



## **SOLVENCY AND FINANCIAL CONDITION REPORT**

**DOMESTIC & GENERAL INSURANCE  
EUROPE AG**

**Company Registration Number: HRB 30859**

**For the year ended 31<sup>st</sup> March 2025**

## Contents

STATEMENT OF DIRECTOR'S RESPONSIBILITIES .....	3
ACRONYMS AND TERMS .....	4
SUMMARY .....	6
A. BUSINESS AND PERFORMANCE .....	10
A.1 Business .....	10
A.2 Underwriting performance .....	12
A.3 Investment performance.....	14
A.4 Performance of other activities.....	14
A.5 Any other information .....	14
B. SYSTEM OF GOVERNANCE .....	16
B.1 General information on the system of governance.....	16
B.2 Fit and proper requirements.....	24
B.3 Risk management system including the own risk and solvency assessment .....	26
B.4 Internal control system .....	30
B.5 Internal audit function .....	31
B.6 Actuarial function .....	32
B.7 Outsourcing .....	32
B.8 Any other material information .....	36
C. RISK PROFILE .....	37
C.1 Underwriting risk.....	37
C.2 Market risk .....	38
C.3 Credit risk.....	40
C.4 Liquidity risk .....	42
C.5 Operational risk .....	44
C.6 Other material risks .....	45
C.7 Any other information .....	48
D. VALUATION FOR SOLVENCY PURPOSES .....	50
D.1 Assets .....	52
D.2 Technical provisions .....	53
D.3 Other liabilities .....	57
D.4 Alternative methods for valuation.....	57
D.5 Other Information .....	58
E. CAPITAL MANAGEMENT .....	59
E.1 Own funds .....	59
E.2 Solvency Capital Requirement and Minimum Capital Requirement .....	62
E.3 Use of the duration-based equity sub-module in the calculation of the Solvency Capital Requirement .....	63
E.4 Differences between the standard formula and any internal model used .....	63
E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement .....	64
E.6 Any other information .....	64
ANNEX – QUANTITATIVE REPORTING TEMPLATES .....	65

## STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The DGIEU Management Board is responsible for ensuring that the Solvency and Financial Condition Report ("SFCR") is properly prepared in all material respects in accordance with the Federal Financial Supervisory Authority in Germany ("BaFin") rules and Solvency II Regulations.

The DGIEU Management Board confirms that, to the best of its knowledge:

(a) Throughout the financial year in question, the Company has complied in all material respects with the requirements of the BaFin rules and Solvency II Regulations as applicable; and

(b) it is reasonable to believe that, at the date of the publication of the SFCR, the Company continues to comply and will continue to comply in future.

By Order of the DGIEU Management Board

Matthew Crummack – Chief Executive Officer

Date: 02 July 2025

## ACRONYMS AND TERMS

Acronym / Term	Definition
ACPR	French Prudential Supervision and Resolution Authority
ADIA	Abu Dhabi Investment Authority, owner of Luxinva S.A which owns a c.26% stake of the Group
APRA	Australian Prudential Regulation Authority
ARC	Audit & Risk Committee
BaFin	Federal Financial Supervisory Authority, the regulator of Domestic & General Insurance Europe AG
BSCR	Basic Solvency Capital Requirement
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CJR	Completed Job Rates
CoSec	Corporate Secretary
CRO	Chief Risk Officer
CVC	CVC Capital Partners, majority owner of the Group (c.62%) via CVC Fund VII
D&G Group	The wider Domestic & General corporate group, controlled by Opal Galaxy Holdings Limited
DGA	Domestic & General Acquisitions Limited, the most senior insurance holding company within the Group, and therefore the most senior entity of the Regulated Group. Group supervision from the PRA applies at this level
Regulated Group	The group of entities held by DGA, including DGI supervised by the PRA (in UK), and DGIEU by BaFin (in Germany). DGI is the most senior insurance undertaking within the Regulated Group and the largest in terms of profit
DGAH	Domestic & General Acquisition Holdings Limited, a mixed activity insurance holdings company, immediate parent of DGA
DGGL	Domestic & General Group Limited, an intermediate insurance holding company in the Regulated Group, and the immediate parent of DGI
DGI	Domestic & General Insurance Plc, the most senior insurance undertaking in the Regulated Group
DGIEU	Domestic & General Insurance Europe AG
DGLG	Domestic & General Leadership Group i.e., the Executive Committee
DGSFP	Spanish government's financial regulatory department; Spanish Supervisory Authority
DTA	Deferred Tax Asset
DVO; Delegated Acts	Commission Delegated Regulation (EU) 2015/35
ECAI	External Credit Assessment Institution
ECSC	European Conduct Standards Committee
EIOPA	European Insurance and Occupational Pensions Authority, the EU Solvency II regulator
ENID	Events Not In Data
EPIFP	Expected Profits included in Future Premiums
EPPGC	European Product and Pricing Governance Committee
ERCC	European Risk Control Committee
EUR	Euro (currency)
FCA	Financial Conduct Authority
FY24	Financial year-ending 31 <sup>st</sup> March 2024
FY25; the reporting period	Financial year-ending 31 <sup>st</sup> March 2025
GBP	Great British pounds sterling (currency)
GRC	Group Risk Committee
GSP	Group Specific Parameters
GWP	Gross Written Premium

Acronym / Term	Definition
HGB	German Code of Commercial Law
Iberia	Combination of Spain and Portugal
IBNER	Claims Values, incurred but not enough reported
IBNR	Claims Values, incurred but not reported
ICC	Group Investment & Capital Committee
IPT	Insurance Premium Tax
IVASS	Italian Institute for the Supervision of Insurance
KPI	Key Performance Indicator
KRI	Key Risk Indicator
LACDT	Loss Absorbing Capacity of Deferred Taxes
LCP	Lane Clark & Peacock LLP; outsourced Actuarial Function support
M&A	Mergers and Acquisitions
MaGo	BaFin's Minimum Requirements on the System of Governance of Insurance Undertakings
MCR	Minimum Capital Requirement
OEM	Original Equipment Manufacturer
OKR	Objectives and Key Results
ORSA	Own Risk & Solvency Assessment
P&L	Profit and Loss Statement
PRA	Prudential Regulation Authority
PY	Prior Year (FY24)
QA	Quality Assurance
QRT	Quantitative Reporting Template
RCSA	Risk & Control Self-Assessment
REMCO	Remuneration Committee
RechVersV	Regulation on the accounting of insurance companies (Versicherungsunternehmens-Rechnungslegungsverordnung)
RMF	Risk Management Framework
RSR	Regular Supervisory Report
SCR	Solvency Capital Requirement
Standard formula	Standard Formula for calculating DGA, DGI and DGIEU's SCR and MCR
SFCR	Solvency & Financial Condition Report
UK	United Kingdom
UPR	Unearned Premium Reserve
USP	Undertaking Specific Parameters
VAG	German Insurance Supervision Act
Valuation date	31 <sup>st</sup> March 2025
VAT	Value Added Tax
VRO	Value Realisation Office
1LOD	First Line of Defence
2LOD	Second Line of Defence
3LOD	Third Line of Defence

## SUMMARY

The Solvency and Financial Condition Report (“SFCR”) is a central element of the Solvency II reporting framework. It serves to provide insight into an insurance company’s solvency position, system of governance, risk profile and capital management strategies.

This SFCR provides essential qualitative and quantitative information on Domestic & General Insurance Europe AG (“DGIEU” or “Company”) for the financial year ended 31 March 2025 (“FY25”).

DGIEU is a German insurance company, authorised and supervised by BaFin. DGIEU received its regulatory approval from BaFin on 5 April 2019.

All amounts in this report are presented in euros, rounded to the nearest thousand unless stated otherwise, which is DGIEU’s presentation currency.

This SFCR has been prepared in accordance with Articles 290 to 298 of the Commission Delegated Regulation (EU) 2015/35 (“Delegated Acts”). The structure of the report is also in accordance with the Solvency II Delegated Acts. When preparing the report, DGIEU also takes into account the latest version of the BaFin guidelines on Solvency II reporting.

Key information on the individual sections of the SFCR is provided below.

### A. Business and Performance

DGIEU is a German regulated insurance company and part of the Domestic & General Group (“D&G Group”). DGIEU is 100% owned by Domestic & General Insurance PLC (“DGI”) located in the UK.

The principal activity of the D&G Group, which also comprises the Regulated Group, is the provision of insurance-based appliance care products. The business of DGIEU, which is headquartered in Germany, also includes branches in Spain, Italy, France, and the UK (solely for the administration of the Republic of Ireland business). DGIEU also serves customers in Portugal, Belgium, Netherlands, Austria, Ireland and Poland (no live business in FY25) under freedom of service principles.

The Company’s profit and loss account shows that earned income in the year was €23.547k (FY24: €25.980k). The profit before tax was €3.575k (FY24: €2.178k), due to the following:

The decline in earned premium versus FY24 relates to the impact of the discontinuation of a contract with a retail partner in Spain and Portugal in PY. This has partially been offset by positive development of renewals’ business, campaigning and new business from other partners.

The local GAAP balance sheet shows the Company’s financial position with net assets of €30.405k (FY24: €27.874k).

### B. System of Governance

DGIEU’s continues to seek opportunities to ensure its system of governance is effective and proportionate to the nature, scale, and complexity of its activities, ensuring that risks arising from the business model are identified, assessed, and managed.

In FY25, there was a change to the DGIEU Management Board. Matthias Kammermann was appointed as additional member on 15<sup>th</sup> April 2024. As part of his role and aligned to the schedule of responsibilities of the DGIEU Management Board, he covers issues of law/appeals.

### C. Risk Profile

DGIEU has embedded a risk management framework, which includes (as a minimum) a bi-annual refresh of its risk profile and quarterly review of Key Risk Indicators relating to its Board-approved risk appetite.

Ensuring good customer outcomes is at the heart of DGIEU's business. Due to this focus, the Company sets its risk appetite at an appropriately prudent level to ensure that key risks to customers are identified, managed, and mitigated wherever possible.

DGIEU's principal risks (material risks) are broken down into the following six level one risk categories: Operational Risk, Financial Risk, Conduct Risk, Strategic Risk, Insurance Risk, and Governance Risk. These are managed through measures defined within the risk management and internal control framework, which are assessed and reviewed regularly.

DGIEU's four most significant risks measured by the Solvency Capital Requirement ("SCR") in the reporting period were as follows:

- Non-life underwriting risk,
- Counterparty default risk,
- Operational risk, and
- Market risk.

#### *Non-life underwriting risk*

DGIEU's underwriting risk is managed through underwriting and pricing controls and policies, approval procedures for new products and major changes to existing products, regular review of performance and monitoring of emerging issues.

DGIEU utilises Undertaking Specific Parameters ("USPs") in place of the Standard Formula's parameters to ensure its SCR for non-life underwriting risk is more closely aligned to its risk profile than would be the case if the Standard Formula was used.

#### *Counterparty default risk*

DGIEU manages the levels of counterparty default risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and monitoring these exposures regularly. DGIEU has material counterparty exposure to DGI in relation to its reinsurance agreement, which is partly mitigated by DGI's investment grade credit rating. In addition, DGIEU has default risk exposure in relation to banking and investment counterparties.

#### *Market risk*

DGIEU has low appetite for market risk on its investment portfolio, with a bias towards liquid investment grade government and corporate credit. In FY25, DGIEU's investments continued to be managed by London & Capital.

#### *Operational risk*

Operational risk arises from inadequately controlled internal processes or systems, human error, or from external events. Sub-risks relating to this category include information security & data protection, third party, people, enterprise resilience, technology, and health & safety. DGIEU maintains an internal policy for handling operational risk. Operational risk registers and controls are regularly reviewed as part of the biannual Risk & Control Self-Assessment ("RCSA").

Execution of the D&G Group's strategy (including DGIEU) generates inherent operational risk, and the D&G Group has therefore implemented relevant governance, controls, expertise, and access to third party resource to reduce unintended impacts to the operations.

### **D. Valuation for Solvency Purposes**

DGIEU prepares the solvency balance sheet for the purpose of determining the available own funds. The Company does not make use of a volatility adjustment or the use of a transitional measures on risk-free interest rates and technical provisions.

DGIEU considers the bases, assumptions and methods used in the valuation of assets and liabilities for solvency purposes to be adequate.

Compared to the last reporting period, there were no significant changes in the methods and assumptions underlying the valuation for solvency purposes.

## E. Capital Management

Sufficient capital is retained to ensure the financial stability of the Company and to meet regulatory requirements. The capital structure is kept under review to ensure these requirements are met. The DGIEU Management Board regularly reviews the capital position of DGIEU under the Directive 2009/138/EC (“the Solvency II Directive”).

The Company’s capital position as of 31 March 2025 is as follows:

The Company’s Capital Position	FY25	FY24	Movement
	€'000	€'000	€'000
Eligible Own Funds	35.957	39.580	-3.623
Solvency Capital Requirement (SCR)	9.824	9.656	169
Ratio of Eligible Own Funds to the SCR	366%	410%	-44 % points

Prior year comparatives for DGIEU have been restated to correct an overstatement of the warranty debtors balance within the FY24 Solvency balance sheet. The write down of warranty debtors impacts the technical provision balance, specifically the best estimate calculation. The impact is to reduce the premium provision by €5.2m. Due to the debtor adjustment the FY24 eligible own funds were reduced from €41.839k to €39.580k and the FY24 solvency capital requirement was reduced from €9.929k to €9.656k. In consequence of that the FY24 ratio of eligible own funds to meet the SCR decreased from 421% to 410%.

DGIEU makes use of USPs in its application of the Standard Formula. Based on this model, and on an assessment of risk and solvency requirements, DGIEU remains well capitalised in relation to its risk profile. Compared to the previous FY the Solvency Ratio with USPs decreased by 44 percent points to 366%. This is mainly due to the decrease of Tier 2 capital (-€5.000k), because of the full repayment of the subordinated loan from Domestic & General Services Pty Limited in FY25. This is partially compensated by the business and net asset growth in FY25. The small increase of the SCR is mainly due to a higher non-life underwriting risk driven by the continued growth of the subscription business and the increase to the USP for Premium risk.

The final amount of the Solvency Capital Requirement is still subject to supervisory review.

The SCR effects of not using USPs are shown below:

Without USPs	FY25
	€'000
Solvency Capital Requirement	14.629



Key changes in the solvency position compared to FY24 are driven by the following:

Entity	Own Funds	SCR
DGIEU	<b>DECREASE</b> Own Funds decreased because of full repayment of the subordinated loan.	<b>BROADLY FLAT</b> Minor SCR increase is predominantly driven by the continued growth of the subscription business and the increase to the USP for Premium risk.

## A. BUSINESS AND PERFORMANCE

### A.1 Business

DGIEU is a stock corporation based in Wiesbaden. The registered office address of the Company is Hagenauer Straße 44, 65203 Wiesbaden, Germany.

The Company is registered at the local court in Wiesbaden under the number HRB 30859.

The Company's financial year ends on 31 March.

The principal activity of the D&G Group, which also comprises the Regulated Group, is the provision of insurance-based appliance care products. The business of DGIEU, which is headquartered in Germany, also includes branches in Spain, Italy, France, and the UK (solely for the administration of the Republic of Ireland business). DGIEU also serves customers in Portugal, Belgium, Netherlands, Austria, Ireland and Poland (no live business in FY25) under freedom of service principles.

There is an intra-group reinsurance arrangement between DGIEU and DGI. This reinsurance arrangement ensures a reduction of the insurance risk of DGIEU. DGIEU cedes 90% of premiums and claims to DGI, the reinsurer. To ensure the mitigation benefit of reinsurance is enjoyed by DGIEU on a Solvency II basis, even if the solvency regimes of the UK and EU are not deemed to be equivalent, DGI has a current financial strength rating from a nominated external credit assessment institution ("ECAI"), DBRS Morningstar, which has rated DGI since FY21. The rating was recently upgraded, and business performance is positive.

#### Group structure

Domestic & General Acquisitions Limited's ("DGA") ultimate controlling party is Opal Galaxy Holdings Limited; a mixed activity insurance holding company incorporated in Jersey. Opal Galaxy Holdings Limited's sole shareholder is CVC via CVC Fund VII, and it is the majority shareholder in Opal Galaxy Topco Limited, with co-investor Luxinva S.A (an entity ultimately wholly owned by the Abu Dhabi Investment Authority ("ADIA")) owning a minority stake. All entities below Opal Galaxy Topco limited are wholly owned by their respective parent entity.

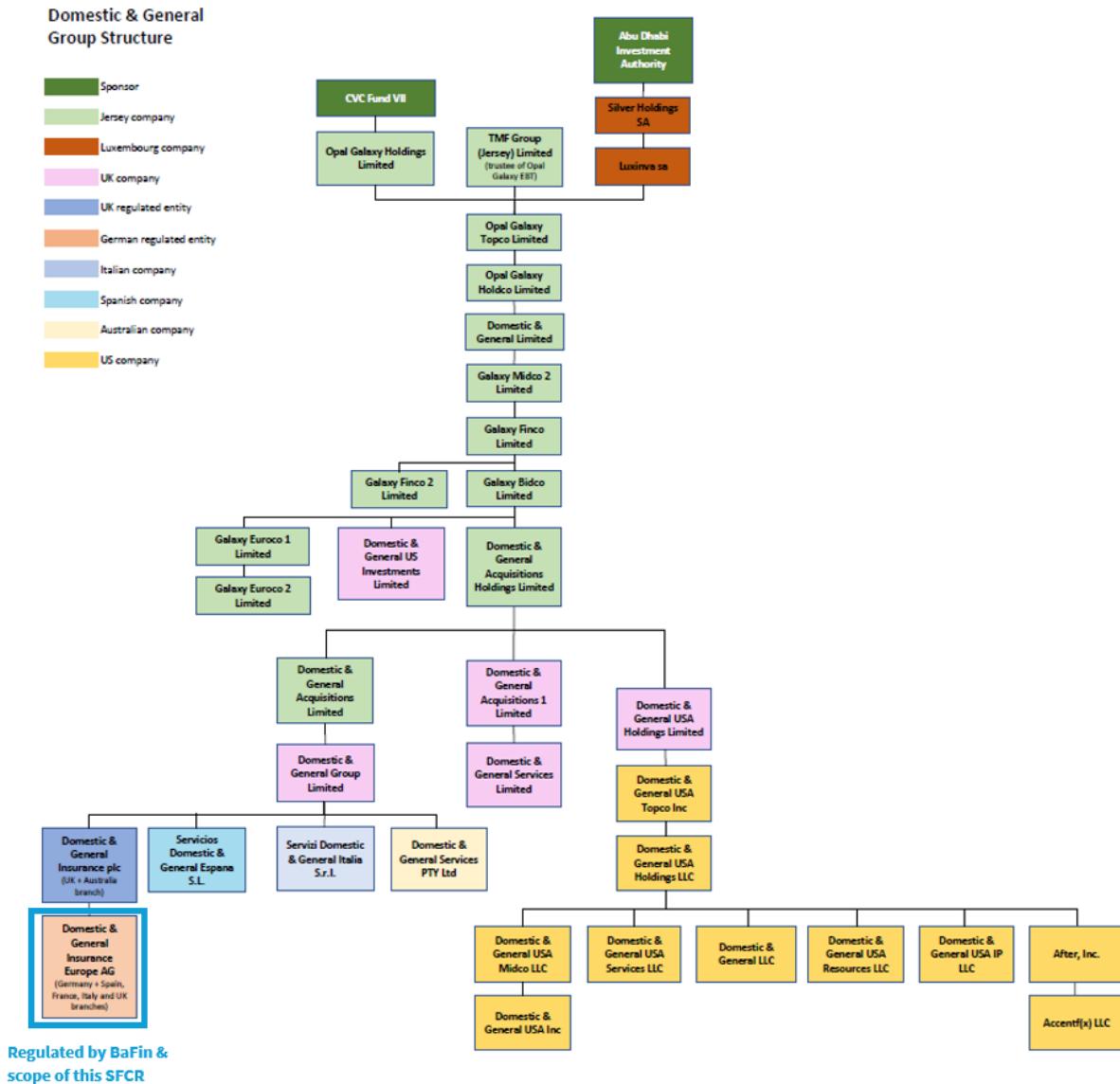
DGA is the most senior non-EU insurance holding company and Domestic & General Group Limited ("DGGL"), a UK insurance holding company, is the immediate parent undertaking of DGI.

