Solvency and Financial Condition Report

UNIQA Biztosító Zrt.
31 December 2024

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Executive Summary

The following summary presents in a compact way the most important facts regarding the solvency situation of UNIQA Biztosító Zrt. and gives an overview of the report content.

Despite external challenges, we managed to outperform our plans for last year, particularly in our non-life business, a strategic area where we achieved a ~ 20% growth in 2024. This growth is largely attributable to our focus products, corporate property and liability, technical insurance, MTPL, household and accident insurance. At the same time, it can be said that we were able to grow in all active business lines in property insurance.

In **Chapter A. Business and Performance** we present the company and the underlying business model with the most important figures presenting the business volume, the claims side and the investment result.

- UNIQA Biztosító Zrt., owned to 100% by UNIQA International AG, provides its customers with Property and casualty-, health- and life insurance products.
- Insurance products are provided for retail clients as well as corporate clients and the insurance products are sold via a multi-channel strategy, like exclusive sales, general agencies, brokers and bank sales.

With this wide range product portfolio and the strong sales channel UNIQA Biztosító Zrt. covers the insurance and risk protection needs of its clients. An integral part of the insurance products is the service for the customer. It is the clear target for UNIQA Biztosító Zrt. to deliver excellent service quality to our clients.

With this approach UNIQA Biztosító Zrt. diversifies the insurance technical risk and has well composed portfolio in force as shown on Figure 1.

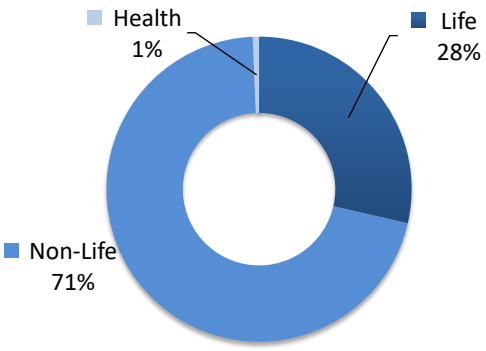

Figure 1. Share of portfolio segments by Gross Written Premium in 2024

In line with our long-term strategy, we continued our customer satisfaction-enhancing projects in 2024, with an increase in the number of new customers and a satisfaction score of 4.7 out of 5 on our overall customer satisfaction measure, surpassing the 2023 score of 4.6.

The services provided to our customers remain a top priority. In 2024, we continued to improve and redesign customer-facing processes in order to achieve our strategic objectives and even higher customer satisfaction scores.

In line with our strategic directions, our commitment to digital transformation in both sales and services resulted in a wide range of automated sales processes and more efficient internal workflows. We continued to put data-driven decision-making in place and are committed to ensuring the best value creation and smoother user experience to our customers through all channels in the future.

In the retail business line, we are still focusing on offering the best possible value proposition by charting end-to-end customer journeys designed on the basis of real customer needs. We continued the improvement of our digital channels to put in place multichannel customer service.

The corporate business continues to implement its previous strategy, which focused on delivering a genuine customer needs-based service, higher added value and the highest level of customer experience.

In the field of non-life insurance, the main focus remained on the optimization and standardization of our customer-facing processes. Both our retail and corporate businesses concentrated on providing modern, fast and outstanding service to their customers. In process-driven retail customer service, we focused entirely on customer experience, from the inception of the product concept through sales to claims settlement. To measure the results of our efforts and to further optimise our processes, we continuously monitor customer feedback through our customer satisfaction measurement system. We have made product and pricing changes in each of our traditional retail lines of business (motor vehicle, retail property, personal accident and travel insurances) that will continue to contribute to strong growth and profitability in 2024. The corporate business continues to develop its portfolio in profitable product and customer segments. In addition to our more efficient sales activity, driven by our regional operating model, we continue our policy renewal activity to offset claims inflation and further improve profitability and avoid underinsurance.

In 2023, in line with the Supervisory Authority’s requirements, we started to renew our unit-linked product range, phasing out some products and developing new product concepts. In 2024, we developed a new term life insurance product in line with our personal insurance strategy, which will be extended to all sales channels in 2025 and will be continuously expanded. In 2024, with a renewed and more customer-friendly product range, we managed to further increase revenues in both the UL and the risk insurance sectors. Our aim is to shift our sales focus increasingly towards term life insurance. The Corporate Personal Insurance business continues to grow in line with the strategy of previous years. In both risk life, accident and health insurance, we recorded significant improvements in the size of the portfolio under management, in profitability and in operational efficiency.

In 2024, the Company achieved gross written premium of 117.1 billion HUF. Life related part is 31.2 billion HUF with 0.7 billion HUF Health part, whereas non-Life premium is 85.9 billion HUF. Total GWP increased by 17% versus last year mainly driven by Non-Life growth. UNIQA Biztosító Zrt. closed the reporting period with successful new business acquisition and policy renewals. Life gross written premium increased by 2.7 billion HUF versus prior year driven by the Single and Regular UL business. Non-life portfolio increased by 20% mostly driven by the Motor (especially Other Motor insurance), Fire and other damage to property and Miscellaneous financial loss line of businesses. Detailed figures to the various Lines of Business are shown in chapter A.2.

As shown in **Chapter B. System of Governance**, UNIQA Biztosító developed an organisational structure in line with the legal requirements and which reflects the principles of the “three lines of defence”. This organisational concept clearly differentiates between the parts of the organisation which take and actively manage business risks (first line of defence) and parts of the organisation which overview and monitor the risk situation (second line of defence). The third line of defence manages the independent monitoring of the 1st and the 2nd line of defence. Further details are described in the chapter B.3.2.

The Board of UNIQA Biztosító Zrt. is supported by various committees in the decision-making process (please see related details in B.1.4). These committees cover issues regarding executive management, risk management, product development management and reserving. Structured management information and reporting points are defined and discussed. Furthermore, the Solvency 2 key functions, the actuarial function, the risk management function, the compliance function and the internal audit function are implemented with the respective processes. Clear remuneration rules (B.1.6) and the requirements to the business qualifications („Fit“) and personal integrity („Proper“) of persons which lead the company and other key functions (B.2), are part of a state of the art governance model.

A central part of the governance structure is the risk management system. It defines the responsibilities, the processes and the general rules which enable the company to manage the risks in an efficient and proper way. It is the clear aim of the risk management system to support the management to safeguard the management of financial losses and to provide the information for operative and strategic business decision making. In that respect the own risk and solvency assessment process plays an important role.

The capital requirement to be covered by own funds, defined as a potential economic loss within one year with a probability of 1:200, is the main pillar in quantitative focus of Solvency II. In **Chapter C. Risk Profile** the details of the composition of the capital requirement can be found. Furthermore, the background information to the calculation details is provided. The section comprises information to the major risks an insurance company is facing: the insurance technical risks, market risks, credit- and counterparty default risks and furthermore operational risks. As a multiline insurer UNIQA Biztosító Zrt. is very well diversified.

The subsequent overview shows the capital requirement of the different risk modules, the whole solvency capital requirement and the related own funds.

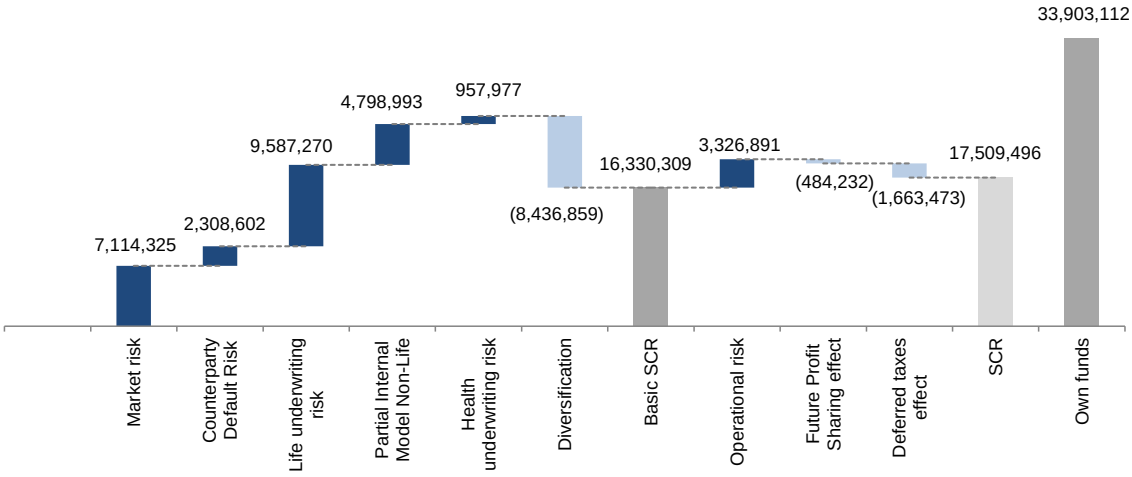

Figure 2. Overview of capital requirements and own funds (Thousand HUF)

The underwriting risk of the life business together with market risk dominate the risk profile of UNIQA Biztosító.

The Solvency 2 ratio with 193.6% shows capitalization of UNIQA Biztosító Zrt. complying with the Solvency 2 Delegated Regulation (details see C.7). This ratio is in line with MNB Guideline 6/2016. (VI.14.) and the undertakings internal limit system, it shows an appropriate capitalization of the Company. Stress test and sensitivity calculation regarding risk drivers and the impact on the solvency situation are made on a regular basis to receive additional information regarding the quality and level of capitalization.

Furthermore, UNIQA Biztosító Zrt. is the only insurance company in Hungary which uses a Partial Internal Model for the calculation of the solvency capital requirement of the non-life underwriting risk for solvency requirement calculations. The model was approved by the College of Supervisors in December 2017. The model is used to gather further deep insight and additional analysis for the management of the underwriting risk non-life.

In **Chapter D. Valuation for Solvency Purposes** the methods for the valuation of the single balance sheet positions for the setup of the economic balance sheet are explained and these balance sheet positions are compared with the local GAAP values.

Finally, in **Chapter E. Capital Management** the derivation from the economic capital to the eligible own funds is performed. UNIQA Biztosító Zrt.'s capital consists of tier 1 capital and from first quarter of 2019 a tier 2 capital strengthens its solvency position with an additional tier 2 capital from the end of 2022. The eligible own fund amounts to 33,903,112 thousand HUF and covers the solvency capital requirement of 17,509,496 thousand HUF.

A. Business and Performance

A.1 Business

UNIQA BIZTOSÍTÓ Zrt.
Róbert Károly körút 70-74
1134 Budapest
www.uniqa.hu

UNIQA Biztosító Zrt. is supervised by the Hungarian National Bank.

Felügyelet – MNB
Krisztina körút 39
1013, Budapest
www.mnb.hu/felugyelet

For the current financial year MAZARS Ltd. was our appointed auditor.

Mazars Könyvszakértő és Tanácsadó Kft. Fiastyúk utca 4-8 1139 Budapest www.mazars.hu/

Shareholder structure

UNIQA Biztositó Zrt. is owned to 100% by UNIQA Österreich Versicherungen AG.

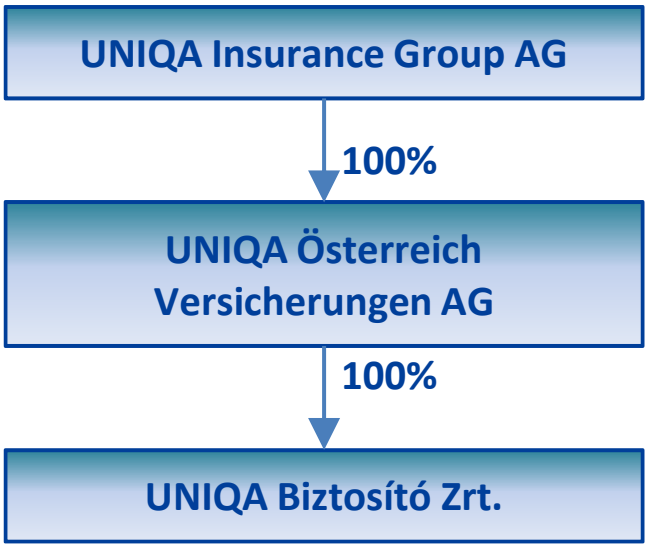

Figure 3. Shareholder structure of UNIQA Biztosító Zrt.

Essential business units

Name of the business unit	Share % (direct)
UNIQA Claims Services International Kft.	99.63%
UNIQA Pénzügyi és Szolgáltató Kft. (until 22.03.2023 UNIQA Ingatlanhasznosító Kft.)	100.00%

Table 1. Subsidiaries of UNIQA Biztosító Zrt.

Business lines and business development

Despite external challenges, we managed to outperform our plans for last year, particularly in our non-life business, a strategic area where we achieved ~ 26% growth in 2023. This growth is largely attributable to our focus products, corporate property and liability, technical insurance, MTPL, household and accident insurance. At the same time, it can be said that we were able to grow in all active business lines in property insurance.

In line with our long-term strategy, we continued our customer satisfaction-enhancing projects in 2023, with an increase in the number of new customers and an overall customer satisfaction score of 4.6 out of 5, which remains an excellent result.

The services provided to our customers remain a top priority. In 2023, we continued to improve and redesign customer-facing processes in order to achieve our strategic objectives and even higher customer satisfaction scores, while also focusing on designing, developing and implementing a new distance sales process and new digital customer processes.

In line with our strategic directions, our commitment to digital transformation in both sales and services resulted in a wide range of automated sales processes and more efficient internal workflows. We continued to put data-driven decision-making in place and are committed to ensuring the best value creation and smoother user experience to our customers through all channels in the future, deploying the required advanced data-driven technology.

In the retail business line, we are still focusing on offering the best possible value proposition by charting end-to-end customer journeys designed on the basis of real customer needs. We continued the improvement of our digital channels to put in place multichannel customer service.

The development of the corporate business line focused on two main areas. Optimising processes linked to the new regional operating model introduced last year to serve customers more efficiently and at an even higher level, and creating dedicated business lines for two specific customer segments – micro, and small and medium-sized enterprises and service providers for affinity products – to deliver real value-added service. Both focus areas are centred on providing genuine customer-centric service, delivering higher added value and achieving the highest levels of customer experience. This year, we have also developed a customer satisfaction measurement system for the corporate segment to measure the achievement of our targets.

Property insurances

Thanks to continuous loss and cost control and a technically sound pricing strategy, the business line ended 2023 with a positive technical result despite the challenges of the economic environment.

In the field of non-life insurance, the main focus remained on the optimization and standardization of our customer-facing processes. Both our retail and corporate businesses concentrated on providing modern, fast and outstanding service to their customers. In process-driven retail customer service, we focused entirely on customer experience, from the inception of the product concept through sales to claims settlement. In order to back-test the results of our efforts and optimize our processes, we implemented a new customer satisfaction measurement system.

In the corporate business line, we achieved the strongest growth specifically in areas where we have the greatest earnings potential, particularly in the non-life and non-vehicle business lines (corporate property insurance, technical insurance, liability insurance). We gave special attention to counteracting inflation in these business lines as well. To further improve profitability and avoid underinsurance, we conducted a portfolio analysis, which resulted in the renewal of several of our insurance contracts.

In order to strengthen our market share in the SME segment, we started building an automated and semi-automated model based on data-driven decision-making, in addition to sales support. Using this, while also reducing our costs, we can achieve above-average premium growth in the segment by providing a higher level of customer service. The data-driven process, supported by continuous monitoring of portfolio risk and a decision-making process that can be changed flexibly against environmental and market impacts, will help to maintain and further improve performance.

In 2023, we relaunched affinity insurance as a separate area. With affinity, our aim is to offer our corporate partners the opportunity to strengthen their customers' loyalty, expand their portfolio and even generate significant additional revenue. Our affinity products are tailored to the needs of corporate partners, enabling successful sales for our non-insurance sales partners.

We introduced a number of innovations in our bancassurance products in the network of our strategic partner Raiffeisen Bank, and the bank rewarded our innovations with a significant increase in sales.

Personal insurance

In 2023, in line with market trends, our single-premium UL revenues decreased significantly. However, in the regular-premium UL sector, we achieved slightly above-market growth. In addition, we achieved further growth in the sale of our accident insurance packages and increased our premium income.

In line with the Supervisory Authority's requirements, we have started to renew our unit-linked product range, phasing out some products and developing new product concepts. The review will cover the full range of products in the medium term. The renewal will focus on risk-based personal insurance sales and the further development of personal insurance value propositions, with a view to increasing value for customers.

In Corporate Personal Insurance, we achieved growth in both term life, accident and health insurance in 2023 thanks to the changes introduced in the sales area, increasing efficiency and focusing on customers.

A.2 Underwriting Performance

The following chapter presents the technical performance of the UNIQA Biztosító Zrt. during the reporting period. The information is qualitatively and quantitatively presented in both aggregated form as well as broken down to the essential business lines and geographic areas, where UNIQA Biztosító Zrt. operates during the reporting period. Subsequently, the information presented in this report is

compared to the data collected in the last reporting period and presented in the financial statements of the company.

Premium development

In 2024, the extraordinary tax continued to affect the Company's profitability the most. Extraordinary tax was imposed by the Hungarian Government on financial and other (commercial airlines, medicine distributors, telecommunication companies, etc.) sectors first in 2022. Despite the extraordinary tax rate and the premium growth-related nominal tax burden increase along with the unfavorable market conditions (e.g.: inflationary environment, weakening national currency, etc.), the Company closed its financial year with a gain again since 2021. Due to several measures implemented in both the retail and corporate segments, the Company's loss ratio decreased significantly compared to 2023, which also supported the positive financial result of 2024. Even though the nominal cost level of the Company increased in 2024 due to the rise in service prices, it did not reach the extent of the 2023 cost increase.

As the base of the special tax is the insurance premium for the insurance companies, it caused a slight shift in the Company's portfolio composition in 2023, as the sale of the single life premium products significantly dropped due to the tax burden having a heavy impact on the profit of the life segment. In 2024, the Company's main focus remained the achievement of significant growth in non-life segment; however, due to uncertain economic and inflationary outlook, demand for saving related life products, including investment components, increased among the Hungarian households, which resulted in the increase of sales in the Company's life segment as well.

In this chapter, the gross written premium for 2023 and 2024 is not reduced by insurance tax due to comparability reasons. It agrees to the gross written premium presented in the Financial Statement of the Company and differs from the gross written premium presented in table S.05.01.02 in the appendix and table S.05.01.01 in the annual QRT report. In these two tables the Company has reduced the gross written premium by the insurance tax in accordance with MNB recommendation.

In 2024, the Company achieved gross written premium of 117.1 billion HUF. Life related part is 31.2 billion HUF with 0.7 billion HUF Health part, whereas non-Life premium is 85.9 billion HUF. Total GWP increased by 17% versus last year mainly driven by Non-Life growth. UNIQA Biztosító Zrt. closed the reporting period with successful new business acquisition and policy renewals. Life gross written premium increased by 2.7 billion HUF versus prior year driven by the Single and Regular UL business. Non-life portfolio increased by 20% mostly driven by the Motor (especially Other Motor insurance), Fire and other damage to property and Miscellaneous financial loss line of businesses.

In the aspect of premium paying frequency 89% of the gross written premium derive from contracts with regular payment.

Premiums, claims and expenses - Non Life

Gross (th HUF)	2024	2023
Premiums written	85,883,579	71,550,972
Premiums earned	81,027,081	67,406,884
Claims incurred	30,424,004	31,563,730
Changes in other technical provisions	-509,773	-643,454
Expenses incured	27,808,507	23,186,990

Table 2. Gross premiums, claims and expenses comparison - Non Life

Premiums, claims and expenses by line of business - Non Life

in Thousand HUF	Premiums written - Gross 2024	Premiums earned - Gross 2024	Claims incurred - Gross 2024	Changes in other technical provisions - Gross 2024	Expenses incured - Gross 2024
Medical expense insurance	-	-	-	-	-
Income protection insurance	5,138,677	5,101,894	1,628,532	- 81,946	2,716,649
Workers' compensation insurance	-	-	-	-	-
Motor vehicle liability insurance	21,624,768	21,218,774	8,431,351	- 89,392	6,093,791
Other motor insurance	27,382,410	25,658,744	13,533,249	111,409	7,440,843
Marine, aviation and transport insurance	842,954	859,577	285,595	5,223	320,351
Fire and other damage to property insurance	17,448,504	17,532,623	4,400,297	- 142,997	6,566,948
General liability insurance	3,529,326	3,550,618	521,083	- 314,925	1,347,538
Credit and surety insurance	-	-	-	-	-
Legal expenses insurance	- 506	- 506	5,387	-	45
Assistance	619,653	618,984	130,819	1,140	558,196
Miscellaneous financial loss	9,297,793	6,486,372	1,487,689	1,714	2,764,146
Total	**85,883,579**	**81,027,081**	**30,424,004**	**- 509,773**	**27,808,507**

Table 3. Gross premiums, claims and expenses by line of business - Non Life

The gross premium written of Life business for reporting period was 31.2 billion HUF, the 9.4% increase versus prior year is driven by strong performance of the unit-linked insurance segment.

Due to the Life insurance portfolio lifecycle's mature state, contract maturity continues to represent a significant share among termination reasons. Table below excludes investment result.

Premiums, claims and expenses - Life

Gross (th HUF)	2024	2023
Premiums written	31,223,825	28,544,723
Premiums earned	31,254,647	28,583,837
Claims incurred	25,524,155	24,139,150
Changes in other technical provisions	-22,557,696	-13,514,532
Expenses incurred	7,703,530	7,337,546

Table 4. Gross premiums, claims and expenses comparison - Life

Premiums, claims and expenses by line of business - Life

in Thousand HUF	Premiums written – Gross 2024	Premiums earned - Gross 2024	Claims incurred - Gross 2024		Changes in other technical provisions - Gross 2024	Expenses incurred - Gross 2024
Health insurance	703,037	712,857	240,186		1,522	3,234
Insurance with profit participation	943,698	947,290	829,305		16,667	436,026
Index- and unit-linked insurance	26,970,607	26,970,607	23,367,948	-	22,496,495	5,767,011
Other life insurance products	2,606,483	2,623,893	1,086,715	-	79,390	1,497,259
Total	**31,223,825**	**31,254,647**	**25,524,155**	**-**	**22,557,696**	**7,703,530**

Table 5. Gross premiums, claims and expenses by line of business - Life

The company net Non-Life premium without reinsurance part is 38 billion HUF, which results in a 15.9% improvement versus previous year. The 60% of Non-Life premium derive from Motor portfolio, representing a 1.1 percentage points increase compared to previous year. While the share of Other Motor insurance increased by 2.1 percentage points, the share of MTPL decreased by 1 percentage point. The share of the Fire and other damage to property insurance portfolio slightly decreased by 0.3 percentage points compared to prior year. In case of Motor insurance strong premium increase is observable both MTPL (11.8%) and Other Motor insurance (23.8%) lines. In 2024, the Fire and other damage to property insurance showed stronger increase (14%) compared to 2023's growth. Furthermore, General Liability, Income Protection, Transport and Miscellaneous financial loss line of businesses increased significantly compared to prior year in terms of net written premium, their total share from the Non-Life net written premium is around 22%.

In 2024, the average claim amount continued to increase compared to 2023 due to claims inflation. However, claims frequency decreased compared to prior year, it was almost on the same level (slightly above) than in 2022. Gross technical result of the Non-Life business was affected by some larger claims and changing weather conditions. However, due to improving claim ratio, the gross technical result was significantly higher than in 2023.

Premiums, claims and expenses - Non Life

Net (th HUF)	2024	2023
Premiums written	38,033,508	32,828,158
Premiums earned	36,812,918	30,947,583
Claims incurred	14,604,266	14,792,518
Changes in other technical provisions	-6,516	-201,980
Expenses incured	7,682,509	7,347,574

Table 6. Net premiums, claims and expenses comparison - Non Life

Premiums, claims and expenses by line of business - Non Life

in Thousand HUF	Premiums written - Net 2024	Premiums earned - Net 2024	Claims incurred - Net 2024	Changes in other technical provisions - Net 2024	Expenses incured - Net 2024
Medical expense insurance	-	-	-	-	-
Income protection insurance	4,841,522	4,807,255	1,575,183	- 75,500	2,636,930
Workers' compensation insurance	-	-	-	-	-
Motor vehicle liability insurance	10,378,338	10,175,998	3,883,739	115,091	593,402
Other motor insurance	12,430,301	11,569,259	6,531,783	61,530	1,186,520
Marine, aviation and transport insurance	327,828	340,001	77,474	2,616	83,387
Fire and other damage to property insurance	6,334,378	6,398,678	1,519,001	1,742	1,831,884
General liability insurance	942,016	966,939	184,956	- 114,335	238,875
Credit and surety insurance	-	-	-	-	-
Legal expenses insurance	- 506	- 506	5,387	-	45
Assistance	619,653	618,480	130,819	1,140	558,196
Miscellaneous financial loss	2,159,980	1,936,814	695,924	1,200	553,269
Total	**38,033,508**	**36,812,918**	**14,604,266**	**- 6,516**	**7,682,509**

Table 7. Net premiums, claims and expenses by line of business - Non Life

Premiums, claims and expenses - Life

Net (th HUF)	2024	2023
Premiums written	30,889,457	28,228,836
Premiums earned	30,919,101	28,260,698
Claims incurred	25,447,036	24,053,334
Changes in other technical provisions	-22,557,290	-13,514,725
Expenses incurred	7,568,360	7,197,181

Table 8. Net premiums, claims and expenses comparison - Life

Premiums, claims and expenses by line of business - Life

in Thousand HUF	Premiums written – Net 2023	Premiums earned - Net 2023	Claims incurred - Net 2023	Changes in other technical provisions - Net 2023	Expenses incurred - Net 2023
Health insurance	619,050	627,866	240,177	1,522	3,234
Insurance with profit participation	943,698	947,290	829,305	16,667	436,026
Index- and unit-linked insurance	26,970,607	26,970,607	23,367,948	- 22,496,495	5,767,011
Other life insurance products	2,356,103	2,373,337	1,009,605	- 78,983	1,362,089
Total	**30,889,457**	**30,919,101**	**25,447,036**	**- 22,557,290**	**7,568,360**

Table 9. Net premiums, claims and expenses by line of business - Life

More than 99% of the insurance activity - relates to direct gross premium written both for Life and Non-Life - acquired from territory of Hungary. Consequently, reporting based on the distribution based on geographical areas is irrelevant.

Insurance benefits

Total gross claims incurred were 55.9 billion HUF for the financial year. Non-Life P&C claims ratio is lower by 9.1 percentage points than prior year. In case of Life, major part relates to Index- and unit-linked insurance surrenders and partial surrenders, which continue to represent a high share within the total.

in Thousand HUF	Non Life 2024	Health 2024	Life 2024	Non Life 2023	Health 2023	Life 2023
Premiums written (gross)	85,883,579	703,037	30,520,787	71,550,972	761,677	27,783,045
Premiums earned (net)	36,812,918	627,866	30,291,235	30,947,583	688,367	27,572,331
Insurance benefits	14,597,749	241,699	2,648,047	14,590,538	236,349	10,302,260
Operating expenses	7,682,509	0	7,568,360	7,347,574	0	7,197,181

Table 10. Gross premiums, claims and expenses by line of business - Total

Operating expenses

Operating expenses

Nominal operating expenses increased at company level compared to prior year. On one hand, the increase is driven by significantly higher space rental and office costs, including utility and energy costs; on the other hand, personal expenses increased notably due to annual salary increases. Besides utility costs and personal expenses, the prices of goods and other services increased considerably as well and caused further increase in the operating expense level.

UNIQA Biztosító Zrt. closed the year with positive gross and net technical result. Despite the extraordinary tax imposed by the Hungarian Government first in 2022, the financial result of the Company turned a profit. In 2024, the Company continued its focus on the commitment to provide better client experience and to satisfy customer needs. The Company continues to optimize its business models, Retail, Corporate and Bankassurance, by creating and increasing competences serving the specific customer needs. Digitization and customer satisfaction will continue to be the top priority in the future.

A.3 Investment Performance

In the following section, the investment result of UNIQA Biztosító in the reporting period is presented.

		2023	2024
I.	**Investment property**	0	0
II.	**Financial assets accounted for using the equity method**	0	0
III.	**Variable-income securities**	**0**	**0**
1.	Available for sale	0	0
2.	Fair value through profit or loss	0	0
IV.	**Fixed-income securities**	**1,886,592**	**2,370,736**
1.	Available for sale	1,886,592	2,370,736
2.	Fair value through profit or losses	0	0
V.	**Loans and other investments**	**1,048**	**169**
1.	Loans	1,048	169
2.	Other investments	0	0
VI.	**Derivate financial instruments (trading portfolio)**	**0**	**0**
VII.	**Investment administration expenses, interest paid and other investment expenses**	**-621,970**	**-786,832**
Total (fully consolidated figures)		**1,265,670**	**1,584,073**
Reclassification of technical interest income		0	0

Table 11. (Net) Investment income [THUF] according to local GAAP

The direct investment portfolio of UNIQA Biztosító, including shares in associated companies, current cash held in financial institutions, excluding investment of unit-linked life insurance was HUF 40,478 million (31 December 2023: HUF 44,045 million).

