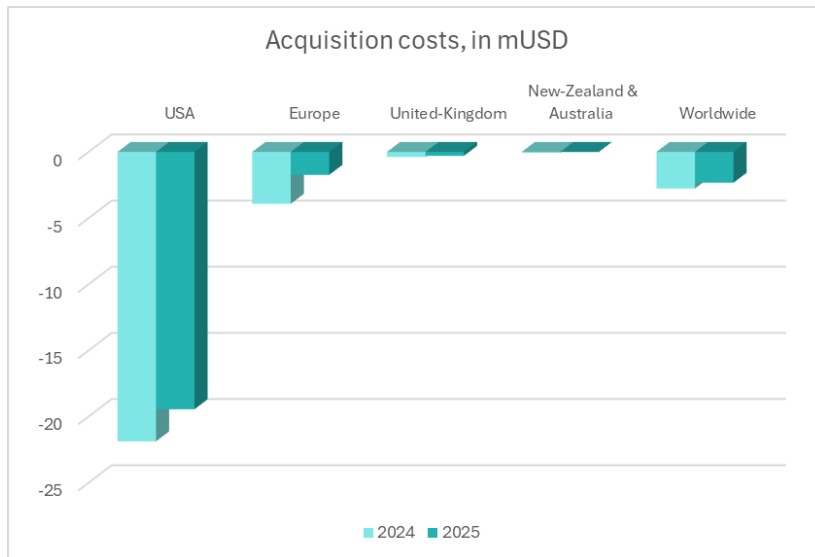
### A.2.1 Underwriting income, expenses and claims

For Stonefort Reinsurance 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.





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

	<i>in mUSD</i>	USA	Europe	United-Kingdom	New-Zealand & Australia	Worldwide
<b>2024</b>	TOTAL	81.0	(5.5)	(7.5)	(3.2)	4.6
<b>2025</b>	TOTAL	108.6	(6.3)	(5.6)	(3.4)	4.8

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

	<i>in mUSD</i>	Property	Casualty	Surety	mis. financial loss
2024	Gross Written Premium	28.9	109.5	73.0	0.7
2025	Gross Written Premium	25.3	114.9	76.2	0.8

	<i>in mUSD</i>	Property	Casualty	Surety	mis. financial loss
2024	Acquisition costs	(6.2)	(18.4)	(4.2)	(0.3)
2025	Acquisition costs	(3.7)	(15.7)	(4.1)	(0.3)

	<i>in mUSD</i>	Property	Casualty	Surety	mis. financial loss
2024	Claims	(26.0)	(69.8)	(17.7)	(0.1)
2025	Claims	(22.1)	(48.6)	(24.4)	(0.1)

	<i>in mUSD</i>	Property	Casualty	Surety	mis. financial loss
2024	TOTAL	(3.2)	21.3	51.1	0.4
2025	TOTAL	(0.6)	50.6	47.8	0.4

## A.2.2 Analysis of the underwriting performance

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

Stonefort Reinsurance S.A., in USD	31.12.2025	31.12.2024
Premiums Gross	217,191,744	212,258,810
Reinstatement Premium	3,770	-53,309
UPR variation	-6,471,391	2,683,810
<b>Premium Earned Inwards</b>	<b><u>210,724,122</u></b>	<b><u>214,889,312</u></b>
		0
Acquisition Costs	-23,973,605	-28,952,639
Profit commission inward	-440,165	-237,492
Provisional commission reserve	154,605	-38,439
DAC variation	-1,340,268	-2,937,402
<b>Total Operating Exp Inwards</b>	<b><u>-25,599,433</u></b>	<b><u>-32,165,972</u></b>
		0
Losses paid	-82,847,127	-98,432,472
Lose expenses paid	-12,356,946	-15,183,686
Loss O/S variation	-56,843,507	16,853,838
IBNR variation inwards	-23,791,467	-22,870,056
IBNR Inflation variation inwards	0	11,349,108
IBNER variation - inwards	1,820,167	-11,390,690
ULAE variation	-2,118,986	-1,639,539
Losses Recoveries Inward	3,628,276	1,569,274
Losses O/S Recoveries Inward	661,653	-8,011,267
<b>Total Losses Inwards</b>	<b><u>-171,847,936</u></b>	<b><u>-127,755,491</u></b>
		0
PREC variation	2,425,497	-773,049
<b>Total PREC Inwards</b>	<b><u>2,425,497</u></b>	<b><u>-773,049</u></b>
		0
<b>INWARDS Reinsurance result</b>	<b>15,702,250</b>	<b>54,194,801</b>
Premiums Gross - Outwards	-4,027,227	-2,012,653
UPR variation - Outwards	-3,689,274	-10,611,146
<b>Premium Earned Outwards</b>	<b><u>-7,716,501</u></b>	<b><u>-12,623,799</u></b>
		0
Acquisition Costs - Outwards	1,419,093	770,126
Profit Commission Reserve - Outwards	2,368,654	0
DAC variation - Outwards	1,227,714	2,334,814
<b>Total Operating Exp Outwards</b>	<b><u>5,015,461</u></b>	<b><u>3,104,940</u></b>
		0
Losses paid - Outwards	15,275,657	12,790,756
Loss O/S variation - Outwards	5,372,404	-9,169,410
IBNR variation outwards	-3,152,189	-12,454,808
IBNR Inflation variation outwards	0	-856,097
IBNER variation - outwards	-478,576	593,733
Losses Recoveries Outwards	-1,079,497	-802,332
Losses O/S Recoveries Outwards	-484,400	7,308,090
<b>Total Losses Outwards</b>	<b><u>15,453,399</u></b>	<b><u>-2,590,068</u></b>
		0
PREC variation - OUTWARDS	-1,892,792	612,586
<b>Total PREC Outwards</b>	<b><u>-1,892,792</u></b>	<b><u>612,586</u></b>
		0
<b>OUTWARDS Reinsurance result</b>	<b>10,859,567</b>	<b>- 11,496,341</b>
		0
<b>NET REINSURANCE RESULT (Lux-Gaap)</b>	<b>26,561,817</b>	<b>42,698,460</b>

The premiums earned amount to USD 217.2m USD in 2025 compared to 212.4m USD in 2024.

Although the premiums have been stable, the claims incurred, net of reinsurance, have increased significantly in 2025, leading to a lower net insurance result. The effect has been partly offset by lower acquisition costs.

The premiums written by Stonefort Reinsurance S.A. are expected to grow of about 10% from 2026 to 2029. These premiums increase partly relies on the development of third-party business directly underwritten by the company (diversification strategy).

In 2026, the Lux-GAAP reinsurance result is expected to be reaching 70.9m USD, supported by about 30m USD of profit commission from AON Benfield.

### **A.2.3 Risk Mitigation Techniques**

There were no material risk mitigation techniques purchased or entered during the reporting period.

Stonefort Reinsurance being originally a reinsurance Captive for the Turner Construction group, the aim is intrinsically to support (part of) their risks, without necessarily re-externalizing them. However, some exposures being quite significant, the usage of some risk mitigation techniques could be strategic to avoid too much volatility in the financial results and align with the risk appetite.

The cost of reinsurance will always be balanced with the earnings protection benefit. The company performs a monitoring of the market conditions to identify reinsurance solutions that are economically justified. Where appropriate, the company may utilise quota-share arrangements, excess-of-loss treaties or facultative covers. Alternatives such as reserves strengthening are also considered where they provide a more efficient risk-mitigation outcome. Reinsurers are selected based on financial strength, expertise, regulatory supervision, and alignment of contractual terms, with the objective of limiting counterparty-default risk and ensuring recoverables are fully admissible under Solvency II.

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**

Steinfors Multi-Asset Fund SICAV-SIF ("SMAF") serves as the Company's primary investment vehicle. Incorporated in 2006, SMAF is a USD-based investment fund enables the Company to achieve its investment objective by optimizing asset returns while maintaining an appropriate risk profile. As of 31 December 2025, the Company owned all of SMAF's net assets as its sole shareholder.