DGIEU is wholly owned by DGI.

DGI is a UK insurance company, authorised by the Prudential Regulation Authority ("PRA") and regulated by both the Financial Conduct Authority ("FCA") and the PRA, and provides insurance products in the UK via its UK office.

DGIEU is a German insurance subsidiary of DGI which sells insurance products in Europe.

DGIEU has four branches in Spain, France, Italy, and the UK. The UK branch has been established in FY21 to carry out activities in respect of Republic of Ireland following the UK's departure from the European Union. DGIEU does not write any business in the UK.



## Supervision

DGIEU is authorised and supervised by BaFin. Details of the competent supervisory authority are listed below:

Address of Bundesanstalt für Finanzdienstleistungsaufsicht:  
 Graurheindorfer Str. 108  
 53117 Bonn

Alternatively:  
 Postfach 1253  
 53002 Bonn

Contact details of Bundesanstalt für Finanzdienstleistungsaufsicht:

Fon: 0228 / 4108 - 0  
 Fax: 0228 / 4108 - 1550  
 E-Mail: [poststelle@bafin.de](mailto:poststelle@bafin.de) or De-Mail: [poststelle@bafin.de-mail.de](mailto:poststelle@bafin.de-mail.de)

For the Regulated Group to which DGIEU belongs, the following supervisory authorities are also relevant:

- Prudential Regulation Authority (“PRA”), United Kingdom
- Financial Conduct Authority (“FCA”), United Kingdom
- Australian Prudential Regulation Authority (“APRA”), Australia
- Autorité de Contrôle Prudentiel et de Résolution (“ACPR”), France (for conduct regulation purposes)
- Dirección General de Seguros y Fondos de Pensiones (“DGSFP”), Spain (for conduct regulation purposes)
- Istituto per la Vigilanza sulle Assicurazioni (“IVASS”), Italy (for conduct regulation purposes)
- Central Bank of Ireland (“CBI”), Ireland (for conduct regulation purposes)

## External Auditors

The Company’s statutory annual financial statements and the Solvency II balance sheet are audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, who can be contacted at Aegidientorplatz 2a, 30159 Hannover, Germany.

## A.2 Underwriting performance

A summary of financial performance is set out below:

	FY25	FY24	Movement
	€ 000	€ 000	€ 000
Net Earned Premiums	23.547	25.980	-2.433
Net Claims	-7.930	-7.360	-570
Net Insurance Expense	-591	-5.288	4.697
Other Technical Expense	-1.036	-1.154	118
Net Investment Expense	-816	-1.121	305
Net Operating Income	-9.599	-8.880	-719
<b>Profit / Loss Before Tax</b>	<b>3.575</b>	<b>2.178</b>	<b>1.397</b>

**Net Earned Premiums** - represent the amount of premium recognised shown in the income statement in the respective year relating to insurance business on a net of reinsurance basis, net of cancellations. This is determined in accordance with the earnings patterns applied to each contract reflecting the risk and claims profile of the contract. Earnings commence when the policy goes ‘on-risk’. Net earned premiums reduced in FY25 compared to FY24, due to the earlier discontinuation of a distribution arrangement with a retail partner in the Iberian region.

**Net Claims** - the total DGIEU ratio of claims incurred in relation to earned premiums is 33,7% (FY24: 28,3%). The net claims in FY25 (€-7.930k) are above FY24 (€-7.360k) mainly due to the consequence of increasing gross written premiums and business mix.

**Net Insurance Expenses** - the net insurance expenses include mainly commission expenses and other operating administration costs. The net insurance expense position is reduced by the reinsurance ceding commission (FY25: €85.199k; FY24: €83.910k), which is above FY24 in line with the increasing gross written premium volume.

**Net Investment Expenses** - Investment income comprises interest income and realised and unrealised gains and losses on financial instruments at fair value through profit or loss. Net investment expenses decreased to €-816k (FY24: €-1.121k). This includes investment income (€948k) and charges for the management of investments, interests (including intragroup interests) and other investment expenses. The unfavourable movement in investment expenses compared to FY24 is mainly due to realised losses on disposals in FY25, the settlement in the intercompany loan structure, and cost allocation under RechVersV.

**Profit Before Tax** - The nature of the Iberian business, which mainly relates to extended business, lead to total net earned premiums below FY24 in Iberia. Also, the net insurance expenses are significantly below FY24 mainly volume-based impact from ceding commissions. In total this led to an increased profit before tax.

DGIEU writes extended warranty insurance in Spain, Germany, Portugal, Ireland, France, Netherlands, Belgium, Italy and Austria. With respect to the underwriting performance, the main geographical areas are Iberia (Spain and Portugal) and Germany/Austria.

DGIEU's underwriting performance by main geographical areas for FY25 is as follows:

	TOTAL					Iberia				
	FY25 € 000	FY24 € 000	FY25 %RI; %Ceding	% earned income	FY25 % total	FY25 € 000	FY24 € 000	FY25 %RI; %Ceding	% earned income	FY25 % total
Net earned premium	23.547	25.980		100,0%	100,0%	17.422	20.259		100,0%	74,0%
Gross claims	-49.509	-50.938		-30,3%		-32.202	-35.622		-30,3%	
Claims reinsurers' share	41.579	43.579	84,0%			26.659	30.259	82,8%		
Net claims	-7.930	-7.360				-5.543	-5.363			
Gross operating expense	-85.790	-89.198				-66.055	-69.618			
Ceding commission	85.199	83.910				55.492	53.136			
Net insurance expenses	-591	-5.288				-10.563	-16.482			
Other technical expense	-1.036	-1.173		-6,9%		7.632	8.690		-16,8%	
Balance on the technical account, net of reinsurance	13.990	12.160				8.948	7.103			
Net investment profit	-816	-1.102				-1.058	-796			
Other expense	-9.599	-8.880				-4.071	-4.060			
Profit before tax	3.575	2.178				3.818	2.247			
Tax	-1.045	-915				-580	0			
Profit for the financial year	2.531	1.264				3.239	2.247			
	Germany & Austria					Other				
	FY25 € 000	FY24 € 000	FY25 %RI; %Ceding	% earned income	FY25 % total	FY25 € 000	FY24 € 000	FY25 %RI; %Ceding	% earned income	FY25 % total
Net earned premium	4.230	4.171		100,0%	18,0%	1.895	1.550		100,0%	8,0%
Gross claims	-11.206	-10.377		-25,9%		-6.100	-4.938		-44,4%	
Claims reinsurers' share	9.473	8.906	84,5%			5.447	4.413	89,3%		
Net claims	-1.733	-1.471				-653	-526			
Gross operating expense	-17.531	-17.224				-2.205	-2.356			
Ceding commission	22.538	23.693				7.170	7.081			
Net insurance expenses	5.007	6.469				4.965	4.725			
Other technical expense	-5.698	-4.495		-16,3%		-5.787	-5.368		-43,4%	
Balance on the technical account, net of reinsurance	1.807	4.674				420	382			
Net investment profit	253	-339				-11	33			
Other expense	-2.184	-4.257				-528	-562			
Profit before tax	-124	78				-119	-147			
Tax	-424	-954				-41	40			
Profit for the financial year	-548	-876				-160	-107			

74,0% of the earned premiums relate to Iberia and mainly comes from large retailer partners.

Under Solvency II, extended warranty insurance is classified under the Solvency II line of business "Miscellaneous Financial Loss". For some products, DGIEU has extended the coverage offered beyond pure extended warranty by including coverage for accidental damage and theft. As outlined in the other non-life catastrophe risk guidance (Annex XII of the Delegated Acts), extended warranty insurance within the Solvency II line of business "Miscellaneous Financial Loss" may also provide additional cover against eventualities such as accidental damage, loss, or theft. This is why the entirety of DGIEU's business is classified under this line of business.

### A.3 Investment performance

In FY25, DGIEU's investments continued to be managed by London & Capital, in addition to short term investments in money market funds which are held from time to time and managed by the Group's treasury function. The investment strategy is focused on liquid, predominantly investment grade governance and corporate credit, with prudent additional allocations to high-yield credit. Investments also included bank deposits. The preservation of capital is a key investment objective, so the investment strategy is designed to focus on asset classes which reduce risk of a capital loss over the life of the asset.

The investment portfolio includes the following categories:

Other Financial Investments	FY25	FY24	Movement
	€'000	€'000	€'000
Deposits with Credit Institutions	10.904	8.069	2.834
Cash and Cash Equivalents	1	1	0
Fixed Income Investments	21.543	29.243	-7.700
<b>Total</b>	<b>32.448</b>	<b>37.313</b>	<b>-4.865</b>

DGIEU has only a low appetite for market risk in its investment portfolio and therefore ensures a well-balanced diversification of its investments. The change in portfolio value is mainly due to investment returns net of withdrawal of funds from the portfolio

	FY25	FY24	Movement
	€'000	€'000	€'000
Net Investment Expense	-816	-1.121	305

Investment income/expense comprises interest income and realised and unrealised gains and losses on financial instruments at fair value through profit or loss. Net investment expenses decreased to €-861k (FY24: €-1.121k). This includes investment income and charges for the management of investments, interest and other investment expenses. The favourable movement in investment expenses compared to FY24 is mainly due to realised gains on disposals in FY25.

Investment strategy is overseen by the Group Investment & Capital Committee and includes consideration of ESG factors. In this regard, no securities issued by companies under the following sub-industry classifications are permitted: Arms, mining and tobacco.

Further information on financial risks resulting from climate change is provided in section C.6 of this SFCR.

DGIEU held no investments in securitisations at the valuation date.

### A.4 Performance of other activities

In FY25, there was no other material income or expense incurred during the reporting period. DGIEU has financial leases / operating leases, which are reported within commitments section D.4.

### A.5 Any other information

DGIEU has previously referred to cost-of-living / inflationary pressures as key economic headwinds. Although previously high levels of inflation have reduced, macro-economic and geo-political uncertainties persist and have been exacerbated by recession fears stemming from US trade policy. Underwriting KPIs, therefore, continue to be closely monitored to identify abnormal changes (e.g. increased policy lapse rates and cancellations, reductions in premium written for new business sales or similar). Additionally appropriate inflation assumptions were incorporated into the financial planning process.

Contracts with partners and repairers provide a degree of stability in DGIEU's margin. The majority of repairs are undertaken using Completed Job Rates ("CJR") which are agreed in advance with repairers, and there are additional sources of capacity in the network of independent repairers (i.e., non-OEM repairers) to ensure adequate coverage in case of capacity constraints. DGIEU continues to monitor delivery of good customer outcomes through its established governance in order to be able to respond appropriately as the macro-economic environment evolves.

## B. SYSTEM OF GOVERNANCE

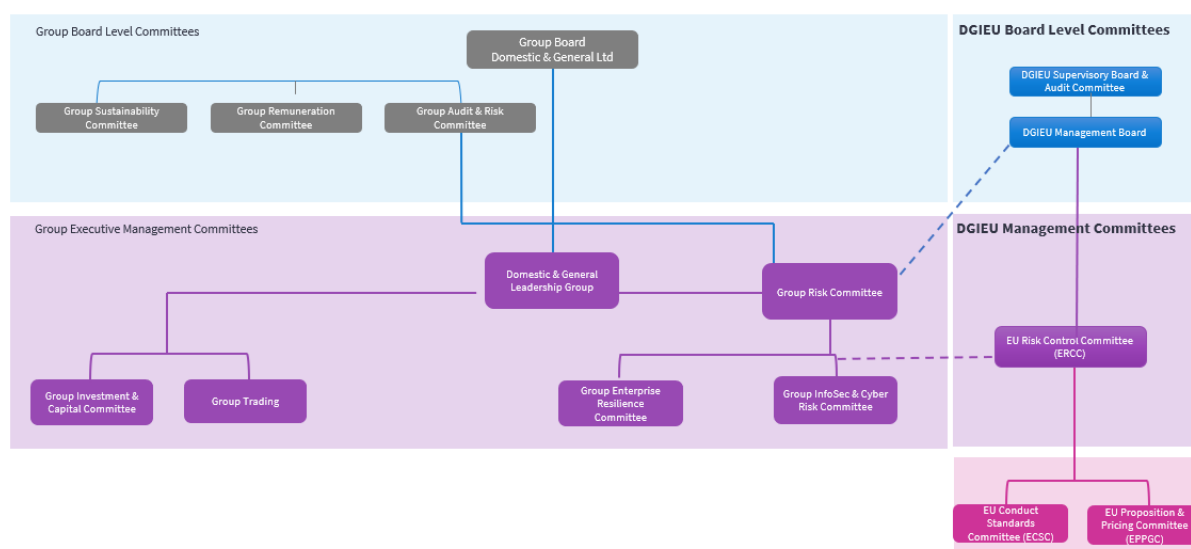
DGIEU has an established risk management and control framework which seeks to protect the business from events that may hinder achievement of its objectives and financial performance. The DGIEU Management Board consider and assess potential risks and uncertainties that could have a material impact on performance and put in place internal processes and controls designed to manage and mitigate such risk.

Monitoring of conduct is embedded into the day-to-day business. DGIEU's established risk appetite, policy framework, and supporting controls and monitoring include consideration of product design and product changes, selling processes, customer service and complaints, and aim to support positive customer outcomes.

DGIEU regularly reviews existing processes to ensure that the risk management and control framework remains appropriate to the risk profile of the Company. Based on this approach, it is taking steps to further embed the risk management framework within the first line of defence, supported by enhanced governance arrangements.

### B.1 General information on the system of governance

A summary of the DGIEU governance structure including its feed into relevant D&G Group governance is given in the diagram below. Further information on the different bodies and committees, including their responsibilities follows.





## DGIEU Governance Structure

DGIEU Committee	Governance Role & Responsibilities
<b>DGIEU Supervisory Board and Audit Committee</b>  Meets twice a year	<ul style="list-style-type: none"> <li>Supervise the DGIEU Management Board (but with no right to instruct or take day-to-day decisions) including remuneration responsibility,</li> <li>Issue rules and procedures for the DGIEU Management Board,</li> <li>Mandate the statutory auditor,</li> <li>Approve the financial statements,</li> <li>Consider reserved matters – veto right e.g., acquisition or sale of real property, assumption of guarantees, obligations exceeding a defined amount, and</li> <li>Appoint (and dismiss) members of the DGIEU Management Board.</li> </ul>
<b>DGIEU Management Board</b>  Meets at least every other month	<ul style="list-style-type: none"> <li>Be responsible for proper business organisation,</li> <li>Manage the Company in accordance with the law, Articles of Association, and the Terms of Reference (manage with the due care and diligence of a prudent and conscientious businessman),</li> <li>Implement and execute DGIEU's strategy,</li> <li>Oversee execution of day-to-day strategy,</li> <li>Review Company's risk and issues,</li> <li>Adhere to regulation and compliance,</li> <li>Review key people risks and issues, and</li> <li>Act as escalation point for issues raised by the business.</li> </ul>
<b>ERCC</b>  Meets monthly	<ul style="list-style-type: none"> <li>Set out and oversee DGIEU risk and compliance standards throughout the organisation,</li> <li>Review the status of, and progress on actions from Compliance Monitoring Reviews, Internal Audit, External Audit, RCSAs, risk events and regulatory reporting requirements,</li> <li>Oversee different aspects of the DGIEU Risk Management Framework, such as risk events, RCSA results, and risk appetite,</li> <li>Oversee the ongoing maintenance of a robust control framework including a quarterly review of control results,</li> <li>Consider issues identified as part of the regular horizon scanning and consider action as appropriate.</li> </ul>
<b>ECSC</b>  Meets quarterly	<ul style="list-style-type: none"> <li>Set conduct standards and principles,</li> <li>Promote conduct standards and fair treatment of costumers,</li> <li>Monitor conduct risks in service and claims, complaints and quality assurance including monitoring of KRIs,</li> <li>Review cases of misconduct and decide on future mitigation measures.</li> </ul>
<b>EPPGC</b>  Meets at least every other month	<ul style="list-style-type: none"> <li>Review and approve the design of new products or the modification/development of existing products including consideration of associated risks,</li> <li>Review and approve the development of new channels for existing products, changes to an existing channel, and rollout of an existing product/terms and conditions for a new partner,</li> <li>Oversee marketing incentives and payment methods for existing products and channels, and</li> <li>Consider the pricing strategy to calculate product price.</li> </ul> <p>Note: In FY25 the chair of the EPPGC has been handed over from the Head of Compliance DGIEU (2LOD) to the Director of Propositions and Financial Promotions (1LOD).</p>

## DGIEU Board Level Committees

The DGIEU Supervisory Board is comprised of Directors who are responsible for ensuring that the Company is appropriately managed and that it achieves its objectives. The Board meets to determine the Company's strategic direction, to review the company's operating and financial performance, and to oversee that the Company is adequately resourced and effectively controlled. The DGIEU Supervisory Board also acts as the Company's Audit Committee.

DGIEU Supervisory Board & Audit Committee	
David Tyler	Chairman
Robin James Ashton	Deputy Chairman
Michael Ross	Member

There were no changes to the DGIEU Supervisory Board in FY25.

The DGIEU Management Board (overseen by the DGIEU Supervisory Board) is ultimately responsible and accountable for ensuring that a sound risk management culture and framework is embedded. The schedule of responsibilities of the DGIEU Management Board is stated below:

Board Member	Responsibilities
<b>Matthew Crummack</b>  Chief Executive Officer	<ul style="list-style-type: none"> <li>• Lead management for the company's overall management</li> <li>• Supervisory Board matters</li> <li>• Controlling / management information system</li> <li>• Strategic corporate development</li> <li>• Executive employees</li> <li>• Industrial relations</li> <li>• Representation on behalf of the group's employees' representatives</li> <li>• Supervision of the sales division</li> <li>• Supervision of the operations division</li> <li>• Supervision of the claims/ services division</li> <li>• Head of risk division</li> <li>• Head of compliance division</li> </ul>
<b>Tom Goode</b>  Chief Financial Officer	<ul style="list-style-type: none"> <li>• Finance and accounting</li> <li>• Taxes / insurance</li> <li>• Press and public relations</li> <li>• Business plans</li> <li>• Actuarial</li> </ul>
<b>Sven Wick</b>  Board Member	<ul style="list-style-type: none"> <li>• Underwriting</li> <li>• Internal Audit</li> </ul>
<b>Matthias Kammermann</b>  Board Member	<ul style="list-style-type: none"> <li>• Issues of law/appeals</li> </ul>

In FY25, there was a change to the DGIEU Management Board, when Matthias Kammermann was appointed as an additional member on 15<sup>th</sup> April 2024.

The DGIEU Management Board is supported in oversight and discharging their responsibilities for certain risk management topics (including adherence to risk appetite for selected risk categories) by the DGIEU management committees (ERCC, ECSC, and EPPGC), as reflected in their terms of references.

## DGIEU Key Functions

An insurance company must set up four Key Functions in accordance with the requirements of Solvency II. The DGIEU Management Board has appointed responsible persons for each of the following four Key Functions:

- Risk Management Function according to § 26 Para 8 German Insurance Supervision Act (“VAG”),
- Compliance Function according to § 29 Para 1 VAG,
- Internal Audit Function according to § 30 Para 1 VAG and
- Actuarial Function according to § 31 Para 1 VAG.