Net investment result was HUF 1,584 million, which compares to HUF 1,265 million income a year earlier. Asset composition within the direct portfolio remained weighed heavily toward locally issued government bonds (67.2% of the direct investment portfolio) in line with the matching portfolio concept. 0,6% of the portfolio was invested in foreign issued government bonds. We invested 4,3% of the portfolio in corporate (mostly foreign) bonds, 2.8% in senior loan funds, while 16,9% of the portfolio was cash held in financial institutions. Generated investment income derived exclusively from the fixed income portfolio; the company did not have equity, investment property or derivative financial instrument positions for investment purposes. The net investment result in 2024 is determined by higher admin costs, stable coupon income an increased deposit income, plus one-off realized gains. Admin expenses increased significantly (from HUF 622 million to 787 million) due to higher custodian and banking fees (+22 million) and jumping interest service costs on subordinated loan provided by the Group (+133 million).

Information about directly in equity reported profits and losses

UNIQA Biztosító did not have equity positions in the direct investment portfolio in the reporting period.

A.4 Performance of Other Activities

In 2024, there was no significant item on other income at UNIQA Biztosító Zrt.

The following material other expenses were incurred:

Other expenses - HUF thousand	2023	2024
Local business tax	**483,076**	**630,739**
Extra profit tax	**5,655,401**	**7,357,220**
Provisions created	**-**	**-**

Table 12. Other expenses

The change in the value of local business tax is due to the increase in turnover.

According to the Government Decree on supplementary taxes, published in June 2022 and subsequently amended several times, insurers are obliged to pay an insurance supplementary tax for the period from 1 July 2022 to 31 December 2025. UNIQA Biztosító Zrt. has recognised an extra profit tax of HUF 7,357 million under other expenses for the financial year 2024.

A.5 Any Other Information

Employees

In 2024 the members of the Supervisory Board received no remuneration or advances in connection with their activity; the total personnel expenditures related to the members of the Board of Directors in 2024 amounted to HUF 366,770 thousand; loans were granted in the amount of HUF 0. No pension payment obligations exist towards former members.

Expenses for the auditor of the financial statements

In 2024, the Company recognised a cost of HUF 7,328 thousand for the audit of the current year's financial statements and for the inspection of the consolidation data supply to the parent company.

B. System of Governance

B.1 General Information on the System of Governance

According to Solvency II, insurance and reinsurance companies shall have in place an effective governance system which provides for sound and prudent management of the business and which corresponds to the nature, extent and complexity of their business activities. Such a system includes at least an adequate transparent organizational structure with a clear allocation and adequate separation of responsibilities as well as an effective system for ensuring the conveyance of information.

The aim of this chapter is to describe the organizational structure with clearly defined roles, responsibilities and tasks of the corporate bodies as well as the governance and other key functions of the UNIQA Biztosító Zrt.

The corporate bodies of UNIQA Biztosító Zrt. consist of the following:

B.1.1 Sole Shareholder

The Sole Shareholder acts as the supreme body of UNIQA Biztosító Zrt..

The main tasks and decisions of the Sole Shareholder are the followings in particular:

- approval of the financial report, decision regarding the appropriation of taxed profits;
- decision on the change of the corporate form;
- appointment and removal of Management Board members, procurers;
- appointment and removal of Supervisory Board members;
- appointment and removal of Audit Committee members;
- appointment and removal of the Statutory Auditor;
- decision on the amendment of the Statutes;
- decision on other matters which fall into exclusive competence of the sole shareholder in accordance with the law or the Statutes.

B.1.2 Supervisory Board

The Supervisory Board controls the Management Board to ensure that the Management Board and the middle management implement proper measures to create a sustainable company value. The Supervisory Board meets as necessary, but at least once every quarter of the calendar year.

The main tasks and decisions of the Supervisory Board are the followings in particular:

- Supervision of the management in order to protect the interests of the company;
- Assessment of all motions brought before the Sole Shareholder, and presenting its opinion thereof;
- Written report on financial report with the auditor’s report prior to the Sole Shareholder;
- Ascertaining that the insurance company has a comprehensive control system in place affording suitable facilities for effective operation;
- Supervision of the activities of the person performing the internal control function.

B.1.3 Audit Committee

The Audit Committee assists the Supervisory Board to exercise proper control of the financial reporting system, makes a recommendation concerning the election of the Auditor and assists in the cooperation with the auditor. The Audit Committee meets at least once a year.

The main tasks and scope of the Audit Committee are the followings in particular:

- The tasks of the audit committee according to the Civil Code Section 3:291 and Act on Insurance Business Section 116 subsection 7:
    - Reviewing the efficiency of the internal audit, risk management systems and the financial reporting process and in case it is needed, it proposes recommendations;
    - Monitoring the annual and consolidated financial report prepared according to the legal regulations;
    - Reviewing and monitoring compliance with the regulations on independence on the part of the auditor person or company;
- Giving opinion on the financial report prepared according to the Act C of 2000 on Accounting (Accounting Act);
- Making recommendation concerning the person and remuneration of the auditor;
- Preparation of the contract to be concluded with the auditor.

B.1.4 Management Board and Committees

The Management Board runs the company's business on its own responsibility in proper and accurate way. The Management Board is responsible for all matters which are not assigned to the Sole Shareholder, the Supervisory Board or the Audit Committee. The Management Board meets at least once per quarter.

The Management Board of UNIQA Biztosító Zrt. regulates the goals and strategies. Particularly it is responsible for the implementation, development and supervision of the governance system. It defines the risk strategy, the organisation of set-up and structure and provides a robust internal monitoring and control system.

Management Board structure

- CEO (Chief Executive Officer)
- Director of Retail Insurance
- Director of Corporate Insurance
- CFRO (Chief Finance and Risk Officer)

The allocation of responsibilities of the Management Board of the UNIQA Biztosító Zrt. are illustrated below:

CEO	Directorate of Retail Insurances	Directorate of Corporate Insurances	CFRO
Internal Audit*	Retail Product Management	Affinity and Corporate Personal Insurances	Risk Management*
People and Brand	Exclusive Sales	Corporate Non-life Insurances	Performance Management
Strategy and Transformation	Retail Broker Sales	Corporate Motor Insurances	Finance and Accounting
IT	Telesales and Online Sales	Bancassurance	Actuaries*
Operations and Client Management	Alternative Sales	Corporate Business Development	Asset Management
Digital Transformation	Pricing Actuaries	SME insurances	Legal
		Corporate analysis and Operational Development	Compliance**

Figure 4. Allocation of responsibilities of the Management Board

* The internal control functions are independent of any activity and line of business, which shall be controlled/supervised by them. In case of the Risk Manager, the Chief Actuary and the Compliance Officer the employer's rights shall be exercised by the Management Board, rights related to organising work have been delegated to the responsible board members. In case of the Internal Auditor the employer's rights shall be exercised by the CEO.

** Certain 2nd line of defense functions (Compliance, Financial Compliance and Data Protection) were united in Compliance department in order to strengthen the compliance functions and to make more efficient of the operation. These Compliance functions are independent in their work, and they are obliged to report regularly to the Management Board, Audit Committee, Supervisory Committee, Group functions, among others.

Committee structure of UNIQA Biztosító Zrt.

In order to support the work of the Management Board and the operation of the company, numerous separate committees have been developed to cover the core topics of UNIQA Biztosító Zrt.:

- Product Portfolio Committee;
- Risk Management Committee.
- Data Protection Committee;
- Committee for Conflict of Interest;
- Information Security Management Forum (IBMF);
- Asset Liability Management Committee (ALCO);
- Operation Committee (Organization of Business Continuity);
- Organization of Crisis Management;
- Outsourcing Supervisory Committee;
- Reserving Committee; and
- Internal Lines of Defence Forum.

The figure below provides an overview of the characteristics of these committees:

Committee	Responsibility
Product Portfolio Committee by business model	The Product Portfolio Committee is a regular forum, where the sales and insurance technical departments are equally represented. The Committee monitors the life cycle of the products from the beginning to the point of abandoning of the products and it draws up measures in order to achieve its strategic objectives in lin with legal requirements. The Product Portfolio Committee regulates and monitors the product development processes and it has a supporting role in decision making.
Risk Management Committee	The Risk Management Committee prepares recommendations for the Management Board as an independent control function and it supports the work of the Risk Management.
Data Protection Committee	The aim of the Data Protection Committee is having an efficient personal data management in accordance with the legal requirements.
Committee for Conflict of Interest	The aim of the Committee is to review at least yearly the Conflict of interest policy regarding the investment based insurance products.
Information Security Management Forum (IBMF)	The aim is the information security controll within the Company, and on the Forum the Report is presented to the participants by IT Security Officer and the Director of IT and Operations about the Security Report reagrding the evaluation of the past period, furthermore it contains proposals for the improvement of the information security management.
Asset Liability Management Committee (ALCO)	During its investment and reserving activities, UNIQA Biztosító Zrt. acts in such a way as to fulfill its undertaken liabilities at all times. UNIQA Biztosító Zrt. is committed as a priority to adequete ALM strategy. The members of ALCO shall ensure the recognised and distinct reserves and the cover statements for them in monthly repports.
Operation Committee (Organization of Business Continuity)	UNIQA Biztosító Zrt. operates the Operation Committee as part of the business continuity framesystem (BCP) and the disaster response (DRP). The scope of the Operation Committee is the announcement of disaster situation within the company and the decision-making in relation to dealing with and to prevent disaster situations and also the management of insurance emergency situations - as described in the Act on Insurance Business section 320.
Organization of Crisis Management	UNIQA Biztosító Zrt. - in case of company crisis caused by external factors, which presents high risk to the employees and the tangible and intangible property of the Company - may operate a Crisis management team. The Management Board defines the composition of the crisis management team depending on the severity of the case.
Outsourcing Supervisory Committee	The operation of such Committee is a must in case there is a contractual relationship between UNIQA Biztosító Zrt. and an outsourcing service provider company for critical or essential outsourcing activity where any executive officer or their close relative is the chief executive officer according to the Act on Insurance Business Section 50. The aim of the committee is to provide evaluation and controll continouosly at highest level primarily focusing on the conformity of the outsourced activities (service providing), efficiency of the outsourced activity and evaluation of the strategic performance.
Reserving Committee	The aim of Reserving Committee is to monitor the Solvency I and IFRS reserves.
Internal Lines of Defence Forum	The purpose of the Internal Lines of Defence Forum is to facilitate cooperation between the control functions of the Insurer, whereby they can learn from each other's work and use it in their own work, while maintaining the independence of each function.

Figure 5. Overview of Committees

B.1.5 Key Functions

The following shows the tasks and organisational integration of the four mandatory key functions required by Solvency II:

- Actuarial Function
- Risk Management Function
- Compliance Function
- Internal Audit Function

Each of the key functions generates regular reports which are presented to the Management Board and /or the Audit Committee and/or the Supervisory Board. The reported information is used in the monitoring and decision-making process.

UNIQA Biztosító Zrt. has also defined the following departments as key functions: Accounting, Product Development, Underwriting, Claim Management, Insurance Fee Recovery/Payment, Own Risk

Assessment and Solvency Assessment, Data Storage, Continuous Daily System Maintenance and Support (IT), Administration of Insurance Contracts and Asset Management.

Actuarial function

The Actuarial Function is provided by the Actuarial Department which department is headed by the Director of Actuaries who is responsible for and coordinates the tasks of the Department and is the Chief Actuary as well (Director of Actuaries). The holder of employer's right is the Management Board that delegated the rights of work organisation to the CFRO and the department belongs to CFRO in the organisation structure.

The Director of Actuaries may report directly to the Management Board according to the management system the Actuarial Function is independent from any other governance and key functions. The involvement of the Actuarial Function in the work of the different committees (Risk Committee) provides opportunity for him/her to receive information from and to inform directly the Management Board.

In order to the proper separation of the lines of defence, the actuaries who undertake the tasks of pricing are organised under the responsibility of the member of the Management Board responsible for Retail business.

The Actuarial Function supports Risk Management in the Solvency Capital Requirement (SCR) calculations and provides the Technical Provision calculations (maintains methodologies, processes and models and carries out the calculations). Within the guidelines of the actuarial function, it is set that conflicts of interest resulting from new tasks under Solvency II are to be avoided.

The table below summarizes the tasks of the actuarial function:

Actuarial function
• Coordination of the technical provision calculation for the solvency balance sheet;
• Determination of the calculation process and development of fundamental methods;
• Coordination of the embedded value calculations;
• Assessment and giving opinion of the underwriting policy and compliance of reinsurance agreements;
• Validation of models, assumptions, data and results of calculations;
• Support of risk management;
• Preparation of actuarial reports, especially of the annual report of the actuarial function;
• Coordination of the technical provision calculation and information for the Management Board about the reliability and appropriateness of technical provision calculation;
• Providing the appropriateness of the applied methodology and the underlying models, and the assumptions observed in the technical provison calculation;
• Assessment of the sufficiency and quality of data used for technical provison calculation;
• Comparison of best estimate and data of experience;
• Distribution of return on investment in Life business; and
• Informing the Management Board about the treliability and adequacy of the calculation of the technical provisions.

Figure 6. Actuarial Function

Risk Management Function

The Risk Management function of UNIQA Biztosító Zrt. reports directly to the Management Board, it is supervised by the Management Board. Regarding the Director of Risk Management, the holder of the employer's right is the Management Board that delegated the rights of work organisation to the CFRO. The Risk Management function is, within UNIQA Biztosító Zrt., independent of further governance and key functions.

The Risk Management function is responsible for the efficient implementation of the risk management system and the monitoring thereof. The processes and models of risk management in UNIQA Biztosító Zrt. are carried out in line with UNIQA Group standards. A close cooperation with the actuarial function is decisive for fulfilling the main tasks. In the context of the partial internal model, the risk management function has additional tasks.

The main tasks of the risk management function are specified below:

Risk Management function
• Execution, maintenance and coordination of the risk management at UNIQA Biztosító Zrt.;
• Execution of UNIQA Group's risk management regulations and guidelines at UNIQA Biztosító Zrt.;
• Specification of and continuous follow-up on UNIQA Biztosító Zrt's risk exposure and risk profile;
• Execution, maintenance and development of the limit system;
• Identification, follow-up and reporting the risks;
• Make risk calculations:
o SCR;
o ECR;
• Administration and development of risk models:
o Partial Internal Model for NL insurance business;
• Supporting the activity of asset-liability management;
• Operating the own risk and solvency-assessment system;
• Coordinate and operate the Internal Control System of the Insurer;
• Reporting:
o Supplying of concerning data to Supervisory Authority;
o SFCR Report;
o RSR Report;
o ORSA Report;
• Preparation to the Risk Committee meetings;
• Communication to the affected parties (eg. Supervisory auditors, external auditors).

Figure 7. Risk Management Function

In addition to the above-mentioned, the Director of Risk Management has the responsibility of all tasks regarding the IT and physical security department.

Compliance function

UNIQA Biztosító Zrt. established a Compliance Function as part of the second defense line to identify and to manage compliance risks. The Compliance Function is performed by the Compliance department (hereafter: Compliance). Compliance is headed by the Compliance Manager who is also the Compliance Officer as defined in Bit.

The Compliance Manager is responsible to fulfill the tasks defined in the Compliance Policy and Standard and in the Compliance plan.

The Compliance Manager performs all tasks related to a designated person deriving from Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing (hereafter: Pmt.) and Act LII of 2017 on the execution of financial and material restrictive measures imposed by the European Union and the United Nations' Security Council (Kit.).

Employees of Compliance act independently in the performance of their duties and may only be instructed by the Compliance Manager in connection with their work.

In case of the Compliance Manager, the holder of the employer's right is the Management Board that delegated the rights of work organisation to the CFRO. Compliance is required to report regularly to the Management Board, the Audit Committee, the Supervisory Board, Group Compliance and /or the Group Data Protection Officer and the Risk Management Committee on its activities and compliance risks. It is also entitled to report on an ad-hoc basis to the member of the Management Board affected by the compliance risk.

Compliance features:

1. general compliance
2. other financial adequacy (prevention of money laundering, financial sanctions, FATCA, CRS compliance)
3. managing the structure of the internal regulations and the related processes as defined in the Rules of Policy Management.

The Data Protection Officer is organisationally part of Compliance, but performs his or her duties independently, in which case the Compliance Manager shall exercise only the rights relating to organization of work.

Main fields of activity of the Compliance Function are the following:

Compliance function
General Compliance
• Performing regulatory tasks related to Compliance.
• Monitoring changes in insurance laws and other regulations (eg supervisory regulatory tools) and parent company compliance regulations. In the event of a change in the regulatory environment, initiating the review of internal processes and regulations and amending them as necessary, informing the relevant fields.
• Examination of compliance with Compliance rules.
• According to the annual compliance plan:
o it performs risk analyses,
o monitors compliance with the regulatory environment,
o evaluates the measures taken with regard to identified compliance risks,
o examines whether internal regulations comply with the regulatory environment,
o organises trainings concerning compliance relevant topics.
• Examining the conflict of interest statement of senior executives to prevent conflicts of interest. Management and registration of conflicts of interest, making proposals for resolving the identified conflicts of interest.
• Management of the whistleblowing system, examining the reported cases.
• It provides advice about compliance risks.
• It maintains records specified in the Compliance Standard (declarations of conflicts of interest, gifts and invitations above a predetermined threshold).
• Internal policy management.
Other Financial Compliance
• AML regulations, monitoring of it, data processing.
• FATCA, CRS
Data Protection Officer
• Regarding personal data, responsible for the tasks definied in the legislation and the Data Protection Policy.

Figure 8. Compliance Function

Internal audit

The internal audit function is carried out by the Internal Audit department of the UNIQA Biztosító Zrt. which is headed and organized by the Director of Internal audit, who is also the chief internal auditor as defined by Bit. and is directly subordinated to the Supervisory Board of the UNIQA Biztosító Zrt. The holder of the employer's right is directly the chief executive officer.

It is an exclusive function and cannot be conducted together with other non-audit functions. This guarantees their independence and therefore warrants efficient supervision and evaluation of the efficiency of the internal control system and other components of the governance system.

The tasks of the internal audit are summarized below:

Internal Audit function
• Overall responsibility for audit activities within the companies of the UNIQA Biztosító Zrt.;
• Creation of a risk based multi-year audit plan for the UNIQA Biztosító Zrt. and obtainment of authorization – if necessary – of the Supervisory Board when substantial changes to the audit plan occur;
• Conducting of planned and special audits within the Company and the subsidiaries of UNIQA Biztosító Zrt. and regarding the outsourced activities;
• Initiation of special audits in case of imminent danger;
• Annual and quarterly reporting of the audit plan fulfilment which is presented to the Supervisory Board and Audit Committee in accordance with the periodicity required;
• Securing of the audit reporting required by law;
• Verifying the effectiveness of internal policies of UNIQA Biztosító Zrt. and the efficiency of its internal processes;
• Verifying the activity of UNIQA Biztosító Zrt. In respect of legality, security, transparency and prudential requirements;
• Audit of the correctness and completeness of regular and ad-hoc data supply to the Supervisory Authority;
• Interface between the UNIQA Biztosító Zrt. and Supervisory Authority;
• Regulary reporting the planned and ad-hoc audits to the Management Board, Audit Committee and the Supervisory Board.

Figure 9. Internal Audit Function

B.1.6 Remuneration

UNIQA Insurance Company's remuneration policy strives for a balance between market trends, legal requirements, shareholder expectations and employee needs.

The principles of UNIQA Insurance's remuneration practices are:

Internal fairness: fair treatment of individuals within the unit/organisation with regard to their work and individual characteristics (experience, knowledge, performance, talent and potential).

External competitiveness: positioning parts of the remuneration package in the desired market position to attract, motivate and retain skilled resources; defining competitive salary ranges and monitoring market trends and salary levels by participating in remuneration surveys conducted by independent salary benchmarking providers.

Preventing excessive risk-taking: adapting the size and structure of remuneration packages and remuneration instruments to the type of risks inherent in the job, taking into account the latest legal requirements.

Financial sustainability: compliance with the approved personnel budget and monitoring the impact of personnel costs on the P&L in the short-term and the long-term.

Ecological and social sustainability: ensuring that the remuneration structure does not encourage excessive risk-taking with respect to ecological and social sustainability and that remuneration is linked to risk-adjusted performance.

UNIQA does not apply remuneration principles that are inconsistent with the integration of sustainability risks into investment decision-making processes when designing its remuneration rules, nor does it include factors that would lead to conflicts of interest with sustainability risks.

A key consideration when planning and reviewing remuneration packages is alignment with UNIQA Insurance's business strategy, short-term objectives and long-term strategic plans. The performance of individuals, teams, groups and organisations and their contribution to the success of UNIQA Insurance will be rewarded through performance-based components of the remuneration package.

The Management Board makes decisions on the remuneration system and the individual remuneration package for each employee, taking into account local legal regulations and the UNIQA Group Remuneration Guidelines and Regulations.

Remuneration and its individual elements are based on market benchmark levels and UNIQA's business results and remuneration strategy.

The subjects of the Remuneration Policy are:

- Board members,
- Persons with key responsibilities,
- Managers designated in the Corporate Governance and Organisational and Operational Rules and Team Leaders,
- as well as Employees.

General elements and principles of remuneration:

Fixed remuneration

The base salary is the fixed element of remuneration, which is determined for employees on the basis of their responsibilities, the complexity of their tasks and their position in the hierarchy, as well as individual qualities such as experience, skills, talents and potential.

The fixed component of remuneration is a significant part of the remuneration package, to ensure that employees are not overly dependent on variable elements of remuneration and to limit and/or avoid taking excessive risks.

In addition to the base salary, employees may also receive fixed allowances and benefits in accordance with local terms and conditions.

Variable remuneration

Principles of variable pay

In addition to fixed remuneration elements, UNIQA Insurance also provides performance-related variable remuneration elements for employees.

The variable remuneration elements are aimed at encouraging individual and organisational performance. However, the system must not encourage risk-taking that would be incompatible with UNIQA's risk profile and/or strategy.

The amount of the variable remuneration is based on the evaluation of the achievement of the objective, which could be at individual, group or company level, or a combination of these.

The level of variable remuneration depends on the position. The elements of variable pay can be linked to different time horizons. For example, the annual bonus scheme is a short-term incentive (STI) that assesses performance over a one-year period.

When evaluating variable remuneration, UNIQA Insurance assesses the achievement of the objective and may take into account both financial and non-financial criteria in line with the objective.

Other variable remuneration elements

- Various performance and results-related salaries - e.g. bonus scheme for employed sales staff
- Commissions - sales-related payment

Extraordinary and one-off payments

Extraordinary and one-off payments are made, for example, on the occasion of an employee's hiring, buy-out, retention or other special occasions, and on termination of employment, when justified by business needs and/or market circumstances.

B.2 Fit and Proper Requirements

The aim of applying rules concerning fitness and propriety is to ensure that the members of the Supervisory Board and the Management Board (senior executives), the non-management officers, the key function holders and their deputies appointed by the Management Board are sufficiently qualified and reliable for the tasks entrusted to them.

B.2.1 Supervisory Board and Management Board

Corporate fitness requirements

Members of the Supervisory and Management Board are required to collectively possess at least qualification, experience, and knowledge about the following fields of competence:

- insurance and financial markets;
- business strategy and business model;
- system of governance;
- financial and actuarial analysis;
- regulatory framework and requirements.

Collective "fitness" means that members of the Supervisory and Management Board are not each expected to possess expert knowledge, competence and experience within all of those areas but the Supervisory and the Management Board as a whole has to possess the collective knowledge, competence and experience in order to provide for a sound and prudent management.

Fitness requirements of members

Fitness requirements for members of the Supervisory Board and the Management Board are the following:

- management experience and
- university-level degree and

- that they are not in the employ of an insurance or reinsurance company in the capacity of auditor.

In addition to the above, UNIQA Insurance Group AG requires the candidate to satisfy at least the following conditions:

- Degree in a relevant subject (business management, legal or natural science degree), and/or completed external or internal professional training or corresponding education and;
- Adequate professional experience as a manager or an expert at least three years at UNIQA or in a company with similar size and/or line of business.

Assessment of fitness

The general evaluation of the candidate will be carried out first, followed by a specific examination with regard to the specifics of the institution and the function to be performed.

The assessment of the person's fitness should consider both the theoretical experience obtained through education and training and the practical experience gained from previous positions.

When assessing the theoretical experience, particular consideration should be given to the level and profile of the education and whether it relates to the areas of insurance, finance, economics, law, administration, etc.

Beyond the mandatory provisions laid down in the Act LXXXVIII of 2014 on the Business of Insurance (Bit.), practical and professional experience gained from previous positions should be assessed, with particular regard to

- length of service,
- nature and complexity of the business in which the position was held, including its organizational structure,
- scope of competencies, decision making powers and responsibilities,
- professional knowledge gained through the position about the line of business and its risks,
- number of subordinates.

In the case of members of the Supervisory Board and the Management Board, other aspects of the assessment of professional fitness include the assessment of independent thinking and the assessment of time available for the performance of the given function.

Propriety requirements of members and their assessment

Regarding propriety – beyond having no prior criminal record and beyond the obligatory provisions of Bit. – every conviction or condemnatory decision of a court, authority and professional chamber should be taken into consideration. In case of infringements that do not exclude the propriety of a person by the operation of law, the assessment should be done on a case-by-case basis. Consideration needs to be given to the severity and the type of the infringement, the level of appeal (definitive vs. non-definitive convictions), the lapse of time, as well as the person's subsequent conduct. The assessment is based on the excerpt from criminal record, the declaration of the applicant and on publicly available data. It is also important to pay attention to any existing or potential conflict of interests, as well as to

circumstances that give rise to a reasonable doubt about the persons' honesty, repute, integrity, character, personal behaviour, and financial soundness.

B.2.2 Non-management Officers According to Bit. and the Key Function Holders

UNIQA Biztosító Zrt. operates the following key functions:

Governance functions:

- Risk Management Function;
- Internal Audit Function;
- Compliance Function;
- Actuarial Function;

Other key functions:

- Accounting;
- Product Development;
- Underwriting;
- Claims Handling;
- Insurance Premium Collection / Disbursement;
- Own Risk and Solvency Assessment;
- Data Storage;
- Continuous, Daily System Maintenance and Support (IT);
- Administration of Insurance Contracts;
- Asset Management.

Fitness requirements

When assessing the fitness of non-management officers, key function holders and their deputies, , appointed by the Management Board UNIQA Biztosító Zrt., and and for persons with work organisation rights in relation to key function holders, extends the scope of requirements beyond what is laid down in mandatory legal provisions and regulatory requirements in terms of qualification, , educational degree and other requirements if it is required by UNIQA Insurance Group AG.

For persons responsible for other key functions, the insurer sets the following requirements as conditions of appointment:

- at least three years' professional experience in the UNIQA Group or in an organisation of a similar size and/or scope of activity, in the tasks defined in the job description,
- a university degree or professional training corresponding to the duties described in the job description,
- professional knowledge acquired in the course of further training or required for the job,
- strategic planning, risk management, corporate governance and control, accounting, thorough knowledge of the relevant legal framework, taking into account the principle of proportionality.

The end of professional experience must be within ten years of the date of the beginning of employment.

Special rules apply to the fitness requirements of the person responsible for the asset management function.

Assessment of fitness

Criteria taken into account at the assessment are identical with those applied in the case of senior executives, except that the time spent on the function is assessed only for senior executives.

Propriety requirements and their assessment

Criteria and their assessment are identical with those applied in the case of senior executives.

B.2.3 Process of Fit and Proper Assessment

The assessment of fitness and propriety is implemented in the external and internal recruitment process.

Collecting the documentation required for the decision on fitness and propriety of members of the Supervisory and the Management Board is the task of Group People in close cooperation with the General Secretary.

As a result of prior assessment by Group People a proposal regarding the fitness and propriety of the relevant person is submitted to the person/body responsible for the assessment. As regards the members of the Supervisory Board and the Management Board it is the Board of UNIQA Österreich Versicherungen AG that is responsible for the assessment and the final decision.

Collecting the documentation which is required for the decision on fitness and propriety of non-management officers, key function holders and their deputies appointed by the Management Board, as well as those employees who exercise work organizational rights in relation to key function holders is the task of the People Department of UNIQA Biztosító Zrt.

The People Department submits a proposal regarding the fitness and propriety of the relevant person to the respective member of the Management Board who is responsible for the assessment and the final decision.

Re-assessment

Regular re-assessments of fitness and propriety are carried out every two years.

Members of the Supervisory and Management Board, non-management officers, key function holders and their deputies appointed by the Management Board, as well as those employees who exercise work organizational rights in relation to key function holders are obliged to notify the body/person responsible for Fit and Proper assessment about any essential changes to the documentation, declarations and other information or data provided by them in the course of the assessment procedure.

The body/person responsible for Fit and Proper assessment considers and decides whether an extraordinary re-assessment is required based on the changes. In the cases indicated in the internal regulation on fitness and propriety a re-assessment must be performed.

Ensuring continuous compliance

Persons subject to fit and proper rules are obliged to continue and update their education and knowledge relevant for their position.

Trainings attended by persons subject to fit and proper assessment have to be documented in their personal file. Moreover, these persons have a duty to report changes in respect to the facts and data that form the basis of their fitness and propriety.

Based on the report about changes, the body/person responsible for the assessment might initiate an extraordinary re-assessment or take other appropriate measures.

B.3 Risk Management System Including the Own Risk and Solvency Assessment

B.3.1 General Information

The risk management system, as part of the governance system, serves the identification, the valuation and the surveillance of short and long-term risks which UNIQA Biztosító Zrt. is exposed to. The internal guidelines in line with UNIQA Group uniform standards include a detailed description of the organisational and process structure.

B.3.2 Risk Management, Governance and Organisational Structure

The organisational structure of the risk management system reflects the concept of the “three lines of defence”. It is precisely defined in the following sections.