#### *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.

In the US, shifting domestic policies kept investors on the edge, from early-April tariff announcement to the summer passage of the One Big Beautiful Bill and a record long government shutdown near year

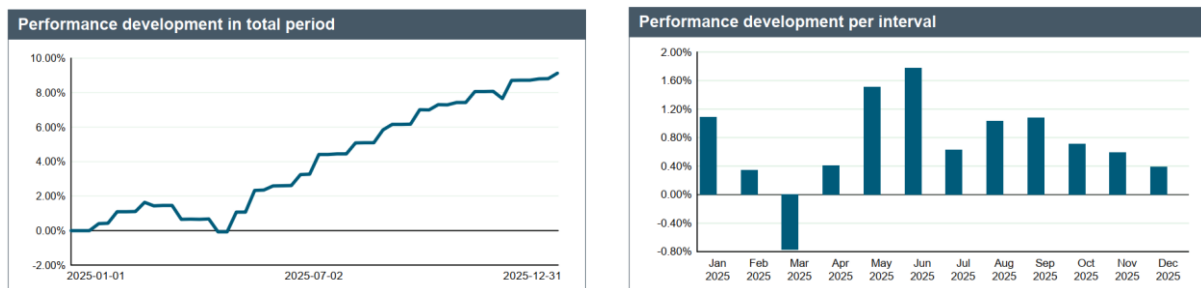
end. Abroad, the war in Ukraine continued, France saw repeated government reshuffles, Germany ramped up defence and infrastructure spending, and China accelerated its AI development.

US equities and bonds delivered strong gains, supported by AI-driven investments, accommodative monetary and fiscal policy, and resilient corporate earnings. As global investors diversified beyond the US, other regions, especially Emerging Markets (EM), outperformed. The sharp depreciation of the USD against the EUR further enhanced returns on non-US assets.

### Performance review

In 2025, in terms of time-weighted performance, all assets included, the Company's portfolio return was positive +9.11%, driven mainly by the holding in SMAF.

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
Liquidity	4.08%	0.17%
Investment Fund (SMAF)	95.92%	8.94%
<b>TOTAL</b>	<b>100.00%</b>	<b>9.11%</b>

The investment in SMAF drove almost exclusively the investment performance of the Company with a 9.04% investment effect contribution while non-material cash holdings denominated in foreign currencies contributed 0.08% currency effect.

### 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 Reinsurance S.A.	2025 (in USD)	2024 (in USD)
Investment income		
▪ Income from participating interest	80,037,438	0
▪ Income from other investments	1,211,405	1,367,865
	<b>81,248,843</b>	<b>1,367,865</b>
Investment charges		
▪ Investment management charges, including interest	(14,728)	(11,699)
	<b>(14,728)</b>	<b>(11,699)</b>

### A.3.3 Asset Allocation

The Company's Strategic Asset Allocation ("SAA") is designed to maintain a diversified portfolio across major asset classes and is regularly assessed against industry benchmarks. Within this framework, the Company collaborates closely with its investment advisors and external asset managers, while any significant adjustments to the allocation or investment approach would require the Board's approval.

The primary objective of the Company's investment portfolio is to generate a reasonable return while maintaining a prudent level of risk. Its investment activities follow an established investment policy and an SAA approved by the Board of SRE. As of 31 December 2025, the SAA in effect since May 2025 targets a long-term expected return of 5.1%, with expected volatility of 8.7% and a 95% Value-at-Risk of 13.4%.

Applying a look-through in SMAF, the table below displays the Company's exposure by asset class as of 31 December 2025:

Asset Class	Exposure as of 31 December 2025	SAA Target
Fixed Income	44.48%	47.60%
Equities	18.41%	22.90%
Intra-Group Loan	23.40%	20.00%
Private Market	4.04%	4.00%
Liquidity	8.15%	4.00%
Real Estate	1.52%	1.50%
TOTAL	100.00%	100.00%

A comparison of the portfolio's year-end positioning (including SMAF look-through) against the SAA indicates a broad alignment across most asset classes. The overweight in Intra-Group Loan is largely offset by the underweight in Equities. It is worth highlighting that a significant portion of the portfolio's liquidities is held in highly liquid short-term US Treasuries, term deposits and money market funds. These instruments provide immediate liquidity when needed, enabling rapid tactical shift into equities under favourable market conditions.

### A.3.4 Investment in Securitizations

As of 31 December 2025, the Company held no direct investments in securitizations. Indirect exposure was limited to 15 securitized positions via SMAF, managed under an external mandate. These positions, primarily ABS and MBS, were mostly issued by US government-sponsored entities (Freddie Mac, Fannie Mae, and Ginnie Mae), with some from private issuers. Their total value was approximately USD 3 million, representing less than 0.5% of the Company's investment portfolio.

In relation to risk management, the investment management agreement outlines strict risk limits, permitted instruments, transaction types, and credit quality standards for all holdings, including securitized assets. The external manager also monitors market trends and regulatory developments to ensure ongoing compliance with both EU and non-EU securitization rules.

## A.4. Performance of other activities

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

#### **A.5. Any other information**

Some plus-value of the SMAF investments were realized to generate an income for Stonefort Reinsurance. This investment income is about 80m USD, see section A.3.2 above. Part of the investment income, representing approximately 31m USD, was allocated to the PFS, contributing significantly to the overall P&L 2025 of the company under the Lux-GAAP accounting standards.

In 2025, the administrative costs amounted to 23.2m USD.

## **B. SYSTEM OF GOVERNANCE**

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### **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, its Group's Executive Committee(s), 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 six members: one Executive Director, who is the Group Chief Executive Officer of Stonefort Group, four Non-Executive Directors, one of whom is the Board's Chairman, and one Independent Director.

#### ***Functioning of the Boards***

##### ***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.

**Underwriting Committee (UWC):**

The Committee supports the Company's Board by reviewing and monitoring underwriting governance, including underwriting guidelines, pricing approaches, new business / product approvals, onboarding of new intermediaries/clients, and monitoring of key portfolio exposures (incl. significant risks) and underwriting performance; it provides recommendations to the Company's Board on underwriting strategy and portfolio steering.

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 (SG) 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,

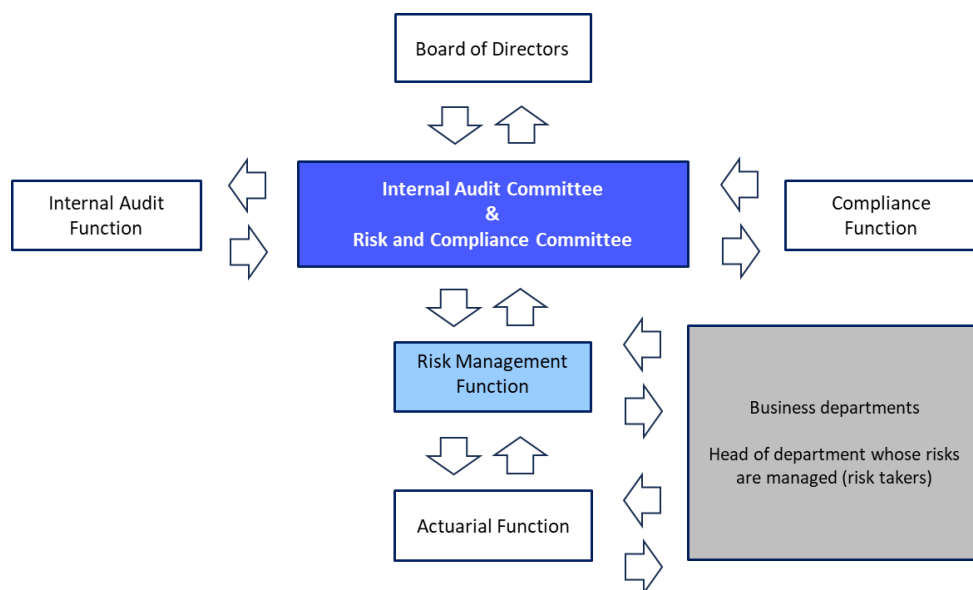
- Assessment of fitness to perform the role through the on-going performance management discussions,
- Ability for individuals to report where they consider there are barriers to them being able to perform their role such as not being provided with sufficient time or staff or where they have identified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

#### *Statements and Key Indicators*

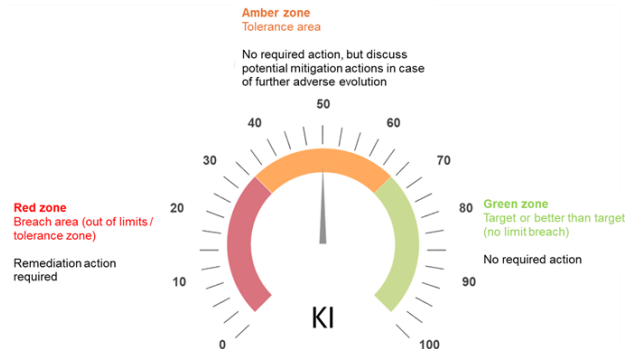
For each dimension, some qualitative statements and/or Key Indicators (KI) – either Key Risk Indicators (KRI) or Key Performance Indicators (KPI) – are defined.