Key Function	Key Responsibilities & Organisation
<b>Risk Management Function</b>	<ul style="list-style-type: none"> <li>• Key tasks of the Risk Management Function include: <ul style="list-style-type: none"> <li>○ Evaluating and reviewing the Risk Strategy,</li> <li>○ Promoting risk awareness,</li> <li>○ Reviewing risk assessment methods,</li> <li>○ Monitoring the Risk Management System (including risk appetite statements and positions, as well as KRIs,</li> <li>○ Developing, testing, and validating internal models in use for the calculation of DGIEU’s solvency capital requirements*,</li> <li>○ Proposing limits and</li> <li>○ Defining and regular updating of principal risks and key controls.</li> </ul> </li> <li>• In FY25, the Group Head of Risk who heads the Group risk team continued to be the appointed Risk Management Key Function holder. The DGIEU CEO is the responsible member of the Management Board for Risk Management.</li> </ul>
<b>Compliance Function</b>	<ul style="list-style-type: none"> <li>• Key tasks of the Compliance Function include: <ul style="list-style-type: none"> <li>○ Identifying and assessing compliance risks with regard to both BaFin standards and local regulatory standards for each DGIEU location,</li> <li>○ Setting the DGIEU compliance policy, the internal control framework, financial crime prevention, and other regulatory matters,</li> <li>○ Designing and executing DGIEU compliance controls and monitoring,</li> <li>○ Managing the DGIEU outsourcing framework,</li> <li>○ Monitoring the DGIEU product governance and oversight procedures,</li> <li>○ Monitoring the regulatory horizon / industry news to ensure compliance with applicable laws and regulations, and</li> <li>○ Advising and training both DGIEU business and management functions in compliance matters.</li> </ul> </li> <li>• In FY25, the of Compliance DGIEU who heads the DGIEU Compliance team continued to be the appointed Compliance Key Function holder. The DGIEU CEO is the responsible member of the Management Board for Compliance.</li> </ul>
<b>Internal Audit Function</b>	<ul style="list-style-type: none"> <li>• Key tasks of the Internal Audit Function include: <ul style="list-style-type: none"> <li>○ Auditing the system of governance,</li> <li>○ Ensuring compliance with the audit plan,</li> <li>○ Maintaining independence, and</li> <li>○ Advising the management.</li> </ul> </li> <li>• The Internal Audit Function of DGIEU is outsourced. From September 2024, the function is outsourced to Grant Thornton AG, Frankfurt (“Grant Thornton”). Previously the internal audit function of DGIEU was outsourced to Grant Thornton UK LLP, London. Grant Thornton UK LLP continues to play a leading role in connection with Group-wide audits, which also include DGIEU, and in some cases involves Grant Thornton AG in the respective audits.</li> <li>• The DGIEU Board Member for Underwriting &amp; Internal Audit is the responsible member of the Management Board for the Internal Audit Function and the</li> </ul>

Key Function	Key Responsibilities & Organisation
	responsible Outsourcing Manager. This identity does not prevent the fulfilment of the respective tasks required. The Board Member for Underwriting & Internal Audit is supported accordingly by his team with regard to the outsourcing assignment and monitors and manages the function independently of the other members of the DGIEU Management Board and key function holders.
<b>Actuarial Function</b>	<ul style="list-style-type: none"> <li>• Key tasks of the Actuarial Function include: <ul style="list-style-type: none"> <li>○ Validation of technical provisions, including testing against experience,</li> <li>○ Assessment of the appropriateness of the methods used and definition of USPs applied, and</li> <li>○ Assessment of the quality of the data used.</li> </ul> </li> <li>• The DGIEU CFO is the responsible member of the Management Board for the Actuarial Function. The DGIEU Board Member for Underwriting &amp; Internal Audit is the responsible Outsourcing Manager.</li> <li>• Support of the Actuarial Function is outsourced to Lane Clark Peacock (“LCP”).</li> <li>• The Actuarial Function support assists with the calculation of the SCR and of the technical provisions, and with DGIEU’s Solvency II reporting requirements.</li> </ul>

*\*DGIEU does not apply an internal model, but the Company uses USPs for the premium and reserve risk.*

The organisation of DGIEU’s key functions is considered appropriate and effective in accordance with the principle of proportionality.

For some risk areas, DGIEU does not have separate committees in place. Instead, these topics are addressed in the following Group Board Level Committees and Group Executive Management Committees. Flow of information between DGIEU and Group is ensured via the DGIEU Management Board and especially via the DGIEU CEO who also holds this role at Group level and attends the key Group Committees. In addition, Robin James Ashton (member of the DGIEU Supervisory Board) attends the Group Audit & Risk Committee.

## Relevant Group Board Level Committees

Board Level Committee	Objectives
<b>Group Board</b>	<ul style="list-style-type: none"> <li>• Sets the D&amp;G Group's corporate governance policy &amp; agenda.</li> <li>• Has overarching responsibility for the strategic direction of the D&amp;G Group and for setting risk appetite.</li> <li>• Ensures that the D&amp;G Group's strategy and policy are in accordance with general corporate governance and risk management requirements.</li> <li>• Reviews and acts on recommendations from, and undertaken by External Audit, Internal Audit and Compliance and Risk functions.</li> <li>• Allocates appropriate resource to meet governance obligations.</li> </ul>
<b>Group Audit &amp; Risk Committee ("ARC")</b>	<ul style="list-style-type: none"> <li>• Monitors the integrity of financial statements, and the effectiveness of the D&amp;G Group's internal controls and risk management frameworks.</li> <li>• In parallel, the D&amp;G Group ARC ensures that all group subsidiaries (across all jurisdictions) are reviewed and monitored and that there is consistency of approach, as well as clearly communicated and effective financial reporting processes, risk frameworks and compliance monitoring processes.</li> </ul>
<b>Group Remuneration Committee ("REMCO")</b>	<ul style="list-style-type: none"> <li>• Central committee responsible for all remuneration related matters across the D&amp;G Group (including DGIEU).</li> <li>• Determines the overall framework and policy for remuneration of the chairman, the independent non-executive directors, the executive directors, and senior executives of the D&amp;G Group.</li> <li>• Approves the design of, and determine the targets for, any performance related pay and bonus schemes.</li> <li>• Approves the group bonus pool available for award, and the appropriate financial and other measures to consider.</li> <li>• Reviews and approves the appointment or termination of employment and the individual remuneration, including any variable remuneration, of any employee whose base salary is in excess of £175,000 (or local currency equivalent of £175,000) or whose contract cannot be terminated by three months' notice or less.</li> <li>• Determines the policy for and scope of pension arrangements, service agreements for the Executive Management, termination payments and compensation commitments.</li> <li>• Reviews and approves the establishment of any pension, retirement, death, disability or life assurance scheme and any major changes in employee benefit structure.</li> </ul>
<b>Group Sustainability Committee</b>	<ul style="list-style-type: none"> <li>• Considers key environmental, and sustainability matters relevant to the business of Domestic &amp; General and make recommendations to the D&amp;G Group Board to improve the D&amp;G Group's position with respect to sustainability.</li> <li>• Assists the Group Board in the development of the D&amp;G Group's environmental and sustainability strategy, including its net zero strategy, and monitor its performance.</li> <li>• Identifies environmental and sustainability related risks to the business and escalate to the Group Board those of material significance.</li> <li>• Monitors and reviews current and emerging environmental and sustainability trends, standards and legal requirements and determine how they may affect the D&amp;G Group.</li> <li>• Reviews and provides guidance to the Group Board on the involvement of significant corporate responsibility issues in major business decisions.</li> </ul>

## Relevant Group Executive Management Committees

Executive Management Committee	Objectives
<b>Domestic &amp; General Leadership Group (“DGLG”)</b>	<ul style="list-style-type: none"> <li>Executes the strategy, objectives, and priorities for the D&amp;G Group.</li> <li>Oversees the day-to-day operation of D&amp;G Group, ensuring D&amp;G’s strategy is executed effectively and that key risks are sufficiently managed.</li> </ul>
<b>Group Risk Committee (“GRC”)</b>	<ul style="list-style-type: none"> <li>Monitors, and reviews the D&amp;G Group’s risk profile.</li> <li>Provides risk oversight for the D&amp;G Group.</li> <li>Assesses the effectiveness of the D&amp;G Group risk management framework, including tracking adherence to risk appetite on a continuous basis.</li> <li>Assesses compliance with applicable conduct and prudential regulatory requirements, including the rules set by the FCA and PRA.</li> <li>Monitors and challenges the key outputs of the UK Customer &amp; Conduct Standards Committee and the Enterprise Resilience Committee.</li> </ul>
<b>Group Investment &amp; Capital Committee</b>	<ul style="list-style-type: none"> <li>Sets the strategy and criteria for the D&amp;G Group’s investment assets (including its subsidiaries), and monitors counterparty exposures (banking and investment), investment returns and capital management considerations, including distribution planning.</li> </ul>
<b>Group Trading Committee</b>	<ul style="list-style-type: none"> <li>Oversees the D&amp;G Group’s trading performance based on input from the regional Trading Committees.</li> </ul>
<b>Group Enterprise Resilience Committee</b>	<ul style="list-style-type: none"> <li>Monitors that the D&amp;G Group including, people, facilities, systems and third parties are resilient in-line with D&amp;G’s risk appetite and relevant regulatory requirements.</li> <li>Approves and assures the testing regime and relevant procedures that relate to resilience across people, facilities, systems and third parties in line with a risk profile and test regime proportionate to our priorities.</li> <li>Approves, maintains and stress tests all incident response and crisis management procedures.</li> <li>Acts as primary governance meeting to review both D&amp;G’s existing and future material outsourcing and critical third-party arrangements are resilient.</li> </ul>
<b>Group InfoSec &amp; Cyber Risk Committee</b>	<ul style="list-style-type: none"> <li>Oversees compliance with information security regulations as well as adherence to information security standards across the D&amp;G Group.</li> </ul>

In addition to the above D&G Group Management-level Committees, the Regulated Group has the following key Working Groups and Committees relevant for risk management and Solvency II in place:

Forum	Objectives
<b>Solvency II Working Group</b>	<ul style="list-style-type: none"> <li>Monitors DGA’s, DGI’s, and DGIEU’s levels of Solvency II capital and compliance with Solvency II requirements.</li> </ul>
<b>Data Governance Committee</b>	<ul style="list-style-type: none"> <li>Reviews and signs off DGA’s, DGI’s, and DGIEU’s Solvency II reports prior to submission, including key assumptions and ratios used in the calculation, causal analysis and adherence to PRA/BaFin requirements.</li> </ul>
<b>Horizon Scanning Forum</b>	<ul style="list-style-type: none"> <li>Oversees regulatory changes and ensures the D&amp;G Group stays abreast of external, legal, regulatory or market changes that may have an impact on the Group in the future.</li> </ul>

## Remuneration

All bonus awards paid to employees are at the discretion of the company and are not part of the remuneration in the employment contract. Even if employees have continuously received a bonus award over a period of years, there is no contractual entitlement to this.

In line with the D&G Group, DGIEU awards variable remuneration in the form of annual discretionary cash award, under the Group Discretionary bonus scheme or through Contact Centre bonus schemes which are generally paid quarterly or monthly.

The financial performance of the Company is the key factor in determining the overall level of bonus awards in any given year. Alongside company financial performance, the performance of each function, together with each individual employees' contribution and behaviours, will influence the amount of each individual annual bonus. When determining and reviewing the amount of individual bonus awards, consideration is given to the relative value of variable remuneration as a proportion of total remuneration, ensuring that in each case the variable element does not represent too large a proportion as to inappropriately incentivise behaviours that may be detrimental to the company.

The Company does not operate formulaic criteria for determining the value of discretionary annual bonus awards but does provide guidance for management to consider when determining individual award allocations like employee performance and conduct. All proposals are subject to detailed review and moderation and can be subject to potential adjustment at D&G Group level.

Contact Centre schemes operate separately to the Group Discretionary scheme and are structured to include both financial and non-financial measures, with Quality Assurance measures being a key factor in determining individual awards.

The D&G Group (including DGIEU) does not operate individual supplementary pension schemes.

There were no material transactions in FY25 between shareholders, any persons exercising a significant influence on the undertaking and members of the administrative, management or supervisory body.

Additional information on remuneration can be found in the section on the Remuneration Committee, above. At DGIEU level, the DGIEU Supervisory Board in cooperation with the Remuneration Committee is responsible for the remuneration of the DGIEU Management Board.

A Group Remuneration Policy is in place that sets out governance, roles and responsibilities related to remuneration, the role of the Remuneration Committee and key remuneration principles. The standards in this Policy are applicable to the whole D&G Group (incl. DGIEU). There is also an accompanying appendix for Europe. The Group Remuneration Policy has been substantially reviewed in FY25.

The Remuneration Policy seeks to ensure:

- Fair and consistent remuneration principles,
- That all employees are appropriately remunerated in accordance with their contractual roles, experience, and responsibilities, and
- That the remuneration principles are consistent with the business and risk strategy, which includes the fair treatment of customers.

The remuneration system of DGIEU for employees, senior managers, members of the Management Board and Supervisory Board is appropriate, transparent, and geared to the sustainable development of the Company. The general structure of the remuneration policy is in line with the business strategy and the risk strategy derived from it.

There were no significant changes in remuneration compared to FY25.

## Material transactions

No material transactions took place in the reporting period.

## Adequacy of the system of governance

DGIEU continues to seek opportunities to improve the robustness and proportionality of its system of governance, in line with changes in its risk profile, strategic plan, and changes in external factors (e.g. legislation and regulation). The Risk & Compliance functions are instrumental in overseeing and challenging the implementation of the system of governance, risk management, and internal control framework. This also comprises overseeing and challenging risk identification and control execution by the first line of defence to ensure ongoing adequacy given the nature, scale, and complexity of DGIEU's risk profile.

## B.2 Fit and proper requirements

### General Information

DGIEU is committed to ensure that all persons who effectively run the Company or have other key functions are at all times fit and proper within the meaning of Article 273 of Commission Delegated Regulation 2015/35 ("DVO") in accordance with the applicable Article 24 VAG.

The information in this section is based on the DGIEU Fit & Proper Policy. Fitness refers to professional qualifications, knowledge, and experience to enable sound and prudent management. Propriety means good repute and integrity.

The assessment of whether a person is fit shall include an assessment of the person's professional and formal qualifications, knowledge, and relevant experience within the insurance sector, other financial sectors or other businesses. The assessment shall take into account the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial, and management skills of the person. According to Article 24 VAG, sufficient management experience can usually be demonstrated through three years of management activity at an insurance company of comparable size and type of business.

According to EIOPA Guidelines on System of Governance, the following fit and proper requirements apply to the members of the Administrative, Management or Supervisory Body ("AMSB").

The AMSB should collectively possess appropriate qualification, experience, and knowledge about at least:

- Insurance and financial markets,
- Business strategy and business model,
- System of governance,
- Financial and actuarial analysis, and
- Regulatory framework and requirements.

The assessment of whether a person is proper shall include an assessment of that person's honesty and financial soundness based on evidence regarding their character, personal behaviour, and business conduct including any criminal, financial, and supervisory aspects relevant for the purposes of the assessment.

### Affected Persons and Roles at DGIEU

The fit & proper requirements apply to all persons who effectively run the undertaking or have other key functions. At DGIEU, these include the members of the DGIEU Supervisory Board, DGIEU Management Board, DGIEU key function holders, and the Authorised Agents of the French, Italian, Spanish and UK (solely for Republic of Ireland business) branches.

The fit requirements for a key function holder are derived from the descriptions of their responsibilities within the governance system.



In the case of outsourcing of key functions in accordance with Article 266 MaGo and Article 32 VAG, DGIEU complies with BaFin requirements to:

- Apply adequate criteria to ensure quality and appropriate expertise of persons employed by the Service Provider or Sub-Service Provider to perform an outsourced key function, and
- Designate an Outsourcing Manager within DGIEU with overall responsibility for the outsourced key function who is fit and proper and possesses sufficient knowledge and experience regarding the outsourced key function to be able to challenge the performance and results of the Service Provider.

To address this, DGIEU has defined a responsible Outsourcing Manager for both, the outsourced Internal Audit and Actuarial Function who also must fulfil the fit and proper requirements. In both cases, this is the responsible DGIEU Management Board member.

### **Pre-Employment Checks**

Pre-employment checks are carried out at DGIEU to ensure that the affected persons and roles meet the fit and proper requirements. The pre-employment checks are a collection and validation of evidence. For this, relevant people must submit a pre-defined set of documents.

Furthermore, DGIEU carries out pre-employment checks to ensure that the members of the DGIEU Supervisory Board and the DGIEU Management Board collectively possess appropriate qualifications, experience, and knowledge in the areas as set out in the 'General Information' paragraph of this section.

For this, members of the DGIEU Supervisory Board and the DGIEU Management Board complete a self-assessment template prior to appointment which is reviewed by HR.

### **Ongoing Checks**

The assessment of the fitness and propriety of the persons who effectively run the Company or hold other key functions, on an on-going basis is also carried out. A periodic re-assessment of ongoing fitness and propriety may, where appropriate, be carried out through e.g., completion of an appropriately worded form and declaration documenting and, where appropriate, reporting and acting any changes to an individual's fitness and propriety from that previously reported.

This is ensured via a self-assessment template for regular review. This annual process is coordinated by HR who also validates the self-assessment results.

Regular means on an annual basis. The annual self-assessment should be completed by 31 March each year at the latest. However, if there are indications of a change in fitness and propriety, an ad-hoc review must be carried out.

In addition to the self-assessment, management should undertake criminal records checks and financial integrity and background checks, at least, every three years. For this purpose, every three years, the affected persons and roles are required to submit a criminal record check and an extract from the Central Trade Register to DGIEU HR.

At DGIEU, HR is responsible for these checks (pre-employment and ongoing).

### **Notification to BaFin (according to article 24 paragraph 1 VAG)**

The notification to be made in accordance with VAG and the relevant documents must be submitted to BaFin.

The requirements for notification to BaFin were met by DGIEU in FY25. All required documentation was submitted to BaFin. The Legal Director International is responsible for the compilation and submission of these documents.

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

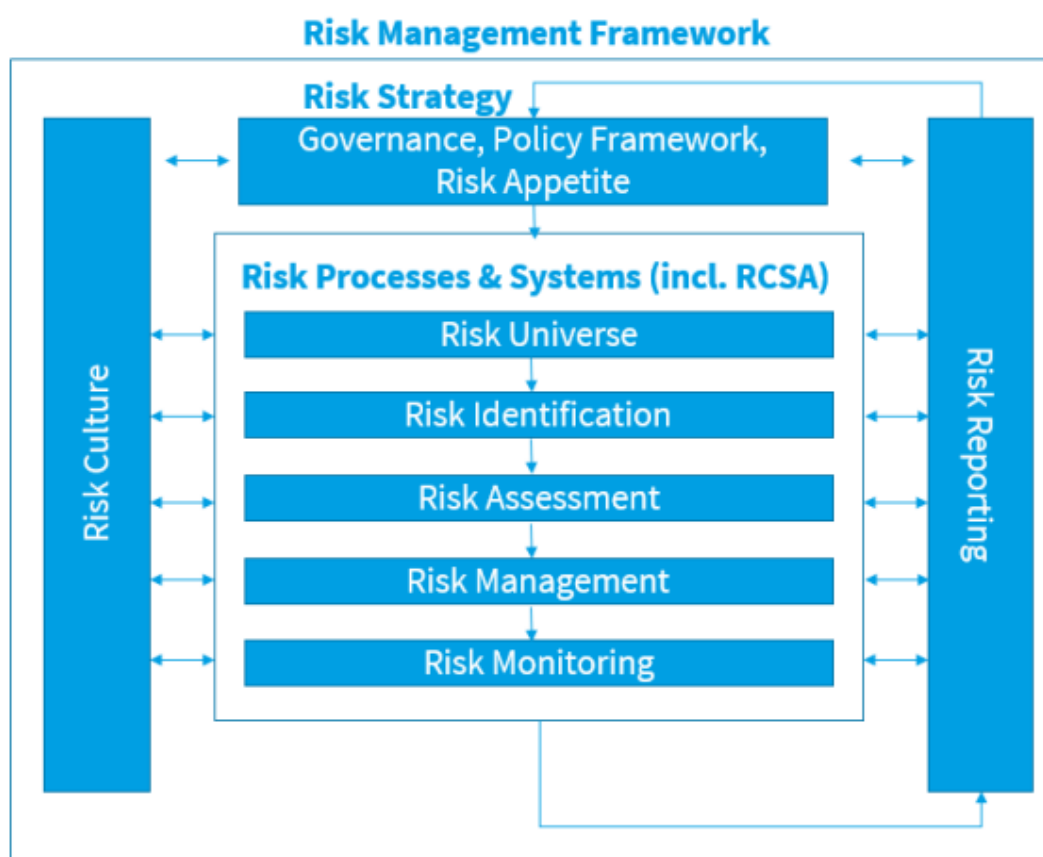
#### Risk Management Framework (“RMF”)

Risk is defined as “uncertain future events which could influence the achievement of DGIEU’s objectives”. These can include both upside risk (opportunities DGIEU can benefit from) or downside risk (threats to success).