First line of defence: Risk management within the business activities

The persons responsible for the business activities are responsible for establishing and operating an appropriate system of internal controls in the areas and processes for which they are responsible, while identifying and monitoring the risks associated with the business processes.

Second line of defence: Supervisory functions, including the risk management function

The risk management area and the control functions are required to monitor the business without interfering with business decisions.

Third line of defence: Internal and external examination

Internal and external audits provide independent assurance on the design and effectiveness of the internal control system, including Risk Management and Compliance.

The organisational structure of the risk management system and the most significant responsibilities within UNIQA Biztosító Zrt. are depicted below:

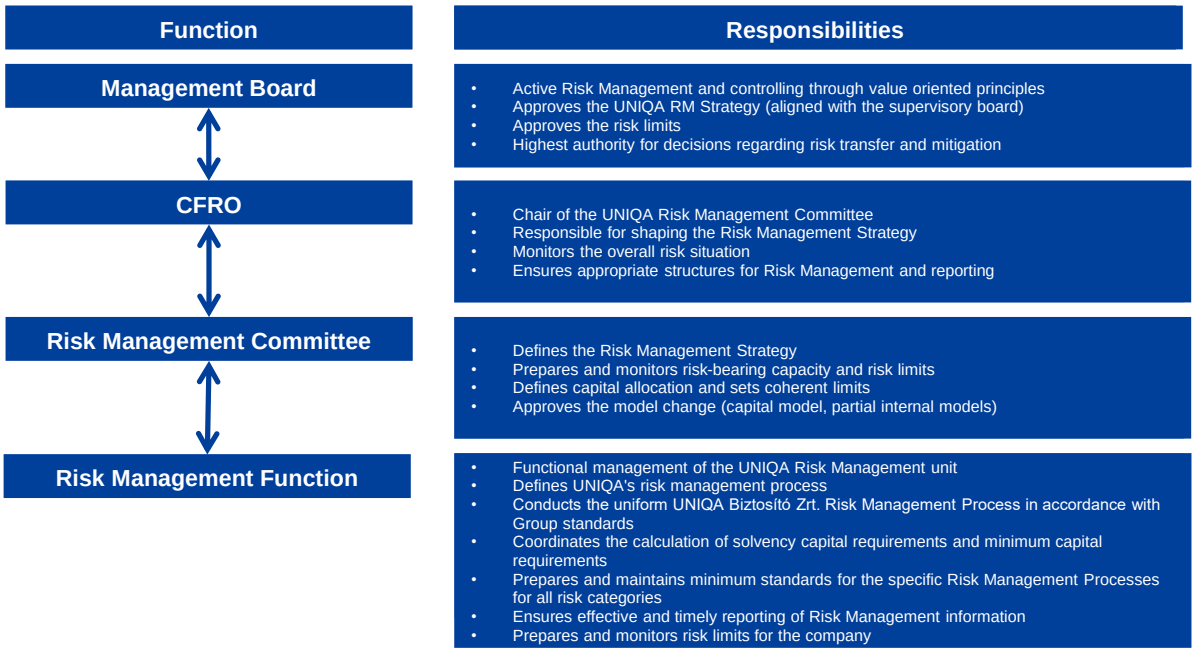

Figure 10. Organisational structure of the risk management system

Management Board functions

The Management Board of UNIQA Biztosító Zrt. is responsible for establishing the business strategy and determining the associated risk strategy. The core components of the risk management system and the associated governance are embedded in the UNIQA Biztosító Zrt. Risk Management Policy which was adopted by the Management Board.

On the level of the UNIQA Biztosító Zrt. Management Board, the function of the Chief Finance and Risk Officer (CFRO) is a separate position. This ensures that the topic of risk management is represented in the Management Board.

The risk management committee is a core component within the risk management organisation. It monitors and controls the risk profile of the UNIQA Biztosító Zrt. The aims are the control and the monitoring of the short and long-term risk profile as it is defined within the risk strategy of UNIQA Biztosító Zrt. Moreover, the committee is responsible for defining, controlling and monitoring the risk-bearing capacity and the risk limits.

B.3.3 Risk Strategy

The risk strategy describes how the company deals with risks, which represent a potential threat for achieving strategic business goals. The main purposes are maintaining and protecting the financial stability, the reputation and the profitability of UNIQA Biztosító Zrt. in order to meet the obligations towards the clients, share- and stakeholders. Last but not least, UNIQA Biztosító Zrt.'s carefully formulated risk strategy contributes to complying with the Supervisory requirements and recommendations regarding continuous capital adequacy.

The risk strategy is prepared by the risk management function of UNIQA Biztosító Zrt. and is approved by the Management Board.

A core component of the risk strategy is the definition of the risk categories. UNIQA prefers risks which can be influenced and controlled efficiently and effectively according to a reliable model. The risk profile mainly focuses on underwriting risks. The table below provides an overview of the defined risk preferences structured by risk categories.

Risk category	Risk appetite		
	low	medium	high
Underwriting Risk Non-Life			X
Underwriting Risk Life			X
Underwriting Risk Health			X
Market Risk		X	
Credit Risk / Counterparty Default Risk		X	
Operational Risk	X		
Strategic Risk	X		
Liquidty Risk	X		
Concentration Risk	X		
Reputational Risk	X		
Emerging Risk	X		
Contagion Risk	X		

Table 13. Risk appetite

UNIQA Biztosító Zrt. defines its risk appetite on the basis of the “Solvency Capital Requirements” (SCR) but corresponds to the further development of the European Insurance and Occupational Pensions Authority (EIOPA) standard formula for the SCR. The calculation of the underwriting risks within the property and casualty insurance is performed by means of a partial internal model (PIM), which following the Regulatory approval is also used for regulatory capital requirement beginning with December 2017.

Sustainability risks or ESG risks include risks related to the sustainability factors of environment, social/employee and governance (“ESG”). In line with the Group view, these risks are not considered as a separate risk category, but are taken into account as part of the existing risk categories.

B.3.4 Risk Management Process

On the one hand, the risk management defines the risk categories, which are in the focus of the risk management processes. On the other hand, it provides the organisation and process structure to ensure a transparent and optimal risk management process.

The risk management process delivers information on the risk profile regularly and enables the top management to take control measures in order to achieve the long-term strategic objectives. The process focuses on company-relevant risks and is defined for the following risk categories:

- Underwriting risk (property and casualty insurance, health insurance, life insurance)
- Market risk / Asset-Liability Management (ALM) risk
- Credit risk / Default risk
- Liquidity risk
- Concentration risk

- Strategic risk
- Reputation risk
- Operational risk
- Contagion risk
- Emerging risk

For these risk categories, risks are regularly identified, evaluated and reported according to a Group-wide standardised risk management process. Guidelines, that aim to regulate the processes, are implemented for most of the risk categories mentioned above. The figure below depicts the risk management process of UNIQA Biztosító:

Figure 11. Risk management process

Risk and context identification

The risk identification is the starting point for the risk management process. All significant risks are recorded systematically and described as detailed as possible. In order to process a risk identification as complete as possible, different approaches are used simultaneously. In addition, all risk categories, departments, processes and systems are taken into account.

Risk assessment

The risk categories of market risk, underwriting risk, counterparty default risk and concentration risk are evaluated by means of quantitative methods based on the Solvency II requirements[1] for the SCR and the ECM (Economic Capital Model) approach. For the results of the standard approach, risk drivers are identified and analysed in order to assess whether the risk situation is reflected adequately

[1] Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

(in accordance with the ORSA process). All other risk categories are evaluated quantitatively or qualitatively using proper risk scenarios.

Targets and limits

Within the limit and early warning system, the risk bearing capacity and the capital requirements are determined regularly based on the risk situation and thereby, the level of coverage is derived. If critical coverage thresholds are reached, a precisely defined process is set in motion, which aims to bring the level of solvency coverage back to a non-critical level.

Monitoring and controlling

The process of monitoring and controlling of risks focuses on the continuous audit of the risk environment and the fulfilment of the risk strategies. The risk manager of UNIQA Biztosító Zrt. performs the process and is thereby supported by the Risk Management Committee.

Reporting

As a result of the risk analysis and monitoring, a risk report is prepared for UNIQA Biztosító. All risk reports have the same structure and provide an overview of the main risk indicators, the risk bearing capacity, the solvency requirements and the risk profile. Furthermore, a reporting form is available to provide a monthly update regarding the major risks of UNIQA Biztosító Zrt.

Besides the evaluation according to Solvency II, operational and other significant risks are evaluated regularly by means of expert assessments. The quantitative and qualitative risk evaluations are consolidated in a risk report and are placed at the disposal of the management.

B.3.5 Committees Relevant to Risks

An overview of the committees has already been presented in chapter B.1.4. In particular, the Risk Management Committee represents a key element within the risk management organisation. This committee is responsible for the control of the risk profile and the related definition and monitoring of the risk bearing capacity and risk limits.

B.3.6 Governance of the Partial Internal Model

The partial internal model is subject to UNIQA Group Model Governance policy and the related standards that, both at the Group and the local level, set out the governance requirement for the partial internal model. In particular, the model governance framework covers the following areas:

- Roles and responsibilities
- Internal Control System for the partial internal model
- Model validation
- Model change process
- Data quality
- Expert judgement

Roles and responsibilities

Roles and responsibilities regarding the partial internal model are the following:

Managing Board

- Approves the application to the supervisory authorities for approval of the internal model, as well as the application for approval of any subsequent major changes made to that model
- Responsible for putting in place systems which ensure that the internal model operates properly on a continuous basis
- Uses the results of PIM for steering the strategy of the company

Board Member responsible for risk management and finance

- Approval or rejection of the model and its results based on the outcome of the validation
- Approval of new assumptions that cause a major model change
- Approval of the application to the supervisory authorities for approval of a major model change

Risk Management Committee

- Regular discussion of the model results and of the results of model validation
- Internal approval of major model changes
- Delegation of specific partial internal model related tasks to expert sub-committees, as described below

Internal Model Subcommittee

- Ongoing discussion of the partial internal model at a technical level
- Regarding the locally owned model components, the decision on model changes to be implemented and the development of these changes
- Internal approval of minor model changes, notifying the Risk Management Committee
- Approval of new methodology assumptions that imply a minor model change

Validation Subcommittee

- Discussion of the validation results and decision on the validation outcome

Risk Management Function

- Local implementation of model governance standards
- Planning and coordination of the model calculation
- Definition and review of internal controls
- Preparing, maintaining, and updating the model documentation
- Performing independent validation of the model including suitability assessments, preparing validation reports
- Monitoring the ongoing compliance of the model with the requirements for internal model approval
- Suggesting areas for model improvements

Actuarial Function

- Coordination of data collection for the partial internal model
- Model parameterisation, including documentation in the Parameterisation Report
- Performing meta-control tasks over the Reserve Risk parameterisation parts performed by Group Actuarial
- Preparing model inputs

- Performing dependent validation tests on the model inputs, supporting independent validation with quantitative inputs

Group Actuarial

- Performs Reserve Risk parameterisation for those lines of business where the Bootstrap methodology is used

Internal Audit Function

- Independent review of model governance, use test, data quality, and documentation

Internal Control System for the partial internal model

A comprehensive control checklist, covering every data collection and calculation step, is completed during each partial internal model calculation process. Control responsibilities ensure that the four-eyes principle is observed. In addition, internal controls apply to the model validation process.

Model Validation

Comprehensive requirements for the validation process are set out by the UNIQA Group Validation Standard. The following types of validation are distinguished:

- Initial validation
- Ongoing validation
- Ad-hoc validation

The initial validation of the partial internal model was performed in 2015 and it is to be repeated at regular 5-year intervals beginning from the regulatory approval of the model. Accordingly, a comprehensive re-validation took place during 2020. The scope of the initial validation or re-validation program includes the review of all sub-models and all model components: coverage and use, model structure and methodology, data, model parameterisation, computational processes and results testing, and model-specific governance. The initial validation program also includes a non-model specific part, covering model governance, use test, data quality management, profit and loss attribution, calibration standards, and compliance with partial internal model requirements.

An ongoing validation process is performed parallel to each annual partial internal model calculation, where a successful validation result is required for the approval of the model results. The ongoing validation program includes the following tests:

- Documentation appropriateness
- Data quality assessment
- Profit & Loss attribution
- Use test and risk mitigation
- Model Back-testing
- Model re-parameterisation including expert judgement
    - Goodness of Fit
    - Sensitivity and Stability Analysis
    - Analysis of Change
    - Model versus Plan
    - Scenario-, Stress- and Reverse-Stress-Testing

    - Diversification effects
- Parameter uncertainty
- Emerging risk assessment and model assumptions

An ad-hoc validation process is triggered by model changes, changes in the risk profile, or the need for re-validation of the problem areas identified by an earlier validation process.

Model Change Process

Standards for the model change process are set out in UNIQA Group Model Change Sub-Policy. Qualitative and quantitative criteria are defined for classifying a model change as either a minor or a major one (a major model change requires regulatory approval before use). Triggers for model changes include emerging risk assessments and the weaknesses identified in the validation process. There are rules for the reporting, documentation, validation, and approval of model changes. As a general rule, a model change cannot be used before it is successfully validated and approved.

Data Quality

The partial internal model is subject to the UNIQA Group Data Quality Standard. Data quality requirements include the definition of data dictionaries and data flows as well as data quality assessments.

Expert Judgement

Areas of expert judgement include the setting of methodology assumptions and regular expert judgement during the model parameterisation. Both are subject to UNIQA Group Expert Judgement Standard. In particular, the assumptions of the model have to be identified, documented, assessed for materiality, and regularly validated.

B.3.7 The Company's Own Risk and Solvency Assessment

UNIQA's Own Risk and Solvency Assessment (ORSA) process is forward-looking and is an integral part of the business strategy, the planning processes and the overall risk management concept at the same time. The results of the ORSA cover the following contents:

1. Standard formula: process, methodology, appropriateness and variations;
2. Assessment of the overall solvency needs: process, methodology, own funds (OF), economic capital requirement (ECR), stress and scenario analyses, risk mitigation, climate risk;
3. Assessment of continuous compliance of the solvency-/minimal capital requirements (SCR/MCR) and technical provisions: limit system, SCR projection, stress and scenario analyses, technical provisions
4. Conclusions and strategy review and
5. Appendix.

Integration of the ORSA process

The ORSA process is of significant importance to the entire UNIQA Biztosító Zrt.. A continuous exchange occurs between the ORSA and risk management processes, which supplies ORSA with the relevant inputs. It ensures an effective and efficient management of UNIQA Biztosító Zrt.'s risks and is therefore a crucial element for the fulfilment of all regulatory capital requirements (SCR and MCR) and

the complete solvency requirements (internal perspective) both at the moment and throughout the whole planning period.

The reference date for the ORSA of UNIQA Biztosító Zrt. is 31 December of the previous year. This ensures that ORSA is up to date and that the results of the strategy and planning processes, as well as the specification of the risk and strategy framework for the following year can be included. Next to the annual ORSA, unscheduled ORSA runs can also take place. For this purpose, UNIQA Biztosító Zrt. has defined various incidents which initiate the assessment process to determine whether an unscheduled ORSA is necessary. As soon as an initiating incident takes place, the Management Board of UNIQA Biztosító, is informed. The risk management department analyses, whether an unscheduled ORSA has to be performed. In form of a recommendation, the result is delivered to the Management Board, which decides, whether an unscheduled ORSA is necessary.

The ORSA 8-step approach

The ORSA process of UNIQA Biztosító Zrt. is based on an 8-step approach which is executed in an integrated way between the risk management function and the Management Board. In the paragraph below, UNIQA Biztosító Zrt.'s 8-step approach is explained.

During step (1) of the UNIQA ORSA approach, the relevant risks for the ORSA process are identified and the methods and assumptions are defined. Step (2) 'Analysis of Risk Profile' covers the valuation of UNIQA risks within the ECR framework. Step (3) comprises the projection of the ECR, the SCR, the application of stress (including reverse) tests and scenario analysis. The results and the methods applied are recorded as 'ORSA results' in step (4). During step (5) 'steering/management (coordination)' the necessity for the application of risk mitigation measures is reviewed and if necessary applied, while the risk position UNIQA Biztosító Zrt. is monitored during step (6) based on a stoplight system and if necessary additional measures are applied. The final ORSA report is also created during step (7). The application of risk limits step (8) covers the limitation of risks based on individual risk categories and the allocation of own funds to the identified risks.

The ORSA 8-step approach explained above is characterised by a continuous exchange of information between the various involved parties. The Management Board of UNIQA Biztosító Zrt. carries the final responsibility of the approval of UNIQA Biztosító Zrt.'s ORSA and it discusses the methods and assumptions for the ORSA process with the risk management department. Furthermore, the Management Board is responsible for the approval of the results of the ORSA report. The participation of the Management Board of the company ensures that it is always informed about UNIQA Biztosító Zrt.'s risk positions and the Own Funds requirements resulting from it.

Risk identification

The identification of risks is the basis of a complete risk management and ORSA process. This identification process covers the risk exposures with regard to all risk categories as described in Section Risk profile. The risks are identified by the appropriate risk owner. This identification is based on various expert conversations regarding the risks. Consequently, particular risk-generating processes are analysed. Risk owners are chosen on basis of the extent of their radius of operation within the organisational structure.

Continuous fulfilment of solvency requirements

The overall solvency needs of UNIQA Biztosító Zrt. that are called economic capital requirement (ECR) represent the result of all capital requirements. For the particular risks, diversification effects are

included according to the Solvency II standard formula for the individual risk modules and lines of businesses, for which the standard model is used. The risk evaluation occurs by means of the following methods: Solvency II standard approach, internal economic capital requirements, partial internal model or qualitative assessment of non-quantitative risks.

On the basis of projections, UNIQA Biztosító Zrt. guarantees that it continually ensures the regulatory capital requirements throughout the business planning period and beyond. This is the reason why the regulatory capital requirements SCR, the ECR and the available capital are projected over a planning period of five years. Moreover, stress tests are carried out by performing scenario and sensitivity analyses. These scenario analyses are based on possible future scenarios with a material influence on the capital and the solvency position of UNIQA Biztosító Zrt. By analysing the sensitivities, the influence on individual risk drivers is assessed by means of scenario tests. A hypothetical environment, consisting of different risk drivers, is being analysed here. Based on the available capital and the risk appetite, the overall risk budget of UNIQA Biztosító Zrt. can be determined.

B.4 Internal Control System

B.4.1 Internal Control System

The Internal Control System (ICS) shall ensure the insurance company's compliance with applicable laws, regulations and administrative provisions; and the effectiveness and the efficiency of the company's operations in light of its objectives, as well as ensure the availability and reliability of financial and non-financial information. ICS is a framework that provides a standardized process, which guarantees that risks related to the effectiveness and efficiency of insurance activities, compliance and generation of reliable (non-) financial information will be minimized, prevented or eliminated through predefined controls and procedures. Special importance is attached to the transparent and efficient organisation of the process. Therefore, an internal control system for the reduction and avoidance of risks was implemented for all processes in which significant financial and/or operative risks as well as compliance risks can occur.

For UNIQA Biztosító Zrt. an internal guideline serves as the basis for the implementation of the internal control system. It defines the minimal requirements regarding organisation, methods and extent. The ICS guideline specifies that the internal control system has to be implemented based on an approved value chain from the Group, focusing on the processes on a higher level, with flexibility to customize to local needs. During the ICS process the local unit has to assure that all significant risks are identified based on a common risk catalogue developed by the Group. Main areas that are covered within the ICS, evaluated mainly on a qualitative basis, are: Sales, (Non-)Life Underwriting, Claims Management, Finance and Accounting, (Non-)Life Actuarial, Compliance, Legal, Risk Management, Reinsurance, Human Resources, Controlling, Customer Services, Marketing, IT & Operations, Strategy & Project Management, AML and Internal Audit. Additionally there are two main processes, IFRS and EBS, that are quantitatively evaluated.

The concept of the "Three lines of defence" is also valid for the ICS framework. There is a person in charge for each of the mentioned areas covered who is responsible for the organisation of an efficient internal control system within his or her field of responsibilities.

According to the ICS guidelines of UNIQA Biztosító Zrt., the following activities have to be carried out during the execution of the ICS process in the areas mentioned above:

- Loss event collection

- Risk and context identification
- Qalitative Risk Assesment
- Quantitative Risk Measurement
- Targets and Limits Setup
- Monitoring and Controlling
- Reporting

In order to guarantee a continuous assessment of the control quality, a monitoring system for the examination of the control performance, transparency and efficiency is crucial and has to be established for every process. The assessment of these criteria should take place via standardised control assessment and has to be defined individually for each process.

The following criteria have to be taken into account:

- Design effectiveness – measures the effectiveness of the control based on the way the control is designed, i.e. expected risk mitigation effect
- Operational effectiveness – determines whether a control is effective during its operation

Each owner of the above-mentioned areas annually submits an ICS report, which includes information on the control performance, as well as residual risk assessment and planned measures. Then also an overall ICS summary for the whole company is prepared. This includes an overall assessment of the areas covered in the ICS, risks identified from the common risk catalogue, controls defined and evaluated, residual risk assessment and planned measures. The ICS summary for the company is created on an annual basis. It is brought to the attention of the CFRO and discussed within the Risk Management Committee. In order to increase the efficiency of the ICS, from 2022 the entire ICS reporting process is carried out in an IT system, supported by the Group.

Quality Assurance:

The aim of the “Quality Assurance” concept is to establish a comprehensive framework and set of guidelines for conducting Operational risk - related assurance reviews within UNIQA Insurance Group. The concept ensures that Operational[PS1] risks, underlying controls and measures are effectively implemented, assessed and adhered to, providing increased assurance regarding overall risk and control landscape across UNIQA. The scope of quality assurance according to the valid value chain for the business unit concerned shall be subject to the 5-year cycle.

B.4.2 Compliance Function

The Compliance function of the UNIQA Biztosító Zrt. is carried out by the Compliance organizational unit (hereinafter referred to as Compliance). Compliance is managed by the Head of Compliance who is appointed by the Management Board. The Head of Compliance also performs the duties of the Compliance Officer under the Bit. The Compliance function is independent of other organizational units of the Insurer and other internal control functions.

The Compliance function is required to report regularly to the Management Board, the Supervisory Board, the Audit Committee, the Group Compliance function and the Risk Committee on its activities and compliance risks.

The activities of the Compliance Function are performed in accordance with the Annual Activity Plan, the scope of its activities is described in the Compliance Policy and in the Compliance Standard. One of the main obligations of the Compliance Function is to monitor the changes of legislative acts and

other regulatory tools (e.g. supervisory regulatory tools) (hereinafter: regulatory environment) and accordingly the initiation of the review - and if it is necessary - the modification of internal processes and internal regulations. The Compliance Function performs compliance risk analyses, monitors compliance with the regulatory environment, evaluates the measures taken with regard to identified compliance risks, and organizes trainings concerning compliance relevant topics and maintains records specified in the Compliance Standard. The Compliance Function has to draw up and regularly update the Compliance Policy and the Compliance Standard as well as other compliance-related internal regulations such as about policy management, conflicts of interest, code of conduct, fraud prevention and management etc.

The Compliance Function is entitled to have access to all data and documents that are necessary to perform its tasks.

Compliance risks are owned by the business departments, while Compliance, as a second line of defence function is accountable for supporting the business areas and for monitoring their risks through preventive and management advice as well as control related activities.

B.5 Internal Audit Function

“Internal Audit” function is one of the key functions under Solvency II framework Directive. In order to comply with the regulations, a separate department has been created for the Internal Audit function at UNIQA Biztosító Zrt. Internal Audit reports functionally to the entire Supervisory Board and is administratively reporting to the CEO and the Management Board.

Responsibilities of the Internal Audit function:

- audit of the insurance activities of UNIQA Biztosító Zrt. from a regulatory, security, transparency and efficiency (prudential) point of view
- audit of internal processes of UNIQA Biztosító Zrt. with respect to the effectiveness of related internal policies
- checking the quality (accuracy) and completeness of the Regulatory data reports submitted to the Authority at least quarterly
- providing independent and objective auditing and consultancy services, in order to improve business processes and enhance business value
- preparation of audit reports and submission at least the summary of reports to the supervisory and management board

Main tasks of the Internal Audit function:

- auditing of UNIQA Biztosító Zrt. and its subsidiaries
- execution of planned and ad-hoc audits
- in case of immediate risk situations performs special investigation, which is approved by the Supervisory Board
- preparation of quarterly reports on the fulfilment of internal audit plan
- regular submitting and reporting of internal audit results to the Management Board, Audit Committee, and Supervisory Board of UNIQA Biztosító Zrt. and to the heads of the audited departments

- preparation of annual report on the fulfilment of internal audit plan, submission of the report to the Supervisory Board
- monthly follow-up of the execution of audit findings
- performing internal audits required by the regulations
- audit of the proper operation and effectiveness of the internal policies of UNIQA Biztosító Zrt.
- checking the quality (accuracy) and completeness of the Regulatory data reports of UNIQA Biztosító Zrt. submitted to the Authority
- operating as a single point of contact between the Supervisory Authority (National Bank of Hungary), and UNIQA Biztosító Zrt.

Organization

Internal audit function is performed by the Internal Audit Directorate at UNIQA Biztosító Zrt. The unit is managed and organized by the Internal Audit Director, who at the same time performs all tasks required by the Insurance Act.

Internal Audit is an exclusive function that cannot be performed together with other non-audit tasks. It guarantees the independence of Internal Audit and ensures the effective supervision and evaluation of the internal control system and the other management systems within UNIQA Biztosító Zrt.

In order to be able to fulfil the audit function, internal auditors are authorised to review all documents and data and to receive all necessary information that are needed to fulfill their audit assignments. Every employee of UNIQA Biztosító Zrt. and its subsidiaries, including the contractual partners of outsourced activities, is obliged to ensure the availability of all required documents and data without any delay and to give all information internal auditors need. Access to all rooms of UNIQA Biztosító Zrt. must be granted without any exception.

B.6 Actuarial Function

Within UNIQA Biztosító Zrt., the Actuarial Function is held by the head of Actuarial Department. The tasks of the Actuarial Function have already been described in chapter B.1.5. Key Functions.

The director of the unit Actuarial Department, the Chief Actuary is defined as a key function within UNIQA Biztosító Zrt. and has to fulfil the Fit & Proper requirements as described in section B.2.2.

Within the annual Actuarial Function Report, the Actuarial Function reports to the Management Board. The report contains all activities completed within the reporting period, as well as their results. Here, especially optimisation potentials are highlighted and recommendations for actions are made in order to improve them, together with a follow-up on last year’s recommendations. The report follows precisely defined structure specifications.

B.7 Outsourcing

The Outsourcing Policy of UNIQA Biztosító Zrt. provides for detailed rules regarding the types of outsourcing, as well as the entire process, the control and supervision and the termination of outsourcing.

Outsourcing of activities to legal entities in which UNIQA Insurance Group AG has at least a share (and/or voting rights) of 50% directly or indirectly, is defined as intragroup type of outsourcing, whereas outsourcing towards legal entities where UNIQA Insurance Group AG has less than the previously mentioned shares (and/or voting rights), belong to the category of external outsourcing. It is important to highlight that key functions are not allowed to be outsourced externally in their entirety.

An outsourcing agreement is defined as Group outsourcing if more than one legal entity of the UNIQA Group outsources the same business processes to one internal or external service provider.

The Outsourcing Policy defines also those functions and activities which are considered to be key.

As far as the process of outsourcing is concerned, detailed rules have been laid down regarding the criteria for choosing the eligible service provider. The Procurement Policy and the Outsourcing Policy specifies those organisational units that participate in the election of the service provider and in preparation of the outsourcing agreement. It also names the cases that require prior approval of the Management Board or Supervisory Board and contains a list of mandatory elements of the outsourcing agreement. This latter is of particular importance in order to ensure that UNIQA Biztosító Zrt. is able to meet its obligations of effective control and supervision towards the service provider and that it is equipped with proper strategies of exiting the outsourcing arrangement in case of noncontractual delivery of services.

UNIQA Biztosító Zrt. has outsourced the following key functions and activities:

Activity	Jurisdiction of service providers	Type of outsourcing
Claims handling activities	Hungary	group internal
Other claims handling and claims adjustment activities related to life & non-life claims handling	Hungary	group external
Certain activities related to asset management	Austria	group internal
Back-office, electronic data procession	Hungary	group internal
Administration, claims handling activities, customer service	Hungary	group internal
Certain IT and telecommunication activities	Austria	group internal
Certain claims handling and service organization activities related to medical care	Hungary	group external

Table 14. Outsourced activities

B.8 Any Other Information

UNIQA Biztosító Zrt. places a high quality standard on the design of its governance system. In particular, strict adherence to the so-called “Three Lines of Defence” concept is crucial for a clear separation of roles and responsibilities. This is underscored by the development of a committee system by which the Board integrates the governance and key functions into the decision-making

process in structured form. The governance system of the UNIQA Biztosító Zrt. is examined on an annual basis.