*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.

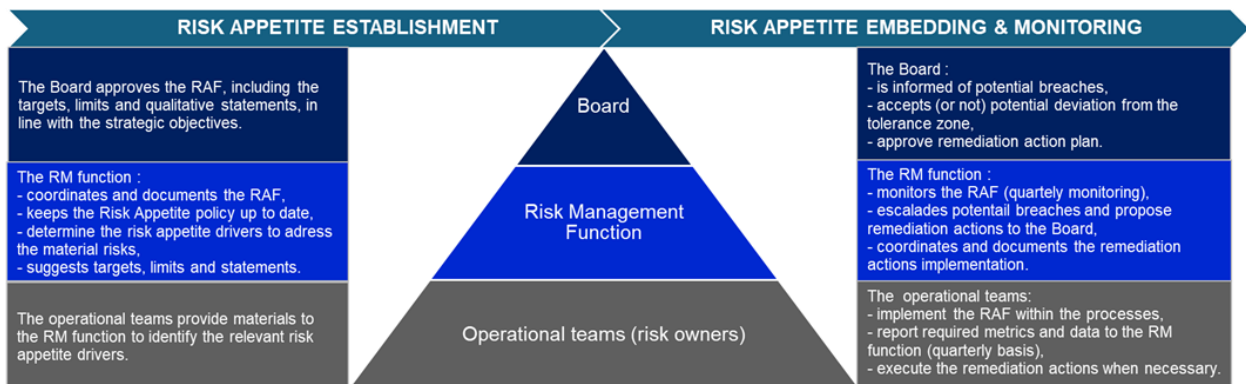
For the KRI and KPI, for which a target level and some limits are defined, a breach must be reported when the monitoring shows that the KI is out of limits and a remediation action must be implemented. Sometimes, the breach can be passive<sup>1</sup>, and in that case the remediation action could resume 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:



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.

<sup>1</sup> 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.

### 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 Reinsurance S.A. (STRe) maintains an internal control system supporting sound and prudent management, reliable reporting and compliance with applicable requirements. The internal control system is proportionate to the nature, scale and complexity of the undertaking and reflects STRe's business model and risk profile.

The internal control system includes administrative and accounting procedures, operational controls embedded in key processes, defined reporting arrangements and a compliance function. Controls are embedded across STRe's main activities, including underwriting and contract governance (where applicable), claims and reserving processes, financial and regulatory reporting, investment-related activities, and oversight of outsourced services.

STRe's control environment is structured such that operational teams remain responsible for day-to-day controls and evidence, while oversight activities provide independent challenge and monitoring through defined control expectations and proportionate review of the effectiveness of the control environment.

During the reporting period, STRe continued to maintain and update key operational procedures and progressed the internal control monitoring framework within the scope of the internal control

function. This included continued work on an ICS tool and stakeholder interactions to validate selected control points and underlying metrics, supported by a draft ICS KPI tracker pending formalization.

## **B.5. Internal Audit function**

STRe'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 (where applicable) 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 audits were performed in line with the approved risk-based audit plan, and audit results and recommendations were reported to the relevant governance bodies and management. Actions are defined by management and monitored through structured follow-up arrangements with progress reporting and escalation where required.

STRe operates under an Internal Audit Policy and Internal Audit Charter defining mandate, independence requirements, reporting arrangements and follow-up principles. The policy framework is reviewed at least annually and updated where necessary.

## **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 SIH and the operational activities are provided by SCM.

### ***B.6.2 Responsibilities and duties***

The Actuarial Function is a Key Function under Solvency II. This function is responsible for:

- Guaranteeing the appropriate nature of methodologies, the underlying models and cases used to calculate technical provisions.
- Assessing the sufficiency and quality of data used to calculate technical provisions
- Expressing their opinion on the underwriting policy
- Preparing opinion on adequacy of the reinsurance arrangements
- Contribute to the effective implementation of the risk-management system, including risk modelling.

### ***B.6.3 Reporting***

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

## B.7. Outsourcing

Stonefort Reinsurance employs a structured and cautious approach to outsourcing to safeguard its operational resilience, risk management framework, and compliance with Solvency II requirements. Outsourcing is undertaken only when internal execution is not feasible or where outsourcing demonstrably enhances quality or efficiency. STRe ensures that all outsourced activities—whether intra-group or external—meet the governance and performance standards equivalent to those applied to internal processes.

STRe follows a formally approved Outsourcing Policy, which defines the governance mechanisms and procedural requirements applicable to all outsourced reinsurance-related activities and key functions.

The Policy includes:

- **Pre-outsourcing evaluation**, including due diligence on service providers, assessment of risks specific to reinsurance operations, and confirmation that outsourcing does not compromise STRe's ability to meet supervisory expectations.
- **Contractual safeguards**, establishing detailed requirements for service levels, reporting, confidentiality, data security, audit and access rights, and conditions governing sub-outsourcing.
- **Ongoing supervision**, requiring systematic monitoring of provider performance, risk developments, and adherence to regulatory and contractual obligations.
- **Contingency and termination measures**, ensuring uninterrupted continuation of essential reinsurance activities in the event of provider failure or termination of the arrangement.

Under Solvency II, STRe identifies critical or important outsourcing arrangements, defined as those whose failure could materially impact the Company's ability to conduct reinsurance activities, meet contractual commitments, or comply with regulatory obligations. Such arrangements are subject to enhanced oversight.

STRe utilises both Internal and external service providers. For all critical or important outsourcing arrangements, the Company ensures that adequate internal expertise and resources are retained to effectively oversee the outsourced functions, while maintaining full transparency and access 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 USD.

Stonefort Reinsurance S.A., in m USD			
	FY 2024	FY 2025	Difference FY 2025 versus FY 2024
Solvency II Excess of Assets over Liabilities	743.4	865.7	122.4
<i>Foreseeable dividend</i>	<i>0.0</i>	<i>-50.0</i>	<i>-50.0</i>
Eligible Own Funds	743.4	815.7	72.4
SCR	239.5	295.2	55.7
<b>Solvency II ratio</b>	<b>310%</b>	<b>276%</b>	<b>-34%</b>
<i>Target level</i>	<i>250%</i>	<i>250%</i>	

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

Stonefort Reinsurance S.A., in m USD			
	FY 2024	FY 2025	Difference FY 2025 versus FY 2024
<b>SCR</b>	<b>239</b>	<b>295</b>	<b>55.7</b>
<b>Adj Differed taxes</b>	<b>-75</b>	<b>-93</b>	<b>-17.5</b>
<b>SCR Operational</b>	<b>10</b>	<b>12</b>	<b>1.5</b>
<b>Basic SCR</b>	<b>304</b>	<b>376</b>	<b>71.7</b>
<b>Market Risks</b>	<b>158</b>	<b>196</b>	<b>38.4</b>
Interest Rate Risk	31	21	-9.3
Equity Risk	90	118	27.8
Property Risk	1	1	
Spread Risk	61	71	10.6
Concentration Risk	57	77	20.4
Currency Risk	5	2	-3.4
Diversification Effect	-87	-95	-7.7
<b>Default Risks</b>	<b>16</b>	<b>15</b>	<b>-1.2</b>
Type 1	13	10	-2.8
Type 2	3	5	1.9
<b>Underwriting Health</b>	<b>24</b>	<b>18</b>	<b>-5.4</b>
Premium & Reserve	24	18	-5.4
Cat	1	1	
Similar Life Techniques			
<b>Underwriting Non-Life</b>	<b>209</b>	<b>263</b>	<b>54.1</b>
Premium & Reserve	116	146	30.2
Lapse			
Cat	148	186	37.9

The overall SCR increased from year-end 2024 to year-end 2025, going from 239m USD to 295m USD respectively. This increase is mainly explained by:

- the increase of the non-life UW risk SCR, mainly explained by:
  - the CAT risk increase, due to
    - the business increase (earned premiums) in the next 12 months on the SDI program and

- a strict application of the standard formula: the CAT risk SCR for the proportional and non-proportional liability lines of business are not capped anymore at the realization of 1 event, but their capital requirement is based on the premiums to be earned over the next 12 months period (SBP)
  - the increase of the net Best Estimate of Technical Provisions (on CCIP GL and SDI for the BE claims component, and on the non-proportional property business for the BE premium component)
- the increase of the market risks SCR, due to the volume increase (higher equity exposure), a higher shock (higher SA) and to a higher concentration risk (additional intra-group loan to HOCHTIEF of 75m USD).