The sum of potential risks that DGIEU could experience are its “risk universe”. Those risks identified and assessed by DGIEU form its “risk profile”.

At DGIEU, the principles of risk management are anchored in the Risk Strategy. DGIEU’s Risk Strategy is derived from the Business Strategy. The Risk Strategy considers key risks arising from the business model.

DGIEU’s risk management process defines the key components and deliverables it has set, to deliver its strategic vision and objectives. DGIEU recognises the importance of effective risk management and its positive impact on customers, employees, business partners and regulators’ interests. A summary of the high-level risk management process is shown in the diagram below, followed by a description of the key components of the RMF:



Key Components	Key Risk Deliverables
Risk Strategy	Governance, policy framework, and risk appetite
Risk Processes and Systems	Risk universe, risk identification, assessment, management, and monitoring
Risk Reporting	Management information – risk profile, KRIs, risk events, emerging risks External risk reporting (SFCR, RSR, ORSA)
Risk Culture	Influence attitudes and values through training, and communication

### *Risk Strategy*

The DGIEU Management Board is ultimately responsible and accountable for ensuring a sound risk management culture and ensuring a framework is embedded. This is supported by committees, who are responsible for overseeing risks that are relevant to their remit and for ensuring that key risks are escalated as appropriate (see section B.1 above).

Responsibility for day-to-day risk management activities sits with the risk and control owners in the first line of defence (“1LOD”), notwithstanding it is the responsibility of everyone to ensure that risks are managed appropriately. The Risk Function provides oversight to support that the risk framework is working effectively across the business.

DGIEU’s risk framework is supported by the wider Policy Framework.

DGIEU has Board approved risk appetite statements for each principal risk. These risk appetite statements identify the risk exposures which DGIEU deems acceptable (in pursuit of its objectives) within clearly articulated qualitative and quantitative tolerance limits for DGIEU’s principal risks. All risk decisions made by the business must be undertaken within boundaries that are clearly defined and aligned to the risk appetite statements. The risk appetite statements are reviewed at least annually. In some instances, decisions may be made to operate outside of risk appetite. These decisions are controlled through a risk acceptance process, which will result in an escalation to the appropriate senior manager or committee for acceptance.

### *Risk Processes and Systems*

DGIEU has a bespoke risk management system (Magique) which is used to record risks and controls, and log risk events. It is also used to track the delivery of actions associated with risk events in the Magique system.

### *Risk Universe*

DGIEU’s risk universe outlines the potential risks that DGIEU could be exposed to, across the level 1 risk categories of Operational, Conduct, Strategic, Financial, Insurance, and Governance risk. Changes to the universe are overseen by the DGIEU Management Board.

### *Risk Identification*

The RCSA is integral for identifying and analysing risks and evaluating the efficiency and effectiveness of internal controls at DGIEU. The RCSA ensures a review of the Level 3 risks and thus also informs the development of DGIEU’s Principal Risks. DGIEU updates its risk profile bi-annually, driven by a combination of bottom-up inputs – i.e. the RCSA – and a top-down perspective from the DGIEU Management Board. Risks may also be identified through the course of day to day business and there is a risk event framework in place for this.

### *Risk Assessment*

Once risks have been identified, they are assessed using an impact and likelihood matrix. Risk assessment involves estimating the impact of the risk (type and amount) and likelihood of the risk occurring. Risks are assessed on a ‘gross’ or ‘inherent’ basis (risk assessment before controls and mitigating actions) and also on a ‘net’ or ‘residual’ (risk assessment after controls and mitigating actions) basis.

### *Risk Management*

Where gross risk is assessed as being outside of appetite, mitigating actions including, effective controls which mitigate the extent of the risk must be put in place. The control framework should be designed such that the gross risk is mitigated, and the net risk falls within our risk appetite.

### *Risk Monitoring*

Risks and the effectiveness of associated controls are monitored to ensure that the residual risk remains within DGIEU’s risk appetite. The process for monitoring risks includes a combination of: tracking metrics for key risk indicators, controls assurance, compliance monitoring, monitoring of changes, and Internal Audit reviews.

### *Risk Reporting*

Risk reporting is a critical component which helps to ensure the effective and timely delivery of risk information to support management's decision making. Reporting is aligned with DGIEU's committee structure to ensure delivery and challenge of the articulation of threats to strategy. In addition to the regular internal and external risk reporting prepared by the Risk Function, 1LOD risk owners are required to escalate risk issues in their area of responsibility. Risk reporting involves the reporting of the results of risk identification, assessment and monitoring work to appropriate committees within the governance structure.

### *Risk Culture*

It is important that Risk awareness is embedded across the organisation and that employees consider risks in all aspects of their work. Risk Culture encompasses general awareness, attitude, and behaviour of employees to risk and the management of risk within DGIEU. The DGIEU Management Board sets the 'Tone from the Top' in respect of the management of risk. Senior managers are required to support this Tone from the Top and raise awareness in their areas of responsibility. The Risk Function supports and guides the development of risk culture, risk behaviours and risk attitudes. Activities to support and promote the desired risk culture within DGIEU include:

- Induction Training – all colleagues entering the business must undergo a comprehensive induction course which includes familiarisation with the business, its policies, and their application. The importance of risk management is incorporated within this programme.
- Online/E-Learning – colleagues must complete their annual training on the principles of the business's risk management framework via mandatory Risk Management and Whistleblowing training.
- Group Communications – colleagues receive updates on risk management via the company's internal communications channels.
- Board and Executive Training - the Boards and Executive Team receive training on risk management matters as additional requirements are identified.

The three lines of defence principles are embedded in the design of DGIEU at a functional and committee level:

#### *1st Line of Defence "1LOD" (Operations and Business Units)*

- Covers the day-to-day risk-taking activity in each business function,
- Requires direct management of risk within agreed appetite and policies, and
- Includes responsibility for monitoring and managing all material risks (including control design and execution).

#### *2nd Line of Defence "2LOD" (Risk, Compliance and Actuarial Function)*

- Provides oversight and challenge of day-to-day management of risk,
- Designs the high-level framework of risk management (identification, quantification, monitoring and treatment), and
- Provides guidance on suitable approaches to risk management processes through policies, monitoring and oversight committees.

#### *3rd Line of Defence "3LOD" (Internal Audit)*

- Provides independent and objective assurance of the effectiveness of DGIEU's governance, risk management and internal control frameworks and processes.

Information on the implementation and tasks of the four Key Functions (Risk Management, Compliance, Internal Audit and Actuarial) is provided in section B.1, further above.

### **Own Risk and Solvency Assessment ("ORSA")**

The ORSA is part of the Risk Management System, and it is a link between the three pillars of Solvency II.

The Finance, Actuarial, and the Risk Management team work closely together to ascertain the potential impact on capital of a variety of risk crystallisations through the ORSA process, and this is used to assess the

level of capital that should be retained by the Company. This process considers all the material risks faced by DGIEU and includes stress tests applied to financial projections by varying assumptions for future experience.

The ORSA is performed at least on an annual basis but in accordance with the ORSA Policy, where a significant change or event is planned or occurs, an out-of-cycle ORSA will be performed to assess the level of risk and assist the Board in the decision-making process. No out-of-cycle ORSA was carried out at DGIEU during FY25.

#### *ORSA Process*

DGIEU's ORSA Process includes the following:

- Consideration of the business's risk profile, risk tolerance limits, business strategy, business plans and associated projections,
- Consideration of the impact of any prospective, relevant changes in regulatory or governmental rules or regulations,
- Demonstration that capital levels and liquidity are in line with the risk profile,
- Demonstration that robust processes exist to identify, measure, monitor, manage, and report risk exposures, and
- Evaluation of the appropriateness of the Solvency II standard formula in calculating SCR, in comparison to DGIEU's assessment of its own risks.

The DGIEU CEO (who is the responsible member of the DGIEU Management Board for risk management) and the Group Head of Risk as key function holder are responsible for the ORSA process, including the preparation of the ORSA report. This ensures the direct involvement of management in the ORSA process. Operational management of these processes is delegated from the CEO to the Group Head of Risk. The DGIEU Management Board oversees the design and implementation of the ORSA, ensuring that the ORSA will be effectively governed. In addition, the DGIEU Management Board is required to approve the annual ORSA report. The Solvency II Working Group at Regulated Group level is also part of the approval process to ensure oversight of Solvency II compliance across the Regulated Group. The Actuarial Function plays a further central role in preparation of the ORSA and the evaluation of the underlying methods and assumptions.

Based on the results of the 2024 ORSA, DGIEU is satisfied that it holds appropriate levels of capital in relation to its risks.

#### *ORSA Report*

DGIEU's ORSA Report includes at least the following information:

- Executive Summary
- Strategy and Business Planning
- Risk Management
- Standard Formula plus USP model design and their use
- Profitability, Capital, and Liquidity Position
- Stress and Scenario Testing

#### *Process Review*

DGIEU's ORSA process will continue to be regularly reviewed and further refined as necessary, depending on the ongoing consideration of the DGIEU Management Board, the Solvency II Working Group, and any relevant changes to DGIEU's risk profile.

All colleagues directly or indirectly engaged in the ORSA process are required to familiarise themselves with the Group ORSA Policy and ensure that their understanding and awareness of the necessary requirements is maintained.

#### **Ongoing Monitoring of the RMF**

Work conducted by the second and third lines of defence provides regular assurance on the effectiveness of key controls. This includes the annual Compliance monitoring program, annual Internal Audit plan, and 2LOD

control testing, all of which are risk-based, together with the half-yearly risk reporting from around the business. It also includes regular committee meetings and working groups, including the Data Governance Committee and the Solvency II Working Group, and those committees designed to address predominantly conduct risk issues such as the ECSC and ERCC. DGIEU continues to seek opportunities to improve the robustness and proportionality of its risk management framework and related assurance activities.

The risk universe and the suite of risk appetite statements, with supporting KRI's, are reviewed periodically to ensure that they accurately reflect the business's risk profile and appetite for each category of risk.

Risk reporting is facilitated through the Risk Management System, Magique, which contains a detailed risk registers and supports the reporting of risk events, controls, and exceptions to risk appetite.

#### B.4 Internal control system

The DGIEU Management Board has the overall accountability for maintaining DGIEU's system of internal control and for monitoring its effectiveness, while the implementation of the internal control system is the responsibility of the risk and control owners. Following a risk-based approach, DGIEU's system of internal control is designed to meet applicable legal and regulatory business conduct requirements and to minimise the risk of failure to achieve business objectives.

The system is designed to:

- Safeguard assets,
- Maintain proper accounting records,
- Provide reliable financial information,
- Identify and manage business risks,
- Monitor both DGIEU-inhouse and outsourced business operations,
- Ensure delivery of suitable and appropriate customer outcomes,
- Maintain compliance with appropriate legislation and regulations on both DGIEU and branch level, and
- Identify and adopt best practices.

The Company has a governance framework, the key features of which include:

- Terms of Reference for the Management Board's Committees and for other governance committees,
- A policy framework, which sets out risk management and control standards for DGIEU's operations,
- Defined procedures for the approval of new products, and
- Regular Management Information and reporting to the DGIEU Management Board.

There is an ongoing process for assessing and managing design and operating effectiveness of the internal control system as part of the RCSA, conducted by the 1st Line of Defence and validated by both DGIEU Risk Management and Compliance functions.

Furthermore, as part of the 2nd Line of Defence, the DGIEU Compliance Function performs a risk assessment of key compliance risks to which DGIEU is exposed to, flanked by the annual monitoring deep dive reviews across internal and outsourced business operations. Results of these reviews and of the ongoing monitoring of the regulatory horizon / industry news are used as part of a cycle for the identification and assessment of new compliance risks. This cycle of reviews and assessments lead to continuous enhancements of the internal control system, and training updates for affected DGIEU employees with regards to compliant insurance operation.

Further information on the responsibilities of the Compliance Function can be found in Chapter B.1, further above.

## B.5 Internal audit function

The Internal Audit Function of DGIEU is outsourced. From September 2024, the function is outsourced to Grant Thornton AG, Frankfurt. Previously the internal audit function of DGIEU was outsourced to Grant Thornton UK LLP, London. Grant Thornton UK LLP continues to play a leading role in connection with Group-wide audits, which also include DGIEU, and in some cases involves Grant Thornton AG in the respective audits.

The DGIEU Board Member for Underwriting & Internal Audit is the responsible member of the Management Board for the Internal Audit Function. As the outsourcing of the Internal Audit Function is an important outsourcing for DGIEU the responsible Board member is also the Outsourcing Manager who is responsible for the monitoring and assessing of the outsourcing arrangement. This identity does not prevent the fulfilment of the respective tasks required. The Board Member for Underwriting & Internal Audit is supported accordingly by his team with regard to the outsourcing assignment and monitors and manages the function independently of the other members of the DGIEU Management Board and key function holders.

The Internal Audit Function is an independent, objective assurance and consulting function designed to add value and improve the Company's operations. Acting as the 3LOD, it helps the Company accomplish its objectives by bringing a systematic, objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes. The Internal Audit Function provides increased risk coverage and measurable value to the business by identifying and performing assurance and consulting engagements with the intent of monitoring and validating controls for risks across DGIEU.

Internal Audit produces an annual risk-based Internal Audit Plan based on a risk assessment of identified auditable units, which is also aligned with the 2LOD's annual Compliance Monitoring Plan. Based on the results of the risk assessment, the auditable units are ranked into priority areas. The risk assessment is enhanced with the feedback of the key stakeholders and the use of the risk register created by the business and compiled by the Risk Function. Also, the Internal Audit plan is approved by the DGIEU Management Board and revisited regularly to allow flexibility should the risk environment change.

Internal Audit findings and recommended courses of action for the enhancement of risk management, internal control, and governance are communicated to the DGIEU Management Board and to the Group ARC for information purposes. Moreover, the Internal Audit function promotes action on audit recommendations and reinforces staff commitment to results through application of sound monitoring and follow-up systems.

Organisational independence is effectively achieved as the function is outsourced and reports to the responsible DGIEU Management Board member. Furthermore, the Internal Audit Function is free from executive management interference in determining the scope of internal auditing, performing work, and communicating results. In carrying out its mandate, the Internal Audit function has the authority to audit and investigate any activity, with unrestricted access to records, information, and personnel through the organisation relevant to the performance of the Internal Audit function.

None of the Internal Audit staff were employed by the Company in the year from 1st April 2024 to 31st March 2025.

The DGIEU Management Board has reviewed and is satisfied with the overall effectiveness of the System of Governance. In its pursuit of continued improvement, and in view of the growth of the business and evolving regulatory landscape, the DGIEU Management Board has completed a review of the Internal Audit function in FY25 resulting in the reported outsourcing change.

Further information on the responsibilities of the Internal Audit Function can be found in Chapter B.1, further above.

## B.6 Actuarial function

The Actuarial Function supports the DGIEU Management Board in determining and implementing measures needed to ensure compliance with relevant statutory regulations under the Solvency II framework.

The DGIEU Actuarial function is supported by Lane Clark & Peacock LLP (“LCP”). LCP carries out activities related to the Actuarial function to support the DGIEU CFO (as responsible member of the DGIEU Management Board) in meeting the requirements under Article 48 of the Solvency II Directive. LCP assists with the calculation of the SCR and of the technical provisions in line with DGIEU’s Solvency II reporting requirements. As the outsourcing of the Actuarial Function support is an important outsourcing for DGIEU, the responsible Board member is also the Outsourcing Manager who is responsible for the monitoring and overseeing delivery of the outsourcing arrangement.

Tasks of the Actuarial Function include:

- Validation of the technical provision, including testing against experience;
- Assessment of the appropriateness of methods used and definition of USPs applied; and
- Assessment of the sufficiency and quality of the data used.

These main tasks include the following aspects in detail:

- Coordination: the Actuarial Function coordinates the calculation of technical provisions;
- Assessment: the Actuarial Function assesses the adequacy and quality of the underlying data used for calculating the technical provisions;
- Monitoring: the Actuarial Function ensures the appropriateness of the methodologies and assumptions underlying technical provisions;
- Support: the Actuarial Function supports the Risk Management function in the effective implementation of the Risk Management system and the risk and solvency assessment; and
- Reporting: The Actuarial Function informs the DGIEU Management Board about the reliability and appropriateness of the calculation of technical provisions.

The Actuarial Function is also responsible for reviewing the underwriting policy and the adequacy of reinsurance arrangements and reinsurance strategies and is required to produce annual opinions on each.

Information on the Actuarial Function can also be found in Chapter B.1, further above.

## B.7 Outsourcing

DGIEU is committed to ensuring the outsourcing of business activities or functions is only permitted where DGIEU has satisfied itself, through appropriate due diligence and risk assessment, as to the suitability of the Service Provider. DGIEU must continue to be satisfied as to the ongoing suitability of a Service Provider through ongoing monitoring and oversight and reporting to the DGIEU Management Board. The obligations for oversight of Service Providers cover the whole life cycle of the service provisions, from inception to the end of the contract.

The outsourcing principles and regulations are outlined in the Company’s Outsourcing Policy which has been written in accordance with Article 274 DVO, § 32 VAG and Section 13 MaGo.

DGIEU differentiates between the outsourcing of important insurance functions / activities and any other services, as well as outsourcing arrangements with intra-group or external third-party providers.