C. Risk Profile

C.1 Overview of the Risk Profile

The solvency capital requirement of UNIQA Biztosító Zrt. is calculated on the basis of the Solvency II standard formula and a partial internal model (PIM) for the calculation of the solvency capital requirement non-life integrated in into the Solvency II standard formula. The calculation approach serves the determination of the regulatory capital requirement for the company. The partial internal model covers non-life underwriting risk and health underwriting risk non-similar to life techniques. The calculation method of the partial internal model and the standard formula ensures that the capital requirement takes into account all quantifiable risks to which UNIQA Biztosító Zrt. is exposed to. An essential goal is to fully cover the existing business as well as the new business, which will be concluded within the next 12 months. New business is only considered in the non-life business line or health business line (similar to non-life). The underlying risk measure for both the partial internal model and the standard formula is 99.5 per cent VaR (Value-at-Risk) over a one-year time horizon. This means that the solvency capital requirement represents an amount of loss whose probability of occurrence over a one-year period is 1 in 200.

The solvency capital requirement is the sum of three components:

- Basic Solvency Capital Requirement (BSCR)
- Capital requirement for operational risk
- Adjustment for loss absorbency effects

The BSCR is calculated by aggregating the different risk and sub-risk modules taking into account correlation effects. Moreover adjustments for the loss-absorbing capacity of future profit sharing and deferred taxes are made. The sum of BSCR as well as capital requirements for operational risk and adjustments for future profit sharing and deferred taxes amounts to the SCR (Solvency Capital Requirement).

The following figure illustrates the composition of the corresponding risk and sub-risk modules. Each standard formula-based module is calculated by means of a scenario or a factor-based approach according to Delegated Regulation (EU) 2015/35 of the Commission[2]. In the partial internal model a probability distribution forecast is calculated via stochastic simulation.

[2] Delegated Regulation (EU) 2015/35 of the Commission from 10 October 2014 in addition to the Directive 2009/138/ EG of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

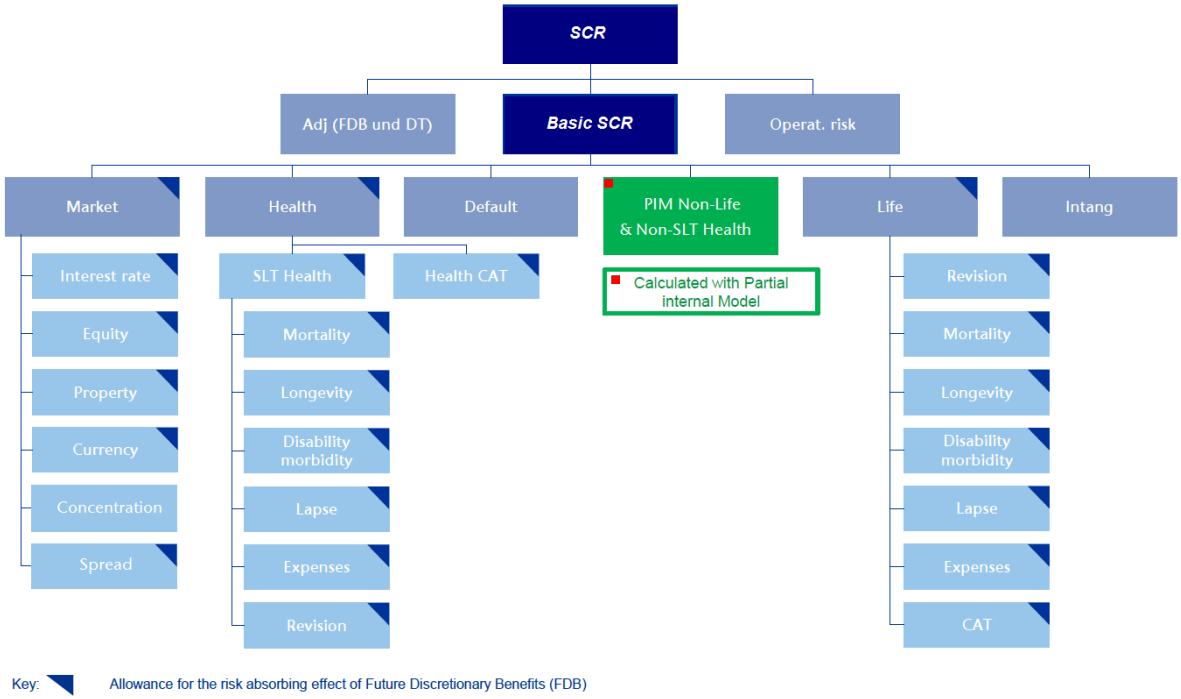

Figure 12. Risk Composition of the SCR

Table 15 illustrates the risk profile and the composition of the SCR of UNIQA Biztosító Zrt. as at 31 December 2024. The biggest risk driver of the company is Life underwriting risk with a share of 39% of the overall capital requirement (SCR). The detailed composition of the individual risk modules is described in the following sections. The solvency ratio as at 31 December 2024 is 193.6% which indicates that UNIQA Biztosító Zrt. has sufficient capital to meet its risk profile according to Solvency II standards.

Position	2024 in Thousand HUF
SCR (before FDB adjustment)	**17,509,496**
Basic SCR	16,330,309
Market risk	7,114,325
Counterparty Default Risk	2,308,602
Life underwriting risk	9,587,270
Partial Internal Model Non-Life	4,798,993
Health Underwriting Risk	957,977
Diversification	(8,436,859)
Operational risk	3,326,891
Loss absorbency of future profit sharing	(484,232)
Loss absorbency of deferred taxes	(1,663,473)
Own funds to cover SCR	**33,903,112**
Solvency ratio	193.6%
Free surplus	16,393,616

Table 15. Risk profile and the composition of the SCR

C.2 Underwriting Risk

C.2.1 Description of Risk

Underwriting risk includes the following risk components:

- Non-life underwriting risk
- Life underwriting risk
- Health underwriting risk

Non-life underwriting risk

Non-life underwriting risk is defined as follows:

- The risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements (reserve and premium risk).
- The risk of loss, or of adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events (catastrophe risk).

Life underwriting risk

Life underwriting risk is defined as follows:

- The risk of loss, or of adverse changes in the value of insurance liabilities resulting from fluctuations concerning the mortality rates which are ascribed to an increase (mortality risk) or decrease in the mortality rate (longevity risk).
- The risk of loss, or of adverse changes in the value of insurance liabilities resulting from fluctuations concerning the disability, illness and morbidity rates (disability-/morbidity risk).

- The risk of loss, or of adverse changes in the value of insurance liabilities resulting from fluctuations concerning the administrative expenses (operating expenses) of insurance and reinsurance contracts (life insurance expense risk).
- The risk of loss, or of adverse changes in the value of insurance liabilities resulting from fluctuations concerning the revision rates for annuity insurances, which are ascribed to changes in the legal environment (revision risk).
- The risk of loss, or of adverse changes in the value of insurance liabilities resulting from fluctuations concerning the lapse, cancellation, renewal and surrender rates of insurance policies (lapse risk).
- The risk of loss, or of adverse changes in the value of insurance liabilities, resulting from a significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events (life catastrophe risk).

Health underwriting risk

Health underwriting risk is defined as follows:

- The risk of loss, or of adverse changes in the value of insurance liabilities resulting from fluctuations concerning the costs incurred in servicing insurance and reinsurance contracts.
- The risk of loss, or of adverse changes in the value of insurance liabilities resulting from fluctuations concerning the timing, the frequency and the severity of insured risks, as well as the amount of performance regulations at the time of the provisioning.
- The risk of loss, or of adverse changes in the value of insurance liabilities, resulting from a significant uncertainty of pricing and provisioning assumptions in respect of outbreaks of larger epidemics and the risks related to them.

C.2.2 Risk Exposure

Non-life underwriting risk and health underwriting risk similar to non-life insurance

In UNIQA's partial internal model, non-life underwriting risk is modelled jointly with Health underwriting risk similar to non-life insurance (NSLT) which includes short-term accident and health insurance. These risks are displayed in Table 16 below. The amounts shown are allocated figures including diversification effects. The premium risk figures shown in the table also include catastrophe risk (the risk of natural catastrophes, man-made catastrophes and catastrophic accidents) and business risk (the risk that future premiums and costs deviate from the plans). The largest component of the risk module is non-life premium risk, which is dominated by the Motor vehicle liability insurance, Fire and other property insurance and Other motor insurance lines of business.

Position	in Thousand HUF	2024 in %
SCR non-life underwriting risk	**4,789,693**	
Non-life premium risk (allocated)	4,170,837	87.1%
Non-life reserve risk (allocated)	459,165	9.6%
Health NSLT premium risk (allocated)	122,733	2.6%
Health NSLT reserve risk (allocated)	36,959	0.8%

Table 16. Composition of the risk module non-life underwriting risk and health underwriting risk similar to non-life

Life underwriting risk

This risk module was the largest component of the company's SCR at the end of 2024, contributing 39 per cent of the basic solvency capital requirement (BSCR).

Table 17 illustrates the composition of the solvency capital requirements of life underwriting risk for each sub-risk module.

The biggest sub-risk is lapse risk: in this sub-module the most adverse one of three alternative shocks (increase in lapse rates, decrease in lapse rates, mass lapse scenario) is selected. For UNIQA Biztosító Zrt. the dominant scenario is the mass lapse shock. The second biggest sub-risk is expense risk: this sub-module reflects the impact of simultaneous significant shocks affecting both the level and the annual inflation rate of life underwriting expenses. The largest part of both lapse and expense risk is related to the unit-linked portfolio of the company.

The sub-risk modules for longevity and revision risk arise in respect of non-life annuities, mainly in respect of Motor TPL claims.

Position	in Thousand HUF	2024 in %
SCR life underwriting risk	**9,587,270**	
Mortality Risk	444,033	3.7%
Longevity Risk	40,598	0.3%
Disability Risk	31,693	0.3%
Lapse Risk	7,528,374	63.5%
Expense Risk	2,624,073	22.1%
Revision Risk	26,032	0.2%
CAT Risk	1,153,372	9.7%
Diversification	*(2,260,904)*	

Table 17. Composition of the risk module life underwriting risk

Health underwriting risk similar to life insurance

Health underwriting risk (similar to life insurance, SLT) includes long-term health insurance contracts. The tables below illustrate the composition of the solvency capital requirements of health underwriting risk (similar to life insurance) by sub-risk module, and of health catastrophe risk similar to life insurance. Disability and morbidity risk is the main risk driver within this risk module. The catastrophe risk component reflects the pandemic and the mass accident risk related to all relevant contracts.

Position	in Thousand HUF	2024 in %
SCR health underwriting risk	**957,977**	
Health underwriting risk similar to life	31,837	3.2%
Health insurance CAT risk similar to life	949,522	96.8%
Diversification	*(23,382)*	

Table 18. Composition of the risk module Health underwriting risk

Position	in Thousand HUF	2024 in %
SCR health underwriting risk similar to life	**31,837**	
Mortality risk	1	0.0%
Longevity risk	1	0.0%
Disability/Morbidity risk	23,953	57.2%
Lapse risk	9,679	23.1%
Expense risk	8,262	19.7%
Revision risk	-	0.0%
Diversification	*(10,059)*	

Table 19. Composition of the risk module Health underwriting risk - details

C.2.3 Risk Assessment

This section gives a brief overview of the risk quantification methods used for determining the solvency capital requirement.

Non-life underwriting risk and health underwriting risk similar to non-life insurance

Non-life underwriting risk, including health underwriting risk similar to non-life insurance is quantified by a partial internal model developed by UNIQA Group and approved by the regulator since late 2017. The partial internal model generates a probability distribution forecast of the economic underwriting result on a one-year time horizon via stochastic simulation. In particular, the following stochastic risk drivers are modelled:

- Premium Risk
  - Business risk: premium rates, risk years exposure and operating costs
  - Non-CAT claims: attritional losses and individual large losses
  - CAT claims: natural catastrophe losses and man-made catastrophe scenarios
- Reserve risk
  - Reserve run-off result

The capital requirement is determined as the 99.5 per cent VaR (Value-at-Risk) of the simulated economic underwriting loss. The probability distributions of the individual risk drivers are based on company-specific parameterisation derived from historical experience and forecast information.

Simulated natural catastrophes are drawn from event-loss tables generated by external catastrophe models. The aggregation of the stochastic variables is done by the Gaussian copula method, taking into account the dependencies between lines of business and between risk drivers.

The partial internal model uses a more granular line-of-business structure than the standard formula, which allows the modelling of the risk mitigating impact of individual reinsurance arrangements, including non-proportional reinsurance contracts. The calculation of non-life underwriting risks also covers unexpected losses generated by new business to be acquired within the following 12 months.

Life underwriting risk[3]

The solvency capital requirement for life underwriting risk and risk mitigation from future profit participation are calculated by applying the risk factors and methods which are described in the Delegated Regulations 2015/35 in the chapter concerning the module underwriting risk.

The solvency capital requirement per sub risk module is derived from the change of Best Estimates for guaranteed payments under shock. The following figure illustrates the Net Asset Value (NAV) approach.

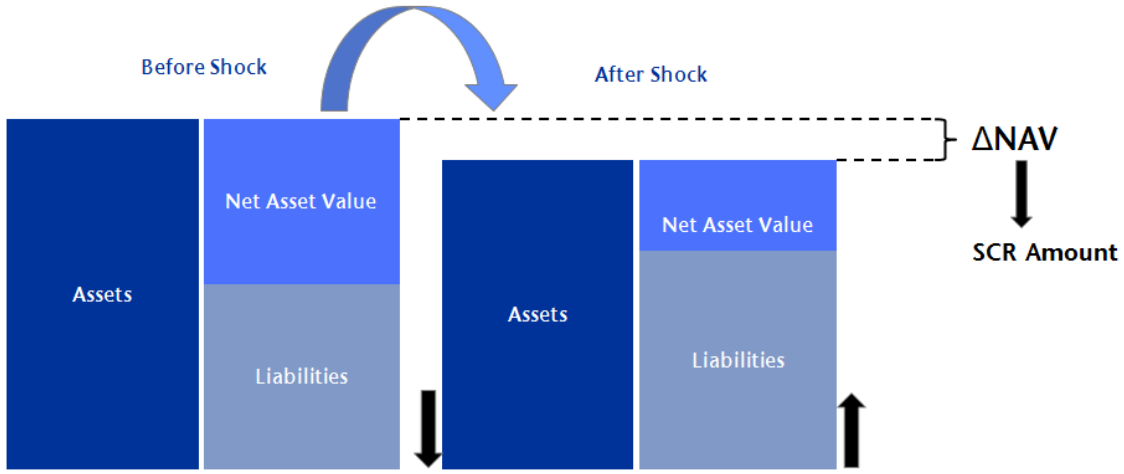

Figure 13. NAV approach

The following table illustrates the application of shocks per sub risk module under the NAV approach. The NAV is calculated on this basis.

[3] Delegated Regulation (EU) 2015/35, Chapter V, Section 3, Article 136ff

Sub risk module	Used shock
Mortality risk	Instantaneous permanent increase of mortality rate by 15%
Longevity risk	Instantaneous permanent decrease of mortality rate by 20%
Disability risk	A combination of the following instantaneous permanent changes: increase of disability and morbidity rate by 35% within the following 12 months, 25% within the time after the following 12 months, as well as a decrease of disability and morbidity rate by 20%.
Lapse risk	3 shocks are being used: • imminent and constant decrease concerning the exercise of option rights by 50% • imminent and constant increase concerning the exercise of option rights by 50% • a mass lapse based on a combination of different imminent events
Cost risk	A combination of the following imminent and constant events: • An increase of costs by 10%, as well as • An increase of cost inflation rate by 1 percent point
Revision risk	An imminent and constant increase of annual payments for annuities, which are exposed to a revision risk by 3%
CAT risk	An imminent, inconstant increase of 0.15 % of the mortality rates for the next 12 months expressed in percentage points

Table 20. Application of shocks per sub risk module under the NAV approach

In respect of almost all of the life insurance portfolio, the life underwriting risk sub-modules have been calculated according to the standard scenario-based approaches. In respect of part of life insurance business without profit participations (including group life insurance contracts), factor-based simplifications according to Articles 91, 93, 94 and 96 of the Delegated Regulation (EU) 2015/35 have been used to calculate the life mortality, life disability-morbidity, life expense and life catastrophe capital requirements.

Undertaking-specific parameters have not been used in the calculation of life underwriting risk.

Applying the correlation factors, which are described in the Delegated Regulation 2015/35, the results of sub-risk modules are aggregated in order to determine the solvency capital requirement for life underwriting risk. Regarding lapse risk, the most adverse one of 3 scenarios (increase of lapse rates, decrease of lapse rates, mass lapse scenario) is taken into account in the aggregation.

Health underwriting risk similar to life insurance[4]

The Health SLT underwriting risk sub-modules have been calculated according to the standard scenario-based approach for the following relevant submodules: Longevity risk, Disability-morbidity risk, Lapse risk, Expense risk. Undertaking-specific parameters have not been used in the calculation.

[4] Delegated Regulation (EU) 2015/35, Chapter V, Section 4, Article 144ff

Applying the correlation factors, which are described in the Delegated Regulation 2015/35, the results of sub-risk modules are aggregated for health underwriting risk (similar to life insurance).

In order to calculate the catastrophe risk for health insurance, three different stress scenarios are calculated. The scenarios include a) the mass accident risk, b) concentration risk for accidents and c) pandemic risks.

C.2.4 Risk Concentration

Material underwriting concentrations exist in non-life underwriting risk, in particular regarding catastrophe risk, as explained below. It is noted on the other hand that the probability of a catastrophic event causing a major loss due to this risk concentration is low, furthermore the risk for the company is strongly reduced via reinsurance arrangements covering catastrophic losses.

Non-life underwriting risk

The essential risk concentration is the exposure to natural catastrophe risk, most importantly to the earthquake and flood perils.

Regarding the earthquake peril, UNIQA Biztosító Zrt. has a risk concentration in the Budapest area (industrial and property risk concentration). While seismic activity in the area of Hungary has been moderate historically, nonetheless a number of destructive earthquakes have been recorded at return periods upward from hundred years. This includes some historical events in the larger Budapest area, which, if repeated, could cause significant gross loss to the company. Regarding floods, events affecting the Danube river catchment area may cause flooding simultaneously along several river sections in Hungary, which could hit insured property across a large geographical area.

Natural catastrophe risk is analysed by UNIQA Biztosító Zrt. via the natural catastrophe module of the company's Partial Internal Model Non-Life, approved by the regulator since late 2017. Alongside earthquake and flood, this model includes peril components covering also windstorm and hail events.

On the basis of the results of these models, appropriate risk management measures are taken. Uniform policies and standards are in place in UNIQA Biztosító Zrt., in line with those of UNIQA Group, aiming to guarantee existence of comprehensive risk management processes and risk mitigation measures that reduce the risks to a big extent. The most essential risk mitigation measures are appropriate guidelines for underwriting (for example no sale of flood insurance for buildings in unprotected floodplain areas) as well as the purchase of sufficient reinsurance protection to cover potential loss accumulation due to natural catastrophes.

C.2.5 Risk Mitigation

Non-life underwriting risk

Increasing the profitability of the non-life portfolio of UNIQA Biztosító Zrt is an element of the company's strategy, consistent with the group-level UNIQA 3.0 strategy, which defines a longterm strategy for UNIQA Group and sharpens the focus on core business. A targeted continuous process of in-force management and a consistent assessment of tariffs are essential components. The latter represents a vital prerequisite for the calculation and the distribution of premiums adapted to risk.

Reinsurance is an essential risk mitigation technique for the non-life insurance of UNIQA Biztosító Zrt. It is additionally used in order to reduce the earnings volatility as capital and risk management tool and as a substitute of risk capital. UNIQA Re AG serves as a service entity within UNIQA Group. UNIQA

Re AG is responsible for coordination, internal arrangements and external reinsurance relationships and helps optimise the Group's risk capital commitments. This structure permits on the one hand to balance risks internally and on the other hand to acquire effective retrocession cover and is therefore crucial for the risk strategy of both the Group and UNIQA Biztosító Zrt. The organisation and the acquisition of reinsurance cover serve to control the necessary risk capital.

The effectiveness of the risk control and risk mitigation techniques described for non-life business is monitored within the Partial Internal Model (PIM) Non-life. A quantified measurement of reinsurance cover is affected by means of key figures, such as the Return on Risk Adjusted Capital (RoRAC) and the Economic Value Added (EVA), both before and after the deduction of reinsurance cover.

Use of reinsurance
UNIQA's risk mitigation technique is mainly reinsurance.

The reinsurance activities are centralised at the group-owned reinsurance company UNIQA Re AG (UNIQA Re) in Zurich. This structure allows balancing risks internally as well as purchasing efficient retrocession cover and is therefore central to UNIQA's risk strategy. UNIQA Re constitutes the central point of a complex system of reinsurance relationships within UNIQA Group, but also with external parties. UNIQA Group Reinsurance Policy defines the minimum group-wide standards how affected parties shall interact in that system.

The organisation and purchase of external reinsurance covers (retrocession) is of high importance to reduce the required risk capital and to balance results of UNIQA Group. All decisions concerning reinsurance cessions will be made taking into account their effects on needed risk capital. In particular an efficiency analysis of reinsurance cover has to be established for each class/contract. UNIQA Re has to make an adequate return on capital within the group's target and in addition, participates in the appropriate maximisation of the group's return. The risk appetite of UNIQA Insurance Group is reflected in its target net economic capital ratio as defined in the risk strategy. Therefore, the level of risk transfer to UNIQA Re is indirectly predefined via planning of the target solvency capital requirement (SCR). If the planned SCR is not in line with the target SCR, adjustment of reinsurance can be used as a substitute for available risk capital.

Based on the results of the UNIQA partial internal model, UNIQA Re and UNIQA Biztosító Zrt. regularly check the reinsurance structure and the conditions that are most appropriate to achieve solvency targets considering the underwriting risk profile. Generally, reinsurance is structured in such a way that the relief of required capital and capital costs is efficient compared to the cost of reinsurance.

The organisation and the purchase of external reinsurances provide essential advantages for the optimisation and controlling of the required risk capital. The amount of risk transfer to the UNIQA Re AG, Switzerland, as well as to external retrocessionaires are defined depending on the planning of the solvency capital requirements, which are defined by developing the risk strategy.

Life underwriting risk

As a classical risk mitigation technique, reinsurance is used. Concerning life insurance, the focus of the reinsurance program is the mitigation of large individual risks. In addition, group insurance contracts are covered by specific reinsurance arrangements.

In addition, the following classical risk control techniques are used in the context of life insurance:

- Risk selection when preselecting interested parties for life insurance products (for example by means of health checks)
- A prudent selection of mortality and life tables in order to make sure that they correspond with the policyholders within UNIQA Biztosító Zrt.

Apart from these classical risk control techniques, UNIQA Biztosító Zrt. applies a strategic program in order to ensure the sustainability of the business model. The aim of this strategic program is to pursue profitable life insurance business also in a low-interest rate environment with the existing risk budget.

The success of the strategic program is measured within the quarterly calculation of the Contractual Service Margin (CSM) and New Business CSM (NBCSM) and for local purposes the classic Value of New Business (VNB) is also calculated and monitored. The calculation of the CSM/NBCSM reflects the value of personal insurance as well as the current situation in the financial markets. This assessment basis represents the main instrument for monitoring the effectiveness of the techniques mentioned above.

The effectiveness of the described risk mitigation measures for life-business is monitored on an ongoing basis. A quantified measurement is affected by means of the key figures Contractual Service Margin and New Business Value/Margin.

Health underwriting risk

As a classical risk mitigation technique, reinsurance is used.

In addition, classical risk control techniques are applied in the context of health insurance. These include:

- Risk selection, in particular: targeted pre-selection of interested parties (for example by means of health checks)
- The consideration of premium adjustment clauses in different health insurance products in order to be able to adjust the premiums corresponding to the changes of calculation bases.

Besides the classic risk control processes, continuous in-force management is carried out on a regular basis. The effectiveness of the risk control techniques for health business is assessed by comparison of expected and occurred payments as well as contribution margin calculation.

C.3 Market Risk

C.3.1 Description of Risk

The market risk reflects the risk arising from the level or volatility of market prices of financial instruments, which have an impact upon the value of the assets and liabilities of the undertaking. It has to adequately reflect the structural incongruity between assets and liabilities, with special regard to their duration. As part of the SCR model, market risk is divided into the following sub-risk modules illustrated in Table 21 that are in line with Directive 2009/138/EC.

Sub risk module	Used shock
Currency risk	The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.
Interest rate risk	The sensitivity of the values of assets, liabilities and financial instruments to changes of the interest rate curve or in the volatility of interest rates.
Equity risk	The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.
Property risk	The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate.
Spread risk	The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate curve.
Concentration risk	Additional risks to an insurance or reinsurance company stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers.

Table 21. Sub-risk modules of market risk

C.3.2 Risk Exposure

The figure below shows the asset allocation of the non-unit linked investment portfolio of the UNIQA Biztosító Zrt. as at 2024. The total volume of the non-unit linked investments displayed in the pie diagram was 41,120,369 million HUF at the end of the year.

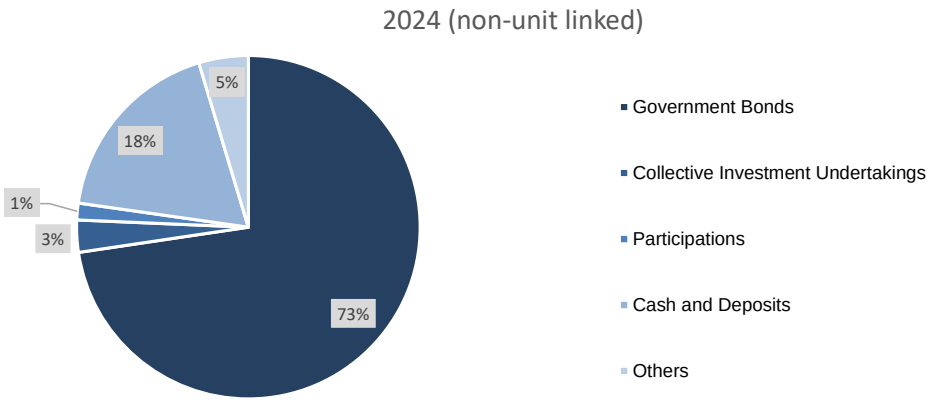

Figure 14. Asset allocation of the non-unit linked investment portfolio

In accordance with the prudent person principle, the investment activities in 2024 – just as in prior years – were strongly influenced by an investment approach oriented towards the liability side. Investments other than unit-linked have been dominated by Hungarian government bonds, selected to optimally match expected liability cash flows.

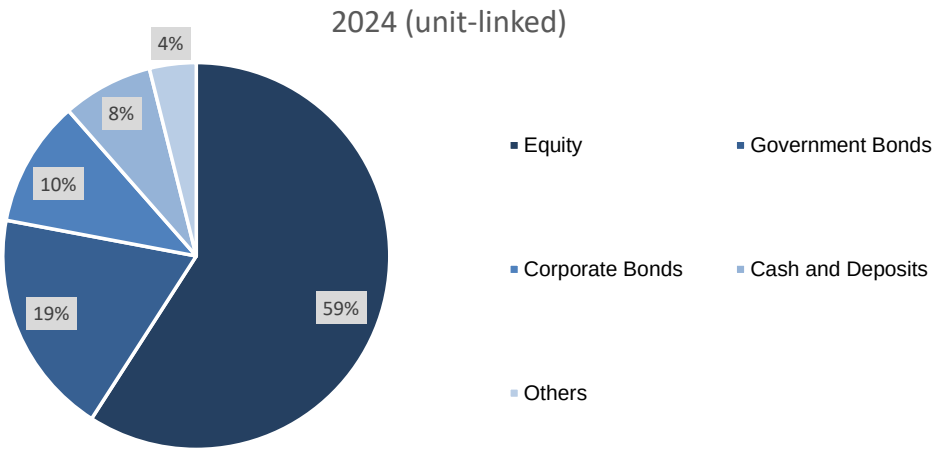

Figure 15. Asset allocation of the unit linked investment portfolio

Figure 15 shows the asset allocation of the unit linked investment portfolio, totalling 162 716 million HUF at the end of 2024. Unit-linked investments were driven by the policyholders' portfolio selections.

Table 22 illustrates the composition of the solvency capital requirements for the risk module market risk. Because extreme shocks for particular market risks usually do not occur simultaneously, the aggregated need for capital for individual sub risk modules is smaller than the sum of the risk requirements and therefore a pure addition would display an overestimation of risk.

Position	in Thousand HUF	2024 in %
SCR Market Risk	**7,114,325**	
Interest rate risk	2,956,917	29.1%
Equity risk	5,564,428	54.7%
Property risk	654	0.0%
Spread risk	520,194	5.1%
Concentration risk	11,370	0.1%
Currency risk	1,115,705	11.0%
Diversification	*(3,054,942)*	

Table 22. Composition of the solvency capital requirements for the risk module market risk

As at the end of 2024, market risk contributed 29% of the basic solvency capital requirement (BSCR) of the company before diversification. On the one hand this is a significant risk in the company's risk profile, on the other hand its level is moderate compared to the volume of the exposed assets (and liabilities). This is attributable to the fact that the dominant part of the market risk-exposed portfolio is unit-linked business where the investment risk is borne by the policyholders.

The three sub-risks drive market risk are equity risk, interest rate risk and currency risk. The largest sub-risk module is equity risk is mainly attributable to increasing unit-linked business, where the asset-side shocks are largely absorbed by the liability side, nonetheless a residual part of the shock affects the company's net asset value due to the impact on expected future profits. The next highest sub-risk is the interest rate risk which is reflecting the sensitivity of technical provisions and their covering fixed-income investments to changes in the risk-free interest rate term structures with the change in current yield curve environment having a big impact on this risk. The third most significant sub-risk module is currency risk, which is attributable to both unit-linked business (however this risk has been highly mitigated by the use of currency derivatives) and euro cash savings.