These elements are partly compensated by:

- a decrease of the health UW risk SCR because the net claims technical provisions decreased quite significantly due to the integration of the PB AON Benfield on the asset side and this PB AON Benfield is mostly attributed to the CCIP-CORP WC programs.
- an increase of the Loss Absorbing Capacity of Deferred Taxes (LACDT): more negative adjustment, thus reducing the SCR level

**Overall, compared to FY 2024, the Solvency II ratio decreased significantly, the proportional increase of the SCR being much higher than the proportional increase of the EOF.**

The EOF increase is mainly explained by:

- The market value increase of SMAF,
- The inclusion of the future premiums in the BE premium (not only those from N+1), therefore reducing the net technical provisions for the premiums component,
- The inclusion of the PB AON Benfield in the reinsurance recoverables (instead of in the receivables as before), so in the *technical provisions, part of reinsurers*, and integrating the future interests to be received as well,
- The positive result over the year (→ increase of PFS)

These elements are partly compensated by:

- a foreseeable dividend of 50m USD that will be paid in 2026 to STIH,
- an increase of the net Best Estimate of Technical Provisions (in particular on SDI and CCIP GL),
- an increase of the Deferred Tax Liabilities,
- a correction of an error (the wealth tax from the Lux-GAAP balance sheet was suppressed under S II).

### C.1. Underwriting risk

The Company takes a conservative approach to underwriting risk, prioritizing the financial security of the Company, adherence to regulatory requirements, and protection of its fronting companies as well as seeking appropriate retrocession with quality providers.

### **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 STRe as there is no tacit renewal of cover. There may be occurrences of insurance contracts being cancelled mid-term, but the impact would be immaterial.

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 STRe, at FY25 and as it was also already the case at FY24, the UW non-life risks SCR is the most important contributor to the BSCR, driven by the catastrophe risk SCR. The premium and reserve risks SCR is also quite significant and principally due to the following lines of business: General Liability, Property (non-proportional reinsurance), casualty (non-proportional reinsurance) and Fire and other damage to property (proportional reinsurance).

#### Underwriting Health risks

For the UW health risks, the components that are calculated for STRe are the same as the ones calculated for the non-life UW risks SCR module: the premium and reserve risks SCR and the catastrophic risks SCR. The health premium and reserve risks SCR is mainly driven by the line of business “*Workers’ compensation insurance and proportional reinsurance*”. The health catastrophic risk SCR is quite limited.

### **C.1.2 Concentration risk**

Stonefort Reinsurance’s business is concentrated in the United-States. All STRe programs are reinsurance programs, some proportional and some non-proportional.

For the non-life programs, the table below shows the breakdown by segment of the premium volume and reserve volume as of 31 December 2025, in million USD.

Stonefort Reinsurance S.A. (in mUSD)	Volume measure Premium Risk	Volume measure Reserve Risk
<b>Insurance and proportional reinsurance</b>		
Motor vehicle liability - S1 :	1.62	2.18
Other motor - S2 :		
Marine, aviation and transport - S3 :	4.15	5.20
Fire and other damage to property - S4 :	29.17	26.84
General liability - S5 :	45.21	124.04
Credit and suretyship - S6 :	1.19	18.18
Legal expenses - S7 :		
Assistance and its proportional reinsurance - S8 :		
Miscellaneous financial loss - S9 :	1.54	1.62
<b>Non-proportional casualty reinsurance</b>		
Casualty - S10 :	26.03	37.83
Marine, aviation and transport - S11 :	0.69	0.27
Property S12 :	118.26	90.70

The total non-life premium volume is 227.9m USD and the total reserve volume is 306.9m USD.

For the health programs, the table below shows the breakdown by segment of the premium volume and reserve volume as of 31 December 2025, in million USD.

Stonefort Reinsurance S.A. (in mUSD)	Volume measure Premium Risk	Volume measure Reserve Risk
Medical expense insurance and proportional reinsurance - S1 :		
Income protection insurance and proportional reinsurance - S2 :		
Workers' compensation insurance and proportional reinsurance - S3 :	45.94	20.28
Non-proportional health reinsurance - S4 :	4.45	5.82

The total health premium volume is USD 50.4m USD and the total reserve volume is 26.1m USD.

The premium and reserve risk is sufficiently diversified. The premium and reserve risk SCR is:

- 145.7m US for the non-life business, which represents 49% of the non-life exposure (premium and reserve), and
- 18.2m USD for the health business, which represents 24% of the health exposure (premium and reserve).

### C.1.3 Risk mitigation

To ensure an optimal management of the underwriting risks, the following measures are taken:

- In the event of fundamental changes to its underwriting guidelines or, indeed, a desire to accept a new type of business, proposals are presented to the Board for discussion and approval.
- Management works closely with the actuarial department to ensure that the technical reserves are maintained at a prudent level. North American casualty business is a challenging class of business where claims have a very long development period before they are fully incurred. It is therefore crucial that the reserves are maintained at an appropriate level to be able to cover all potential deterioration over time.
- The adequacy of the technical reserves is reviewed regularly by external and/or internal actuaries.
- Mitigation of underwriting risk is also achieved by mean of a geographical diversification (see section A.2.1 above).
- The company also attempts to manage the underwriting risk by sharing some risks with the market.

### **C.1.4 Risk sensitivity**

The sensitivity of STRe 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 (HOCHTIEF Group business, Third-party, 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 Expected 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 STRe is expected to be -42% at FY26 but remains above the target level of 250%.

## **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 STRe: 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 STRe, at FY25 and as it was already the case at FY24, the market risks SCR is the second most contributing component to the BSCR, mostly arising from SMAF exposures.

- The most important factor explaining the market risks SCR is the equity risk SCR.
- Another important factor contributing to the market risks SCR is the concentration risk SCR, arising from the important exposure to the intra-group loans to HOCHTIEF.
- Other components are the spreads risks SCR, the interest rates risk SCR and the currency risk SCR. Both spreads and interest rates risk SCRs are due to the bonds exposures. The currency risk SCR arises from all investments that are emitted in foreign currency (in the case of STRe others than domestic US dollars, the USD being the reporting currency as well).

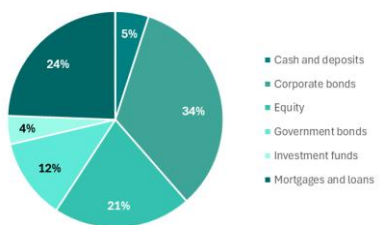
### C.2.2 Concentration risk

In relation to the market risk concentration, STRe holds and maintains a diversified investment portfolio in corporate bonds, governments bonds, securitized loans and mortgages, un-listed equities, mutual funds and short-term deposits. The assets diversification is illustrated below at year-end 2025.