The current important outsourcing arrangements are as follows:



Service Provider	Service Provider - Domicile Country	Relationship	Service Description
Grant Thornton	UK & Germany	External 3 <sup>rd</sup> Party	Coverage of the Internal Audit Function for DGIEU across all European locations.
TeleMail DirektMarketing & TeleMail GmbH	Germany	External 3 <sup>rd</sup> Party	Direct advertising and mailing, printing and production, fulfilment, address management, etc.
Teleperformance (In & Out S.p.A. // Albania Marketing Service sh.p.k.)	Italy, Albania	External 3 <sup>rd</sup> Party	Provision of contact centre services for telesales / telemarketing purposes in the DGIEU markets Italy and France. Besides operating activities (e.g., customer service enquires, sales of insurance plans through inbound and outbound telephony) the service provision includes an integrated quality assurance process on compliant business conduct through evaluation of recorded phone calls.
Quasar S.L.	Spain	External 3 <sup>rd</sup> Party	Provision of customized websites, landing pages and IT marketing / sales solutions for DGIEU Spanish Branch. To register and sell plans through web registration (also to collect data and permissions for Direct Marketing).
Servizi Domestic & General Italia S.r.l.	Italy	Intra-group outsourcing	The services provided by SDGI include: 1. Call centre telephone services // 2. Claims processing and claims handling, including the managing of repair network suppliers // 3. Customer care services including dealing with written customer correspondence and written customer administration requests // 4. Banking and customer payment reconciliations. // 5. Finance management // 6. Local legal and compliance support services // 7. Local human resources services and payroll services // 8. Local support for reporting management information, including complaints, quality assurance, service levels and operational processes // 9. Local quality assurance services // 10. Local

Service Provider	Service Provider - Domicile Country	Relationship	Service Description
			facility management and provision of services such as phone, print, post, stationary, office rental, office cleaning, power, and archiving // 11. Any other ad-hoc activities as determined and agreed by the parties.
Domestic & General Services Limited	UK	Intra-group outsourcing	The services provided by DGI include: 1. Executive management services // 2. Customer product/business development services // 3. Marketing support services // 4. Product governance and product support services // 5. Finance and accounting support services // 6. Project management and programme change management services // 7. Business operations delivery support services (including oversight of third party call centre telephony services) // 8. Underwriting support services // 9. Investment management support services // 10. IT Services // 11. Business Continuity Services // 12. Group Legal Services // 13. Group Human Resources Support services // 14. Tax & Finance Consultancy services // 15. Procurement Support services // 16. Claims Administration Services // 17. Claims Management Services // 18. IT Security Services
LCP	UK	External 3 <sup>rd</sup> Party	Support of the Actuarial Function for DGIEU across all European locations.
Whirlpool (Bauknecht Hausgeräte GmbH, Whirlpool Italia S.r.l.)	Germany, Italy	External 3 <sup>rd</sup> Party	Promotion of Whirlpool Germany/Italy repair services for their manufactured household appliances, covering (i) costs related to repair defects after the legal warranty period has expired and (ii) costs related to repair defects caused by accidents within and outside warranty. Additionally, the local service processes in Germany and Italy include the receipt of

Service Provider	Service Provider - Domicile Country	Relationship	Service Description
			customer claims calls and the due diligence & acceptance of such claims.
Electrolux Hausgeräte GmbH	Germany	External 3 <sup>rd</sup> Party	Promotion of Electrolux repair services for their manufactured household appliances covering (i) costs related to repair defects after the legal warranty period has expired and (ii) costs related to repair defects caused by accidents within and outside warranty. Additionally, the local service process in Germany includes the receipt of customer claims calls and the due diligence & acceptance of such claims.
London & Capital	UK	External 3 <sup>rd</sup> Party	Discretionary Investment Management Service.
Concentrix	Portugal	External 3 <sup>rd</sup> Party	Provision of contact centre services for telesales / telemarketing purposes. Besides operating activities, the service includes an integrated QA process.
Triple S	Germany	External 3 <sup>rd</sup> Party	Provision of contact centre services for telesales / telemarketing purposes. Besides operating activities, the service includes an integrated QA process.

Apart from the Internal Audit Function update, there were no changes related to material outsourcings in FY25.

In order to manage these outsourcing arrangements in a consistent and cohesive manner, DGIEU has introduced an eight steps quality assurance approach throughout the outsourcing lifecycle:

1. **Outsourcing Due Diligence** - Seeking a clear view on the suitability of a Service Provider, supported through reliable evidence,
2. **Outsourcing Risk Assessment** - Classifying and assessing all services and Service Providers, based on risk criteria such as corporate governance, risk management, financial capacity, etc.,
3. **Outsourcing Contracting** - Applying a contractual framework with defined mandatory contents, i.e., to ensure audit and inspection rights,
4. **Outsourcing Approval** - Seeking DGIEU Management Board sign-offs for all intended outsourcings of important insurance activities,
5. **BaFin Notification** (in the event of outsourcings of important insurance activities) - Submitting standardised notifications for outsourcings of important insurance activities via the BaFin MVP portal through DGIEU Risk & Compliance,
6. **Outsourcing Monitoring** - Ongoing monitoring of important outsourcings with external third parties through contractually agreed KPIs,
7. **Outsourcing Reporting** - Periodic reporting of the KPI results together with any identified service contract breaches and taken actions to the DGIEU Management Board, and

8. **Termination of an Outsourcing** – Rolling back of outsourcing arrangements along pre-approved termination and business continuity concepts.

#### **B.8 Any other material information**

There are no other material information, changes or material transactions to report during the reporting period with shareholders, with persons who exercise a significant influence on the Company, and with members of the administrative, management or supervisory body regarding DGIEU's system of governance.

The governance system is considered appropriate and commensurate with DGIEU's risk profile.

## C. RISK PROFILE

An overview of risks according to Solvency II and the standard formula, related solvency capital requirements and the impact of diversification effects can be found in Chapter E.2, further below.

A summary of the relevant risk categories according to the standard formula, including risk mitigation techniques and uncertainties faced by the Company, is presented below.

### C.1 Underwriting risk

#### *Risk description*

Underwriting risk relates to the potential adverse financial impact that would arise where combined claims, acquisition, and administration costs exceed the estimated costs built into the pricing models applied.

Premium and reserve risk corresponds to the risk that the premium charged to policyholders will not be sufficient to cover the claims, expenses and commissions attached to the policies (on an earned basis).

Lapse risk is the risk that expected profits included in future premiums [EPIFP] do not materialise due to the cancellation of in-force business.

Catastrophe risks are loss events that occur infrequently but, if they did occur, would have a particularly high loss severity. Such risks are typically associated with risk concentrations.

#### *SCR information*

The underwriting risk (for DGIEU: non-life insurance risk) is the main component of the Company's SCR, as shown in section E.2.

SCR FY25	DGIEU €'000
Non-Life Underwriting*	6.717
SCR	9.824
Non-Life Underwriting % of SCR	68%

\* Refer to section E.2 for the build-up of the SCR, including diversification and deferred tax adjustment

#### *Risk mitigation*

DGIEU's underwriting risks are managed through underwriting and pricing controls, underwriting and pricing policies, approval procedures for new products and major changes to existing products, regular review of performance and monitoring of emerging issues. Governance committees such as the Group Trading or the EPPGC regularly review the retention performance of products and take necessary actions to improve retention where feasible.

#### *Measures to assess the risk*

- Premium Risk: The Use of the Solvency II standard formula would result in a solvency capital requirement which is significantly higher than statistical analysis of DGIEU's historical loss ratio data suggests, as historical data indicates a lower level of volatility than the standard formula's parameter. Therefore, USPs are used by DGIEU to better align the SCR to the risk profile.
- Reserve Risk: Claims are typically short tailed with approx. 98% of claims paid within the same year as the claim being incurred (and less than 1% unpaid after 24 months). Therefore, USPs are used by DGIEU to better align the reserve risk SCR to the risk profile.
- Lapse Risk: Lapse risk SCR is calculated using the Standard Formula.
- Catastrophe Risk: Catastrophe risk is applicable for the "miscellaneous financial loss" business line "other than extended warranty insurance and reinsurance obligations provided that the portfolio of these obligations is highly diversified, and these obligations do not cover the costs of product recalls" (per DVO, Annex XII). DGIEU considers that its portfolio is highly diversified across different appliance types,

manufacturers and ages, and contracts with the OEMs, respectively the insurance conditions exempt DGIEU from additional damage costs relating to recalls.

- DGIEU's catastrophe risk SCR is zero.

#### *Risk concentration*

DGIEU's underwriting risk is diversified across a large number of low value, high frequency policies relating to many different types of appliances and electrical goods manufactured by a range of different OEMs (with specific exclusions for the cost of product recalls) and distributed through various different channels. The firms' underwriting risk is not considered to be unduly concentrated, therefore.

#### *Material changes over the reporting period*

The increase of the Non-Life Underwriting Risk compared to FY24 is mainly due to increased volumes of subscription business and updated USPs for Premium risk.

#### *Stress and scenario tests*

Regular sensitivity analyses are carried out to better understand the impact of risks and risk sensitivities. DGIEU has established processes to undertake stress and scenario testing on an ongoing basis, with testing undertaken at least annually within the ORSA process. Results of the tests improve the DGIEU Management Board's understanding of risk, influence business decisions, and form a key part of the risk management framework. Stress tests concerning underwriting risk include tests on loss ratios and claims. DGIEU performs various stress tests as part of the ORSA report, using scenarios involving reduced new business or renewals, and/or increased claims costs. The tests have validated that DGIEU maintains sufficient capital to withstand these shocks.

## **C.2 Market risk**

#### *Risk description*

Market risk is the potential adverse financial impact arising from changes in interest rates, equity markets, property markets, foreign exchange rates, fixed income spreads, and concentrations in assets.

Interest rate risk arises in relation to available for sale investments, e.g. fixed income securities. Interest rate risk on available for sale investments is managed by investing within strictly controlled investment criteria that specify, amongst other things, maximum durations. This is low for DGIEU due to the short duration of assets & liabilities.

The Company's currency risk relates to changes in the GBP:EUR currency conversion rate which is used to value the assets and liabilities held in the UK.

Equity risk is a type of market risk that applies to investing in shares. A reduction in the market price of shares reduces the amount of the invested money. DGIEU does not have any equity risk, the equity risk SCR is zero.

Property risk refers to risk events that specifically impact an organization's facilities and other physical infrastructure. Risk events such as fires, adverse weather conditions, and terrorist attacks all fall into the category of property risk. In addition to damaging and destroying physical property, property risk events also have the potential to create stoppages in business operations and material financial losses. Property risk is not considered to be a material risk in DGIEU's SCR.

Spread risk refers to the risk that the credit spread for a particular investment is not high enough to justify investing in that particular asset versus other, lower default risk investments (i.e. unrewarded risk). This is the highest risk in DGIEU's market risk SCR.

#### SCR information

SCR FY25	DGIEU €'000
Market*	1.454
SCR	9.824
Market % of SCR	15%

\* Refer to section E.2 for the build-up of the SCR, including diversification and deferred tax adjustment

#### Risk mitigation

DGIEU has a very low appetite for market risk on its investment portfolio, with a strong bias towards government corporate investment grade credit.

In FY25, London & Capital continued to manage DGIEU's investments. The investment mandate seeks to carefully allocate funds in order to generate conservative returns within a defined value-at-risk range.

Performance and allocation of funds under management is regularly reviewed to ensure compliance with mandates. Performance is overseen on a regular basis by the Corporate Finance Director and Chief Financial Officer, with oversight by the Group Investment & Capital Committee. In the event of any significant change, the Chief Financial Officer will seek Board approval for mitigating actions.

#### Measures used to assess the risk

DGIEU calculates market risk according to the Solvency II standard formula.

#### Risk concentration

DGIEU's investment strategy is designed to be liquid and low risk. Due to a high level of diversification, DGIEU does not perceive relevant concentration risk in its market risk profile.

#### Material changes over the reporting period

The market risk SCR decreased in the reporting period. However, total figures are low compared to other risk categories.

#### Stress and scenario tests

Due to the conservative and diversified investment strategy, and its relatively low quantum of investment assets, DGIEU has made a conscious decision not to perform a market risk stress test in the ORSA, as a stress of government and corporate bonds would not have led to significant changes in DGIEU's overall risk profile.

### Prudent Person Principle

The Group Investment Risk Policy covers the investable assets of the Group including DGIEU, having been designed to ensure accordance with the Prudent Person Principle. The preservation of capital is a key investment objective, so investment strategy and associated asset classes are designed so as to reduce risk of a capital loss over the life of the asset. Investment strategy also includes consideration of ESG factors and is overseen by the Group Investment & Capital Committee.

Under the investment mandate of DGIEU, investments are managed within a target value-at-risk range to help optimise returns whilst ensuring that the market risk SCR charge remains at an appropriate level.

Liquidity and duration targets for investments are also covered by the relevant mandates.

Detailed cash flow forecasting is performed regularly to ensure the balance between bank deposits and invested assets is appropriate for cash requirements.

Products sold by DGIEU do not provide index-linked benefits.

Derivatives are not permitted under the current investment mandate of DGIEU.

## C.3 Credit risk

### *Risk description*

Credit risk is the potential adverse financial impact of loss in value of financial assets due to counterparties failing to meet all or part of their obligations.

Type 1 counterparty default risk: DGIEU's type 1 risk includes exposure to investment and banking counterparties and to DGI relating to the reinsurer's share of claims. Exposure to DGI is mitigated via the investment grade credit rating which DGI maintains.

The Company has credit risk exposure to its reinsurer, DGI. This exposure arises from outstanding receivables, ceded technical provisions, and the risk-mitigating effect of reinsurance. The risk-mitigating effect of reinsurance reflects the reduction in the SCR for underwriting risk that is achieved via the reinsurance, and the potential for this to increase significantly in the event of a reinsurer default.

The Group Investment & Capital Committee sets limits on investment and banking counterparty exposures and monitors those exposures periodically.

Type 2 counterparty default risk: DGIEU's counterparty risk included exposure on intercompany lending to DGI. As of balance sheet date 31 March 2024 the loan was for an amount to €8,5m. As of balance sheet date 31 March 2025 the loan was fully repaid.

### *SCR information*

SCR FY25	DGIEU €'000
Counterparty Default*	4.232
SCR	9.824
Counterparty Default % of SCR	43%

\* Refer to section E.2 for the build-up of the SCR, including diversification and deferred tax adjustment

### *Risk mitigation*

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. Deposits with financial institutions are subject to limits determined with reference to credit ratings. Counterparty exposure is subject to regular review.

### *Measures used to assess the risk*

DGIEU calculates counterparty-default risk according to the Solvency II standard formula.

### *Risk concentration*

DGIEU has a number of contracts with major long-standing partners, with exposure on the monies owed to DGIEU from time to time. However, DGIEU closely monitors outstanding debt and maintains regular dialogue with partners, so it is, therefore, in a position to act swiftly to mitigate any potential loss in the event of a major partner running into financial difficulties.

### *Material changes over the reporting period*

A material change over the reporting period refers to type 2 counterparty-default risk as the Intercompany loan receivable with the parent company DGI was fully repaid by €8.5m.

### *Stress and scenario tests*

DGIEU has established processes to undertake stress and scenario testing on an ongoing basis, with testing undertaken at least annually as part of the ORSA process. This includes the loss of trading partners, including counterparty risk and the scenario has validated that DGIEU maintains sufficient capital to withstand such shocks.



### Credit ratings of significant classes of financial assets:

	A rated (or above) Institutions	Other Institutions	Unrated	Total
	FY25	FY25	FY25	FY25
	€ '000	€ '000	€ '000	€ '000
Deposits with Credit Institutions	10.861	43	0	10.904
Cash and Cash Equivalents	1	0	0	1
Partner Payments	0	0	26.426	26.426
Debtors	0	0	898	898
<b>Total</b>	<b>10.862</b>	<b>43</b>	<b>27.324</b>	<b>38.228</b>

	A rated (or above) Institutions	Other Institutions	Unrated	Total
	FY24	FY24	FY24	FY24
	€ '000	€ '000	€ '000	€ '000
Deposits with Credit Institutions	7.775	295	0	8.069
Cash and Cash Equivalents	1	0	0	1
Partner Payments	0	0	18.413	18.438
Debtors	0	0	1.214	1.214
<b>Total</b>	<b>7.776</b>	<b>295</b>	<b>19.627</b>	<b>27.722</b>

Partner prepayments and debtors, which include significant prepayments in the Iberian region, are largely excluded from the Solvency II balance sheet or are captured within technical provision.

The Company has implemented policies that require appropriate credit checks on potential trade partners before sales commence.

The amount disclosed in the balance sheet for financial assets represents the Company's maximum exposure to credit risk.

### Past Due or Impaired Financial Assets

The table below sets out an analysis of the Company's assets, showing those which are past due or impaired. Categories of financial assets for which there are neither past due nor impaired balances have not been included below.

Debtors		FY25	FY24	Movement
		€'000	€ '000	€'000
Not past due		1.233	992	242
Past due (days)	0 - 30	249	223	26
	31 - 60	2	5	-3
	61 - 90	8	2	6
	Greater than 90	23	62	-39
Provision		0	0	0
<b>Carrying amount</b>		<b>1.515</b>	<b>1.284</b>	<b>231</b>

The Company's assets (as shown on the face of the balance sheet) include:

	FY25	FY24	Movement
	€ '000	€ '000	€ '000
Debtors arising out of Direct Insurance Operations	898	1.214	-316
Other Payments and Accrued Income	30.440	18.438	12.002
<b>Total</b>	<b>31.337</b>	<b>19.652</b>	<b>11.686</b>

The Company considers notified disputes, collection experience, contractual arrangements, and credit ratings when determining which assets should be impaired.

## C.4 Liquidity risk

### *Risk description*

Liquidity risk is the possibility that DGIEU does not have sufficient available liquid assets to meet its current or future obligations.

The Company manages its assets and liabilities to ensure that cash is available to settle liabilities as they fall due. The most significant payments are claims (constituting appliance repair and replacement costs), the profile of which is highly predictable.

As a regulated insurer, DGIEU is required to hold a minimum level of capital against Solvency II capital requirements (inclusive of the company's 30% risk appetite buffer), which has an indirect impact on the level of cash and liquid assets which the company needs to hold.

DGIEU reinsures 90% of its risk to its parent company (DGI) under a quota share reinsurance arrangement. The effect of this is that DGIEU is required to pay 90% of its received written premium to DGI and receives in return 90% of the cost of claims and claims handling costs, plus an amount of ceding commission designed to broadly cover the company's acquisition and administrative costs. Under this arrangement, DGIEU retains a cash buffer in a designated reinsurance account, which is cash that would otherwise be payable to DGI and is set at a level of that should cover at least three months of estimated claims expense. The purpose of this buffer is to protect against a hypothetical scenario in which DGI was unable to fund claims payments due to DGIEU under the reinsurance agreement.

DGIEU holds cash in bank accounts and in money market funds and it also holds liquid, high quality investment assets with third-party investment manager London & Capital. The company may also make use of other short-term investments from time-to-time.

### *Risk mitigation*

The Company maintains cash and liquid deposits to meet demands on a daily basis. A DGIEU Liquidity Risk Management Policy is in place to ensure that DGIEU maintains appropriate levels of liquidity for its day to day and longer-term business operations, in order to meet its obligations to policyholders and other creditors when they fall due. The Policy provides the mechanism to manage, monitor, escalate and review this risk area.

In addition, DGIEU's liquidity risk appetite is stated in its Financial Management Risk Appetite Statement which is reviewed and updated annually. DGIEU needs to be able to settle liabilities as they fall due, therefore sufficient liquid funds must be available to meet payment obligations.

In accordance with this risk appetite statement, there are several considerations which determine the quantum of liquid assets that DGIEU should hold. The company will use the most prudent of the following measures to determine its minimum threshold level of liquidity: Germany Insurance Supervision Act Test, Liquidity Test, Solvency Test, Net Assets Test. Regardless of the tests, at no time shall DGIEU hold less liquidity

than is required for it to continue to operate as a going concern and meet its obligations as they fall due. Nothing in the foregoing shall prevent DGIEU from holding higher amounts of liquidity than the minimum threshold amount. Management may, from time-to-time, choose to apply additional margins of prudence.

#### *Measures used to assess the risk*

DGIEU has forecasting procedures in place to identify expected cash coming into the business, and cash flowing out of the business.

In particular, the DGIEU finance department reviews total liquidity needs in the short, medium and longer term as part of its budget planning process, taking into consideration the effect on liquidity of expected new business forecasts, churn expectations and claim rates. The budget cashflow projection is reviewed and approved by the DGIEU Management Board (delegated to DGIEU CFO).

Regular analyses of actual vs budget cashflow performance are carried out by the DGIEU finance department, in order to quantify and understand variances from budgeted performance.

DGIEU also performs financial reconciliations for all of its bank accounts, including as a part of the month-end close and process.

#### *Risk concentration*

DGIEU does not consider it has relevant liquidity concentration risk. In the event that liquidity falls below the policy threshold the DGIEU Management Board must be notified immediately, along with notification to the Group Audit and Risk Committee and Group Investment & Capital Committee.

The company enjoys the support of its parent company, DGI and, in the event of additional liquidity being required, in the first instance the company would look to DGI for support. Such support may include the suspension of payments of reinsurance premiums to DGI, the loan of funds from DGI to DGIEU (or repayment of loans due to DGIEU from DGI) or the injection of new capital from DGI.

The D&G Group has access to undrawn borrowing capacity via its revolving credit facility (RCF) which would be a source of liquidity available to the Group to strengthen DGIEU's liquidity, in the case of need.

#### *Material changes over the reporting period*

There are no material changes over the reporting period.