C.3.3 Risk Assessment[5]

UNIQA Biztosító Zrt. calculates the market risk according to the standard formula, as described in the Delegated Regulation (EU) 2015/35. Market risk consists of sub-risk modules, as defined in the standard formula, which are aggregated by a correlation matrix. For the correlation between interest rate risk and equity risk, property risk and spread risk, two alternate factors are specified depending on the relevant interest rate shock. In the case of UNIQA Biztosító Zrt. a zero correlation factor has been used as the scenario of an increase in interest rates causes a higher capital requirement for interest rate risk.

The calculation of the capital requirements for the different sub risk modules is elaborated on below.

Interest rate risk

The capital requirements for interest rate risk are calculated by applying two stress scenarios to all assets which are sensitive to interest rate changes and by determining the resulting loss of basic own funds. One of the scenarios simulates an increase in interest rates and the other one a decrease in

[5] Delegated Regulation (EU) 2015/35, Chapter V, Section 5, Article 164ff

interest rates. However, only the scenario which causes the more adverse change is considered relevant for the calculation of capital requirements. The scenarios are applied to the risk-free interest rate term structure for the respective currency published by EIOPA and the impacts on the capital requirements are ultimately aggregated. According to the standard approach, a distinction shall be made between the two following scenarios:

- Scenario for an increase in interest rates: The estimated increase of the interest rate fluctuates between 70 per cent for maturities up to two years and 26 per cent with maturities of 20 years. Starting from maturities of 20 years, the increase in interest rates is linearly reduced to 20 per cent for maturities of 90 years or more. In any case, the increase of interest rates amounts to at least one percentage point.
- Scenario for a decrease in interest rates: The estimated decrease of interest rates fluctuates between 75 per cent with maturities up to one year and 29 per cent with maturities of 20 years. Starting from maturities of 20 years, the decrease in interest rates is linearly reduced to 20 per cent for maturities of 90 years or more. The decrease of risk-free base interest rates equals zero.

In the case of the year-end 2024 calculation, the scenario of an increase in interest rates causes higher capital requirements and is therefore considered as the basis for the calculation of UNIQA Biztosító Zrt.

Equity risk

For the calculation of equity risk, UNIQA Biztosító Zrt. uses the standard approach according to Articles 168–169, 171–172 of Delegated Regulation (EU) 2015/35. It is based on calculating the impact of scenario-based shocks including a symmetric adjustment factor on the Net Asset Value and the resulting consequences on the basic own funds of the company.

In the context of the standard approach, Type 1 and Type 2 equity risks are distinguished:

- Type 1 equities: Equities listed in regulated markets in countries which are members of the EEA or the OECD.
- Type 2 equities: Equities listed in stock exchanges in countries which are not members of the EEA or the OECD, equities which are not listed commodities and other alternative investments. They also comprise all other assets other than those covered in the sub risk modules interest rate risk, property risk or spread risk, including exposures to collective investment undertakings where a look-through approach is not possible.

For the calculation of the capital requirements for equity risk the following scenarios shall be used:

- Scenario for Type 1 equities: An instantaneous decrease of the market value of 39 per cent plus a symmetric adjustment of up to (+/-) 10 per cent, as well as an instantaneous decrease of 22 per cent of the market value of strategic equity investments in related undertakings.
- Scenario for Type 2 equities: An instantaneous decrease of the market value of 49 per cent, plus a symmetric adjustment of up to (+/-) 10 per cent, as well as an instantaneous decrease of 22 per cent of the market value of strategic equity investments in related undertakings.

The capital requirements for Type 1 and Type 2 equity risk are aggregated by using a correlation factor of 0.75.

Property risk

The calculation of the capital requirements for property risk corresponds to a loss of basic own funds resulting from an instantaneous decrease of the value of all real estate values by 25 per cent. It is noted that, as at the end of 2024, while applying lookthrough approach a non-significant exposure to property risk is observed.

Spread risk

The capital requirement for spread risk is calculated by aggregating the sum of the capital requirements under stress scenarios for bonds and loans, securitisations and credit derivatives. According to the standard formula, certain derogations apply to bonds, loans and derivatives related to certain organisations, governments and banks.

In the case of UNIQA Biztosító Zrt., only the calculation for bonds and loans has been relevant. Marginal exposures to securitisations and credit derivatives have been present only in those parts of the investments in collective investment undertakings where the look-through approach has not been possible. Regarding the derogations mentioned above, those relating to Member States' government bonds are relevant for the company's portfolio, resulting in a zero risk factor for Hungarian government bond investments.

The capital requirement for bonds and loans (excluded are mortgage loans for residential properties) is determined by a factor-based calculation under a stress scenario. The calculation assumes the market value of the instrument and considers credit rating and duration. It is assumed that the spreads of all instruments will rise, which will lead to an imminent decrease in the value of bonds. The shock of the spread risk of bonds and loans is a concave function of the duration.

Concentration risk

The capital requirement for the concentration risk is calculated by applying risk factors depending on the credit quality step, defined in accordance with the standard formula, to single name exposures in excess of pre-defined concentration thresholds. Thresholds are defined for each credit quality step. Provided that the thresholds are exceeded, the risk factors prescribed in the standard formula shall be applied to the surplus of risk exposure above the threshold and the sum of all requirements shall be aggregated

According to the standard formula, exceptions and derogations apply to the calculation of concentration risk, which exclude certain risk exposures from the calculation. Most importantly in the case of UNIQA Biztosító Zrt., unit-linked investments and cash-at-bank exposures in the scope of the counterparty default risk module are not included in the calculation base for determining the concentration thresholds. Furthermore the company's holdings in Hungarian government bonds are subject to a zero risk factor.

Currency risk

The capital requirements for currency risk are calculated by applying two foreign currency shocks, defined according to the standard formula, to every single relevant foreign currency and by determining the resulting consequences for the own funds. Currency risk concerns all currency sensitive positions on the asset side and on the liability side. The consequences of the shocks for the original own funds are aggregated. According to the standard approach, every foreign currency whose exchange rate fluctuations effect the company's basic own funds is considered relevant.

Two shocks are applied to every currency for the calculation of currency risk. However, only the shock, which produces the greater adverse change, is considered relevant for the calculation of capital requirements. According to the standard approach, a distinction shall be made between the following foreign currency shocks:

- Increase in the value of the foreign currency in comparison to the local currency by 25 per cent.
- Decrease in the value of the foreign currency in comparison to the local currency by 25 per cent.

Look-through approach

According to Article 84 of Delegated regulation (EU) 2015/35, the capital requirement for market risk is calculated on the basis of each of the underlying assets of collective investment undertakings and other investments packaged as funds. Where the look-through approach cannot be applied because of the lack of available data, the Type 2 equity shock is applied to the asset value.

C.3.4 Risk Concentration

A minor concentration risk component has been present in the end-of-year 2024 market risk profile of the company due to a corporate bond.

In addition to the assessment of concentration risk according to the SCR standard formula, all issuers (groups of issuers respectively) are monitored in accordance with UNIQA Group Risk Management Standard, based on economic risk measurement.

C.3.5 Risk Mitigation

Derivative Instruments

Since late 2017, currency derivatives have been used by UNIQA Biztosító Zrt. as a risk mitigation technique to reduce the significant currency risk profile. Plain vanilla EUR and USD put options are held in order to protect the company's own funds against an extreme drop in the rates of these foreign currencies against the local currency. As these options have been selected to cover the tail risk, they are out-of-the-money under normal circumstances, however they are available to the company at a low cost and they respond to currency shocks in an asymmetrical manner: they gain a high value in the case of an extreme currency fall scenario. The use of currency derivatives as a risk mitigation technique, including the planning of derivative transactions, the selection of counterparties, the regular replacement of the instruments and the monitoring of the risk mitigating effect is regulated by the Solvency 2 Market Risk Mitigation Policy of the company.

Investment Limits

With the introduction of the UNIQA Group Limit & Trigger Standards and UNIQA Investment Process Standards, a harmonisation of the existing regulations for investment activities was introduced by Group Actuarial & Risk Management in the year 2016. UNIQA Group Limit & Trigger Standards has since then been integrated into UNIQA Group Risk Management Standard. These regulations were directed to all insurance companies with an asset management outsourcing agreement in force with UNIQA Capital Markets GmbH (UCM) and contain detailed descriptions of all limits available by Group Actuarial and Risk Management as well as procedures relevant for dealing with those limits. The close cooperation between local and Group risk management is particularly important given the centralized responsibility of UCM for asset management. The risk management approach reflected in the limit

system aims the measuring and controlling of asset-related market risks. Group Actuarial and Risk Management has made use of the Strategic Asset Allocation (SAA) approach. Based on the risk profile of the SAA, the premise of the market risk limits is that each market sub-risk, as well as consequently the total market risk of the portfolio stemming from the asset side, shall remain within a pre-determined range for the relevant calendar year. Investment limits are monitored every two weeks.

Asset-Liability Management

Projected cash flows of traditional life insurance (broken down by guaranteed interest rate), non-life insurance (broken down by currency) and health insurance are regularly reported by local actuaries to UCM via Group Actuarial Department. Asset allocations thereafter are managed centrally by UCM, aiming for an optimal match between the maturity and currency profiles of liabilities and covering investments. In coordination between UNIQA Group and local asset management and actuaries, held-to-maturity (HTM) bond portfolios have been established to match the projected cash flows stemming from life insurance contracts with 2.75% or higher guaranteed rates.

It is noted that the unit-linked portfolio, where the investment structure is driven by policyholders' risk appetite, is not in the scope of the ALM scheme.

C.4 Credit Risk

C.4.1 Description of Risk

In accordance with Directive 2009/138/EC (Article 105), credit risk or default risk shall reflect possible losses due to unexpected default, or deterioration in the credit standing, of the counterparties and debtors of insurance and reinsurance undertakings over the following 12 months. The credit risk/default risk covers risk mitigating contracts such as reinsurance agreements, securitisations and derivatives, as well as receivables from intermediaries and all other credit risks, which are not covered by the spread risk module. It shall take account of collateral or other securities held by or for the account of the insurance or reinsurance company and the risks associated therewith. For each counterparty, the credit risk/default risk shall take into account the overall counterparty risk exposure of the insurance concerning that counterparty, irrespective of the legal form of its contractual obligations to that company.

Credit risk or default risk is composed of the two following types:

- Risk exposure type 1: The class of type 1 exposures covers the exposures which may not be diversified and where the counterparty is likely to be rated. Among others, this type usually comprises: reinsurance agreements, derivatives, securitisations, bank deposits, other risk mitigating contracts, letters of credit, guarantees and products with third party guarantors.
- Risk exposure according to type 2: Usually comprises all exposures which are not covered by the sub-risk module spread risk, but are usually highly diversified and do not have a rating. Among others, this type usually comprises: receivables from intermediaries, receivables from policyholders, other receivables and mortgage loans.

C.4.2 Risk Exposure

With a contribution of 9% to the basic solvency capital requirement (BSCR) before diversification at end-of-year 2024, credit risk / default risk (CDR) is not a dominant but still a significant part of the company's risk profile.

Position	in Thousand HUF	2024 in %
CDR total	**2,308,602**	
CDR type 1 total	1,619,649	66.1%
CDR type 2 total	830,250	33.9%
Diversification	*(141,296)*	

Table 23. Composition of the solvency capital requirements for the risk module credit risk

Table 23 shows the composition of credit risk or default risk for the year 2024. A distinction is made between type 1 and type 2 of risk exposure.

With a 66.1% share of the overall credit / default risk excluding diversification, type 1 risk exposure is the main driver of the risk. The solvency capital requirements for type 1 CDR result primarily from reinsurance arrangements, secondly from deposits at credit institutions, thirdly from derivatives.

Risk exposures of type 2 have a 33.9% share of the overall CDR risk before diversification. Receivables from intermediates and policyholders are the main drivers for this risk exposure.

C.4.3 Risk Assessment[6]

The risk factors and methods described in the Delegated Regulation 2015/35, in the chapter concerning the module counterparty default risk, are used for the calculation of the solvency capital requirement for credit risk or default risk.

The capital requirement for type 1 exposures is determined based on the Loss-Given-Default (LGD) and Probability of Default (PD) of each counterparty. The definition of the standard formula includes precise definitions for the calculation of the LGD and PD dependent on the form of exposure. In addition it is specified to what extent the risk mitigating effect of collateral can be used. The capital requirement for type 2 exposures is calculated from exposed amounts by applying a factor-based formula including standard risk factors. The capital requirements for type 1 and type 2 CDR are aggregated by using a correlation factor of 0.75.

For the CDR calculation as at the end of 2024 UNIQA Biztosító Zrt. has used partial internal model inputs for determining the LGD of non-life reinsurance counterparties.

C.4.4 Risk Concentration

From the perspective of UNIQA Biztosító Zrt., the reinsurance exposure to UNIQA Re AG presents the significant part of counterparty risk concentration. On the other hand the establishment of an in-house reinsurance company centralising all business units' reinsurance cessions has been a strategic decision by UNIQA Group which allows the optimisation of external retrocessions at the Group level. UNIQA Re AG is responsible for the selection of external reinsurers. For that purpose, UNIQA Re has determined a policy which regulates the selection of counterparties and avoids external concentrations (e.g. there are limits on the share of individual external reinsurers in each contract and there is a minimum rating requirement in place).

[6] Delegated Regulation (EU) 2015/35, Chapter V, Section 6, Article 189ff

C.4.5 Risk Mitigation

UNIQA Biztosító Zrt. uses the following measures in order to control credit risk or default risk:

- Exposure limits
- Credit rating requirements
- Payment reminder procedures

All reinsurance arrangements between UNIQA Biztosító Zrt. are coordinated with UNIQA Re AG and are subject to the standards determined by UNIQA Re. For external reinsurers, minimum credit rating requirements and an upper limit for the released exposure per reinsurer are defined.

In order to avoid concentrations concerning default risk and credit risk, limits on bank deposits are defined, which are monitored every two weeks.

Derivative instruments are also subject to exposure limits and minimum credit rating requirements.

To keep the level of receivables from insurance intermediates and insurance companies as low as possible, clear payment reminder procedures were implemented. These are subject to regular monitoring by precise evaluation possibilities.

C.5 Liquidity Risk

C.5.1 Description of Risk

Liquidity risk is composed of market liquidity risk and refinancing risk. Liquidity risk represents the risk that an asset cannot be traded fast enough to prevent a loss or make the required profit. Refinancing risk can arise if the insurance undertaking is unable to realise assets in order to settle their financial obligations when they are due.

C.5.2 Risk Exposure

The following table shows the expected profit in future premiums, as required by Article 295(5) of Delegated Regulation (EU) 2015/35 with regard to liquidity risk.

Position	2024 in Thousand HUF
Expected profit in future premiums	26,584,061
Of which non-life	8,709,791
Of which life	17,874,270

Table 24. Expected profit in future premiums

C.5.3 Risk Assessment and Risk Mitigation

The liquidity position of the company is monitored on an ongoing basis. In order to ensure that UNIQA Biztosító Zrt. can meet its payment obligations, a regular planning process is in place to ensure the availability of appropriate amounts of cash to cover anticipated cash flows. As part of the planning process, UNIQA Biztosító Zrt. prepares a liquidity plan. The constant adjustment and monitoring of this plan is ensured by the liquidity management process.

C.6 Operational Risk

C.6.1 Description of Risk

Operational risk covers the risk of financial losses, caused by insufficient internal processes, systems, personal resources or external events. Operational risk includes legal risk, but not reputation risk and strategic risk. Legal risk is the risk of financial losses due to complaints or uncertainty in the applicability or interpretation of contracts, laws or other legal requirements.

The topics of the prevention of money laundering and terrorism financing are subject to special attention. Operational risk in connection to this topic results from missing or inadequate processes of identification, monitoring, as well as reporting to prevent potential money laundering operations.

C.6.2 Risk Exposure

UNIQA Biztosító Zrt. is exposed to operational risks in a diverse environment. These risks are regularly identified and monitored with the help of the risk management system of the company. Among others the following risks are considered significant:

- Process risks, in particular regarding product development and claims settlement
- Human Resources (HR) risks (possible shortage of personnel and dependence on individuals with the required know-how)
- IT risks (in particular the IT security and the high complexity of the IT landscape, as well as the risk of business interruption)
- Various project risks

The following table shows the composition of the SCR for operational risk as at end-of-year 2024.

	2024	
	Premium earned	Technical provisions gross
Reporting year		
Life (without unit-linked)	4,284,040	8,074,452
Non-Life	81,027,081	22,059,361
Previous year		
Life (without unit-linked)	4,066,529	
Non-Life	67,406,884	
Capital requirement for Operational Risk based on Premiums / Technical Provisions	**2,606,339**	**698,116**
25% of Unit-linked annual expenses	720,553	
Operational risk	**3,326,891**	

Table 25. Composition of the SCR for operational risk

As apparent in the table above, the dominant component of the capital requirement has been the premium-based risk charge. The component for unit-linked expenses also contributed significantly to the capital requirement.

C.6.3 Risk Assessment

For the calculation of operational risk, UNIQA Biztosító Zrt. uses a factor-based approach, according to the standard formula as described in Article 204 of Delegated Regulation (EU) 2015/35. The capital requirement for operational risk is calculated as:

The lower of the following values:

- Basic capital requirement for operational risk, or
- 30 per cent of the calculated basic solvency capital requirement (BSCR),

plus 25 per cent of the amount of expenses in respect of life insurance whose investment risk is borne by the policyholders (i.e. unit-linked business).

The basic capital requirement for operational risk is the higher of the following two calculation results:

- Premium-based calculation: 4 per cent of the gross premiums earned for life insurance obligations (excluded are the premiums where the policyholder bears the investment risk) and 3 per cent of the gross premiums earned for non-life insurance obligations. Furthermore, in case of an increase of these premiums by more than 120 per cent in comparison to the previous year, additional margins shall be added in accordance with the standard approach.
- Technical provisions-based calculation: 0.45 per cent of the gross best estimate of the technical provisions for life insurance obligations (excluded are the provisions where the policyholder bears the investment risk) and 3 per cent of the gross best estimate of the technical provisions for non-life insurance obligations.

Furthermore, UNIQA Biztosító Zrt. performs an internal assessment process of operational risks by means of process owners and experts. These assessments are discussed with the management and the Board.

C.6.4 Risk Concentration

The risk concentrations within operational risk are evaluated regularly and include, for example, dependencies of distribution channels, major customers or key personnel. Depending on the result of the evaluation, adequate control measures are to be put in action (e.g. risk acceptance, risk minimization, etc.) In addition, the development of risk concentrations concerning operational risk is minimized by:

- A clear and structured governance model with adequate processes
- Operating a compliance function, responsible for conforming with the rules, as well as
- A clearly stated and structured Internal Control System

C.6.5 Risk Mitigation

Defining risk mitigating measures is an essential step in the risk management process for operational risks. In the risk strategy of UNIQA Biztosító Zrt. the risk preference for taking on operational risks is classified as “low”. Therefore, UNIQA Biztosító Zrt. shall try to reduce the operational risk as much as possible. The most important risk mitigation measures for operational risks are the following:

- Implementation and maintenance of an Internal Control System
- Optimisation and maintenance of processes
- Continuous education and training of personnel, as well as

- Preparation of emergency plans.

C.7 Stress and Scenario Analysis

UNIQA Biztosító Zrt. uses the following definitions for sensitivities, stress tests and scenarios, which are shown in Table 26.

Sensitivity	Recalculation of a Key Performance Indicator (KPI) based on the change of one input parameter. The change is not significant / extreme and can have either a positive or negative impact.
Scenario	Impact of a KPI based on the change of generally more than one input parameter. The change can have either a positive or negative impact. Scenarios are usually linked to events (e.g. historic scenarios).
Stress test	Recalculation of a KPI based on the change of one input parameter. The change is significant / extreme with a negative impact.
Combined stress test	Recalculation of a KPI based on the change of more than one input parameter. The change is significant / extreme with a negative impact.
Reverse stress test	Definition of a scenario that gives a predefined negative result of a KPI.

Table 26. Definitions for sensitivities, stress tests and scenarios

Motivated by the risk areas important for UNIQA Group an important focus of the sensitivity analysis is interest rate sensitivities, in addition to other market risk scenarios. UNIQA Biztosító Zrt. evaluated the sensitivities, stress tests and scenarios presented in Table 27.

No.	Key sensitivities	Impact
1	Parallel shift interest rate +100 basis points (until LLP, not floored)	Own Funds
2	Parallel shift interest rate -100 basis points (until LLP, not floored)	Own Funds
3	Parallel shift interest rate +50 basis points (until LLP, not floored)	Own Funds
4	Parallel shift interest rate -50 basis points (until LLP, not floored)	Own Funds
5	Decrease of UFR by 50 basis points	Own Funds
6	No volatillity adjustment	Own Funds and SCR
7	Shock on equities -25%	Own Funds
8	+10 per cent shock on foreign currencies	Own Funds
9	-10 per cent shock on foreign currencies	Own Funds
10	Government bonds: Credit spread +50bp & dynamic volatility adjustment	Own Funds
11	Corporate debt: Credit spread +50bp & dynamic volatility adjustment	Own Funds
12	Combined Scenario 1	Own Funds
13	Combined Scenario 2	Own Funds

Table 27. List of evaluated sensitivities, stress tests and scenarios

For most of the sensitivities only the own funds impact was calculated. However the sensitivity “no volatility adjustment” included the recalculation of the SCR too.

The sensitivities, stress tests and scenarios listed above are described in detail below.

Interest rate sensitivities

As described further below, the interest rates are only shocked for maturities where the underlying instruments can be classified as close to liquid. The last point at which an instrument can still be classified as liquid is the last liquid point (LLP). Afterwards interest rates are extrapolated to the unchanged Ultimate Forward Rate (UFR) with an unchanged convergence period. The UFR is a value that reflects the interest rates of the past decades, including forecasts on economic development in the EEA. The UFR is stressed from its base case value only in the sensitivity “decrease of UFR by 50 basis points”.

The following sensitivities focus on interest rates:

- 1. A parallel shift of the interest rate curve by +100 basis points until the last liquid point (LLP) and extrapolation towards the UFR afterwards
- 2. A parallel shift of the interest rate curve by -100 basis points until the last liquid point (LLP) and extrapolation towards the UFR afterwards
- 3. A parallel shift of the interest rate curve by +50 basis points until the last liquid point and extrapolation towards the UFR afterwards
- 4. A parallel shift of the interest rate curve by -50 basis points until the last liquid point and extrapolation towards the UFR afterwards
- 5. The Ultimate Forward Rate is decreased by 50 basis points

- 6. Use of the basic risk free yield curve as published by EIOPA without Volatility Adjustment (VA)

Equity and equity-related instruments

For equity exposures, the following sensitivity is evaluated:

- 7. An overall -25 per cent shock is applied to all equities, including derivatives on equity securities, private equity, hedge funds, fund certificates that are not decomposed, index securities, participations, etc. Contrary to the Solvency II methodology, no differentiation is made between “equity type 1”, “equity type 2” and “strategic participations”.

Foreign currency instruments

For foreign currency exposures, all currencies are shocked simultaneously. There are no exceptions for currencies which are pegged to the euro. The shocks are applied to all instruments where the underlying is an FX rate (FX forwards, FX options, etc.) and all positions where the quotation currency is different from the local reporting currency. The following sensitivities are calculated:

- 8. Foreign currency values increase by 10% relative to the reporting currency
- 9. Foreign currency values decrease by 10% relative to the reporting currency

Credit spreads

For credit spreads the following sensitivities are evaluated:

- 10. A widening of the credit spread for Government bonds by 50 basis points is assumed, independent of the rating. There is no exemption for specific exposures e.g. government bonds with dynamic volatility adjustment applied
- 11. A widening of the credit spread for Corporate bonds by 50 basis points is assumed, independent of the rating. There is no exemption for specific exposures e.g. government bonds with dynamic volatility adjustment applied

Combined scenarios

For a view on a more complex shock situation we also calculated two sensitivities with combined effects of multiple adverse events happening simultaneously. These scenarios are as follows:

- 12. Combined scenario 1 combines the following above sensitivities:
  - Parallel shift interest rate -50 basis points (until LLP, not floored) (4)
  - Corporate debt: Credit spread -50bp incl. dynVA
  - Government bonds: Credit spread -50bp incl. dynVA
  - Equity shock -25% (7)
- 13. Combined scenario 2 combines the following sensitivities:
  - Parallel shift interest rate +50 basis points (until LLP, not floored) (3)
  - Corporate debt: Credit spread +50bp incl. dynVA (10)
  - Government bonds: Credit spread +50bp incl. dynVA (11)
  - Lapse rates +10%

Results

The following table shows the results of scenarios, especially with regard to the change in Own Funds. The stressed SCR is only shown where it was recalculated.

	(in 1000 HUF)	Own Funds	Change in Own Funds	SCR
	Base case	33,903,112		17,509,496
	Key sensitivities			
1	Parallel shift interest rate +100 basis points (until LLP, not floored)	34,890,888	2.9%	
2	Parallel shift interest rate -100 basis points (until LLP, not floored)	33,864,435	-0.1%	
3	Parallel shift interest rate +50 basis points (until LLP, not floored)	34,388,914	1.4%	
4	Parallel shift interest rate -50 basis points (until LLP, not floored)	32,969,164	-2.8%	
5	Decrease of UFR by 50 basis points	33,428,580	-1.4%	
6	No volatillity adjustment	34,067,367	0.5%	17,515,070
7	Shock on equities	31,161,267	-8.1%	
10	Government bonds: Credit spread +50bp & dynamic volatility adjustment	33,451,560	-1.3%	
11	Corporate debt: Credit spread +50bp & dynamic volatility adjustment	33,864,435	-0.1%	
12	Combined Scenario 1	32,144,897	-5.2%	
13	Combined Scenario 2	31,689,960	-6.5%	

Table 28. Results of scenarios

C.8 Other Material Risks

In addition to the risk categories described above, the UNIQA Biztosító Zrt. has also defined risk management processes for strategic risk, reputational risk and contagion risk.

Reputational risk is the risk of losses incurred as a result of potential damage to the reputation of the company, the deterioration of its image, or a negative overall impression due to a negative perception by clients, business partners, shareholders or the supervisory authority.

Strategic risk is the risk resulting from management decisions or the inadequate implementation of management decisions with an impact on current / future earnings and solvency. It comprises the risk arising from inadequate management decisions resulting from the failure to take a changing business environment into account.

Contagion risk is the possibility that adverse impacts occurring in other entities may have an impact on UNIQA Biztosító Zrt. or vice versa. Due to the fact that contagion risk can have many origins, there is no standardized approach on how to deal with contagion risk. First and foremost, getting an understanding for the correlation between the different types of risks is essential for identifying a potential contagion risk.

The most important reputational risks, as well as strategic risks are identified, assessed and reported similarly to operational risks. The risk management of UNIQA Biztosító Zrt. subsequently analyses whether the threat of an intragroup contagion is present.

Sustainability risks or ESG risks include risks related to the sustainability factors of environment, social/employee and governance (“ESG”). In line with the Group view, these risks are not considered as a separate risk category, but are taken into account as part of the existing risk categories.

C.9 Any Other Information

No other disclosure is made on the risk profile.

D. Valuation for Solvency Purposes

Methods stated in the Solvency II Directive and Delegated Acts are used for the derivation of the solvency balance sheet. They are based on the going concern-principle. Assets and liabilities are evaluated according to Art. 75. of the Solvency II Directive. Thereby, assets are valuated at the value for which they can be exchanged between knowledgeable, willing business partners independent from each other. Wherever available, marked-to-market values are used for the valuation. In case they are not available, marked-to-model values are used. Liabilities are valuated at the value that is used by knowledgeable and willing parties to transfer or meet them in the framework of a standard market transaction. In general, a marked-to-model approach that models future cash flows of the existing business is used for the valuation.

Foreign currency conversion

For the revaluation of items denominated in foreign currencies in the solvency balance sheet the following exchange rates of the Hungarian National Bank are used during the reporting period:

HUF prices as of balance sheet date	
CHF	435.45
CZK	16.30
EUR	410.09
GBP	494.16
PLN	95.97
RON	82.42
USD	393.60

Table 29. Exchange Rates

D.1 Assets

The following table shows the comparison between the evaluation of total assets according to Solvency II and Statutory values based on valuation date 31 December 2024.