Assets portfolio, in mUSD	Economic
Cash	8.28
Government Bonds	0.00
Corporate Bonds	0.00
Structured notes	0.00
Equities	0.00
Collective Investments	0.00
<b>Holdings, including participations</b>	<b>1,236.33</b>
Property	0.00
Loans and mortgages	0.00
Derivatives	0.00
Deposits	68.49
<b>Total</b>	<b>1,313.11</b>

STRe participation in SMAF - Asset Classes repartition (in Market Value)



Asset Class	Percentage
Cash and deposits	5%
Corporate bonds	34%
Equity	21%
Government bonds	12%
Investment funds	4%
Mortgages and loans	24%

Considering the entire investments portfolio of STRe (direct lines and SMAF participation lookthrough), the company is exposed to the following market risks:

Stonefort Reinsurance S.A. (in mUSD)	
Market Risks	
Interest Rate Risk	21.24
Equity Risk	117.62
Property Risk	0.84
Spread Risk	71.41
Concentration Risk	77.34
Currency Risk	2.11
Diversification Effect	-94.61
<b>Market risks SCR</b>	<b>195.97</b>
Average Shock :	<b>14.92%</b>

### C.2.3 Risk mitigation

All STRe's investments, either through its participation in SMAF or through its direct investments, are held in accordance with the Investment Policy and comply with the 'prudent person' principle as defined in article 132 of the Directive 2009/138/EC.

The distribution of the credit ratings of investment portfolio (cf. QRT S.06.02 (list of assets)) shows that the portfolio is invested with issuers with credit quality step 1 or 2. This assessment is based on the second highest credit rating and a harmonized rating agencies scale.

Some mitigation techniques for managing the markets risks are:

- a risk appetite defining thresholds for various market risk types such as currency, concentration...
- active portfolio monitoring to ensure alignment with market developments, Strategic Asset Allocation and risk appetite;
- the use of hedging techniques or asset re-allocation when appropriate, to mitigate exposures.

#### **C.2.4 Risk sensitivity**

No adverse scenario focusing on market risks only has been considered during the latest ORSA exercise. To give a sensitivity, it is estimated that a decrease of 10% of the assets market value, with unchanged book value (amortised cost), would bring the Solvency II ratio to about 251% (instead of 276%), considering the reductions on both the EOF and the SCR.

Regarding the investment portfolio, the market risks SCR could become more important in case the equity value would increase or in case of interest rates decrease (higher market values of bonds).

Additionally, the sensitivity of the value of assets and financial instruments to changes in the term structure of inflation rates, or in the volatility of inflation rates, is not explicitly considered in a separate risk sub-module. The inflation risk is assumed implicitly in the calibration of the upward/downward interest rate shocks. The investment strategy mitigates the inflation risk via some investments in index-linked bonds.

### **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.

STRe 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 year-end 2025, the most significant exposure of STRe is a cash account of about 63m USD.

Following the implementation at the beginning of 2025 of a reviewed Risk Appetite Framework (RAF), the exposure to BNP Paribas has been reduced to limit the risk of a potential, although very unlikely, bankruptcy of BNP Paribas Group. The exposure at Q3 2025 for example still reached about 153m USD as the partnership and account opening in a new bank took quite some time to implement.

#### **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 63m USD (worst case), it would bring the Solvency II ratio to about 256% (instead of 276%), 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**

For STRe, 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 STRe, the expected profit included in the future premiums is equal to 72.2m USD from expected 320.4m USD future premium, i.e. an average net margin of 22.55%, with a variety of expected profits across different segments: from -30.20% to +48.21% maximum. The discounting effect contributes to 24.2m USD to the expected profit included in the future premiums.

### **C.4.2 Concentration risk**

No concentration of liquidity risks has been identified.

### **C.4.3 Risk mitigation**

STRe 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 STRe 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 STRe, 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 STRe 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 (11.9m USD).

#### **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.

A stress test reflecting the sensitivity of STRe to climate change has been performed. The climate change risk, if materializing, would affect many dimensions and is therefore supposed to represent a **combined** stress test scenario:

- The Market Value of SMAF decreases by -20% (relative shock) at FY24 and does not recover afterwards from this initial drop. However, the annual investment return assumptions remain identical to the ones assumed in the central scenario assumptions. Therefore, at each end of projection year (from FY25 to FY28 included), the Market Value of SMAF participation in the Solvency II balanced sheets is lower than in the central scenario. (*transition risks*)
- A Natural Catastrophe occurrence impacts the US Property cover from the HOCHTIEF Group/core business exposure and impacts the K-QS account: a natural disaster in California and New-York occurs for financial year 2025 (touching UW years 2021, 2022 and 2023 for the Builders Risk program and UW 2025 for the K-QS) and then again for financial year 2027 (touching UW years 2025, 2026 and 2027 for the Builders Risk program and UW 2027 for the K-QS), increasing the loss with a maximum occurrence on the relevant programs. (*physical risks*)
- A Nat Cat occurrence impacts the property exposure in Ireland: a huge flood, in the form of one single event, touches Ireland for a total gross loss of 25 million EUR for UW year 2026 and again for underwriting year 2027, considering no Nat Cat treaty cover. (*physical risks*)

- The ULR increase by adding a relative 10% to the unpaid losses (OCR + IBNR) in accounting year 2025 on accounts other than HOCHTIEF Group US Property, K-QS and Ireland (so including the surety and liability covers). We exclude from this shock the UWY for which the proportion of paid claims is higher than 80% of the Expected Losses, which means excluding the already very developed UWY. We shock the UWY for which the development is not already too much advanced. *(transition risks)*
- Rating downgrade of all reinsurers/counterparties (decrease by 1 S II category) from 2025. *(transition risks)*

The impacts on the projected Solvency II ratios over the period FY25-FY28 are presented below:

Stonefort Reinsurance S.A. In m USD	Scenario "Climate change"					Compared to Central Scenario			
	Actual figures	Projections				Projections			
		FY24	FY25	FY26	FY27	FY28	FY25	FY26	FY27
Eligible Own Funds (Available Capital under S II)	743	551	572	576	617	- 225	- 235	- 257	- 247
Solvency Capital Requirement	239	234	246	257	259	- 17	- 15	- 13	- 17
<b>Solvency II ratio</b>	<b>310%</b>	<b>235%</b>	<b>233%</b>	<b>224%</b>	<b>238%</b>	<b>-74%</b>	<b>-77%</b>	<b>-85%</b>	<b>-75%</b>
Target		250%	250%	250%	250%				
<b>Excess Capital above the Target</b>		<b>- 34</b>	<b>- 43</b>	<b>- 67</b>	<b>- 30</b>	<b>- 184</b>	<b>- 198</b>	<b>- 225</b>	<b>- 205</b>

The target of 250% is significantly breached only under the climate change scenario; even the limit level of 230% is breached in 2027. In such a case, management actions could be taken to come back to the target level, such as recommending shareholders (STIH/HOCHTIEF) to make a capital injection. An alternative could be to accept being below 250% for a few years following the hits and wait for the recovery.

#### Sustainability risks

The proliferation of ESG (Environmental, Social and Governance) funds and general pressure from investors and other capital providers have changed the way the asset allocation decisions are made by some of the largest financial services firms in the world. Stonefort Group seeks to be fully compliant with the required ESG regulations. Stonefort Group adopted an ESG investment policy in 2024, applicable to SMAF, and reviewed its remuneration policy to include objectives related to sustainability into the remuneration structure (10% relates to ESG for upper management).

#### Inflation risk

The inflation is reflected adequately in the technical provisions of STRe. However, a backtesting should be organized to confront assumptions with actuals (in terms of claims costs for example). For the US business, the inflation is implicitly included in the premium level as the insurance premiums are based on the overall construction costs. Stonefort Reinsurance continues to observe the inflation developments and will revise its approach if deemed adequate.

Another risk linked to inflation is the risk of increase of medical costs in the United-States. The medical costs are influenced by the so-called social inflation and increase the medical costs even higher than the general inflation. STRe covers workers compensation business and is thus exposed to the medical inflation. STRe observes this risk carefully and reviews the adequacy of premiums and reserves on a regular basis.

### **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 STRe does not envisage any substantial change in its Solvency II valuation policy in the short to medium term.

For significant losses, STRe works with accredited claims professionals to ensure that the quantum relating to loss advices is not subject to any non-rational assumptions on the part of an original insurer. In addition, the claims management teams reviews the cession bordereaux and request further information to the broker(s) and/or cedent(s) in case of doubt. That is to say, the claims or technical reserves reflect a fair view of the ultimate anticipated claim payment. In 2025, a material amount of claims reserves was requested to be booked by the Management of STRE after recommendation of the claims management department, following identification of undermined OCR in the cession bordereaux by a cedent, on the SDI account. Separate from the known captive CCIP GL account, which continues to show adverse trend, the Management of STRe has not noticed any other issue or worrying trend in the evolution of its claim reserving.