#### *Stress and scenario tests*

Regular sensitivity analyses are carried out to better understand the impact of risks and risk sensitivities. Within the ORSA process stress tests concerning liquidity risk include scenarios involving significant one-off payments such as fines related to large data breaches. The tests have validated that DGIEU maintains sufficient capital to withstand these shocks.

### **Contractual Maturity Analysis**

The table below summarises the maturity profile of the Company's financial liabilities based on remaining undiscounted contractual obligations where the maturity profile is an analysis by estimated timing of the amounts recognised in the balance sheet.

	Claims & Repair Costs	Claims & Repair Costs	Creditors	Creditors	Total	Total
	FY25	FY24	FY25	FY24	FY25	FY24
	€'000	€'000	€'000	€'000	€'000	€'000
<b>0 - 90 Days</b>	1.407	2.266	4.252	4.953	5.658	7.219
<b>91 Days - 1 Year</b>	0	5	316	1.052	316	1.057
<b>1 - 3 Years</b>	0	0	0	0	0	0
<b>3 - 5 Years</b>	0	0	0	0	0	0
<b>Greater than 5 Years</b>	0	0	0	0	0	0
<b>Total</b>	<b>1.407</b>	<b>2.271</b>	<b>4.567</b>	<b>6.005</b>	<b>5.974</b>	<b>8.276</b>

DGIEU has included expected profit in the (future) premiums ("EPIFP") amounting to €21.032 (FY24: €22.124k).

## C.5 Operational risk

### *Risk description*

Operational risk arises from inadequately controlled internal processes or systems, human error, or from external events.

### *SCR information*

SCR FY25	DGIEU €'000
<b>Operational*</b>	3.023
<b>SCR</b>	9.824
<b>Operational % of SCR</b>	31%

### *Risk mitigation*

DGIEU maintains an internal policy for handling operational risk and considers potential operational impacts in all of its risk assessments. Detailed risk registers show the risk controls that exist for the most important operational risks and established business areas within DGIEU. These risk registers and controls are regularly monitored and updated within the biannual RCSA.

### *Measures used to assess the risk*

Operational risks are generally more difficult to quantify, so their materiality is assessed using a likelihood/impact scoring approach. This allows risks to be ranked in order of their potential impact and, though this approach, to focus risk management activities on those risks warranting the greatest attention.

### *Risk concentration*

DGIEU does not perceive itself as having significant operational concentration risk.

### *Material changes over the reporting period*

There are no material changes over the reporting period.

### *Stress and scenario tests*

Scenario analyses conducted within the ORSA are based on a range of severe, yet plausible operational risk scenarios to analyse DGIEU's financial soundness in the event of a severe operational risk crystallising, and an assessment of the available mitigating actions. The ORSA demonstrates that DGIEU is well positioned to withstand severe scenarios and is controlled in such a way to limit the likelihood and impact of events of this nature occurring.

### *Operational Risk Profile*

Principal risks for DGIEU are regularly assessed as part of the RCSA cycle. Regular internal risk reporting tracks the aggregated risks of the business, and it is based on the net risk rating (post-mitigation). The results of the

most recent RCSA were signed off by the DGIEU Management Board in March 2025. RCSA risk headlines are shown below and refer to examples of key / high-rated risks from a net rating perspective:

- **Information Security and Data Protection:** This risk is driven by data loss, data breach and data integrity risk and a business interruption threat actor risk, both linked to a potential cyber-attack or control weaknesses. Controls provide multiple layers of defence that reduce the likelihood and impact of risk materialisation.
- **Financial Management:** Financial Management remains a material risk owing to potential high value, low likelihood, legacy tax risks. Other Financial Management risks are assessed as low or medium.
- **People:** People risk is driven by risks around reward, talent & leadership and delivery of good customer outcomes. Several manager and leadership programmes are in place to manage this.
- **Enterprise Resilience:** This risk is driven primarily by a dependency on third-party risk and by the risk of not recovering in a timely manner after a business disruption. D&G (incl. DGIEU) has moved to a resilience mindset of planning for hypothetical failure of critical business services.

## C.6 Other material risks

### Regulatory change

DGIEU proactively scans the horizon to monitor for the potential emergence of macro-factors which may impact the business, including regulatory/legislative developments, inflation, competitor behaviour, geo-political unrest, and changes in consumer demand, to ensure that it is prepared to respond and adapt appropriately.

DGIEU is closely tracking the national implementation of the European Right to Repair Directive and its potential implications on DGIEU's business model. This Directive pursues the objective of improving the functioning of the internal market, while promoting more sustainable consumption. In order to achieve those objectives, and in particular to facilitate cross-border provision of services and competition among repairers of goods purchased by consumers the Directive lays down uniform rules promoting the repair of goods purchased by consumers within and beyond the liability of the seller. In April 2024, the Parliament adopted the directive and the publication in the EU Official Journal followed in July 2024. Following this, member states have 24 months to transpose it into national law. An analysis is underway on if and how the Directive might impact the products DGIEU currently offers across the different markets and DGIEU's potential responses.

From a Solvency perspective, the EIOPA review of Solvency II is ongoing which could result in changes to the Solvency II framework. DGIEU is tracking publications in this regard and assesses their implications for the Company. In addition, actions are taken to ensure compliance with updated regulation.

DGIEU is also tracking and managing regulatory initiatives related to operational resilience. New operational resilience requirements impacted the European business through the EU Digital Operational Resilience Act which required compliance by 17 January 2025. DGIEU ensured required actions were met and operational resilience remains a key focus area for DGIEU. Further publications and guidance are monitored closely. The Group Enterprise Resilience Director also provides regular updates on DORA compliance to the DGIEU Management Board.

In addition, DGIEU has close interest in the potential for use of artificial intelligence. This new technology could enable companies to offer better data-driven products and services to consumers, improve operational efficiency, and drive innovation. DGIEU monitors any new regulations on artificial intelligence via horizon scanning and will adequately identify and manage potential risks and opportunities associated with this via the established risk management system and related governance. This includes monitoring of the EU AI Act.

### Strategic delivery risk

Strategic risk is influenced by internal and external developments. Setting a clear strategy including protection of reputation is critical to maintaining stakeholder confidence and achieving long term sustainable

growth. The D&G Group strategy includes the delivery of best-in-class experience for customers, partners, and people. The strategy has a clear focus on service, product and data innovation, and scalable technology foundations. D&G manages strategic risk actively as part of its day-to-day work. The delivery of strategic changes is regularly assessed through the established business planning structure. To support successful delivery, governance and controls for project funding and tracking of spend and deliverables are in place.

### Post-Brexit changes

In FY21, the Part VII transfer was executed under the UK's Financial Services and Markets Act 2020. *Although several years have since passed, and transitional risks have receded*, given its plans to continue to grow in Europe, DGIEU recognises that risks may continue to emerge in relation to regulatory divergence (and non-equivalence) between UK and EU prudential regimes. Such divergence could increase the compliance burden – and therefore cost – for the Regulated Group.

Non-equivalence risk will continue to be monitored, although a mitigation against non-equivalence is that DGI has an investment grade credit rating (BBB (High)). A three-notch downgrade (i.e. from BBB (High), through BBB, BBB (Low) to BB (High)) of DGI's credit rating to non-investment grade could increase DGIEU's SCR (relating to counterparty default risk) and, therefore, potentially result in DGI being required to put additional capital into DGIEU. However, this is not currently considered to be likely, as the rating was recently upgraded, and business performance is positive.

An analysis of the tax treatment of the Part VII Transfer was conducted with the assistance of specialist, external tax advisers including an assessment of tax risks. The transactions were considered thoroughly from a tax point of view and potential, theoretical tax risks were analysed as unlikely to arise, based on the fact pattern of, and reasons for the transaction. In FY25, nothing came to DGIEU's attention which causes to change this view.

### Financial risks from climate change

Given its importance, DGIEU has assessed how climate change may affect its risk profile and which steps are necessary to govern and manage those risks appropriately.

#### *Climate Change Risk: Governance*

The DGIEU Management Board reviews DGIEU's climate change risk assessment biannually, as part of the refresh of the DGIEU risk profile across its main principal risks and categories. This helps inform the development of the business plan.

The DGIEU Risk Management Function is responsible for ensuring DGIEU meets regulatory expectations (including in relation to climate change-related risks).

At D&G Group level, the Board (via the ARC) reviews the Group's climate change risk assessment (including DGIEU's assessment) biannually, as part of the refresh of the D&G Group's and DGIEU's risk profile across its main principal risks and categories. This helps inform the development of the business plan.

In addition, the GRC oversees and ensures compliance with regulatory requirements, including prudential regulatory expectations regarding climate change risk management.

The Sustainability Committee has oversight and responsibility for sustainability and climate, including climate-related risks and opportunities across the Group.

The Group Investment & Capital Committee reviews the investment criteria, including, where relevant, ESG criteria for securities / issuers, on at least an annual basis.

### *Climate Change Risk: Key Definitions*

Climate change-related risks are the uncertain events that may arise from climate change or from the impacts and economic / financial consequences of efforts to mitigate climate change. Climate change-related risks can be further defined into three sub-risks:

- Physical risk - the increasing severity and frequency of extreme climate change-related weather events and longer-term gradual shifts in weather;
- Transition risk - changes to market dynamics driven by the process of adjustment to a low-carbon economy; and
- Liability risk – relates to litigation against parties for losses caused by physical or transition risks (this risk type is not currently believed to be relevant for DGIEU).

### *Climate Change Risk: How we identify climate-related risks*

Climate risk management is embedded within DGIEU's existing risk management framework and processes. Climate-related risks are reviewed and updated bi-annually, as part of the RCSA. The RCSA process is used to challenge the existing climate-related risk profile, and to identify potential gaps. As part of this work, risks identified are also objectively assessed against DGIEU's risk appetite across its principal risks. All identified climate-related risks are assigned to an operational (Senior Management level) and executive (DGIEU Management Board level) risk owner and logged in DGIEU's risk management system to ensure clear documentation and ownership. A bi-annual calibration session with all climate-related risk owners as part of the RCSA supports regular and transparent discussion around climate-related risks and serves to agree on DGIEU's key climate-related risks as well as mitigating measures.

In addition to the RCSA, there are other methods of ongoing risk identification, including day-to-day operational procedures, risk event reporting, assurance reporting, horizon scanning and committee reporting which help to identify potential new risks on an ongoing basis. To ensure the business is aware of climate-related risks and key definitions, a climate-related risk section is integrated in DGIEU's mandatory Risk Management Learning.

### *Climate Change Risk: How we assess climate-related risks*

DGIEU assesses its risks (including climate-related risks) on an impact and likelihood basis. Risk assessment includes estimation of the impact (type and amount) and likelihood, on a 'gross' (risk assessment before controls and mitigating actions) and 'net' (risk assessment after controls and mitigating actions) basis. The criteria for assessment of impact and likelihood are contained in DGIEU's impact and likelihood table. The impact assessment comprises three different impact types being customer & regulatory, financial and partner impact.

### *Climate Change Risk: How we manage climate-related risks*

The assessment of risks from a gross and net perspective ensures that controls and mitigating measures for each risk are documented in DGIEU's risk management system. Risk rating rationales are to be updated by the risk owner as part of each RCSA cycle. In addition, risk monitoring is part of DGIEU's risk management framework. For the assessment of climate-related risks, D&G applies the following time horizons: Short term (0 – 3 year), medium term (3 – 10 years), and long term (10+ years). Climate-related time horizons differ to those from our existing risk management framework due to the longer-term impact of climate change compared to business planning cycles.

### *Climate Change Risk: Climate-related risk profile*

In the last RCSA cycle, DGIEU reported its climate change risks at the Principal Risk level in line with the reporting approach for the overall risk profile. The top climate-related risks as approved by the DGIEU Management Board in March 2025 are:

- **Conduct:** This is driven by physical climate change risk of supply chain disruption and difficulties in scheduling repairs. Extreme weather events and resulting supply chain disruption could increase the risk of customer complaints and trigger regulatory scrutiny. Whilst the impact is assessed as medium the

likelihood this assessment has reduced to remote, as we have seen a much more stable and mature repair network across the EU.

- **Responsiveness to Changes in Market Dynamics:** Factors impacting the assessment of this transitional risk include the failure to identify, manage and implement regulatory requirements related to climate change. This is driven by the high volume and complexity of new and anticipated upcoming regulatory requirements linked to climate change / ESG / sustainability, in particular the upcoming CSRD reporting. Additional risk factors include not being able to manage climate related service changes and expectations and shifts in customer sentiment as customers increasingly seek and expect businesses to have stronger ESG credentials.
- **Reputation:** Adverse reputational impacts as a result of climate change risks are considered unlikely across DGIEU. Whilst topical risks such as greenwashing are captured within our climate risk profile this is assessed as low risk from a net perspective, with robust oversight and controls in place. Risks around energy consumption in EU are also considered low given our small estate footprint.

Climate-related business disruption risks continue to be monitored but are considered low risk to the business at present, although it is recognised that this risk could increase over the longer term as climate related disruption events become more common.

These risks will continue to be reviewed (and new risks identified) as part of the existing RCSA process, and horizon scanning processes. Quantitative scenario analysis is performed annually as part of the ORSA, modelling increased claims expenses (relating to increased physical risk) and transition risk-driven reduction of new business sales.

#### *Science based targets / carbon footprint results*

During the year Science Based Targets were set at D&G Group level and validated by the Science Based Target Initiative (SBTi), which demonstrates our commitment to protecting the planet as well as closer alignment with our partners and broader stakeholders. Our targets at D&G Group level are:

- Scope 1: Committed to reducing our scope 1 emissions by 42% by FY30 from an FY24 base year.
- Scope 2: Committed to reducing our scope 2 emissions by 42% by FY30 from an FY24 base year,
- Scope 3: Committed to reducing our scope 3 emissions by 51,6% per GBP million of value added by FY30 from a FY24 baseline year for all purchased goods and services, business travel, employee commuting, and transportation and distribution.

DGIEU will continue to develop its framework for the management of climate change related risks, in line with regulatory requirements and in response to the materiality of risks identified.

## **C.7 Any other information**

DGIEU has established processes to undertake stress and scenario testing at least annually as part of the ORSA (as well as sensitivity analysis performed as part of the financial planning process). Scenarios are designed in collaboration with management and the Solvency II Working Group (a cross functional working group with representation from Finance, Risk and Actuarial).

2024 ORSA scenarios (hypothetical, severe, yet plausible, scenarios based on D&G's risk profile) included:

- Whistleblowing & Reputational Harm
- Loss of a Key Client
- Cyber Crime / Data Breach
- Brexit Tax Risk
- Climate Change
- Material Regulatory Change
- Macro-Economic Threats
- Material Outsourcer Failure
- Significant Technology Issue
- Reverse Stress Test



Scenario analysis includes stresses applied to written & earned premium, policy lapse and cancellation rates, claims costs, commission expenses, administration costs, and exceptional items, net of changes in corporation tax owed. The resulting effects on the following metrics are measured and reviewed by the DGIEU Management Board to improve the understanding of risk, influence business decisions, and form a key part of the risk management framework:

- Eligible Own Funds
- SCR and MCR
- Profit and
- Liquidity.

Based on the results of the scenario analysis from the 2024 ORSA, DGIEU believes that it is appropriately capitalised to withstand such shocks with SCR Coverage remaining above 130%.

A reverse stress test is also performed, to establish the severity of stresses required to reduce SCR Coverage to 100%. DGIEU is satisfied that such stresses sit well outside the 99.5<sup>th</sup> percentile / 1-in-200 event.

There is no other material information, regarding DGIEU's risk profile, to report on.

## D. VALUATION FOR SOLVENCY PURPOSES

Section D focuses on the Solvency II balance sheet and the valuation of assets and liabilities and shows where these valuations differ from their values in the statutory accounts. For each material class of assets, technical provisions, and other liabilities where there are differences, the following information is provided:

- A description of the bases, methods, and main assumptions used in arriving at the valuation for solvency purposes.
- Quantitative and qualitative explanations of material differences between the bases, methods, and main assumptions used for the valuation for solvency and financial statement purposes.

The Solvency II balance sheet is derived from the Company's German GAAP Financial statement, adjusted for valuation differences and reclassifications where required. The German GAAP financial statements ("financial statements") are prepared in accordance with the "code of commercial law" (Handelsgesetzbuch, HGB), "stock corporation law" (Aktiengesetz), VAG, and the "external accounting regulations for insurance companies" (RechVersV - Verordnung über die Rechnungslegung von Versicherungsunternehmen).

As an insurance company DGIEU prepares its financial statement and management report following the requirements for a large-sized company in accordance with § 341a Abs. 1 HGB.

The GAAP financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, available for sale financial assets, and financial instruments held at fair value through profit or loss. Under Solvency II, assets and liabilities should be valued on a market consistent basis, which is deemed equivalent to fair value under IFRS. For assets and liabilities that are not stated at fair value under GAAP, adjustments are made to bring these in line with Solvency II where necessary. "Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between marked participants at the measurement date. It is measured using assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

Information on investment risk management and liquidity risk management can be found in sections C.2 and C.4 of this SFCR.

The material classes in the solo entity Solvency II balance sheet are shown in the table below.