	Assets [in Thousand HUF]	Solvency II	Statutory	Revaluation
1	Goodwill	n.a.	-	n.a.
2	Deferred acquisition costs	n.a.	11,547,372	n.a.
3	Intangible assets	-	2,330,282	- 2,330,282
4	Deferred tax assets	-	439,010	- 439,010
5	Pension benefit surplus	-	-	-
6	Property, plant & equipment (for own use)	1,413,103	1,120,711	292,391
7	Investments (except for assets for unit- and index-linked contracts)	33,679,512	36,905,269	- 3,225,757
7.1	Properties (except for own use)	-	-	-
7.2	Shares in affiliated companies, including participations	647,884	647,908	- 24
7.3	Shares	-	-	-
7.3.1	Shares - listed	-	-	-
7.3.2	Shares - not listed	-	-	-
7.4	Bonds	31,787,322	34,936,993	- 3,149,671
7.4.1	Government bonds	29,876,258	33,098,509	- 3,222,252
7.4.2	Corporate bonds	1,911,065	1,838,484	72,581
7.4.3	Structured debt securities	-	-	-
7.4.4	Asset backed securities	-	-	-
7.5	Undertakings for collective investment	1,244,195	1,320,367	- 76,173
7.6	Derivatives	110	-	110
7.7	Deposits except for cash equivalents	-	-	-
7.8	Other investments	-	-	-
7.9	Assets for unit- and index-linked contracts	162,716,571	162,957,056	- 240,485
8	Loans and mortgages	1,185	1,185	-
8.1	Policy loans	1,185	1,185	-
8.2	Loans and mortgages for private individuals	-	-	-
8.3	Other loans and mortgages	-	-	-
9	Recoverables from reinsurance contracts from:	10,499,624	26,735,604	- 16,235,980
9.1	Non-life insurances and health insurances similar to non-life	8,156,506	23,320,390	- 15,163,884
9.1.1	Non-life insurances except for health insurances	8,073,255	23,258,160	- 15,184,905
9.1.2	Health insurances similar to non-life	83,251	62,230	21,021
9.2	Life insurances and health insurances similar to life except for health insurances and unit- and index-linked insurances	2,343,118	3,415,213	- 1,072,096
9.2.1	Health insurance similar to life	46,885	34,280	12,606
9.2.2	Life insurance except for health insurance and unit- and index-linked insurances	2,296,233	3,380,934	- 1,084,701
9.3	Life insurances, unit- and index-linked	-	-	-
10	Deposit receivables	-	-	-
11	Receivables towards insurances and intermediaries	5,346,463	7,582,500	- 2,236,037
12	Reinsurance receivables	2,034,592	1,267,250	767,342
13	Receivables (trade, not insurance)	713,891	713,891	-
14	Own shares (held directly)	-	-	-
15	Contributions due regarding own-fund items or funds initially demanded but not yet deposited	-	-	-
16	Cash and cash equivalents	7,440,857	7,440,631	226
17	Other assets not reported elsewhere	3,765,381	4,445,628	- 680,248
	Total assets	**227,611,178**	**263,486,389**	**- 35,875,211**

Table 30. Assets based on valuation date 31 December 2024

The following asset classes are not classified as asset components of the UNIQA Biztosító Zrt. as at 31 December 2024 and were therefore not commented on:

- 1. Goodwill
- 5. Pension benefit surplus;
- 7.1 Properties (except for own use)
- 7.3 Shares
- 7.7 Deposits except for cash equivalents
- 7.8 Other investments
- 8.3 Other loans and mortgages

- 10. Deposit receivables
- 14. Own shares (held directly)
- 15. Contributions due regarding own-fund items or funds initially demanded but not yet deposited.

The following tables describe on an individual basis the basic principles, methods and key assumptions for each class of assets on which the valuation for solvency purposes is based and illustrates substantial differences, both quantitatively and qualitatively, for valuation in accordance with local GAAP in the annual financial statement.

Deferred acquisition costs

Assets [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Deferred acquisition costs	n.a.	11,547,372	n.a.

Table 31. Deferred acquisition costs

Deferred acquisition costs include costs which occur within the underwriting of insurance risks and the selling of insurance contracts, especially at the time of conclusion of the contract.

Deferred acquisition costs are balanced in accordance with local GAAP. Thereby, in contracts of property and casualty insurance, accruals of the costs directly allocated to conclusion and an attribution over the anticipated contractual period or an attribution in accordance with the premium deficiency are made. In life insurance, deferred acquisition costs are amortized based on projections of estimated gross profits or gross margins. Deferred acquisition costs are to be valued at zero according to Solvency II, which leads to the difference in value.

Intangible Assets

Assets [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Intangible assets	-	2,330,282	- 2,330,282

Table 32. Intangible assets

Intangible assets include self-developed data processing software acquired for consideration licences as well as copyrights. Amortization of intangible assets is done according to their economic lifetime over a fixed period.

Intangible assets can be scheduled for Solvency II purposes if they can be sold separately and if market values can be determined reliably. Since both criteria were not met, these assets were not set in the solvency balance sheet, which explains the difference in value.

Deferred Tax Assets

The method of calculating deferred tax assets is based on the provisions of IAS. Due to the time-limited differences between the valuation of assets and liabilities in the solvency balance sheet in

accordance with Solvency II and the tax balance sheets, deferred tax assets and liabilities are set up for Solvency II purposes according to local tax regulations of UNIQA Biztosító Zrt.

The starting point of valuing deferred tax assets for solvency purposes is the value of deferred tax assets in the IFRS balance sheet. This value is further adjusted for the valuation differences between economic and IFRS values (hidden losses multiplied by the tax rate). An effective tax rate of 11,3 % has been estimated for the purpose of the latter adjustments. For losses carried forward, deferred tax assets are recognised if their future usability, according to internal forecast, is likely to be the case. The intrinsic value of deferred tax assets of temporary differences is reviewed at each balance sheet date.

Deferred tax assets are set up in the solvency balance sheet based on different valuations in the tax balance sheet and the solvency balance sheet.

Assets [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Deferred tax assets	0	439,010	(439,010)

Table 33. Deferred tax assets

In the Solvency 2 accounts no deferred tax asset is calculated on reclassifications in order to avoid grossing up of deferred tax assets and liabilities.

Property, Plant and Equipment (for own use)

Assets [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Property, plant & equipment (for own use)	1,413,103	1,120,711	292,391

Table 34. Property, plant and equipment (for own use)

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. If parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items (main components) of property, plant and equipment.

The company regularly evaluates the market value of the main investment categories and revaluates them if the book value is estimated to be higher than the market value. Investments in rented properties are considered zero in SII, while the right-of-use asset is included in the SII under the IFRS16 leasing standard; these two effects cause the difference.

Shares in affiliated companies including participations

Assets [in Thousand HUF]	Solvency II	Statutory Values		Revaluation
Shares in affiliated companies, including participations	647,884	647,908	-	24

Table 35. Shares in affiliated companies, including participations

Participations are listed at carrying value. Subsidiaries are entities controlled by the company. The company controls a subsidiary if

- the company is able to exercise power over the subsidiary in which investments are held
- it is exposed to fluctuating returns from its participation and
- it is able to influence the amount of the returns as a result of its power.

Under Solvency II, the proportionate net asset value (determined according to Solvency II valuation principles) must be used as an investment value, provided that no exchange rate exists, in accordance with Article 13 of the Level 2 Regulation.

If the valuation of individual assets and liabilities in accordance with Article 75 of Solvency II Directive is not practicable for calculating the excess of assets over liabilities for related undertakings other than insurance or reinsurance, the participating undertaking may consider the equity method as prescribed in IFRS to be consistent with Article 75 of Solvency II Directive. In this case, the value of goodwill and other intangible assets that would be valued at zero (Article 12(2) Delegated Regulation), shall be deducted from the Participating undertaking Subsidiary. This valuation method was used for Participations which are not fully consolidated or quoted at Group level (which are not relevant for the UNIQA Group consolidation).

Interests in affiliated companies (including participations) are reported in local financial reports at original transaction cost, which explains the minimal difference in value.

Bonds

Assets [in Thousand HUF]	Solvency II	Statutory Values		Revaluation
Bonds	**31,787,322**	**34,936,993**	**-**	**3,149,671**
Government bonds	29,876,258	33,098,509	-	3,222,252
Corporate bonds	1,911,065	1,838,484		72,581
Structured debt securities	-	-		-
Asset backed securities	-	-		-

Table 36. Bonds

Under Solvency II bonds are listed at the current fair market value including accrued interest, which is established by using the official closing rate published by Bloomberg. Under Local GAAP bonds are measured at their purchase price not including accrued interests, value impaired if necessary. Under Local GAAP bonds held to maturity are amortized using the straight-line method, other bonds are

amortized using the effective-interest method: Disagio is shown under Any other assets, not elsewhere shown, whereas agio is shown under Any other liabilities, not elsewhere.

Bonds, for which a price quotation on an active market was present at the time of observation, have been recorded with the unaltered stock market or market price (mark-to-market). If no prices are quoted on active markets, the economic value was derived from comparable assets in consideration of a required adjustment of specific parameters (marking-to-market). If marking-to-market valuation was not possible, alternative valuation methods were used in the valuation (mark-to-model).

Undertakings for collective investment in securities

Assets [in Thousand HUF]	Solvency II	Statutory Values		Revaluation
Undertakings for collective investment	1,244,195	1,320,367	-	76,173

Table 37. Undertakings for collective investment in securities

Investment funds are valued at the last available daily net asset value issued by the fund manager and in case of non-domestic, non-local currency investment funds, multiplied by the relevant exchange rate.

Derivatives

Derivatives held in the portfolio are OTC FX options. Under Solvency II their value is based on the latest available market value received by the option writer partner. In Local GAAP the derivatives are off-balance items, thus it is not shown among the assets.

Assets for Unit- and Index-Linked Contracts

Assets [in Thousand HUF]	Solvency II	Statutory Values		Revaluation
Assets for unit- and index-linked contracts	162,716,571	162,957,056	-	240,485

Table 38. Assets for unit- and index-linked contracts

Assets for unit- and index-linked contracts are recognised for local financial statement as well as for the solvency balance sheet at the fair value. Due to the different observation dates for the local financial statements (30.12.2024) and Solvency II (31.12.2024) approaches are value differences.

Loans and Mortgages

Assets [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Loans and mortgages	**1,185**	**1,185**	**-**
Policy loans	1,185	1,185	-
Loans and mortgages for private individuals	-	-	-
Other loans and mortgages	-	-	-

Table 39. Loans and mortgages

When recognised, such assets are measured at carrying value in the local GAAP balance sheet and Solvency II as well.

Recoverables from reinsurance contracts

Recoverables from reinsurance contracts [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Recoverables from reinsurance contracts	**10,499,624**	**26,735,604**	**- 16,235,980**
Non-life insurances and health insurances similar to non-life	8,156,506	23,320,390	- 15,163,884
Non-life insurances except for health insurances	8,073,255	23,258,160	- 15,184,905
Health insurances similar to non-life	83,251	62,230	21,021
Life insurances and health insurances similar to life except for health insurances and unit- and index-linked insurances	2,343,118	3,415,213	- 1,072,096
Health insurance similar to life	46,885	34,280	12,606
Life insurance except for health insurance and unit- and index-linked insurances	2,296,233	3,380,934	- 1,084,701
Life insurances, unit- and index-linked	-	-	-

Table 40. Recoverables from reinsurance contracts

The item “Recoverables from reinsurance contracts“ includes the reinsurance share of technical provisions. According to the economic valuation approach of technical provisions under Solvency II, i.e. based on the discounted Best Estimate, future claims recovery cash flows from reinsurance counterparties less the expected future reinsurance premiums are recognised under reinsurance recoverables.

In the present Economic Balance Sheet, the following technical approaches have been used:

- Claims Provision recoverables, Non-Life and Health similar to non-life: Recoverables cash flows are calculated from the projected gross cash flows using gross-to-net proxy ratios, determined on the basis of the statutory amounts of claims provisions at a line-of-business granularity. An adjustment for counterparty default is applied following the simplified method described in Article 61 of Commission Delegated Regulation 2015/35.
- Premium Provision recoverables, Non-Life and Health similar to non-life: Recoverables cash flows are modelled in line with best estimate assumptions, including the modelling of reinsurance cash-flows based on the reinsurance model of UNIQA’s Partial Internal Model (PIM) Non-Life. The impact of proportional and non-proportional reinsurance agreements on future loss payments is thereby modelled in an explicit fashion. Apart from claims recoveries, reinsurance commissions and reinstatement premiums are included in the recoverables cash flow. An adjustment for counterparty default is applied following the simplified method described in Article 61 of Commission Delegated Regulation 2015/35.

- Recoverables for Non-Life Annuities (included in the recoverables for Life technical provisions): Recoverables cash flows are calculated from the projected gross cash flows using gross-to-net proxy ratios, determined on the basis of the statutory amounts of claims provisions at a line-of-business granularity. An adjustment for counterparty default is applied following the simplified method described in Article 61 of Commission Delegated Regulation 2015/35.
- Recoverables, Life and Health SLT Business: Reinsurance recoverables for Life and Health SLT business are considered as of low materiality and are currently not modelled in the cash flow projection models. The only life reinsurance recoverables taken into account in the economic balance sheet are the reinsurers' share of the claims reserve, with the statutory amount being used as a proxy.

Receivables towards insurances and intermediaries

Assets [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Receivables towards insurances and intermediaries	5,346,463	7,582,500	- 2,236,037

Table 41. Receivables towards insurances and intermediaries

This item includes receivables towards insurances and intermediaries. The local GAAP amount is adjusted in the economic balance sheet for the cancellation provision, reflecting the expected economic impact of the impairment of insurance premium receivables.

Reinsurance receivables

Assets [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Reinsurance receivables	2,034,592	1,267,250	767,342

Table 42. Reinsurance receivables

This item includes receivables from reinsurers, which were not categorized in the item of deposit receivables. The local GAAP carrying amount is taken into account, adjusted in the economic balance sheet for the reinsurers' part of the cancellation provision, reflecting the expected write-back of reinsurance premiums due to the impairment of direct premium receivables.

Receivables (trade, not insurance)

Assets [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Receivables (trade, not insurance)	713,891	713,891	-

Table 43. Receivables (trade, not insurance)

This item includes all receivables which do not derive from the insurance business. When recognised, such assets are measured at carrying value.

Cash and Cash Equivalents

Assets [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Cash and cash equivalents	7,440,857	7,440,631	226

Table 44. Cash and cash equivalents

Under this item credits at banks, cheques and cash balance are recognised. The valuation is achieved at an economic value which corresponds to the nominal value. Foreign currency cash balances in the local report are multiplied by the official exchange rates of the Central Bank of Hungary. The difference is due to differences in the exchange rate revaluation of foreign currency bank accounts.

Other Assets Not Reported Elsewhere

Assets [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Other assets not reported elsewhere	3,765,381	4,445,628	- 680,248

Table 45. Other Assets not reported elsewhere

Other assets include all assets which are not already contained in the other items of the asset side. For economic valuation purposes, the local GAAP items displayed in this position are cleaned of accrued investment revenue and of unrealised gains on the HTM bond portfolio (as the latter items are considered to be part of the market value of the respective investments).

D.2 Technical Provisions

Due to the type of liabilities, technical provisions of UNIQA Biztosító Zrt. are solely valued as “Best Estimate plus Risk Margin”. A replication of technical cash flows by means of financial instruments and thus a valuation in total are not considered.

The calculation of provisions, based on the Best Estimate, is a matter of revaluation of technical provisions in accordance with IFRS or local GAAP on an economic valuation. By the use of assumptions regarding the Best Estimate in the calculation of these future cash flows (instead of cautious valuation assumptions), so called Best Estimate provisions or Best Estimate liabilities can be obtained. Options and guarantees (TVFOG), as far as they are relevant, are included in the Best Estimate of the provisions.

The following table shows the Solvency II provisions compared to the corresponding provisions in accordance with Local GAAP of UNIQA Biztosító Zrt. on 31.12.2024:

Evaluation of Technical Provisions

Technical provisions [thousand HUF]		Solvency II	Statutory Values	Revaluation
1	**Technical provisions - non-life insurance**	**22,557,014**	**42,922,007**	**- 20,364,993**
1.1	Technical provisions - non-life insurance (except for health insurance)	21,885,814	41,232,696	- 19,346,881
1.1.1	*Technical provisions calculated in total*	-	*n.a.*	*n.a.*
1.1.2	*Best Estimate*	*21,404,754*	*n.a.*	*n.a.*
1.1.3	*Risk margin*	*481,061*	*n.a.*	*n.a.*
1.2	Technical provisions-health insurance (similar to non-life)	671,199	1,689,311	- 1,018,112
1.2.1	*Technical provisions calculated in total*	-	*n.a.*	*n.a.*
1.2.2	*Best Estimate*	*654,607*	*n.a.*	*n.a.*
1.2.3	*Risk margin*	*16,592*	*n.a.*	*n.a.*
2	**Technical provisions– life insurance (except for unit- and index-linked insurances)**	**8,551,224**	**12,925,616**	**- 4,374,391**
2.1	Technical provisions– health insurance (similar to life)	53,648	1,339,195	- 1,285,547
2.1.1	*Technical provisions calculated in total*	-	*n.a.*	*n.a.*
2.1.2	*Best Estimate*	*49,706*	*n.a.*	*n.a.*
2.1.3	*Risk margin*	*3,942*	*n.a.*	*n.a.*
2.2	Technical provisions – Life insurance (except for health insurance and unit- and index-linked insurances)	8,497,577	11,586,421	- 3,088,844
2.2.1	*Technical provisions calculated in total*	-	*n.a.*	*n.a.*
2.2.2	*Best Estimate*	8,024,746	*n.a.*	*n.a.*
2.2.3	*Risk margin*	472,830	*n.a.*	*n.a.*
3	**Technical provisions–unit- and index-linked insurances**	**145,566,409**	**164,605,159**	**- 19,038,750**
3.1	*Technical provisions calculated in total*	-	*n.a.*	*n.a.*
3.2	*Best Estimate*	*141,214,674*	*n.a.*	*n.a.*
3.3	*Risk margin*	*4,351,735*	*n.a.*	*n.a.*
4	**Other technical provision**	**n.a.**	**3,019,182**	**n.a.**
Technical provisions in total		**176,674,647**	**223,471,964**	**- 46,797,317**

Table 46. Evaluation of technical provisions

In the following paragraphs, the basic principles, methods and key assumptions, on which the evaluation for the solvency balance sheet is based, are described separately for technical provisions non-life and life. Furthermore, significant differences for the evaluation according to the local GAAP in the financial statement are quantitatively and qualitatively explained.

D.2.1 Technical Provisions Non-life

The methods used for the evaluation of the technical provisions are determined by the UNIQA Insurance Group AG and regulated in the UNIQA Group Best Estimate Standard non-life. This Group-standard is used in UNIQA Biztosító Zrt. in all lines of business of property and casualty insurance. The methods from non-life are used as well in health business which is practiced on a similar basis to that of a property and casualty insurance (Health- NSLT).

The methods chosen for the evaluation of technical provisions correspond to the current actuarial standards. Furthermore, they are selected in accordance with the materiality and complexity of the modelled risks.

In Solvency II the following parts of technical provisions are generally distinguished:

- Claims Reserve
- Premium Reserve
- Risk margin

In the calculation of the technical provisions all expenses that are also mentioned in Article 31 of the Delegated Acts are taken into account:

- Administrative expenses
- Investment management expenses
- Claims settlement expenses
- Acquisition expenses

The assumptions of future cost ratios within the cash flow projections are based on the planned expenses in the business plans of UNIQA Biztosító Zrt.

In order to evaluate each part, different methods are in place:

Claims Reserve

The **homogeneous risk group (HRG)** structure for estimation of claims outstanding is defined taking into account the nature and the risk profile of the products. The HRG structure is harmonised with the locally used performance management and accounting aggregations. Reinsurance structure is the basis of the HRG structure, however the latter one is less granular. The HRG structure is reviewed once in year by Actuarial Department and the related Product Department.

Claims triangles per homogeneous risk group and also information on individual atypical claims in some cases form the basis for the valuation of reserves of claims that have not yet been settled. Generally acknowledged static methods are used for the evaluation of the Best Estimate (if applicable):

- Chain ladder;
- Munich chain ladder;
- Cape Cod; and
- Bornhuetter-Ferguson

These methods are available on yearly and quarterly basis and they are calculated with incurred and payment figures as well.

In case these methods are not suitable (e.g. for business divisions where only limited claims data are available), other Best-Practice methods (e.g. based on incidence of loss/extent of damage) are applied.

Salvage, subrogation and ALAEs are included in the basis data. Salvage and subrogations are included with adjustment for their expected recovery rate. Annuities are taken into account as a lump-sum in the non-life claims provision calculation.

Large claims are handled separately in industrial business where the largest claims typically occur. CAT claims are not marked in the best estimate calculation, they are estimated together with other claims.

To determine the discounted best-estimate reserves, the cash flow patterns are determined from the paid claims triangles using the appropriate curve fitting method. Three different methods are available for modeller to choose the proper one or there is a possibility to use the historical cash flow pattern or make manual corrections. Undiscounted best estimate and cash flow patterns are reviewed by UNIQA Group actuaries.

Premium Reserve

The Premium Provision calculation process is an integral part of the Partial Internal Model (PIM) calculation and is used also for the Standard Approach.

For the calculation of the premium provision, the following categories of premiums – and related obligations – are considered:

- unearned premium; and
- unincepted premium (these provisions are estimated by modelling the cash flows within the contract boundaries and allowing for lapses)

Future premiums are considered within the contract boundary determined in accordance with Article 18 of Commission Delegated regulation 2015/35. In effect the contract boundary considered in non-life is the future date where the company has a unilateral right to terminate the contract. One-year and multi-year contracts are treated separately in the Premium Provision calculation. Lapses are distinguished from contract boundaries. Expected lapse rates, determined from historical experience, are used to adjust future premium cash flows.

Future claims are modelled consistently with PIM. Claims distributions are determined using the historical claims experience. Statistical goodness-of-fit criteria are used to select the most appropriate distributions for each segment. Expert judgement is used to supplement the data in those cases where sufficient historical experience is not available. The homogeneous risk group structure used for the Premium Provision calculation is more granular than the one used for Claims Provision, with the aim of closely reflecting the reinsurance structure. Three types of claims (attritional, large and CAT) are distinguished. Attritional claims are modelled via a total loss distribution, while a frequency-severity approach is used for the modelling of large claims. Catastrophe (CAT) claims are either derived from event sets generated by external natural catastrophe models. Payment patterns for future claims are determined separately by homogeneous risk group and claim type using triangle methods based on historical experience.

Operating expenses are modelled consistently with planning assumptions. Expected future acquisition cost, premium refund and insurance tax cash flows within the contract boundary are also included in the Premium Provision calculation.

Risk Margin

The risk margin is calculated as the present value of all future costs of capital of hypothetical reference undertakings taking over the insurance obligations of the company, calculated with the Solvency 2 standard cost-of-capital rate of 6% per annum.

Following Level 2 (Implementing measures solvency 2) Article 38(1), it is assumed that a non-life reference undertaking takes over the obligations related to non-life activities. The reference undertakings are assumed to be empty before the hypothetical portfolio transfer. After the transfer, the reference undertakings raise eligible own funds equal to the SCR necessary to support the insurance obligations over their remaining lifetime. In line with Level 2 Article 38(1) it is also assumed that the reference undertakings do not take up new insurance obligations beyond the existing contract boundaries (e.g. it is assumed that contracts are terminated at the first possible future date where the company has a unilateral right to terminate a contract).

The future SCRs of the reference undertakings are approximated by scaling each relevant risk module (or submodule) proportionally to the projected value of the relevant risk driver(s).

Degree of Uncertainty

The parameters and assumptions used for the calculation of technical provisions are subject to natural uncertainty due to possible variations in the benefits and costs, as well as economic assumptions such as discount rates.

As UNIQA built a Partial Internal Model to quantify it's Non-Life underwriting risk, the full distribution of the underwriting results is available and is used to get an understanding about the volatility in the Best Estimate reserve.

Overview of the BE as at Valuation Date 31.12.2024

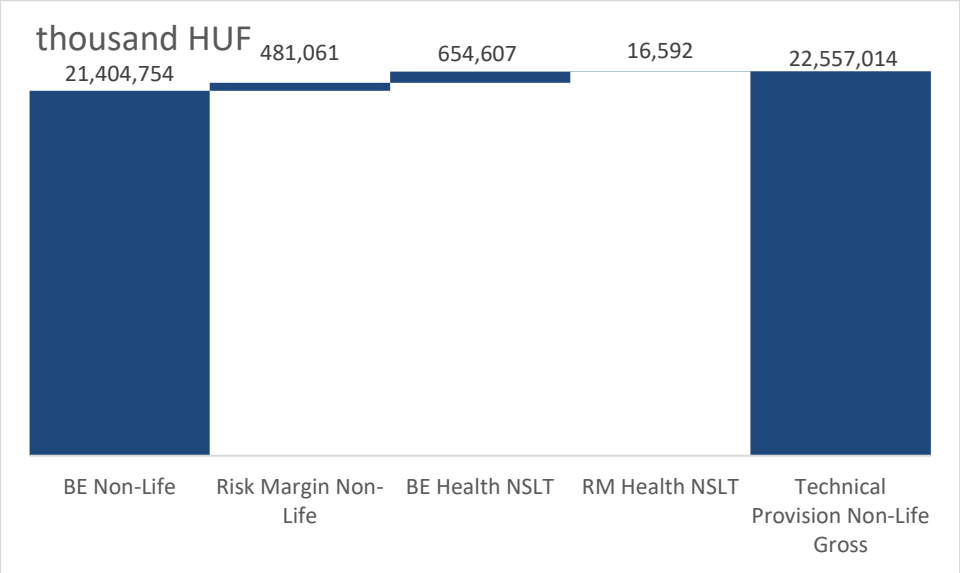

Figure 16. Technical provisions non-life & health-NSLT

The Best Estimate-reserves are mostly determined by claims reserves (CO), the premium reserve represents a smaller part. In order to calculate the technical provisions, no significant simplified methods were used. The same applies to the calculation of the risk margin.

Reconciliation of Gross Technical Provisions Non-life & Health-NSLT to Local GAAP Balance Sheet

Technical provisions [thousand HUF]	Solvency II	Statutory Values	Revaluation
Technical provisions – non-life insurance	**22,557,014**	**42,922,007**	**- 20,364,993**
Technical provisions – non-life insurance (except for health insurance)	21,885,814	41,232,696	- 19,346,881
Technical provisions calculated in total	-	*n.a.*	*n.a.*
Best Estimate	*21,404,754*	*n.a.*	*n.a.*
Risk margin	*481,061*	*n.a.*	*n.a.*
Technical provisions – health insurance (similar to non-life)	671,199	1,689,311	- 1,018,112
Technical provisions calculated in total	-	*n.a.*	*n.a.*
Best Estimate	*654,607*	*n.a.*	*n.a.*
Risk margin	*16,592*	*n.a.*	*n.a.*

Table 47. Evaluation of gross technical provisions

In property and casualty insurance under Solvency II, the technical provisions are less valuated than under local GAAP. The main reasons are:

- Claims reserves in Solvency II are shown as discounted, which has significant effect since there are high reserve stocks of long processing liability insurances.
- The unearned premium (UPR) represents in the accounting – in accordance with IFRS and the local GAAP - the equivalent to the premium provision's Best Estimate. Since not the whole UPR can be provisioned but a small part net of claims and fixed costs, there is a revaluation effect in Solvency II. Acquisition commissions are already paid, thus they are no longer considered in the cash flow.
- When it comes to the calculation of net liabilities, external reinsurance business are taken into consideration.

The following table compares the changes of Solvency II technical provisions between the last and current period.

Technical provisions [thousand HUF]	31/12/2023	31/12/2024	Difference
Technical provisions – non-life insurance	**26,537,216**	**22,557,014**	**- 3,980,202**
Technical provisions – non-life insurance (except for health insurance)	25,924,732	21,885,814	- 4,038,917
Technical provisions calculated in total	-	-	-
Best Estimate	*25,433,861*	*21,404,754*	*- 4,029,107*
Risk margin	*490,871*	*481,061*	*- 9,810*
Technical provisions – health insurance (similar to non-life)	612,484	671,199	58,715
Technical provisions calculated in total	-	-	-
Best Estimate	*586,601*	*654,607*	*68,006*
Risk margin	*25,883*	*16,592*	*- 9,291*

Table 48. Comparison of gross technical provisions

Technical Provisions decreased during the year because of the lower Premium Provision, Claim Reserve and Technical Provision Not Revalued.

In case of Motor vehicle insurance, the Premium Provision and Claims Reserve decreased due to better loss ratio. In 2024, The loss ratio was better than expected. There was not any large claim on this LoB.

In case of General liability insurance and Miscellaneous financial loss, the Premium Provision decreased because of the lower acquisition commission ratio. There were some contracts that had not yet started, but the acquisition commission had already been paid. This has reduced the ratio.

Technical Provisions decreased during the year driven by lower Technical Provision Not revalued, where the Extraordinary Tax was shown. The tax rate is lower than last year.

The following table shows the reconciliation of the Local GAAP values to Solvency II values per segment of the largest LoBs in non-life insurance:

Thousand HUF	Solvency II	Statutory Values	Revaluation
Technical provisions – non-life insurance	**22,557,014**	**42,922,007**	**-20,364,993**
Motor vehicle liability insurance	**9,929,992**	**14,701,481**	**-4,771,489**
Technical provisions calculated as a whole	*n.a.*	*14,701,481*	*n.a.*
Best Estimate	*9,834,717*	*n.a.*	*n.a.*
Risk margin	*95,276*	*n.a.*	*n.a.*
Other motor insurance	**5,830,651**	**7,423,902**	**-1,593,251**
Technical provisions calculated as a whole	*n.a.*	*7,423,902*	*n.a.*
Best Estimate	*5,713,561*	*n.a.*	*n.a.*
Risk margin	*117,090*	*n.a.*	*n.a.*
Fire and other damage to property insurance	**3,321,212**	**6,445,916**	**-3,124,704**
Technical provisions calculated as a whole	*n.a.*	*6,445,916*	*n.a.*
Best Estimate	*3,130,185*	*n.a.*	*n.a.*
Risk margin	*191,027*	*n.a.*	*n.a.*
General liability insurance	**1,356,739**	**4,408,955**	**-3,052,216**
Technical provisions calculated as a whole	*n.a.*	*4,408,955*	*n.a.*
Best Estimate	*1,332,102*	*n.a.*	*n.a.*
Risk margin	*24,636*	*n.a.*	*n.a.*

Table 49. Evaluation of technical provisions for largest Non-Life LoBs

The revaluation differences per Line of Business comes from the same reasons as already mentioned above for the company level. Large effects being in the two longest tailed businesses, namely Motor vehicle liability and General liability.