In summary, the table below compares the statutory consolidated Balance sheet with the economic one evaluated according to the Solvency II technical specifications, as at 31 December 2025.

Stonefort Reinsurance S.A. (in mUSD)					
Assets	Statutory	Economic	Liabilities	Statutory	Economic
Investments	1023.79	1,304.77	Eligible Own Funds	331.44	865.74
Reinsurance Recoverables	59.67	91.03	Technical Provisions	817.40	423.89
Receivables	70.46	70.46	Debt (payables)	10.74	10.74
Cash & Equivalent	8.28	8.28	Provision for taxation	5.42	172.94
Prepaid and Accrued Income	3.97	0.06	Regularisation Account	0.15	0.00
Other assets	1.52	0.00	Other liabilities	2.53	1.29
<b>Total</b>	<b>1,167.69</b>	<b>1,474.60</b>	<b>Total</b>	<b>1,167.69</b>	<b>1,474.60</b>

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 (equities, government bonds and corporate bonds) is done by the financial department. The assets are split by type (Fixed Income, Equities, Participations, Real Estate and cash).

The tables below give the comparison between the statutory value and the economic value for STRe. The column "Economic" gives the value considered to calculate the market risks SCR.

Assets portfolio, in mUSD	Statutory	Economic
Cash and deposits	76.72	76.72
Bonds	0.05	0.05
Equities	0.00	0.00
Participation	955.35	1,236.33
Properties	0.00	0.00
<b>Total</b>	<b>1,032.13</b>	<b>1,313.11</b>

For STRe, the differences between the statutory and the economic values of the assets portfolio are at the level of the SMAF participation. Statutory values are the book value according to Lux-GAAP

valuation standard, while Solvency II values are at Market Value. As the Market Value of the participation is higher than the Book Value, unrealized profits are recognized under Solvency II.

#### **D.1.2 Reinsurance recoverables and receivables**

The reinsurance recoverables are the second largest asset class in the economic balance sheet of STRe after the investments. The big increase is mainly due to the recognition of a future profit commission in the ceded reinsurance technical provisions, while under Lux-GAAP, this is an off-balance sheet item. Some other receivables are recognized for the same value in both statutory and economic accounts.

The reinsurance recoverables are the part of the reinsurers in the technical provisions, including potential future due profit commissions. Under Solvency II, they are evaluated based on the fair value of the corresponding technical provisions.

#### **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 merely a statutory amortisation mechanism and do not lead to another future cash-flow(s): the corresponding premium was already recognized (generally paid) and corresponding commissions as well (and correspondingly paid).

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. Technical provisions**

#### **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.

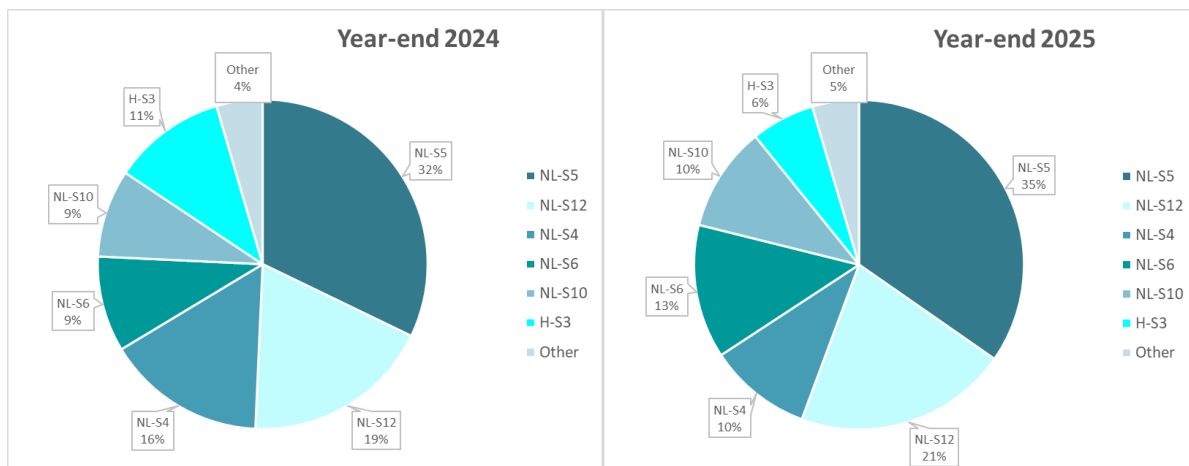
To be compliant with Solvency II, we have discounted the cash-flows projected for the outstanding claims and IBNR reserves (excluding regulatory required additional reserving prudence) on one hand, and those projected in relation to future premiums.

Since some STRe accounts do not have payment triangles to determine the payment pattern, certain expert judgment assumptions had to be made when those 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 (i.e. excluding prudence) and on the other hand of discounting of the cash flows.

Stonefort Reinsurance S.A. (in mUSD)				
<b>Technical Provision Gross</b>	<b>Claim Prov</b>	<b>Bonus Prov</b>	<b>Prem Prov</b>	<b>Tot</b>
Technical Provision - Statutory	479.90	0.00	59.26	539.16
Best Estimate - Economic Undisc	460.76	0.00	-0.13	460.63
Best Estimate - Economic Disc	426.84	0.00	-30.60	396.23
<b>Technical Provision, Reinsured part</b>	<b>Claim Prov</b>	<b>Bonus Prov</b>	<b>Prem Prov</b>	<b>Tot</b>
Technical Provision - Statutory	-51.11	-6.61	-0.55	-58.27
Best Estimate - Economic Undisc	-43.64	-57.03	2.80	-97.86
Best Estimate - Economic Disc	-41.88	-52.97	2.84	-92.01
Best Estimate - Economic Disc Adj	-41.51	-52.36	2.84	-91.03
<b>Technical Provision Net</b>	<b>Claim Prov</b>	<b>Bonus Prov</b>	<b>Prem Prov</b>	<b>Tot</b>
Technical Provision - Statutory	428.79	-6.61	58.70	480.88
Best Estimate - Economic Undisc	417.12	-57.03	2.68	362.77
Best Estimate - Economic Disc	384.95	-52.97	-27.76	304.22
Best Estimate - Economic Disc Adj	385.32	-52.36	-27.76	305.21

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-S5 (General liability insurance and proportional reinsurance),
- LoB NL-S12 (Non-proportional property reinsurance),
- LoB NL-S6 (Credit and suretyship insurance and proportional reinsurance),
- LoB NL-S10 (Non-proportional casualty reinsurance),
- LoB NL-S4 (Fire and other damage to property insurance and proportional reinsurance),
- LoB H-S3 (Workers' compensation insurance and proportional reinsurance).

The portfolio at year-end 2025 is quite stable compared to the one at year-end 2024. A “reversal of weights” between the lines of business NL-S6 and NL-S4 can be noticed.

### 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 reinsurance undertakings would be expected to require to take over and meet the reinsurance 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 reinsurance 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*).

We have calculated the marginal risk assuming that:

- For the underwriting risk *SCR*, the Premium and Cat risks are considered only for the next 12 months; we approximate the underwriting reserve *SCR* for future years by using a proportional approach based on the development of the net best estimate.
- For the Default risk, we only consider the reinsurance default risk and we approximate the Default *SCR* for future years by using a proportional approach based on the development of the ceded best estimate.
- The Operational risk *SCR* 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 benefits, expenses and acquisition costs on the future premium, included in the contract boundaries, as well as benefits and expenses related to unearned premiums;
- factor adjustment for the default risk of counterparties;
- risk margin.