## Summary Solvency II Balance Sheet FY25:

	Solvency II	Statutory	Difference
	€'000	€'000	€'000
<b>Assets</b>			
Goodwill	0	22.278	-22.278
Intangible Assets	0	1.326	-1.326
Property, Plant and Equipment held for Own Use	1.346	165	1.181
Investments	21.543	21.032	511
Insurance and Intermediaries Receivables	-177	1.482	-1.659
Trade Receivables	6.105	3.795	6.092
Intercompany Loan Receivable	0	0	0
Cash and Cash Equivalents	10.905	10.905	0
Reinsurance Premium Provision	11.864	0	11.864
Reinsurance Claims Provision	3.164	0	3.164
Reinsurance Receivables	8.443	6.069	2.374
Other Assets	0	30.440	-30.440
<b>Total Assets</b>	<b>63.193</b>	<b>97.491</b>	<b>-30.516</b>
<b>Liabilities</b>			
Technical Provisions - Non-Life	-28.073	16.174	-44.247
Best Estimate	-29.254	0	-29.254
Risk Margin	1.181	0	1.181
Debts owed to Credit Institutions	2.228	2.228	0
Insurance and Intermediaries Payables	5.974	8.500	-2.526
Payables (Trade, Not Insurance)	0	4.263	-4.263
Provisions other than Technical Provisions	10.396	6.764	3.632
Reinsurance Payables	0	0	0
Financial liabilities other than debts owed to credit institutions	0	0	0
Subordinated Liabilities	0	0	0
Deferred Tax Liability	10.808	0	13.280
Any Other Liabilities, Not Elsewhere Shown	25.903	29.158	-4.114
<b>Total Liabilities</b>	<b>27.236</b>	<b>67.086</b>	<b>-38.237</b>
<b>Excess of Assets over Liabilities</b>	<b>35.957</b>	<b>30.405</b>	<b>7.721</b>

## D.1 Assets

Material Class	Definition
Intangible Assets including Goodwill	<p>No Intangible assets or Goodwill are allowable under Solvency II.</p> <p>Intangible assets are measured at acquisition cost less straight-line amortization over their ordinary useful lives under HGB. Goodwill on DGIEU's HGB balance sheet results from the valuation of the Continental European insurance business which was contributed to the company (Part VII transfer). The scheduled depreciation is based on the expected useful life.</p>
Deferred Acquisition Costs (DAC)	<p>Deferred acquisition costs are valued at nil for Solvency II purposes. Any future cashflows relating to acquisitions costs are either included in the best estimate technical provisions or under insurance and intermediaries' payable amounts in the balance sheet.</p> <p>Under German GAAP, capitalisation of deferred acquisition costs is not permitted. However, 85% of the amount of commissions and other compensation paid to insurance sales personnel, relating to deferred premiums can be deducted from the Unearned Premium Reserve ("UPR").</p> <p>Prepayments, including prepaid commissions are covered within section any other assets, not elsewhere shown.</p>
Property, Plant and Equipment held for Own Use	<p>Property, plant and equipment are held at fair value. Plant and equipment which are valued at depreciable value under German GAAP are valued at nil for Solvency II purposes. German GAAP does not allow to capitalise any Right-of-Use ("ROU") asset.</p>
Investments and Cash	<p>Investments are held at fair value where level 1 inputs can be obtained. Level 1 refers to the first level of the Fair Value hierarchy which categorises valuation inputs into three levels. The hierarchy gives the highest priority (Level 1) to quoted prices in an active market and the lowest priority to observable inputs in inactive markets (Level 3).</p> <p>Deposits other than cash equivalents comprise cash balances, call deposits and term deposits with an original term date of less than three months. Cash and cash equivalents comprise any cash which can be accessed in no more than one day.</p> <p>Under German GAAP, investments are valued with acquisition costs or a lower attributed fair value. Cash is accounted with the nominal value.</p>
Inter-Company Loan Receivable	<p>Loans to affiliated companies are recognised at the lower of cost or fair value. Bearer bonds and other fixed-income securities are valued at the lower of cost or permanent fair value. Bearer bonds and other fixed-income securities valued in accordance with the regulations applicable to fixed as-sets are recognised at the lower of cost or permanent fair value in accordance with the moderate lower-of-cost-or-market principle.</p>
Insurance and Intermediaries Receivable	<p>Insurance and intermediaries' receivables are recognised at fair value. Because these receivables are not yet due, they form part of the cashflows considered in the best estimate technical provision calculation (see D.2).</p> <p>Under German GAAP, insurance and intermediaries' receivables are valued with acquisition costs. A lower attributed fair value is considered with a general or specific bad-debt provision.</p>
Any Other Assets, not Elsewhere Shown	<p>Trade, Other loan receivables and other debtors are recognised at fair value. Other assets include prepayments. Prepayments are valued at nil if it cannot be demonstrated that they have a market value.</p>

Material Class	Definition
	Under German GAAP, other assets are valued with acquisition costs or a lower attributed fair value. Prepayments relating to up-front fees paid to commercial partners, e.g. at the point of contract extension, are handled as DAC (so expensed under HGB) once the start of the extension period begins.
Deferred Tax Assets	<p>The deferred tax asset is netted with the deferred tax liability which resulted in a total net deferred tax liability in the Solvency II balance sheet.</p> <p>Under German GAAP, deferred tax assets or liabilities calculate the future tax impact of the revaluations made between German GAAP and tax GAAP. For DGIEU no deferred taxes are applicable (§ 274 Abs. 1 Satz 2 HGB).</p>

## General Rules on Fair Value

The valuation follows the following fair value hierarchy:

- Level 1 inputs: quoted, unadjusted prices observable for identical assets or liabilities.
- Level 2 inputs: all derived valuations based on directly or indirectly observable prices and
- Level 3: all other valuations based on (partially) unobservable market data.

In relation to investments, Level 1 fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company's investment portfolio is categorised as Level 1 and 2. The Company has no Level 3 investments.

In case of any external valuations necessary, the external valuation must follow level 3.

There are no further assets at DGIEU. Therefore, there are no other items to report on.

## D.2 Technical provisions

### Technical Provisions – Best Estimate

Best estimate technical provisions by class are as follows:

Best Estimate	Premium Provision	Claims Provision	Risk Margin	Total
FY25	€'000	€'000	€'000	€'000
Gross of Reinsurance	-32.788	3.534	0	-29.254
Ceded to Reinsurance	11.864	3.164	0	15.028
Net of Reinsurance	-44.652	370	1.181	-43.101

Best Estimate	Premium Provision	Claims Provision	Risk Margin	Total
FY24	€'000	€'000	€'000	€'000
Gross of Reinsurance	-24.359	3.655	0	-20.705
Ceded to Reinsurance	15.623	3.272	0	18.895
Net of Reinsurance	-39.982	383	1.049	-38.551

The main cause of differences in the Best Estimate figures between FY25 and FY24 is due to the increased volume of subscription business, impacting especially the premium best estimate position.

## Bases, Methods, and Main Assumptions

The reserves under German GAAP are primarily unearned premium reserves based on earning patterns applied to the written premiums which are earned over the policy length. Solvency II technical provisions are based on a future cash flow basis and the German GAAP provision is removed.

### Technical Provisions - Best Estimate

Technical Provisions represent a valuation of the Company's obligations to policyholders. Under Solvency II these are required to be equal to the probability-weighted average of all future cashflows, taking account of the time value of money.

Best estimate technical provisions are comprised of a claims provision and a premium provision. The claims and premium provisions combined cover the expected cost of settling all future claims arising from business that DGIEU is contractually obliged to cover. This includes allowances for the expense of both running the Company and of handling claims.

The claims provision and premium provision are calculated (and held on the balance sheet) separately for gross of reinsurance and ceded to reinsurance. The risk margin is calculated only based on the net technical provisions. The gross provisions are held as liabilities, while the ceded provisions are held as assets.

The estimate of future income and costs is based on business already written, as well as on business that has not yet incepted, but where the Company is obliged to offer cover, i.e., renewals already offered or quoted (Bound But Not Incepted – BBNI), net of expected lapses.

The gross claims provision is the discounted best estimate of all future cash-flows relating to claim events which occurred prior to the valuation date. These cash-flows are made up of expected claim payments related to claims which have been incurred and associated claim handling expenses. The level of claim payments includes a loading for Events Not In Data (ENID).

The ceded claims provision is calculated as the discounted sum of cash-flows due from the reinsurer relating to claim events which occurred prior to the valuation date. This includes the reinsurer's share of future claim payments, including those related to ENIDs. It is assumed that the reinsurer does not make payments to DGIEU to cover claims handling expenses related to claims already incurred. This is in contrast to the premium provision, which includes future earned reinsurance commissions. The ceded claims provision is reduced slightly to take account of expected future reinsurer defaults.

The gross premium provision is the discounted best estimate of all future cash-flows relating to future exposure arising from policies that the Company is obligated to cover at the valuation date. The calculation makes assumptions about the levels of future lapses and cancellations. The cash-flows are made up of:

Cash out-flows:

- Claim payments, including those related to BBNI policies. The level of claim payments includes a loading for Events Not In Data (ENID),
- Expenses related to claims handling, administration, overheads and investment management,
- Acquisition expenses for BBNI policies, and
- Insurance Premium Tax (IPT) on future premium income.

Cash in-flows:

- Future premium income (warranty debtors and tacit renewals) and
- Commission clawback and IPT refunds on expected lapses or cancellations.

The ceded premium provision is calculated as the discounted sum of cash-flows due from the reinsurer relating to future exposure arising from policies that the Company is obligated to cover at the valuation date.

The estimates of future cashflows for claims paid by the reinsurer, including those related to ENIDs, are calculated as 90% of the estimates of future cashflows, gross of reinsurance, including those related to ENIDs. It is assumed that all overhead and administration expenses are borne by DGIEU, not the reinsurer, so that no cashflows relating to expenses, which are captured within the gross premium provision, are included within the ceded premium provision. The ceded premium provision also includes cashflows relating to the reinsurer's share of any future premium net of ceding commission.

### Technical Provisions – Risk Margin

In addition to the base calculation of technical provisions outlined above, a further risk margin amount is also included within the value of technical provisions. This is equivalent to the hypothetical amount that a third-party insurance undertaking would be expected to require in order to take over and meet the technical provisions obligations.

The risk margin concept and calculation is defined within Article 77 of the Directive and applied by DGIEU accordingly.

The Company uses the second simplification as referred to in guideline 62 of the document Guidelines on the Valuation of Technical Provisions for the calculation of the risk margin.

### Material Changes in Assumptions

There have been no material changes in assumptions applied to the technical provisions during the period.

### Key Uncertainties

There are many areas of uncertainty within the technical provisions. Estimation techniques, including a bespoke method for calculating fair value of IBNR, are therefore used to calculate the ultimate cost of settling both claims that have occurred prior to the balance sheet date, and remain unsettled at the balance sheet date, and claims costs that will arise in relation to events that have not happened at the balance sheet date.

In recognition of measurement uncertainties, DGIEU undertakes sensitivity testing on technical provisions as part of each reporting cycle. The sensitivity testing on technical provisions includes stresses on claims and expenses, each increasing by 5%, 10% and 20%. The outcome is shared with the Group Data Governance Committee as part of the QRT data sign-off.

### Reconciliation to Statutory Values

FY25	€'000
German GAAP Technical Provision	16.174
Adjustment to Gross Solvency II Best Estimate	-45.427
<b>Gross Best Estimate Liability</b>	<b>-29.254</b>
Remove Ceded Best Estimate	15.028
<b>Net Best Estimate Liability</b>	<b>-44.281</b>
Add Risk Margin	1.181
<b>Solvency II Technical Provision</b>	<b>-43.101</b>

FY24	€'000
German GAAP Technical Provision	18.694
Adjustment to Gross Solvency II Best Estimate	-39.398
<b>Gross Best Estimate Liability</b>	<b>-20.705</b>
Remove Ceded Best Estimate	18.895
<b>Net Best Estimate Liability</b>	<b>-39.600</b>
Add Risk Margin	1.049
<b>Solvency II Technical Provision</b>	<b>-38.551</b>

The Solvency II technical provisions for the Company are prepared on a best estimate cash flow basis. The primary adjustments to move from a German GAAP to a Solvency II basis are as follows:

#### Removal of German GAAP Reserves

- Removal of the unearned premium from the starting position of the German GAAP reserves as this is not measured on a cash flow basis and
- Removal of the margins within the German GAAP claims reserves as the Solvency II technical provisions are on a best estimate basis.

#### Solvency II Specific Adjustments

- Inclusion of claims provision which is the cost of claims for events which have occurred prior to the valuation date, estimated on a future cash flow basis,
- Inclusion of an allowance for expenses which is required to service the run-off of the technical provisions,
- Inclusion of premiums provision which is the future cost arising from policies obligated to at the valuation date,
- Recognition of cash flows relating to business bound before, but incepting after the valuation date,
- Recognition of future cash inflows for existing business less an allowance for policies lapsing,
- The inclusion of an additional cost for Events Not In Data,
- The impact of discounting the cash flows above using the risk-free yield curve, and
- The inclusion of the risk margin as shown separately in the table above.

#### Adjustments and Simplifications

The Matching Adjustment and Volatility Adjustment have not been applied in the calculation of technical provisions.

The transitional risk-free interest rate term structure as per Article 308c of the Directive has not been applied in the calculation of Technical Provisions.

The transitional deduction as per Article 308d of the Directive has not been applied in the calculation of Technical Provisions of 31 March 2025.



### D.3 Other liabilities

Other liabilities represent provisions for estimated costs incurred but not yet billed or paid. Estimates are periodically reviewed, and changes are reflected in the income statement as they occur.

Material Class	Definition
Subordinated loan	The DGIEU subordinated loan was treated as Tier 2 Own funds in Solvency II. As of 31 March 2025, the loan is fully repaid. Under HGB the loan was recognised within subordinated liabilities at repayment value.
Insurance and Intermediaries Payable	Insurance and intermediaries' payables are recognised at fair value. As they have been authorised for settlement, they do not form part of the cashflows considered in the best estimate technical provision calculation. Under German GAAP, insurance and intermediaries' payable are valued with the settlement amount.
Payables (Trade, Not Insurance)	Trade payables include Insurance Premium Tax ("IPT") costs which, as they relate to insurance and intermediary debtors receivable, form part of the cashflows considered in the best estimate technical provision calculation (see D.2). Under German GAAP, Trade payables are valued at the settlement / repayment amount.
Deferred Tax Liabilities	The deferred tax liability reflects the deferred tax impact of the revaluations made between German GAAP and Solvency II in the other balance sheet line items, primarily the changes to the Technical Provisions (see D.2). Under German GAAP, deferred tax assets or liabilities calculate the future tax impact of the revaluations made between German GAAP and tax GAAP. For DGIEU no deferred taxes are applicable (§ 274 Abs. 1 Satz 2 HGB).
Other Liabilities	Other liabilities are measured at fair value and represent provisions for estimated costs incurred but not yet billed or paid. Estimates are periodically reviewed, and changes are reflected in the income statement as they occur. Under German GAAP, other liabilities are valued with the expected settlement amount.

There are no further other liabilities at DGIEU. Therefore, there are no other items to report on.

### D.4 Alternative methods for valuation

Property has been valued based on a market rent benchmark incorporating characteristics of similar assets. At the year-end, the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	Land and buildings	Movement
	FY25	FY24	
	€'000	€'000	€ 000
<b>Operating leases which expire:</b>			
within one year	771	1.021	-250
within one to five years	1.435	2.551	-1.116
over five years	0	0	0
<b>Total</b>	<b>2.206</b>	<b>3.571</b>	<b>-1.365</b>

## D.5 Any other information

### Sensitivity Testing on Key Assumptions

Sensitivity testing on key assumptions within the Best Estimate (Technical Provisions excluding Risk Margin) has been carried out. Although both downside and upside testing is carried out, more emphasis is given to downside testing to better understand the resilience of solvency coverage. The results of the downside calculations on the quantum of technical provision are shown below:

	DGIEU	Likelihood
	€'000	
<b>Best Estimate Base</b>	<b>-29.254</b>	
Stress 1: Claims increase by 5%	-26.811	Unlikely
Stress 1: Claims increase by 10%	-24.368	Remote
Stress 1: Claims increase by 20%	-19.482	Remote
Stress 4: Expenses increase by 5%	-29.042	Likely
Stress 4: Expenses increase by 10%	-28.831	Unlikely
Stress 4: Expenses increase by 20%	-28.408	Remote

Explanation of likelihood as follows:

- Possible - Less than 1 in 10 years
- Unlikely - More than 1 in 10 but less than 1 in 100 years
- Remote - Greater than 1 in 100 years

### Other Information

There is no other material information to report.

## E. CAPITAL MANAGEMENT

The Solvency Ratio is calculated as the ratio of Eligible Own Funds to the Solvency Capital Requirement (SCR).

The following quantitative limits are set for the Solvency Capital Requirement:

- The allowable amount of Tier 1 own funds must be at least 50% of the Solvency Capital Requirement,
- The allowable amount of Tier 3 own funds must not exceed 15% of the Solvency Capital Requirement,
- The sum of allowable Tier 2 and Tier 3 own funds must not exceed 50% of the Solvency Capital Requirement.

The following quantitative limits apply to the Minimum Capital Requirement:

- The allowable amount of Tier 1 own funds must be at least 80% of the Minimum Capital Requirement,
- The allowable amount of Tier 2 own funds must not exceed 20% of the Minimum Capital Requirement.

This section contains reconciliation from the IFRS net assets to the Solvency II excess of assets over liabilities that forms part of Tier 1 Own Funds. The individual material classes of assets, technical provisions, and liabilities are considered in sections D.1, D.2 and D.3, respectively.

The Company's capital position as of 31 March 2025 is as follows:

The Company's Capital Position	FY25	FY24	Movement
	€'000	€'000	€'000
Eligible Own Funds	35.957	39.580	-3.623
Solvency Capital Requirement (SCR)	9.824	9.656	169
Ratio of Eligible Own Funds to the SCR	366%	410%	-44 % points

DGIEU makes use of USPs in its application of the Standard Formula. Based on this model, and on an assessment of risk and solvency requirements, DGIEU remains well capitalised in relation to its risk profile. Compared to the previous FY the Solvency Ratio with USPs decreased by 44 percent points to 366%. This is mainly due to the decrease of Tier 2 capital (-€5.000k), because of the full repayment of the subordinated loan from Domestic & General Services Pty Limited in FY25. This is partially compensated by the business and net asset growth in FY25.

The increase of the SCR is mainly due to a higher non-life underwriting risk driven by the continued growth of the subscription business and the increase to the USP for Premium risk.

Due to a Debtor adjustment and submission to BaFin, the FY24 values are not in line with PY submission of the SFCR. The impact of the Debtor adjustment reduced the FY24 Eligible Own Funds by -5,7% and FY24 Solvency Capital Requirement by -2,8%. The FY24 Ratio of eligible Own Funds to meet the SCR lowered from 421% to 410%.

### E.1 Own funds

#### Capital Management Objectives

The DGIEU Management Board's primary objective in respect of capital management is to ensure the Company maintains sufficient financial resources to meet all obligations as they fall due, including meeting the MCR and SCR requirements plus a buffer.

DGIEU has embedded its capital management processes into its normal planning, reporting, and decision-making activities. Capital projections are undertaken each year as part of the budgeting and ORSA processes and also as part of the planning process. The DGIEU Management Board reviews the capital position of DGIEU each quarter.

The Company is well capitalised under the Solvency II standard model including USPs for premium and reserve risk and on the basis of its ORSA.

### Classification of Own Funds by Tier

Under Solvency II, a distinction is made between basic and ancillary own fund items. Basic own funds are basically the excess of assets over liabilities whereas ancillary own funds are defined as further own fund components subject to approval by the supervisory authority. Based on this, own funds are divided into three different tiers:

- Tier 1: Basic own fund items meeting all defined criteria under Solvency II
- Tier 2: Basic own fund items meeting most defined criteria as well as ancillary own fund items all defined criteria under Solvency II
- Tier 3: Other own fund items not covered by the other classes

The classification of Own Funds at DGIEU levels is as follows:

FY25	Tier	Total available own funds to meet the SCR	Total available own funds to meet the MCR	Total eligible own funds to meet the SCR	Total eligible own funds to meet the MCR
		€'000	€'000	€'000	€'000
Ordinary Share Capital	Tier 1	2.550	2.550	2.550	2.550
Share Premium	Tier 1	250	250	250	250
Reconciliation Reserve	Tier 1	33.157	33.157	33.157	33.157
Subordinated Liabilities	Tier 2	0	0	0	0
Deferred Tax Asset	Tier 3	0	0	0	0
<b>Own Funds</b>		<b>35.957</b>	<b>35.957</b>	<b>35.957</b>	<b>35.957</b>

FY24	Tier	Total available own funds to meet the SCR	Total available own funds to meet the MCR	Total eligible own funds to meet the SCR	Total eligible own funds to meet the MCR
		€'000	€'000	€'000	€'000
Ordinary share capital	Tier 1	2.550	2.550	2.550	2.550
Share premium	Tier 1	250	250	250	250
Reconciliation reserve	Tier 1	31.953	31.953	31.953	31.953
Subordinated liabilities	Tier 2	7.000	7.000	4.828	540
Deferred Tax asset	Tier 3	0	0	0	0
<b>Own Funds</b>		<b>41.753</b>	<b>41.753</b>	<b>39.580</b>	<b>35.293</b>

There are no conditions attached to elements of these Own Funds. The Tier 2 funds in PY related to a subordinated loan agreement with Domestic & General Services PTY Ltd., Australia.

There are certain differences between the value of Own Funds under Solvency II and the value of Equity shown in the Company's Financial Statements. These arise due to the difference in valuation of assets and liabilities described in Section D of this report. A reconciliation is shown in the table below.