D.2.2 Technical Provisions Life & Health (SLT)

Description of Methods to Evaluate Technical Provisions

A Best Estimate reserve can be interpreted as a statutory reserve net of all prudent assumptions.

Thus, the re-evaluation of reserves implies replacing prudent assumptions (e.g. mortality, expenses) by best estimate assumptions. Under the principle of equivalence a reserve in life insurance is defined as difference of present value of future benefits and present value of future premiums. Calculating those future cash flows using best estimate assumptions (instead of prudent assumptions stated in the technical note) leads to a reserve called Best Estimate reserve or Best Estimate Liability.

In case of Incurred but not reported (IBNR) and Reported but not settled (RBNS) claim reserve, Profit sharing reserve for group policies Best Estimate reserve is based on the Statutory Reserve and discounting is applied.

Unit-Linked Business (UL)
A deterministic projection model is used. Insurance products are reflected in the model as homogeneous risk groups and each model point corresponds to a single policy or a part of it. Investment return (unit growth) assumptions are consistent with the risk-free forward reference rates. Nearly all unit-linked policies are covered by the projection; a scaling factor based on unit reserves is applied to account for the marginal gap in the model coverage.

Traditional Business with Profit Sharing (WP)
A deterministic projection model is used. Insurance products are reflected in the model as homogeneous risk groups and each model point corresponds to a single policy or a part of it. Investment assumptions are consistent with the risk-free forward reference rates. Some products are

not covered by the projection; a scaling factor based on statutory reserves is applied for the rest to account for the small gap in the model coverage.

Traditional Business without Profit Sharing (WoP)
A deterministic projection model is used. Insurance products are reflected in the model as homogeneous risk groups and each model point corresponds to a single policy or a part of it. Since 12.31.2019 the Funeral products are also modelled within this Line of Business, which are similar to the term life products in their main characteristics. The projection model does not have full coverage; the best estimate of those products that are currently out of the model scope is approximated by the statutory (Solvency 1) reserves.

Health SLT (HSLT)
A deterministic projection model is used. Insurance products are reflected in the model as homogeneous risk groups and each model point corresponds to a single policy or a part of it. The projection model does have full coverage.

Non-Life Annuities
The best estimate of non-life annuities is calculated by a cash-flow model. Mortality rates are taken from the 2016 Hungarian mortality table. The cash flow model includes an expense loading and an indexation assumption.

Assumptions

The assumptions relating to the Best Estimate are determined on the basis of the past, present and expected development and includes also other relevant data. The best estimate assumptions are used for a number of purposes including SII, ALM report and IFRS17. These assumptions are reviewed and updated annually and they are considered separately for each product group.

Profit Participation
The Company allocates a percentage of the earned interest over the guaranteed technical interest rate to each policyholder. The percentage is determined in the products terms and conditions. Regarding currently existing products it is either 80%, 85% or 90%. For the purpose of Best Estimates the actual percentage was used per product. Declared bonuses are treated in one of three possible ways, depending on the product. The three product groups with respect to profit sharing are: Increase of Sum Assured, Revalorization and Profit Account. These are treated separately in the Cash-Flow model according to the product terms and conditions.

Costs
Cost assumptions are based on the actual costs that are incurred in the years before the valuation date and the planned cost figures for the next calendar year. The allocation of expenses between initial and renewal expense assumptions reflects the reality. The allocation of expenses is differentiated by product class and between regular and single premium contracts.

Extraordinary costs, which are not expected in the future, are not included in the cost allocation. Additional costs are included in the allocation of costs in the event they are expected in the future.

Maintenance expenses are derived from planned figures which are based on the company total actual expenses adjusted. The cost amount of group, term and rider subportfolios are calculated using a premium based ratio. The traditional WP and UL portfolio are calculated using premium based and reserves based ratio and unit cost.

Future inflation is applied to modelled expenses in line with the inflation rates projected by the Central Bank of Hungary.

Cancellation
The used lapse and paid-up rates are based on the previous years' experience. The analysis was carried out based on number of policies.

Lapse rates are based on an analysis of historic lapse rates, in particular on the average of the experienced lapse rates of the past years. For new products the lapse rates are based on the assumptions for similar products.

Lapse rates are derived independently for the main product groups and policy year. The current lapse assumptions are based on the previous years' lapse experience, except where there were not enough data to calculate a reliable lapse assumption. We assumed that a relative standard error (RSE) value below 30% indicates a reliable lapse rate in this case.

Lapse rates are derived solely from raw data, without fitting any regressions. This way, seasonalities due to loyalty bonus payments and other critical decision points are not averaged out increasing the chance of experience variance.

Long term lapses are not extrapolated, but last representative data is used as a constant assumption for the future periods without prior experience.

Dynamic lapse assumptions are not used.

Commission
The estimates of the commission are based on the commission agreements in force with sales partners.

Mortality and Disability
The assumptions of mortality and disability are based on the Best Estimate for future events. The developments from the past are therefore taken into account. If this information should not be enough, developments from the sector will be used as well.

Interest Rate Assumptions
The interest rate assumptions, in the calculation of the reserves for the Best Estimate, are derived under Solvency II on the basis of the given risk-free interest rates. The interest rate assumptions have the strongest influence on the value of the Best Estimate reserves in the traditional life insurance business. The interest rate assumptions as of 31 December 2024 are as follows:

Risk-free interest rates 2024 (excl. Volatility Adjustment)

Year	EUR	HUF
1	2.24%	5.68%
5	2.14%	6.36%
10	2.27%	6.52%
15	2.33%	6.89%
20	2.26%	7.00%
25	2.30%	6.80%

Table 50. Interest rate assumptions

Risk Margin

The risk margin is calculated as the present value of all future capital costs. Thereby the future SCRs are updated analogously to the processing of the Best Estimate. Furthermore, the capital costs of 6 per cent are fixed. It is assumed that all market risks are hedgeable.

Following Level 2 Article 38(1), it is assumed that a life reference undertaking takes over the obligations relating to life activities. The reference undertakings are assumed to be empty before the hypothetical portfolio transfer. After the transfer, the reference undertakings raise eligible own funds equal to the SCR necessary to support the insurance obligations over their remaining lifetime. In line with Level 2 Article 38(1) it is also assumed that the reference undertakings do not take up new insurance obligations beyond the existing contract boundaries (e.g. it is assumed that contracts are terminated at the first possible future date where the company has a unilateral right to terminate a contract).

UNIQA uses an approach that calculates the future SCRs via their risk drivers. An example for a risk driver would be the trend of administrative costs in comparison to the development figure of the cost of risk capital. The risk margin is calculated on a net basis after deduction of reinsurance.

Degree of Uncertainty

The degree of uncertainty of technical provisions is reviewed within the analysis of change. In the analyses of the change the observed parameters are compared with the assumptions in the projection. If the development of the technical provisions can be explained with observed parameters, this means that all relevant risks are adequately depicted.

In the analyses of the change, it is shown particularly how realized events, in comparison with initially assumed parameters, affect the value of technical provisions under Solvency II.

Overview of the BE as at Valuation Date 31.12.2024

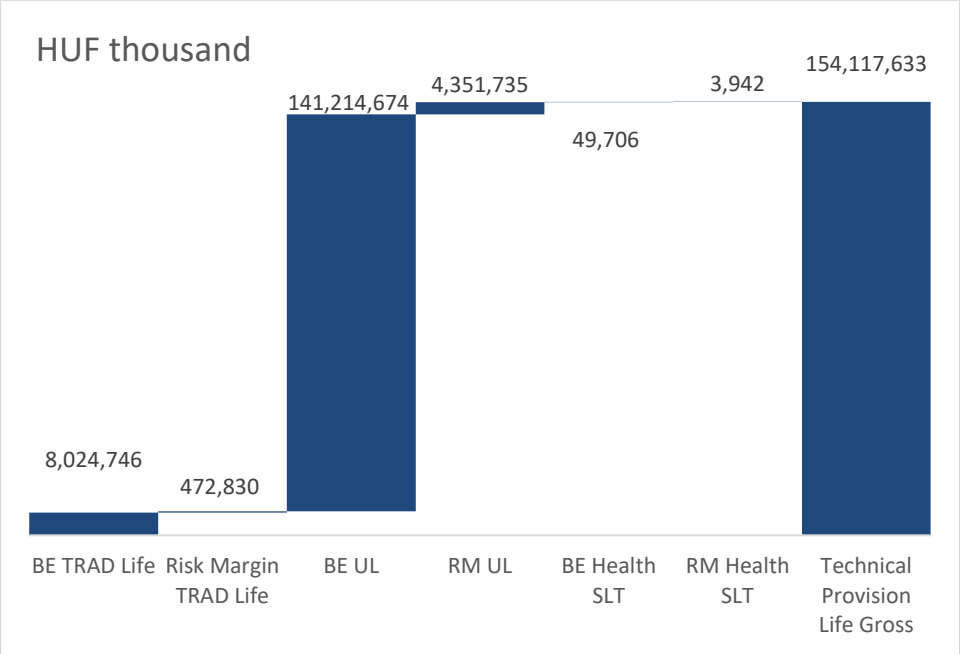

Figure 17. Technical provisions Life & health (SLT) (in THUF)

In order to calculate the technical provisions no significant simplified methods were used. The same applies to the calculation of the risk margin.

Reconciliation of Gross Technical Provisions to Local GAAP Balance Sheet

Technical provisions [thousand HUF]	Solvency II	Statutory Values	Revaluation
Technical provisions– life insurance (except for unit- and index-linked insurances)	**8,551,224**	**12,925,616**	**- 4,374,391**
Technical provisions– health insurance (similar to life)	53,648	1,339,195	- 1,285,547
Technical provisions calculated in total	-	*n.a.*	*n.a.*
Best Estimate	*49,706*	*n.a.*	*n.a.*
Risk margin	*3,942*	*n.a.*	*n.a.*
Technical provisions – Life insurance (except for health insurance and unit- and index-linked insurances)	8,497,577	11,586,421	- 3,088,844
Technical provisions calculated in total	-	*n.a.*	*n.a.*
Best Estimate	8,024,746	*n.a.*	*n.a.*
Risk margin	472,830	*n.a.*	*n.a.*
Technical provisions–unit- and index-linked insurances	**145,566,409**	**164,605,159**	**- 19,038,750**
Technical provisions calculated in total	-	*n.a.*	*n.a.*
Best Estimate	*141,214,674*	*n.a.*	*n.a.*
Risk margin	*4,351,735*	*n.a.*	*n.a.*
Other technical provision	**n.a.**	**3,019,182**	**n.a.**

Table 51. Evaluation of gross technical provisions - Life

In the Traditional Life business (without health and index- and unit-linked business) the Technical Provisions under Solvency II, compared to Local GAAP, are lower on Company level. This is driven on one hand by the effect of discounting and on the other hand prudent assumptions in statutory provisions. It should also be taken into account that under Solvency II future profit participation (in comparison with Local GAAP) is a part of the provision.

For the unit- and index-linked business, which has much lower interest sensitivity, provisions in the solvency balance sheet under Solvency II are smaller than those under Local GAAP by a large margin. This is driven by the expected future profits recognized in the Technical Provisions.

The effect of revaluation of Local GAAP to Solvency II in the health insurance business (HSLT) leads to a reduction of technical provisions mainly because contract boundary is set to next policy's anniversary. Cash flows after this moment are not taken into account under Solvency II Best estimation calculation.

The following table compares the changes of Solvency II technical provisions between the last and current period.

Technical provisions [thousand HUF]	31/12/2023	31/12/2024	Difference
Technical provisions– life insurance (except for unit- and index-linked insurances)	**8,920,352**	**8,551,224**	**- 369,127**
Technical provisions– health insurance (similar to life)	41,403	53,648	12,244
Technical provisions calculated in total	-	-	-
Best Estimate	*37,070*	*49,706*	*12,636*
Risk margin	*4,333*	*3,942*	*- 392*
Technical provisions – Life insurance (except for health insurance and unit- and index-linked insurances)	8,878,948	8,497,577	- 381,372
Technical provisions calculated in total	-	-	-
Best Estimate	8,483,482	*8,024,746*	*- 458,736*
Risk margin	395,466	*472,830*	*77,364*
Technical provisions–unit- and index-linked insurances	**126,694,416**	**145,566,409**	**18,871,993**
Technical provisions calculated in total	-	-	-
Best Estimate	*123,024,696*	*141,214,674*	*18,189,978*
Risk margin	*3,669,720*	*4,351,735*	*682,015*
Other technical provision	**n.a.**	**n.a.**	

Table 52. Comparison of gross technical provisions

The technical provisions increased for unit- and index-linked insurances due to the new business portfolio and due to the market effect.

Transitional Measures

The volatility adjustment, as defined in Article 77d SII Directive 2009/138/EC, was adapted in the Solvency II calculation for all lines of business. No matching adjustment or transitional discounting rates have been used.

The volatility adjustment is additionally added to the risk-free interest curve. In the following table, the effect of the volatility adjustment is shown:

In Thousand HUF	With volatility adjustment	Without volatility adjustment and without other transitional measures	Effect
Technical provisions	176,674,647	176,620,321	54,326
Basic own funds	33,903,112	34,067,367	- 164,255
Eligible own funds to meet Solvency Capital Requirement	33,903,112	34,067,367	- 164,255
SCR	17,509,496	17,515,070	- 5,574
Eligible own funds to meet Minimum Capital Requirement	28,680,625	28,845,582	- 164,957
Minimum Capital Requirement	6,096,588	6,100,098	- 3,510

Table 53. Technical provisions Life – Non-Life - Health (volatility adjustment)

Besides the volatility adjustment no other significant transition measures were used for the calculation of the technical provision.

D.3 Other Liabilities

The following table shows a comparison of all other liabilities at the reporting date 31.12.2024, valued in accordance with Solvency II and Local GAAP.

	Other liabilities [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
1	Contingent liabilities	-	-	-
2	Provisions other than technical provisions	147,632	147,632	-
3	Pension benefit obligations	-	-	-
4	Deposits from reinsurers	11,261	60,016	- 48,755
5	Deferred tax liabilities	1,663,473	-	1,663,473
6	Derivatives	-	-	-
7	Debts owed to credit institutions	-	-	-
8	Financial liabilities other than debts owed to credit institutions	400,439	-	400,439
9	Insurance & intermediaries payables	6,046,234	6,046,234	-
10	Reinsurance payables	2,907,655	2,858,900	48,755
11	Payables (trade, not insurance)	3,731,869	3,731,869	- 0
12	Subordinated liabilities	6,441,804	6,151,350	290,454
12.1	*Subordinated liabilities not in BOF*	-	-	-
12.2	*Subordinated liabilities in BOF*	*6,441,804*	*6,151,350*	*290,454*
13	Any other liabilities, not elsewhere shown	2,124,857	10,060,651	- 7,935,794
	Other liabilities total	**23,475,223**	**29,056,652**	**- 5,581,429**

Table 54. Other liabilities

The following classes of assets are not available at the reporting date 31.12.2024 and will not be further commented:

- Contingent liabilities;
- Pension benefit obligations
- Derivatives

- Debts owed to credit institutions

Provisions other than technical provisions

Other liabilities [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Provisions other than technical provisions	147,632	147,632	-

Table 55. Provisions other than technical provisions

Deposits from reinsurers

Deposits from reinsurers

Other liabilities [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Deposits from reinsurers	11,261	60,016 -	48,755

Table 56. Deposit from reinsurers

Both for the local GAAP and for the solvency balance sheet, liabilities are valued at the settlement amount. As the same approach is applied under Solvency II, there are no valuation differences.

The difference is reclassified in Solvency II on the position “Reinsurance payables”, in the local GAAP on the position “Deposits from reinsurers”.

Deferred tax liabilities

Other liabilities [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Deferred tax liabilities	1,663,473	-	1,663,473

Table 57. Deferred tax liabilities

The starting point of valuing deferred tax liabilities for solvency purposes is the value of deferred tax liabilities in the consolidated IFRS balance sheet. This value is further adjusted for the valuation differences between economic and IFRS values (hidden reserves multiplied by the tax rate). An effective tax rate of 11,3% has been estimated for the purpose of the latter adjustments.

Financial liabilities other than debts owed to credit institutions

[in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Financial liabilities other than debts owed to credit institutions	400,439	-	400,439

Table 58. Financial liabilities other than debts owed to credit institutions

A lease liability under IFRS16 leasing standard is recognised in the SII, but not in local accounting standards.

Insurance & intermediaries payables

Other liabilities [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Insurance & intermediaries payables	6,046,234	6,046,234	-

Table 59. Liabilities to insurance companies and agents

This item includes liabilities payable to insurance companies and intermediaries. Both for the local GAAP financial statements and for the solvency balance sheet liabilities are valued at the settlement amount.

Reinsurance payables

Other liabilities [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Reinsurance payables	2,907,655	2,858,900	48,755

Table 60. Reinsurance payables

This item includes reinsurance payables. Both for the local GAAP and for the solvency balance sheet liabilities are measured at carrying value. The difference is reclassified in the local GAAP to the position “Deposits from reinsurers”.

Payables (trade, not insurance)

Other liabilities [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Payables (trade, not insurance)	3,731,869	3,731,869	- 0

Table 61. Payables (trade, not insurance)

This item includes liabilities, which cannot be assigned to other categories. Both for the local GAAP and for the solvency balance sheet, liabilities are measured at carrying value. As the same approach is applied under Solvency II, there are no valuation differences.

The difference is reclassified in the local GAAP to the position “Receivables (trade, not insurance)”.

Any other liabilities, not elsewhere shown

Other liabilities [in Thousand HUF]	Solvency II	Statutory Values	Revaluation
Any other liabilities, not elsewhere shown	2,124,857	10,060,651	- 7,935,794

Table 62. Any other liabilities, not elsewhere shown

This item includes any other liabilities that are not shown elsewhere. This item includes miscellaneous payables e.g. tax and social security that are not related to insurance technical accounts.

These liabilities include accrued expenses valued at the local GAAP amount, cleaned of the reinsurance share of deferred acquisition costs and of unrealised losses on the HTM bond portfolio.

There is also a difference in the accrued interest on subordinated loan capital, which in the case of the Solvency II Directive has been shown under subordinated loan capital.

D.4 Alternative Methods for Valuation

UNIQA Biztosító Zrt. uses no alternative methods for valuation.

D.5 Any Other Information

UNIQA Biztosító Zrt. has no further information to disclose related to the valuation used for solvency purposes.

E. Capital Management

E.1 Own Funds

This chapter contains information about own funds and the management of it. One of the most important targets of the top management is to be well capitalized over the time and to have enough own funds in place to manage large losses and negative financial business events.

Through active own fund management, UNIQA Biztosító Zrt. assures that the company's capitalisation is always adequate. There have to be sufficient available own funds in order to correspond to the capital requirements which have been calculated using the standard formula according to the requirements of the Supervisory Authority under Solvency II.

The management of own funds also aims to ensure the stability of UNIQA Biztosító Zrt.'s financial performance and to maintain the capital adequacy ratio above 150%, as laid down in the company's Risk Strategy for year 2025.

As long as strategic planning and capital strength allow for it, (taking into account MNB recommendations) UNIQA Biztosító Zrt. returns non-used capital in the form of dividends to its shareholders.

The overall solvency is regularly monitored in order to correspond to the overall solvency requirement.

A solvency ratio limit and capital requirement system with thresholds defines measures and escalation levels to be taken, if capitalisation falls below a certain level. This process guarantees that every time there is adequate and optimal own funds level to run the business.

The planning of the capital management activities and the overall solvency requirement for the internal risk model (ORSA, pillar 2) is based on a time horizon of 5 years.

Furthermore, UNIQA implemented the following processes for the management of own funds:

- The excess of assets over liabilities including own funds inside or outside the IFRS financial statements is monitored regularly.
- This comprises different categories of own funds ("tiers") in accordance with Solvency II in order to oppose the overall solvency requirement to the available own funds.
- Consequently, a possible adaptation need to meet the regulatory own funds requirements can be reviewed regularly.

In the reporting period, no major changes in connection to the management of own funds were carried out.

Classification of own funds in categories

In accordance with Solvency II, own funds, which differ in their capacity to absorb losses, are classified in categories, so-called Tiers. This varying capacity to absorb losses is shown in Figure 18.The loss absorbing capacity of Tier 1 own funds is estimated higher than that of Tier 2 and Tier 3 own funds respectively.

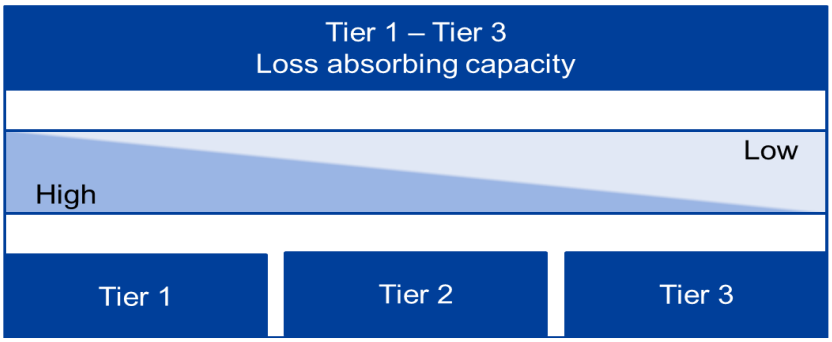

Figure 18. Loss absorbing capacity of own funds

As will be shown in the course of this section, UNIQA Biztosító Zrt. does not possess Tier 3 own funds. Figure 19 represents the relevant quality criteria for the respective own fund categories.

Quality criteria	Tier 1 restricted	Tier 2	Additional Tier 2
Capacity to absorb losses	Capacity to absorb losses in Going concern and winding-up	Capacity to absorb losses at least in winding-up	Capacity to absorb losses at least in winding-up
Maturity period	Unlimited maturity period; first contractual possibility to redeem or pay back at the earliest 5 years after issue	Unlimited or	Unlimited or initial maturity period of at least 5 years
Subordination ranking	Equal or preferential to the share capital or foundation funds respectively, subordinate to Tier 2- and Tier 3-basic own fund components, as well as to claims of all policy holders and entitled beneficiaries and non-subordinate creditors	Subordinate to all claims of all policy holders, entitled beneficiaries and non-subordinate creditors	Subordinate to all claims of all policy holders, entitled beneficiaries and non-subordinate creditors

Figure 19. Quality criteria per tier relevant to UNIQA Biztosító Zrt.

Reconciliation of local GAAP equity to regulatory own funds

Position [in Thousand HUF]	2024
Local GAAP equity incl. own shares	**10,957,773**
Revaluation of assets	- 35,875,211
Goodwill	*n.a.*
Deferred acquisition costs	*n.a.*
Participations	- *24*
Real estate	*292,391*
Loans	-
Others	- *36,167,579*
Revaluation of technical provision	- *24,739,385*
Technical provision non-life and Health similar to NL	- 20,364,993
Technical provision life & health similar to Life	- 4,374,391
Other technical provision	n.a.
Revaluation of other provisions	- *5,581,429*
Deferred tax liabilities	1,663,473
Other	- 7,244,901
Economic own funds	33,903,112
Planned Dividend	-
Tier 1 - Restricted	-
Tier 2	6,441,804
Basis own funds	33,903,112

Table 63. Reconciliation of local GAAP equity to regulatory own funds

The essential drivers for the significantly higher own funds according to Solvency II compared to local GAAP equity are the following:

- Intangible assets are evaluated at zero in the solvency balance sheet.
- Deferred acquisition costs are evaluated at zero in the solvency balance sheet.
- Local GAAP values of participations, replaced by market values that are significantly higher on the valuation date.

- Technical provisions and reinsurance receivables are treated at significantly different values in the regulatory own funds than according to the local GAAP. This is because they are evaluated on the basis of the discounted Best Estimate that includes a risk margin.

Information on own funds

Position [in Thousand HUF]	2024
Basic own funds	**33,903,112**
Tier 1	27,461,308
Core capital	8,685,082
Other posts	16,008,837
Planned dividends	-
Revaluation reserve according to IAS 39	*- 2,767,389*
Reconciliation reserve	*18,776,226*
Tier 1 Restricted – subordinated liabilities	-
Tier 2 – Subordinated liabilities	6,441,804
Tier 3 –Deferred tax assets	-
Reduction due to tiering limits	-
Own funds for coverage of SCR	33,903,112

Table 64. Information on own funds

According to Solvency II requirements, there are defined limits for whether or not the various tiers are eligible. Tier 1 own funds are of the highest quality and can therefore be used entirely to cover the regulatory capital requirements. In the current reporting period, the composition of own funds is extended by a Tier 2 capital to strengthen the undertaking's solvency position above the level according to the Regulator's guideline.

Table 65 shows the capital quality of UNIQA Biztosító Zrt. as at 31 December 2024 and the portion that can be used to cover the solvency requirement of UNIQA Biztosító Zrt.. Within UNIQA Biztosító Zrt., regulatory own funds consist mainly of Tier 1 capital (capital of the highest quality) that may be used entirely to cover the capital requirement and a smaller amount of Tier2 capital.

Position	in Thousand HUF	in %
Tier 1	27,461,308	81%
Tier 1 Restricted	-	0%
Tier 2	6,441,804	19%
Total	**33,903,112**	

Table 65. Own funds in the reporting period

Eligible own funds (coverage of SCR and MCR per Tier)

Under Solvency II, there are the following limitations which have been taken into account for the imputation of available own funds on the capital requirement (SCR/MCR). In accordance with the

Delegated Regulation concerning the determination of eligible own funds for the coverage of the capital requirements, UNIQA Biztosító uses the following limitations:

Coverage of SCR and MCR per Tier	Limitation [per cent]	Limitation [in Thousand HUF]
SCR-Coverage		
Tier 1	Min. 50% of SCR	8,754,748
Tier 1 Restricted	Max. 20% of the total Tier 1	-
Tier 3	Max. 15% of SCR	2,626,424
Tier 2 + Tier 3	Max. 50% of SCR	8,754,748
MCR-Coverage		**-**
Tier 1	Min. 80% of MCR	4,877,270
Tier 1 Restricted	Max. 20% of the total Tier 1	-
Tier 2	Max. 20% of MCR	1,219,318

Table 66. Eligible own funds (general)

The following table shows the eligible own funds of UNIQA Biztosító Zrt. for SCR and MCR of available own funds as at 31 December 2024. On the valuation date, no additional own funds existed.

Components of own funds [in Thousand HUF]	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Basic own funds	33,903,112	27,461,308	-	6,441,804	-
Eligible own funds to cover SCR	33,903,112	27,461,308	-	6,441,804	-
Eligible own funds to cover MCR	28,680,625	27,461,308	-	1,219,318	-

Table 67. Eligible own funds as at 31 December 2024

Despite the quota which has to be calculated in the framework of Solvency II and that is indicated in the quantitative reporting template [QRT] S.23.01, UNIQA Biztosító Zrt. does not use any other supplementary quotas.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

For calculating the solvency capital requirement (SCR), UNIQA Biztosító Zrt. uses a partial internal model integrated into the standard formula. The partial internal model covers non-life underwriting risk and health underwriting risk similar to non-life (NSLT). The calculation of the solvency capital requirement is carried out in accordance with the applicable Solvency II regulations and assumes that business activities are continued on a going-concern basis. The solvency capital requirement is calibrated so as to ensure that all quantifiable risks UNIQA Biztosító Zrt. is exposed to are taken into account. This covers not only existing business but also new business expected to be written over the following twelve months. With respect to existing business, the solvency capital requirement covers only unexpected losses.

The solvency capital requirement corresponds to the value at risk of the basic own funds at a 99.5 per cent confidence level over a one-year period, meaning that it represents an amount of loss whose probability of occurrence over a one-year period is 1 in 200.

The following overview shows the solvency and minimum capital requirement at the end of the reporting period on the valuation date of 31 December 2024, as well as the own funds eligible to meet each capital requirement.

In Thousand HUF	2024
Eligible own funds to meet Solvency Capital Requirement	33,903,112
Solvency Capital Requirement (SCR)	17,509,496
Eligible basic own funds to meet Minimum Capital Requirement	28,680,625
Minimum Capital Requirement (MCR)	6,096,588

Table 68. Solvency and minimum capital requirement and own funds

The detailed breakdown of the solvency capital requirement by risk modules is described in Section C on the risk profile. The non-life and health NSLT underwriting risk module has been calculated by the partial internal model, while all other risk modules have been calculated by the standard formula. Simplified calculations have been used for the calculation of the following modules and sub-modules:

- life mortality risk (for part of the portfolio), according to Article 91 of Delegated Regulation (EU) 2015/35
- life disability-morbidity risk (for part of the portfolio), according to Article 93 of Delegated Regulation (EU) 2015/35
- life expense risk (for part of the portfolio), according to Article 94 of Delegated Regulation (EU) 2015/35
- life catastrophe risk (for part of the portfolio), according to Article 96 of Delegated Regulation (EU) 2015/35

UNIQA Biztosító Zrt. does not use undertaking-specific parameters for calculating the solvency capital requirement.

No capital add-on is applied to the solvency capital requirement of UNIQA Biztosító Zrt.