Stonefort Reinsurance S.A. (in mUSD)				
	Economic	Statutory	%	Delta
BE Claims Net	332.96	422.18	0.0%	-89.22
BE Premium Net	-27.76	58.70	0.0%	-86.46
<b>BE Net</b>	<b>305.21</b>	<b>480.88</b>	<b>-36.5%</b>	<b>-175.68</b>
BE Claims Ceded	93.87	57.72	0.0%	36.15
BE Premium Ceded	-2.84	0.55	0.0%	-3.40
<b>BE Ceded</b>	<b>91.03</b>	<b>58.27</b>	<b>56.2%</b>	<b>32.75</b>
BE Claims Gross	426.84	479.90	0.0%	-53.07
BE Premium Gross	-30.60	59.26	0.0%	-89.86
<b>BE Gross</b>	<b>396.23</b>	<b>539.16</b>	<b>-26.5%</b>	<b>-142.92</b>
Risk Margin	27.66	0.00	0.0%	27.66
Equalization Reserve	0.00	272.82	0.0%	-272.82
<b>Technical Provision Gross</b>	<b>423.89</b>	<b>811.98</b>	<b>-47.8%</b>	<b>-388.09</b>

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 STRe.

Matching adjustment

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

Volatility adjustment

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

Transitional risk-free interest rates

STRe 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

STRe 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, i.e. to the Solvency II created value (future profits) or the *reconciliation reserve* (embedded profits). For STRe, this DTL represents the biggest part of the provision for taxation under Solvency II.

The "Regularisation Account" item is mainly about the DAC outwards, which are zeroed under Solvency II.

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**

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

In addition, STRe 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.

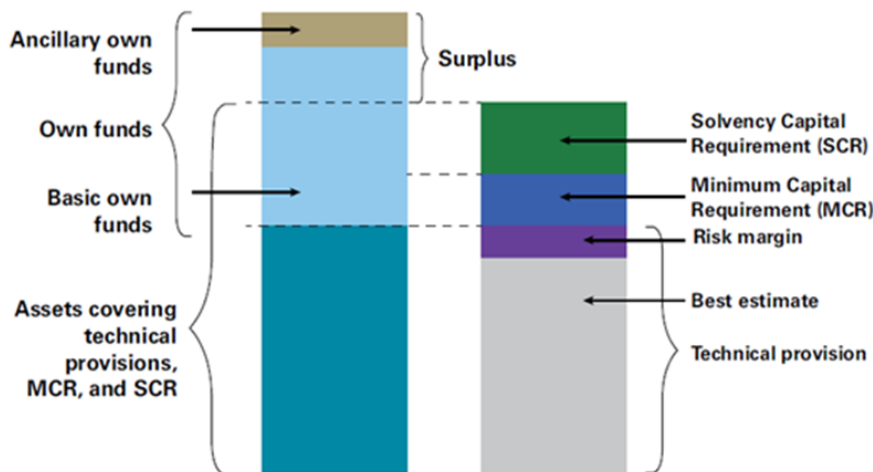
### **D.5. Any other information**

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 Reinsurance S.A. can be represented as follows:



At year-end 2025, 100% of the Own funds are classified as unrestricted Tier 1 for STRe. Additionally, a foreseeable dividend of 50m USD to be paid in 2026 to Stonefort Insurance Holdings S.A. (and to HOCHTIEF afterwards) was considered in the Eligible Own Funds (EOF) figures.

At year-end 2025, the statutory capital of STRe amounted to 341.4m USD and the EOF to 865.7m USD, meaning that, the Solvency II added value, post-tax, coming from discounted future profits, was equal to 534.3m USD.

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 Reinsurance's strategy is to hold only *unrestricted* Tier 1 Basic Own Funds, i.e. *without any ring-fenced funds*. All items that Stonefort Reinsurance 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 Reinsurance 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 the case for STRe at year-end 2025, as mentioned above).*

## 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 m USD. The total SCR amounts to 295.2m USD.

Stonefort Reinsurance S.A. (in mUSD)	
<b>SCR</b>	<b>295.24</b>
Adj Differed taxes	-92.57
<b>SCR Operational</b>	<b>11.89</b>
<b>Basic SCR</b>	<b>375.92</b>
<b>Market Risks</b>	<b>195.97</b>
Interest Rate Risk	21.24
Equity Risk	117.62
Property Risk	0.84
Spread Risk	71.41
Concentration Risk	77.34
Currency Risk	2.11
Diversification Effect	-94.61
<b>Default Risks</b>	<b>14.63</b>
Type 1	10.36
Type 2	5.16
<b>Underwriting Health</b>	<b>18.41</b>
Premium & Reserve	18.15
Cat	0.95
Slr	0.00
<b>Underwriting Non-Life</b>	<b>263.31</b>
Premium & Reserve	145.74
Laspse	0.00
Cat	185.87

### E.2.2 Minimum Capital Requirement

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

Stonefort Reinsurance S.A. (in mUSD)	
<b>MCR</b>	<b>73.81</b>
Cap of 45% SCR	132.86
Floor of 25% SCR	73.81
MCR linear	71.03
MCR Min Absolute	4.58

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

STRe 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**

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

#### **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**

No other information needs to be added to the information described in part E. Capital Management.

### **F. APPENDIX**

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#### **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 USD.

S.02.01.02.01

Balance sheet

		Solvency II value C0010
<b>Assets</b>		
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	-
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,280,705,076
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	1,236,334,611
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	-
Government Bonds	R0140	-
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	-
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	44,370,466
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	91,028,315
Non-life and health similar to non-life	R0280	91,028,315
Non-life excluding health	R0290	62,959,774
Health similar to non-life	R0300	28,068,541
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	24,119,440
Insurance and intermediaries receivables	R0360	59,453,652
Reinsurance receivables	R0370	5,941,622
Receivables (trade, not insurance)	R0380	5,065,100
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	8,284,450
Any other assets, not elsewhere shown	R0420	7,048
<b>Total assets</b>	<b>R0500</b>	<b>1,474,604,703</b>
<b>Liabilities</b>		
Technical provisions – non-life	R0510	423,889,630
Technical provisions – non-life (excluding health)	R0520	391,047,881
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	364,987,617
Risk margin	R0550	26,060,264
Technical provisions - health (similar to non-life)	R0560	32,841,749
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	31,246,474
Risk margin	R0590	1,595,276
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	5,419,460
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	1,290,382
Deferred tax liabilities	R0780	167,525,297
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	3,952,463
Reinsurance payables	R0830	2,717,477
Payables (trade, not insurance)	R0840	4,068,214
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	-
<b>Total liabilities</b>	<b>R0900</b>	<b>608,862,924</b>
<b>Excess of assets over liabilities</b>	<b>R1000</b>	<b>865,741,778</b>

S.05.01.02.01

Non-life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)										Line of Business for: accepted non-proportional reinsurance					Total
	Medical expense insurance C0010	Income protection insurance C0020	Workers' compensation insurance C0030	Motor vehicle liability insurance C0040	Other motor insurance C0050	Marine, aviation and transport insurance C0060	Fire and other damage to property insurance C0070	General liability insurance C0080	Credit and suretyship insurance C0090	Legal expenses insurance C0100	Assistance C0110	Miscellaneous financial loss C0120	Health C0130	Casualty C0140	Marine, aviation, transport C0150	
<b>Premiums written</b>																
Gross - Direct Business	R0110															
Gross - Proportional reinsurance accepted	R0120															
Gross - Non-proportional reinsurance accepted	R0130															
Reinsurers' share	R0140															
Net	R0200															
<b>Premiums earned</b>																
Gross - Direct Business	R0210															
Gross - Proportional reinsurance accepted	R0220															
Gross - Non-proportional reinsurance accepted	R0230															
Reinsurers' share	R0240															
Net	R0300															
<b>Claims incurred</b>																
Gross - Direct Business	R0310															
Gross - Proportional reinsurance accepted	R0320															
Gross - Non-proportional reinsurance accepted	R0330															
Reinsurers' share	R0340															
Net	R0400															
<b>Expenses incurred</b>																
Gross - Direct Business	R0410															
Gross - Proportional reinsurance accepted	R0420															
Gross - Non-proportional reinsurance accepted	R0430															
Reinsurers' share	R0440															
Net	R0500															
<b>Balance - other technical expenses/income</b>	R1210															
<b>Total technical expenses</b>	R1300															



S.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 C0020	Income protection insurance C0030	Workers' compensation insurance C0040	Motor vehicle liability insurance C0050	Other motor insurance C0060	Marine, aviation and transport insurance C0070	Fire and other damage to property insurance C0080	General liability insurance C0090	Credit and suretyship insurance C0100	Legal expenses insurance C0110	Assistance C0120	Miscellaneous financial loss C0130	Non-proportional health reinsurance C0140	Non-proportional casualty reinsurance C0150	Non-proportional marine, aviation and transport reinsurance C0160	Non-proportional property reinsurance C0170	
<b>Technical provisions calculated as a whole</b>																	
Total Recoverables from reinsurance/SPV and Finite																	
<b>Technical provisions calculated as a sum of BE and RM</b>																	
<b>Best estimate</b>																	
<i>Premium provisions</i>																	
Gross																	
Total recoverable from reinsurance/SPV and Fin																	
Net Best Estimate of Premium Provisions																	
<i>Claims provisions</i>																	
Gross																	
Total recoverable from reinsurance/SPV and Fin																	
Net Best Estimate of Claims Provisions																	
<b>Total Best estimate - gross</b>																	
<b>Total Best estimate - net</b>																	
<b>Risk margin</b>																	
<b>Technical provisions - total</b>																	
Recoverable from reinsurance contract/SPV and Fin																	
Technical provisions minus recoverables from reins																	

**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											10,013,046
N-9	R0160	1,366,802	13,145,500	9,794,192	10,842,376	9,999,746	7,390,013	6,692,092	9,973,101	1,975,374	1,093,221	
N-8	R0170	2,887,620	11,511,058	15,742,238	13,899,350	6,806,902	9,899,773	3,461,611	7,066,279	2,316,523		
N-7	R0180	8,154,005	26,132,957	17,010,497	15,715,272	11,198,744	11,712,271	11,084,766	11,818,264			
N-6	R0190	4,251,922	17,046,174	25,502,605	16,235,745	13,945,708	17,842,489	10,879,698				
N-5	R0200	2,231,261	5,129,417	7,298,719	11,945,115	17,270,292	9,140,022					
N-4	R0210	11,867,170	16,370,332	20,782,841	15,901,116	22,013,557						
N-3	R0220	3,350,743	13,980,417	10,483,098	12,418,295							
N-2	R0230	2,883,350	16,069,380	15,160,567								
N-1	R0240	1,948,519	4,361,519									
N	R0250	3,534,742										

**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	10,013,045.93	1,256,663,741.81
N-9	R0160	1,093,221.41	72,272,416.58
N-8	R0170	(2,316,522.67)	68,958,308.28
N-7	R0180	11,818,263.96	112,826,776.85
N-6	R0190	10,879,698.47	105,704,342.03
N-5	R0200	9,140,022.28	53,014,825.93
N-4	R0210	22,013,557.25	86,935,016.65
N-3	R0220	12,418,294.66	40,232,553.15
N-2	R0230	15,160,567.24	34,113,297.79
N-1	R0240	4,361,518.63	6,310,037.33
N	R0250	3,534,741.56	3,534,741.56
Total	R0260	98,116,408.72	1,840,566,057.96

**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											14,956,168
N-9	R0160	14,560,668	25,464,356	29,185,856	34,359,151	26,354,315	20,033,044	15,737,552	10,461,303	8,207,294	7,951,258	
N-8	R0170	19,783,128	32,304,867	36,151,647	26,754,158	21,639,023	20,431,030	20,155,124	12,909,594	6,402,616		
N-7	R0180	45,797,804	61,939,964	57,473,918	53,308,665	49,677,346	49,195,098	44,658,195	33,535,229			
N-6	R0190	28,733,429	50,379,778	57,131,807	48,596,494	50,132,481	36,776,964	31,930,286				
N-5	R0200	21,270,953	40,630,479	40,852,426	51,332,405	53,063,957	58,002,993					
N-4	R0210	36,306,685	67,731,467	64,065,729	52,144,815	61,424,316						
N-3	R0220	41,041,471	56,541,738	53,729,217	72,289,637							
N-2	R0230	28,677,589	64,611,734	80,302,861								
N-1	R0240	30,877,595	58,302,088									
N	R0250	35,659,444										

**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	14,670,805
N-9	R0160	7,655,559
N-8	R0170	6,081,916
N-7	R0180	31,640,355
N-6	R0190	29,981,906
N-5	R0200	54,239,606
N-4	R0210	58,028,635
N-3	R0220	67,611,195
N-2	R0230	73,327,720
N-1	R0240	52,188,587
N	R0250	31,408,898
Total	R0260	426,835,181

**S.23.01.01.01**
**Own funds**

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
<b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>						
Ordinary share capital (gross of own shares)	R0010	46,300,000	46,300,000			
Share premium account related to ordinary share capital	R0030	233,700,000	233,700,000			
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	535,741,778	535,741,778			
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					
<b>Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds</b>						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
<b>Deductions</b>						
Deductions for participations in financial and credit institutions	R0230					
<b>Total basic own funds after deductions</b>	R0290	815,741,778	815,741,778			
<b>Ancillary own funds</b>						
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					
<b>Total ancillary own funds</b>	R0400					
<b>Available and eligible own funds</b>						
Total available own funds to meet the SCR	R0500	815,741,778	815,741,778			
Total available own funds to meet the MCR	R0510	815,741,778	815,741,778			
Total eligible own funds to meet the SCR	R0540	815,741,778	815,741,778			
Total eligible own funds to meet the MCR	R0550	815,741,778	815,741,778			
<b>SCR</b>	R0580	295,240,425				
<b>MCR</b>	R0600	73,810,106				
<b>Ratio of Eligible own funds to SCR</b>	R0620	276%				
<b>Ratio of Eligible own funds to MCR</b>	R0640	1105%				

**S.23.01.01.02**
**Reconciliation reserve**

		C0060
<b>Reconciliation reserve</b>		
Excess of assets over liabilities	R0700	865,741,778
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	50,000,000
Other basic own fund items	R0730	280,000,000
Adjustment for restricted own fund items in respect of matching a	R0740	-
<b>Reconciliation reserve</b>	R0760	535,741,778
<b>Expected profits</b>		
Expected profits included in future premiums (EPIFP) - Life busine	R0770	
Expected profits included in future premiums (EPIFP) - Non-life bu	R0780	72,228,538
<b>Total Expected profits included in future premiums (EPIFP)</b>	R0790	72,228,538

**S.25.01.21.01**
**Basic Solvency Capital Requirement**

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	195,971,317	
Counterparty default risk	R0020	14,631,200	
Life underwriting risk	R0030	-	
Health underwriting risk	R0040	18,413,165	
Non-life underwriting risk	R0050	263,314,687	
Diversification	R0060	(116,406,510)	
Intangible asset risk	R0070	-	
<b>Basic Solvency Capital Requirement</b>	R0100	375,923,860	

**S.25.01.21.02**
**Calculation of Solvency Capital Requirement**

		Value
		C0100
Operational risk	R0130	11,887,023
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(92,570,458)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
<b>Solvency Capital Requirement excluding capital add-on</b>	R0200	295,240,425
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	295,240,425
<b>Other information on SCR</b>		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	295,240,425
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 <sub>NL</sub> Result	R0010	71,030,037

**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	-	45,939,456
Motor vehicle liability insurance and proportional reinsurance	R0050	2,631,589	1,624,084
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	5,477,323	3,340,960
Fire and other damage to property insurance and proportional reinsurance	R0080	30,372,380	20,306,238
General liability insurance and proportional reinsurance	R0090	118,022,820	45,051,040
Credit and suretyship insurance and proportional reinsurance	R0100	19,675,910	-
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	2,742,639	507,678
Non-proportional health reinsurance	R0140	6,518,126	3,077,115
Non-proportional casualty reinsurance	R0150	40,515,605	14,971,567
Non-proportional marine, aviation and transport reinsurance	R0160	270,268	417,605
Non-proportional property reinsurance	R0170	82,319,309.36	79,493,985.81

**S.28.01.01.05**
**Overall MCR calculation**

		C0070
Linear MCR	R0300	71,030,037
SCR	R0310	295,240,425
MCR cap	R0320	132,858,191
MCR floor	R0330	73,810,106
Combined MCR	R0340	73,810,106
Absolute floor of the MCR	R0350	4,580,938
<b>Minimum Capital Requirement</b>	R0400	73,810,106