The minimum capital requirement corresponds to an amount of eligible basic own funds below which policyholders and beneficiaries are exposed to an unacceptable risk if an undertaking were allowed to continue its operations. It is calculated by a linear function of technical provisions, written premiums and capital-at-risk. It shall neither fall below 25% nor exceed 45% of the solvency capital requirement. It is subject to an absolute floor defined in Article 129(1) of Directive 2009/138/EC. The minimum capital requirement is calculated according to the detailed rules set out by Articles 248–253 of Delegated Regulation (EU) 2015/35.

Information about the inputs of the calculation of the minimum capital requirement of UNIQA Biztosító Zrt. as at the end of 2024 is displayed in the table below.

Non-life linear formula inputs	Non-life activities		Life activities	
	Net best estimate and TP calculated as a whole	Net written premiums in the last 12 months	Net best estimate and TP calculated as a whole	Net written premiums in the last 12 months
Medical expense	-	-	-	-
Income protection	571,356	4,841,522	-	-
Workers' compensation	-	-	-	-
Motor vehicle liability	5,069,426	10,378,338	-	-
Other motor	3,648,053	12,430,301	-	-
Marine, aviation and transport	61,813	327,828	-	-
Fire and other damage to property	2,514,326	6,334,378	-	-
General liability	1,303,931	942,016	-	-
Credit and suretyship	-	-	-	-
Legal expenses	11,006	-	-	-
Assistance and proportional reinsurance	160,991	619,653	-	-
Miscellaneous financial loss	561,953	2,159,980	-	-
Non-proportional health reinsurance	-	-	-	-
Non-proportional casualty reinsurance	-	-	-	-
Non-proportional marine, aviation and transport reinsurance	-	-	-	-
Non-proportional property reinsurance	-	-	-	-

Table 69. Inputs of the calculation of the minimum capital requirement - Non-Life

Life linear formula inputs	Non-life activities		Life activities	
	Net best estimate and TP calculated as a whole	Net total capital at risk	Net best estimate and TP calculated as a whole	Net total capital at risk
Obligations with profit participation - guaranteed benefits	(38,625)		2,375,298	
Obligations with profit participation - future discretionary benefits	-		2,698,134	
Index-linked and unit-linked insurance obligations	-		141,214,674	
Other life (re)insurance and health (re)insurance obligations	-		-	
Total capital at risk for all life (re)insurance obligations		-		840,697,042

Table 70. Inputs of the calculation of the minimum capital requirement - Life

Overall MCR calculation	
Linear MCR	6,096,588
SCR	17,509,496
MCR cap	7,879,273
MCR floor	4,377,374
Combined MCR	6,096,588
Absolute floor of the MCR	3,060,000
Minimum Capital Requirement	6,096,588

Table 71. Calculation of the minimum capital requirement

E.3 Use of the Duration-based Equity Risk Sub-module in the Calculation of the Solvency Capital Requirement

UNIQA Biztosító Zrt. does not use the duration-based equity risk sub-module for calculating the SCR.

E.4 Differences Between the Standard Formula and Any Internal Model Used

The partial internal model (PIM) used by UNIQA Biztosító Zrt. has been developed by UNIQA Group. Having received supervisory approval in late 2017, the model is used for determining the solvency capital requirement (SCR) of UNIQA Group and a number of solo companies within the Group, including UNIQA Biztosító Zrt.

The aim of the partial internal model of UNIQA is to determine the risk-based capital (also called RBC) and in relation to that the amount of own funds that are to be used to absorb unforeseen losses over a specific time horizon. Currently, only the non-life underwriting risk and health underwriting risk similar to non-life (NSLT) are included in the scope of the partial internal model framework. The model covers the full non-life and health NSLT underwriting risk of UNIQA Biztosító Zrt. All other risk modules of the solvency capital requirement (e.g., market risk, credit risk, etc.) are measured and assessed according to the Solvency II standard formula.

The partial internal model is used for various purposes at UNIQA Biztosító Zrt. In addition to the regulatory SCR calculation, it also provides inputs on non-life and health NSLT risk to the following processes:

- Own Risk and Solvency Assessment (ORSA)
- Risk strategy and limit system
- Profit testing
- Solvency projection and capital planning
- Monitoring of the efficiency of reinsurance

The partial internal model aims to capture the uncertainties related to the underwriting of non-life and health NSLT direct and reinsurance contracts. The model generates a probability distribution forecast of the non-life and health NSLT economic underwriting result over a one-year time horizon via stochastic simulation. In particular, the following stochastic risk drivers are modelled:

- Premium Risk
    - Business risk: premium rates, risk years exposure and operating costs
    - Non-CAT claims: attritional losses and individual large losses
    - CAT claims: natural catastrophe losses and man-made catastrophe scenarios
- Reserve risk
    - Reserve run-off result

The following table shows the mapping between the risk categories used in the model and the risk modules of the standard formula:

Standard Formula sub-module		Partial Internal Model module	Partial Internal Model sub-module
Premium and Reserve Risk	=>	Premium Risk	Business Risk
	=>	Premium Risk	Non-CAT Risk
	=>	Reserve Risk	Reserve Risk
Catastrophe Risk	=>	Premium Risk	Natural Catastrophe Risk
	=>	Premium Risk	Man-Made Catastrophe Risk
Lapse Risk	=>	Premium Risk	Business Risk

Table 72. Mapping between the risk categories of the standard formula and the partial internal model

The following methods are used for determining the probability distributions of the modelled risk drivers:

Partial Internal Model Module	Sub-module	Methods used
Premium Risk	**Business Risk**	Stochastic model for premium rates, risk years exposure and operating costs Acquisition costs and insurance tax linked to modelled premiums
	Non-Catastrophe Risk	Total loss distribution for attritional losses Frequency-severity approach for individual large losses
	Natural Catastrophe Risk	External NatCat models for Earthquake, Flood, Winter storms and Hail Frequency-severity approach for Summer storms
	Man-Made Catastrophe Risk	Pre-defined scenarios at a fixed probability of occurrence
Reserve Risk	**Reserve Risk**	Models for claims reserve development

Table 73. Modelling of probability distributions

The aggregation of the stochastic variables in the partial internal model is done by the Gaussian copula approach, taking into account the dependencies between lines of business and between risk drivers. The assumptions on diversification and dependencies are key assumptions of the partial internal model methodology, and accordingly they are being validated on a regular basis. The dependency parameters of the Gaussian copula approach are usually derived from historical observations, and they are updated annually using the full history available. For losses, these parameters are merged with a set of predefined parameters for each source of risk through the use of a dependency ranking. This approach is called the shrinkage method. To take into account local peculiarities, expert assessments can be added later. In addition, the methodology does not allow negative dependency parameters between different claims (i.e. losses in a portfolio increasing the chance of gains in another portfolio). Negative dependencies on the other hand are allowed between business risk variables (most typically between the premium rate and the risk years exposure of a given line of business).

The confidence level for UNIQA's partial internal model RBC framework is set at 99.5% over a one-year time horizon, which corresponds to a loss with a return period of 200 years. For premium risk the ultimate view is used instead of the one-year view.

Since only one part of the business of the company is covered in the partial internal model, this part is combined with the rest of the business, which is treated according to the Solvency II standard approach. This is done using one of the integration techniques ("Technique 3") for partial internal models according to Solvency II Delegated Regulation 2015/35. The chosen integration technique also takes into account diversification effects between the part of the partial internal model and the non-internally modelled business.

The main differences between the partial internal model and the standard formula are the following:

- The standard formula uses a set of factor-based approaches and deterministic scenarios to derive a single output, i.e. the 99.5th percentile of the loss of own funds. The partial internal model on the other hand provides a probability distribution forecast of a number of key underwriting variables, including the economic underwriting result, generated from a large number of stochastic simulations.
- Instead of the standardized risk factors of the standard formula, the parameterization of the partial internal model is based on the company's own experience, therefore the results closely reflect the actual risk profile.
- The partial internal model allows a proper consideration of the risk mitigating impact of non-proportional reinsurance.
- Natural catastrophe risk in the partial internal model is measured in a more granular way than in the standard formula (postal code resolution rather than CRESTA level). The partial internal model also takes into account some natural perils (hail) that are currently not covered in the standard formula for Hungary.
- Business risk, i.e. the uncertainty of premium rates, risk years exposure and operating costs is explicitly modelled in the partial internal model.
- The partial internal model uses a more granular line-of-business structure than the standard formula, tailored to the company's portfolio.

The data used in the partial internal model is provided by different departments: Accounting, Controlling, Reinsurance, Actuarial, Risk Management, Claims and Underwriting. In addition, most of the natural catastrophe model results come from external service providers. Data quality is subject to a governance framework with a special focus on the validation of the appropriateness, accuracy, and completeness of the data used in the model.

Risk category	Input data
Business Risk	Forecast data (planned premiums, exposure and costs), both historical and for the modelled year Accounting data (actual premiums and costs) for historical years Historical exposure data by line of business
Premium Risk - non-CAT	Accounting (e.g. premiums and costs) Forecast data (e.g. planned premiums and costs) Historical claims data by each single claim Historical data of sums insured and risk years exposure Information on the reinsurance structure Information on payment patterns
Premium Risk - CAT	Natural catastrophes: Data on exposure and contractual limits at a granularity required by the external model Man-Made scenarios: Deatiled information on sums insured and PML in force
Reserve Risk	Historical claims run-off data by each single claim

Table 74. Input data by risk category

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

UNIQA Biztosító Zrt. complied with the minimum capital requirement and solvency capital requirement throughout the financial year 2024.

E.6 Any Other Information

Extraordinary tax

In 2022, the Hungarian Government imposed an extraordinary tax on financial and other sectors. This extraordinary tax still put a significant burden on the Company's 2024 profitability and will have great impact in 2025. The effect of the tax was taken into account in the Technical Provisions as well.

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Appendix I - Regulatory Requirements for the SFCR

The regulatory requirements for the SFCR with which the report is compliant are laid out in the following paragraphs. Besides these regulatory requirements, this document also complies with Article 51 and Article 56 of the Directive 2009/138/EG (Level 1).

Chapter A

This chapter contains information on the business of the company and its performance according to Article 293 of the Commission Delegated Regulation (EU) 2015/35 (Level 2) as well as Guidelines 1 and 2 EIOPA-BoS-15/109 (Level 3).

Chapter B

This chapter contains information on the governance system of the company according to Article 294 of the Commission Delegated Regulation (EU) 2015/35 (Level 2) as well as Guidelines 3 and 4 EIOPA-BoS-15/109 (Level 3).

Chapter C

This chapter contains information on the risk profile of the company according to Article 295 of the Commission Delegated Regulation (EU) 2015/35 (Level 2) as well as Guideline 5 EIOPA-BoS-15/109 (Level 3).

Chapter D

This chapter contains information on the evaluation requirements for Solvency II according to Article 296 of the Commission Delegated Regulation (EU) 2015/35 (Level 2) as well as Guidelines 6 to 10 EIOPA-BoS-15/109 (Level 3).

Chapter E

This chapter contains information on the capital management of the company according to Article 297 and Article 298 of the Commission Delegated Regulation (EU) 2015/35 (Level 2) as well as Guidelines 11 to 13 EIOPA-BoS-15/109 (Level 3).

Appendix II - Quantitative Reporting Templates

In this appendix the following Quantitative Reporting Templates (QRTs) are presented (thousand HUF):

- S.02.01.02 Balance sheet
- S.05.01.02 Premiums, claims and expenses by line of business
- S.12.01.02 Life and Health SLT Technical Provisions
- S.17.01.02 Non-life Technical Provisions
- S.19.01.21 Non-life insurance claims, Total Non-Life Business
- S.22.01.21 Impact of long term guarantees and transitional measures
- S.23.01.01 Own funds
- S.25.05.21 Solvency Capital Requirement - for undertakings using the standard formula and partial internal model
- S.28.02.01 Minimum Capital Requirement - Both life and non-life insurance activity

S.02.01.02: Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	**1,413,103**
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**33,679,512**
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	**647,884**
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	**31,787,322**
Government Bonds	**R0140**	**29,876,258**
Corporate Bonds	**R0150**	**1,911,065**
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	**1,244,195**
Derivatives	**R0190**	**110**
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	**162,716,571**
Loans and mortgages	**R0230**	**1,185**
Loans on policies	**R0240**	**1,185**
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	**10,499,624**
Non-life and health similar to non-life	**R0280**	**8,156,506**
Non-life excluding health	**R0290**	**8,073,255**
Health similar to non-life	**R0300**	**83,251**
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	**2,343,118**
Health similar to life	**R0320**	**46,885**
Life excluding health and index-linked and unit-linked	**R0330**	**2,296,233**
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	**5,346,463**
Reinsurance receivables	**R0370**	**2,034,592**
Receivables (trade, not insurance)	**R0380**	**713,891**
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**	**7,440,857**
Any other assets, not elsewhere shown	**R0420**	**3,765,381**
Total assets	**R0500**	**227,611,178**

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	**22,557,014**
Technical provisions – non-life (excluding health)	**R0520**	**21,885,814**
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	**21,404,754**
Risk margin	**R0550**	**481,061**
Technical provisions - health (similar to non-life)	**R0560**	**671,199**
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	**654,607**
Risk margin	**R0590**	**16,592**
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	**8,551,224**
Technical provisions - health (similar to life)	**R0610**	**53,648**
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	**49,706**
Risk margin	**R0640**	**3,942**
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	**8,497,577**
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	**8,024,746**
Risk margin	**R0680**	**472,830**
Technical provisions – index-linked and unit-linked	**R0690**	**145,566,409**
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	**141,214,674**
Risk margin	**R0720**	**4,351,735**
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	**147,632**
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	**11,261**
Deferred tax liabilities	**R0780**	**1,663,473**
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	**400,439**
Insurance & intermediaries payables	**R0820**	**6,046,234**
Reinsurance payables	**R0830**	**2,907,655**
Payables (trade, not insurance)	**R0840**	**3,731,869**
Subordinated liabilities	**R0850**	**6,441,804**
Subordinated liabilities not in Basic Own Funds	**R0860**	
Subordinated liabilities in Basic Own Funds	**R0870**	**6,441,804**
Any other liabilities, not elsewhere shown	**R0880**	**2,124,857**
Total liabilities	**R0900**	**200,149,870**
Excess of assets over liabilities	**R1000**	**27,461,308**

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**		4,822,398		18,097,349	23,497,047	754,242	15,174,369	3,016,028	
Gross - Proportional reinsurance accepted	**R0120**		16,587			44,763	260	616,846	178,607	
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**		297,155		11,246,431	14,952,109	515,126	11,114,126	2,587,310	
Net	**R0200**		4,541,830		6,850,918	8,589,701	239,376	4,677,089	607,325	
Premiums earned										
Gross - Direct Business	**R0210**		4,778,596		17,691,355	21,784,633	770,875	15,215,388	3,056,684	
Gross - Proportional reinsurance accepted	**R0220**		23,606			33,511	251	659,946	159,243	
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**		294,638		11,042,776	14,089,486	519,576	11,133,946	2,583,678	
Net	**R0300**		4,507,564		6,648,579	7,728,658	251,550	4,741,389	632,249	
Claims incurred										
Gross - Direct Business	**R0310**		1,626,480		8,431,351	13,518,216	285,595	4,407,754	341,984	
Gross - Proportional reinsurance accepted	**R0320**		2,053			15,033		-7,457	179,099	
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**		53,350		4,547,612	7,001,466	208,121	2,881,296	336,127	
Net	**R0400**		1,575,183		3,883,739	6,531,783	77,474	1,519,001	184,956	
Expenses incurred	**R0550**		2,636,930		593,402	1,186,520	83,387	1,831,884	238,875	
Other expenses	**R1200**									
Total expenses	**R1300**									

		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
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**	-787	557,755	7,941,375					73,859,777
Gross - Proportional reinsurance accepted	**R0120**			789,463					1,646,526
Gross - Non-proportional reinsurance accepted	**R0130**								
Reinsurers' share	**R0140**			7,137,813					47,850,071
Net	**R0200**	-787	557,755	1,593,025					27,656,233
Premiums earned									
Gross - Direct Business	**R0210**	-787	557,086	5,302,321					69,156,151
Gross - Proportional reinsurance accepted	**R0220**			617,097					1,493,654
Gross - Non-proportional reinsurance accepted	**R0230**								
Reinsurers' share	**R0240**		505	4,549,558					44,214,163
Net	**R0300**	-787	556,581	1,369,859					26,435,642
Claims incurred									
Gross - Direct Business	**R0310**	5,387	130,819	1,537,766					30,285,352
Gross - Proportional reinsurance accepted	**R0320**			-50,077					138,651
Gross - Non-proportional reinsurance accepted	**R0330**								
Reinsurers' share	**R0340**			791,766					15,819,738
Net	**R0400**	5,387	130,819	695,924					14,604,266
Expenses incurred	**R0550**	45	558,196	553,269					7,682,509
Other expenses	**R1200**								-37,877
Total expenses	**R1300**								7,644,632

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**	703,037	943,637	26,970,432	2,604,512					31,221,618
Reinsurers' share	**R1420**	83,988			250,380					334,367
Net	**R1500**	619,050	943,637	26,970,432	2,354,132					30,887,251
Premiums earned										
Gross	**R1510**	712,857	947,230	26,970,432	2,621,922					31,252,441
Reinsurers' share	**R1520**	84,990			250,556					335,546
Net	**R1600**	627,866	947,230	26,970,432	2,371,366					30,916,895
Claims incurred										
Gross	**R1610**	240,186	829,305	23,367,948	1,086,715					25,524,155
Reinsurers' share	**R1620**	10			77,110					77,119
Net	**R1700**	240,177	829,305	23,367,948	1,009,605					25,447,036
Expenses incurred	**R1900**	3,234	436,026	5,767,011	1,362,089					7,568,360
Other expenses	**R2500**									
Total expenses	**R2600**									
Total amount of surrenders	**R2700**		181,746	18,025,194						18,206,940

S.12.01.02 Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**										
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**										
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**	5,073,433		141,214,674			677,856	-859,887	3,133,345		149,239,421
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**						38,311		2,257,922		2,296,233
Best estimate minus recoverables from reinsurance/SPV and Finite Re	**R0090**	5,073,433		141,214,674			639,545	-859,887	875,423		146,943,188
Risk Margin	**R0100**	76,683	4,351,735			244,098			152,049		4,824,565
Technical provisions - total	**R0200**	5,150,116	145,566,409			62,067			3,285,394		154,063,986

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	**R0030**		49,706				49,706
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		46,885				46,885
Best estimate minus recoverables from reinsurance/SPV and Finite Re	**R0090**		2,821				2,821
Risk Margin	**R0100**	3,942					3,942
Technical provisions - total	**R0200**	53,648					53,648

S.17.01.02 Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions calculated as a whole	R0010									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross - Total	R0060		213,325		2,052,807	3,574,405	8,807	1,574,437	-621,646	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140		37,759		586,116	982,907	-39,574	-257,444	-995,129	
Net Best Estimate of Premium Provisions	R0150		175,566		1,466,691	2,591,498	48,380	1,831,880	373,483	
Claims provisions										
Gross - Total	R0160		441,282		7,781,910	2,139,156	112,495	1,555,748	1,953,748	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240		45,492		4,179,175	1,082,601	99,062	873,303	1,023,300	
Net Best Estimate of Claims Provisions	R0250		395,790		3,602,735	1,056,555	13,433	682,445	930,448	
Total Best estimate - gross	R0260		654,607		9,834,717	5,713,561	121,302	3,130,185	1,332,102	
Total Best estimate - net	R0270		571,356		5,069,426	3,648,053	61,813	2,514,326	1,303,931	
Risk margin	R0280		16,592		95,276	117,090	5,599	191,027	24,636	
Amount of the transitional on Technical Provisions										
TP as a whole	R0290									
Best estimate	R0300									
Risk margin	R0310									
Technical provisions - total										
Technical provisions - total	R0320		671,199		9,929,992	5,830,651	126,901	3,321,212	1,356,739	
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330		83,251		4,765,291	2,065,508	59,489	615,859	28,171	
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340		587,948		5,164,701	3,765,143	67,413	2,705,353	1,328,567	

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross - Total	R0060		66,760	340,695					7,209,590
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140			85,939					400,576
Net Best Estimate of Premium Provisions	R0150		66,760	254,756					6,809,014
Claims provisions									
Gross - Total	R0160	11,006	94,231	760,195					14,849,771
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240			452,998					7,755,930
Net Best Estimate of Claims Provisions	R0250	11,006	94,231	307,197					7,093,841
Total Best estimate - gross	R0260	11,006	160,991	1,100,890					22,059,361
Total Best estimate - net	R0270	11,006	160,991	561,953					13,902,855
Risk margin	R0280	1	985	46,446					497,653
Amount of the transitional on Technical Provisions									
TP as a whole	R0290								
Best estimate	R0300								
Risk margin	R0310								
Technical provisions - total									
Technical provisions - total	R0320	11,007	161,976	1,147,336					22,557,014
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330			538,937					8,156,506
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	11,007	161,976	608,399					14,400,508

S.19.01.21 Non-life insurance claims, Total Non-Life Business

Accident year / Underwriting year	Z0010	Accident year

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

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											101,610
N-9	R0160	9,977,087	5,055,853	878,845	322,936	168,322	126,519	186,830	60,992	37,099	142,458	
N-8	R0170	10,466,617	4,019,427	929,254	543,985	205,779	228,955	219,968	42,541	21,525		
N-7	R0180	12,315,071	5,238,095	879,087	711,003	115,831	203,108	178,199	172,889			
N-6	R0190	13,619,412	5,602,195	1,022,615	475,121	725,885	296,024	315,573				
N-5	R0200	14,542,951	4,600,745	462,991	343,295	191,915	352,206					
N-4	R0210	14,526,822	3,184,284	950,617	295,794	162,031						
N-3	R0220	15,818,847	5,174,954	614,319	282,009							
N-2	R0230	16,848,855	6,487,494	1,547,703								
N-1	R0240	20,805,147	6,837,892									
N	R0250	22,867,143										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	101,610	91,956,643
	R0160	142,458	16,956,941
	R0170	21,525	16,678,050
	R0180	172,889	19,813,283
	R0190	315,573	22,056,825
	R0200	352,206	20,494,103
	R0210	162,031	19,119,548
	R0220	282,009	21,890,130
	R0230	1,547,703	24,884,053
	R0240	6,837,892	27,643,038
	R0250	22,867,143	22,867,143
Total	R0260	32,803,039	304,359,757

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											428,555
N-9	R0160	0	2,752,136	1,557,773	1,140,419	1,097,148	934,229	1,003,754	1,034,635	948,467	611,872	
N-8	R0170	7,072,424	2,500,270	1,222,937	444,119	245,722	399,135	238,705	282,570	177,206		
N-7	R0180	7,823,033	2,010,396	1,494,539	681,419	630,887	297,930	261,087	335,976			
N-6	R0190	8,277,779	2,532,526	1,482,511	1,067,091	991,236	742,729	578,090				
N-5	R0200	7,331,917	1,692,832	883,657	787,705	484,331	249,563					
N-4	R0210	5,914,220	2,021,069	679,372	459,103	343,504						
N-3	R0220	7,678,117	1,542,116	1,032,687	389,787							
N-2	R0230	8,422,355	2,850,032	1,082,020								
N-1	R0240	10,019,736	2,087,687									
N	R0250	9,969,835										

		Year end (discounted data)
		C0360
	R0100	340,528
	R0160	502,880
	R0170	152,588
	R0180	290,500
	R0190	434,020
	R0200	223,888
	R0210	305,401
	R0220	345,962
	R0230	948,533
	R0240	1,863,868
	R0250	9,441,603
Total	R0260	14,849,771

S.22.01.21 Impact of long term guarantees and transitional measures

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	176,674,647			-54,326	
Basic own funds	R0020	33,903,112			164,255	
Eligible own funds to meet Solvency Capital Requirement	R0050	33,903,112			164,255	
Solvency Capital Requirement	R0090	17,509,496			5,574	
Eligible own funds to meet Minimum Capital Requirement	R0100	28,680,625			164,957	
Minimum Capital Requirement	R0110	6,096,588			3,510	

S.23.01.01 Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	4,079,160	4,079,160			
Share premium account related to ordinary share capital	R0030	4,605,922	4,605,922			
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	18,776,226	18,776,226			
Subordinated liabilities	R0140	6,441,804			6,441,804	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	33,903,112	27,461,308		6,441,804	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	33,903,112	27,461,308		6,441,804	
Total available own funds to meet the MCR	R0510	33,903,112	27,461,308		6,441,804	
Total eligible own funds to meet the SCR	R0540	33,903,112	27,461,308		6,441,804	
Total eligible own funds to meet the MCR	R0550	28,680,625	27,461,308		1,219,318	
SCR	R0580	17,509,496				
MCR	R0600	6,096,588				
Ratio of Eligible own funds to SCR	R0620	193.63%				
Ratio of Eligible own funds to MCR	R0640	470.44%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	27,461,308
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	8,685,082
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	18,776,226
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	17,874,270
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	8,709,791
Total Expected profits included in future premiums (EPIFP)	R0790	26,584,061

S.25.05.21 Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

		Solvency Capital Requirement	Amount modelled	USP	Simplifications
		C0010	C0070	C0090	C0120
Risk type					
Total diversification	R0020	- 9,931,168,865			
Total diversified risk before tax	R0030	19,172,968,305			
Total diversified risk after tax	R0040	17,509,495,569			
Total market & credit risk	R0070	10,750,087,554			
Market & Credit risk - diversified	R0080	7,452,562,124			
Credit event risk not covered in market & credit risk	R0190	2,449,898,216			
Credit event risk not covered in market & credit risk - diversified	R0200	2,308,602,376			
Total Business risk	R0270				
Total Business risk - diversified	R0280				
Total Net Non-life underwriting risk	R0310	80,366,127,334			
Total Net Non-life underwriting risk - diversified	R0320	4,892,026,908	4789693412		
Total Life & Health underwriting risk	R0400	11,785,620,150			
Total Life & Health underwriting risk - diversified	R0410	9,460,581,778			
Total Operational risk	R0480	3,326,891,248			
Total Operational risk - diversified	R0490	3,326,891,248			
Other risk	R0500				

		C0100
Total undiversified components	R0110	27,440,664
Diversification	R0060	-9,931,169
Adjustment due to RFF/MAP nSCR aggregation	R0120	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	17,509,496
Capital add-ons already set	R0210	0
Solvency capital requirement	R0220	17,509,496
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	-484,232
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	-1,663,473
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	
Net future discretionary benefits	R0460	2,708,094

		Yes/No
		C0109
Approach based on average tax rate	R0590	Yes

		LAC DT
		C0130
Amount/estimate of LAC DT	R0640	-1,663,473
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	-1,663,473
Amount/estimate of AC DT justified by carry back, current year	R0670	
Amount/estimate of LAC DT justified by carry back, future years	R0680	
Amount/estimate of Maximum LAC DT	R0690	

S.28.02.01 Minimum Capital Requirement - Both life and non-life insurance activity

		MCR components	
		Non-life activities	Life activities
		MCR(NL, NL) Result	MCR(NL, L)Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	4,572,014	

		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020				
Income protection insurance and proportional reinsurance	R0030	571,356	4,841,522		
Workers' compensation insurance and proportional reinsurance	R0040				
Motor vehicle liability insurance and proportional reinsurance	R0050	5,069,426	10,378,338		
Other motor insurance and proportional reinsurance	R0060	3,648,053	12,430,301		
Marine, aviation and transport insurance and proportional reinsurance	R0070	61,813	327,828		
Fire and other damage to property insurance and proportional reinsurance	R0080	2,514,326	6,334,378		
General liability insurance and proportional reinsurance	R0090	1,303,931	942,016		
Credit and suretyship insurance and proportional reinsurance	R0100				
Legal expenses insurance and proportional reinsurance	R0110	11,006			
Assistance and proportional reinsurance	R0120	160,991	619,653		
Miscellaneous financial loss insurance and proportional reinsurance	R0130	561,953	2,159,980		
Non-proportional health reinsurance	R0140				
Non-proportional casualty reinsurance	R0150				
Non-proportional marine, aviation and transport reinsurance	R0160				
Non-proportional property reinsurance	R0170				

		Non-life activities	Life activities
		MCR(L, NL) Result	MCR(L, L) Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200		1,524,574

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210	-38,625		2,375,298	
Obligations with profit participation - future discretionary benefits	R0220			2,698,134	
Index-linked and unit-linked insurance obligations	R0230			141,214,674	
Other life (re)insurance and health (re)insurance obligations	R0240				
Total capital at risk for all life (re)insurance obligations	R0250				840,697,042

Overall MCR calculation

		C0130
Linear MCR	R0300	6,096,588
SCR	R0310	17,509,496
MCR cap	R0320	7,879,273
MCR floor	R0330	4,377,374
Combined MCR	R0340	6,096,588
Absolute floor of the MCR	R0350	3,060,000
Minimum Capital Requirement	R0400	6,096,588

Notional non-life and life MCR calculation

		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	4,572,014	1,524,574
Notional SCR excluding add-on (annual or latest calculation)	R0510	13,130,896	4,378,599
Notional MCR cap	R0520	5,908,903	1,970,370
Notional MCR floor	R0530	3,282,724	1,094,650
Notional Combined MCR	R0540	4,572,014	1,524,574
Absolute floor of the notional MCR	R0550	1,530,000	1,530,000
Notional MCR	R0560	4,572,014	1,530,000