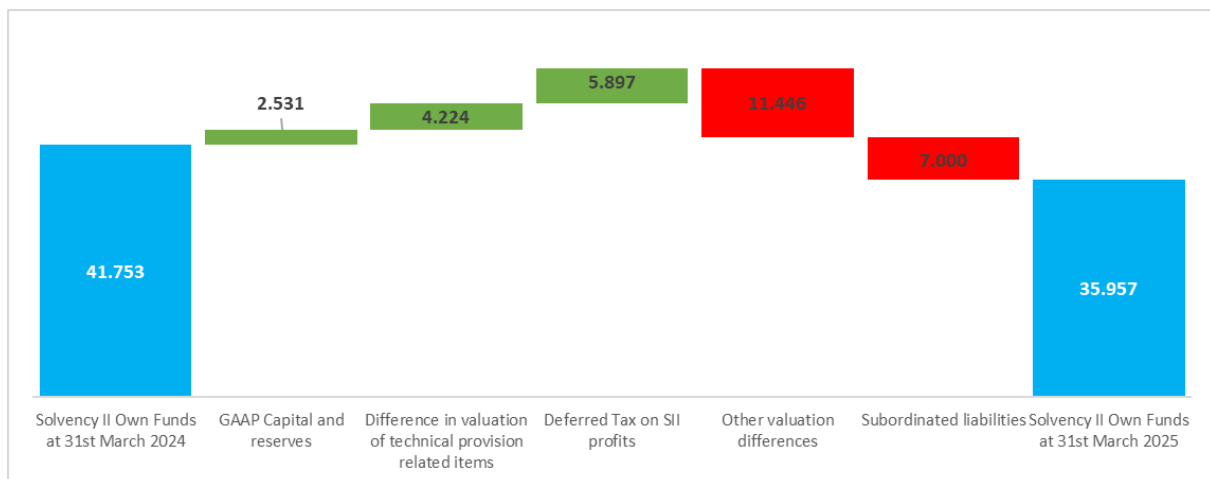
Reconciliation between German GAPP and Solvency II Reserves	FY25
	€'000
German GAPP Capital and reserves	30.405
German GAPP Intangible Assets (mainly Goodwill and ViF)	-22.442
Difference in valuation of technical provision related items	44.247
Other valuation differences	-16.252
Difference of Excess of assets over liabilities	35.957
Subordinated liabilities	0
Solvency II Own Funds	35.957

Reconciliation between German GAPP and Solvency II Reserves	FY24
	€'000
German GAPP Capital and reserves	27.874
German GAPP Intangible Assets (mainly Goodwill and ViF)	-26.666
Difference in valuation of technical provision related items	38.350
Other valuation differences	-4.805
Difference of Excess of assets over liabilities	34.753
Subordinated liabilities	7.000
Solvency II Own Funds	41.753

None of the Company's Own Funds are subject to transitional arrangements and the Company has no Ancillary Own Funds.

### Own Funds Movement

The DGIEU Own Funds growth is driven by the increase in GAAP reserves arising from significant changes in technical provision due to growth of subscription business, arising from the increase in expected cash inflows from gross written premiums compensated by a Solvency II deferred tax liability.



When combined with Eligible Own Funds, the resulting solvency positions are as follows:

Capital Headroom	FY25 €'000
Eligible Own Funds to meet SCR	35.957
Eligible Own Funds to meet MCR	35.957
Solvency Capital Requirements (SCR)	9.824
Minimum Capital Requirements (MCR)	2.700
Ratio of Eligible Owns funds to the SCR	366%
Ratio of Eligible Owns funds to the MCR	1332%

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

DGIEU only writes insurance policies in the miscellaneous financial loss line of business. It uses the Solvency II standard formula including USPs for premium and reserve risk.

	FY25 €'000	FY25 €'000	Movement €'000
SCR	9.824	9.656	169
MCR	2.700	2.700	0

### Solvency Capital Requirement (SCR)

The Company's SCR split by risk modules as of 31 March 2025 is shown in the table below.

SCR	FY25 €'000	FY24 €'000	Movement €'000
Non-life Underwriting Risk	6.717	6.676	41
Market Risk	1.454	2.223	-770
Counterparty Default Risk	4.232	3.609	623
Diversification Credit	-2.327	-2.606	279
Basic SCR	10.076	9.903	173
Operational Risk	3.023	2.971	52
Deferred Tax Adjustment	-3.275	-3.219	-56
<b>SCR</b>	<b>9.824</b>	<b>9.656</b>	<b>169</b>

The increase in SCR is mainly due to a higher Non-life Underwriting Risk from increased subscription business, USP for Premium risk and increased counterparty default risk, compensated by a decreased market risk.

### Minimum Capital Requirement (MCR)

The Company calculates its linear MCR using the prescribed formula. This is then compared with the absolute floor of the MCR, the MCR cap and the MCR floor. Both the cap and floor are determined using the SCR.

Overall MCR Calculation	FY25	FY24	Movement
	€'000	€'000	€'000
Linear MCR	2.090	2.004	87
SCR	9.824	9.656	169
MCR Cap	4.421	4.345	76
MCR Floor	2.456	2.414	42
Combined MCR	2.456	2.414	42
Absolute Floor of the MCR	2.700	2.700	0
<b>Minimum Capital Requirement</b>	<b>2.700</b>	<b>2.700</b>	<b>0</b>

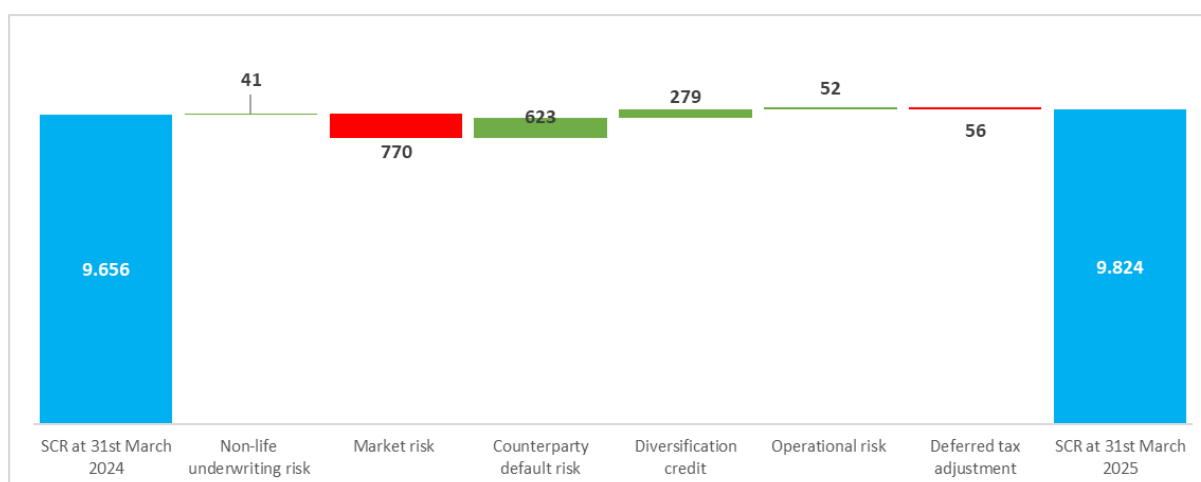
### SCR USPs

The SCR effects of not using USPs are shown below:

Comparison of SCR	FY25
	€'000
Solvency Capital Requirement (SCR) with USPs	9.824
Solvency Capital Requirement (SCR) without USPs	14.629
Difference	-4.805

### SCR Movement

The increase in SCR is mainly due to a higher Non-life Underwriting Risk from increased subscription business, USP for Premium risk and increased counterparty default risk, compensated by a decreased market risk.



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

The duration-based equity sub-module has not been used in the calculation of the Solvency Capital Requirement.

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

Not applicable – as no internal model has been used during the reporting period.

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

There have been no instances of non-compliance with the Minimum Capital Requirement or the Solvency Capital Requirement during the reporting period.

#### **E.6 Any other information**

There is no other material information on capital management to report.



## ANNEX – QUANTITATIVE REPORTING TEMPLATES

The following templates form part of the published SFCR report:

S.02.01.02	Balance Sheet
S.04.05.01	Activity by country – location of risk
S.05.01.02	Premiums, claims and expenses by line of business
S.17.01.02	Non-life Technical Provisions
S.19.01.21	Non-life insurance claims information
S.23.01.01	Own Funds (solo undertaking)
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement

All are in €000's

## S.02.01.02 – Solvency II Balance Sheet

### S.02.01.02

### Balance sheet

#### Assets

R0010	Goodwill
R0020	Deferred acquisition costs
R0030	Intangible assets
R0040	Deferred tax assets
R0050	Pension benefit surplus
R0060	Property, plant & equipment held for own use
R0070	Investments (other than assets held for index-linked and unit-linked contracts)
R0080	Property (other than for own use)
R0090	Holdings in related undertakings, including participations
R0100	Equities
R0110	Equities - listed
R0120	Equities - unlisted
R0130	Bonds
R0140	Government Bonds
R0150	Corporate Bonds
R0160	Structured notes
R0170	Collateralised securities
R0180	Collective Investments Undertakings
R0190	Derivatives
R0200	Deposits other than cash equivalents
R0210	Other investments
R0220	Assets held for index-linked and unit-linked contracts
R0230	Loans and mortgages
R0240	Loans on policies
R0250	Loans and mortgages to individuals
R0260	Other loans and mortgages
R0270	Reinsurance recoverables from:
R0280	Non-life and health similar to non-life
R0290	Non-life excluding health
R0300	Health similar to non-life
R0310	Life and health similar to life, excluding index-linked and unit-linked
R0320	Health similar to life
R0330	Life excluding health and index-linked and unit-linked
R0340	Life index-linked and unit-linked
R0350	Deposits to cedants
R0360	Insurance and intermediaries receivables
R0370	Reinsurance receivables
R0380	Receivables (trade, not insurance)
R0390	Own shares (held directly)
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in
R0410	Cash and cash equivalents
R0420	Any other assets, not elsewhere shown
R0500	<b>Total assets</b>

Solvency II value	Statutory accounts value
C0010	C0020
	22.278
	1.326
1.346	165
21.543	21.032
0	
0	
0	0
21.543	21.032
9.020	8.897
12.523	12.136
0	
0	
0	0
0	
0	
0	0
0	0
15.028	0
15.028	0
15.028	
0	
0	0
0	
-177	1.482
8.443	6.069
6.105	3.795
	0
0	
10.905	10.905
	30.440
63.193	97.491

	Solvency II value	Statutory accounts value
	C0010	C0010
<b>Liabilities</b>		
R0510 Technical provisions - non-life	-28.073	16.174
R0520 Technical provisions - non-life (excluding health)	-28.073	16.174
R0530 TP calculated as a whole	0	
R0540 Best Estimate	-29.254	
R0550 Risk margin	1.181	
R0560 Technical provisions - health (similar to non-life)	0	0
R0570 TP calculated as a whole	0	
R0580 Best Estimate	0	
R0590 Risk margin	0	
R0600 Technical provisions - life (excluding index-linked and unit-linked)	0	0
R0610 Technical provisions - health (similar to life)	0	0
R0620 TP calculated as a whole		
R0630 Best Estimate		
R0640 Risk margin		
R0650 Technical provisions - life (excluding health and index-linked and unit-linked)	0	0
R0660 TP calculated as a whole		
R0670 Best Estimate		
R0680 Risk margin		
R0690 Technical provisions - index-linked and unit-linked	0	0
R0700 TP calculated as a whole		
R0710 Best Estimate		
R0720 Risk margin		
R0740 Contingent liabilities		
R0750 Provisions other than technical provisions	10.396	6.764
R0760 Pension benefit obligations		
R0770 Deposits from reinsurers		
R0780 Deferred tax liabilities	10.808	0
R0790 Derivatives		
R0800 Debts owed to credit institutions	2.228	2.228
R0810 Financial liabilities other than debts owed to credit institutions	0	0
R0820 Insurance & intermediaries payables	5.974	8.500
R0830 Reinsurance payables	0	0
R0840 Payables (trade, not insurance)	0	4.263
R0850 Subordinated liabilities	0	0
R0860 Subordinated liabilities not in BOF		0
R0870 Subordinated liabilities in BOF	0	0
R0880 Any other liabilities, not elsewhere shown	25.903	29.158
R0900 <b>Total liabilities</b>	27.236	67.086
 R1000 <b>Excess of assets over liabilities</b>	 35.957	 30.405

#### S.04.05.01 – Activity country – location of risk

**S.04.05.01**

### Activity by country - location of risk

<b>Z0010</b>	<b>Line of Business</b>	<b>Miscellaneous financial loss</b>
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20020	Underwriting entity code	LEI/AUE
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[illegible]

20020 Underwriting entity code LEI/BLE

	C0010	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020
R0010 Country		AT	BE	FR	DE	IE	IT	NL	PT	ES	Other countries
R0020 Premiums written (gross)	2.066		2.066								
R0030 Premiums earned (gross)	1.978		1.978								
R0040 Claims incurred (gross)	942		942								
R0050 Expenses incurred (gross)	-35		-35								

20020 Underwriting entity code LEI/FRE

	C0010	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020
		AT	BE	FR	DE	IE	IT	NL	PT	ES	Other countries
R0010 Country											
R0020 Premiums written (gross)	5.535			5.535							
R0030 Premiums earned (gross)	5.698			5.698							
R0040 Claims incurred (gross)	2.305			2.305							
R0050 Expenses incurred (gross)	150			150							

20020 Underwriting entity code LEI/GME

	C0010	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020
R0010 Country		AT	BE	FR	DE	IE	IT	NL	PT	ES	Other countries
R0020 Premiums written (gross)	42.853				42.853						
R0030 Premiums earned (gross)	44.628				44.628						
R0040 Claims incurred (gross)	11.086				11.086						
R0050 Expenses incurred (gross)	6.237				6.237						

20020 Underwriting entity code LEI/IRE

R0010	Country	AT	BE	FR	DE	IE	IT	NL	PT	ES	Other countries
R0020	Premiums written (gross)	2.180				2.180					
R0030	Premiums earned (gross)	2.301				2.301					
R0040	Claims incurred (gross)					1.167					
R0050	Expenses incurred (gross)	-302				-302					

Z0020 Underwriting entity code LEI/ITE

	C0010	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020
	AT	BE	FR	DE	IE	IT	NL	PT	ES	Other countries	
R0010 Country											
R0020 Premiums written (gross)	28					28					
R0030 Premiums earned (gross)	179					179					
R0040 Claims incurred (gross)	47					47					
R0050 Expenses incurred (gross)	300					300					

20020 Underwriting entity code LEI/NLE

	C0010	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020
	AT	BE	FR	DE	IE	IT	NL	PT	ES	Other countries	
R0010 Country											
R0020 Premiums written (gross)	3.933						3.933				
R0030 Premiums earned (gross)	4.183						4.183				
R0040 Claims incurred (gross)	1.640						1.640				
R0050 Expenses incurred (gross)	-605						-605				

20020 Underwriting entity code LEI/PLE

[illegible]

Z0020 Underwriting entity code LEI/POE

	C0010	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020	C0020
R0010 Country	AT	BE	FR	DE	IE	IT	NL	PT	ES	Other countries	
R0020 Premiums written (gross)	74.920							74.920			
R0030 Premiums earned (gross)	78.568							78.568			
R0040 Claims incurred (gross)	16.583							16.583			
R0050 Expenses incurred (gross)	4.301							4.301			

20020 Underwriting entity code LEI/SPE

[illegible]

20020 Underwriting entity code LEI/UK

[illegible]

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

### S.05.01.01

### Premiums, claims and expenses by line of business

#### Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)	Total
		Miscellaneous financial loss	
		C0120	C0200
<b>Premiums written</b>			
R0110	Gross - Direct Business	163.309	163.309
R0120	Gross - Proportional reinsurance accepted		0
R0130	Gross - Non-proportional reinsurance accepted		0
R0140	Reinsurers' share	142.232	142.232
R0200	Net	21.076	21.076
<b>Premiums earned</b>			
R0210	Gross - Direct Business	178.295	178.295
R0220	Gross - Proportional reinsurance accepted		0
R0230	Gross - Non-proportional reinsurance accepted		0
R0240	Reinsurers' share	154.748	154.748
R0300	Net	23.547	23.547
<b>Claims incurred</b>			
R0310	Gross - Direct Business	49.509	49.509
R0320	Gross - Proportional reinsurance accepted		0
R0330	Gross - Non-proportional reinsurance accepted		0
R0340	Reinsurers' share	41.579	41.579
R0400	Net	7.930	7.930
R0550	<b>Expenses incurred</b>	12.042	12.042
R1210	<b>Balance - other technical expenses/income</b>		
R1300	<b>Total technical expenses</b>		12.042

## S.17.01.02 – Non-life Technical Provisions

### S.17.01.02

### Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance	Total Non-Life obligation
		Miscellaneous financial loss	
		C0130	C0180
R0010	Technical provisions calculated as a whole	0	0
R0050	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		0
<b>Technical provisions calculated as a sum of BE and RM</b>			
<b>Best estimate</b>			
<b>Premium provisions</b>			
R0060	Gross - Total	-32.788	-32.788
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	11.864	11.864
R0150	<b>Net Best Estimate of Premium Provisions</b>	-44.652	-44.652
<b>Claims provisions</b>			
R0160	Gross - Total	3.534	3.534
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	3.164	3.164
R0250	<b>Net Best Estimate of Claims Provisions</b>	370	370
R0260	<b>Total best estimate - gross</b>	-29.254	-29.254
R0270	<b>Total best estimate - net</b>	-44.281	-44.281
R0280	<b>Risk margin</b>	1.181	1.181
R0320	<b>Technical provisions - total</b>	-28.073	-28.073
R0330	<b>Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total</b>	15.028	15.028
R0340	<b>Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total</b>	-43.101	-43.101

## S.19.01.21 – Non-life insurance claims information

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Gross Claims Paid (non-cumulative) (absolute amount)														
Year		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
		Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	N-9	0	0	0	0	0	0	0	0	0	0		0	0
R0170	N-8	0	0	0	0	0	0	0	0	0			0	0
R0180	N-7	0	0	0	0	0	0	0	0				0	0
R0190	N-6	0	0	0	0	0	0	0					0	0
R0200	N-5	993	439	0	0	0	0						0	1.433
R0210	N-4	20.551	4.250	0	0	0							0	24.801
R0220	N-3	44.314	3.057	0	0								0	47.371
R0230	N-2	45.717	3.173	0									0	48.890
R0240	N-1	48.146	3.180										3.180	51.327
R0250	N	42.966											42.966	42.966
R0260													46.146	216.787
Total												46.146	216.787	

Gross undiscounted Best Estimate Claims Provisions (absolute amount)												
Year	Development year										C0360 Year end (discounted data)	
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	
	0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior										0	0
R0160	N-9	0	0	0	0	0	0	0	0	0		0
R0170	N-8	0	0	0	0	0	0	0	0	0		0
R0180	N-7	0	0	0	0	0	0	0	0			0
R0190	N-6	0	0	0	0	0	0	0				0
R0200	N-5	0	0	0	0	0	0					0
R0210	N-4	1.855	0	0	0	0						0
R0220	N-3	5.589	0	0	0							0
R0230	N-2	4.328	0	0								0
R0240	N-1	3.719	0									0
R0250	N	3.572										3.534
R0260												3.534
Total												

## S.23.01.01 – Own Funds (solo undertaking) Own Funds

### S.23.01.01

#### Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of

	Total	Tier 1	Tier 1	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010 Ordinary share capital (gross of own shares)	2.550	2.550		0	
R0030 Share premium account related to ordinary share capital	250	250		0	
R0040 Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050 Subordinated mutual member accounts	0		0	0	0
R0070 Surplus funds	0	0			
R0090 Preference shares	0		0	0	0
R0110 Share premium account related to preference shares	0		0	0	0
R0130 Reconciliation reserve	33.157	33.157			
R0140 Subordinated liabilities	0		0	0	0
R0160 An amount equal to the value of net deferred tax assets	0				0
R0180 Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220 <b>Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds</b>	0				
R0230 <b>Deductions for participations in financial and credit institutions</b>	0	0	0	0	0
R0290 <b>Total basic own funds after deductions</b>	35.957	35.957	0	0	0
<b>Ancillary own funds</b>					
R0300 Unpaid and uncalled ordinary share capital callable on demand	0				
R0310 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320 Unpaid and uncalled preference shares callable on demand	0				
R0330 A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340 Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350 Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360 Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370 Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390 Other ancillary own funds	0				
R0400 <b>Total ancillary own funds</b>	0			0	0
<b>Available and eligible own funds</b>					
R0500 Total available own funds to meet the SCR	35.957	35.957	0	0	0
R0510 Total available own funds to meet the MCR	35.957	35.957	0	0	
R0540 Total eligible own funds to meet the SCR	35.957	35.957	0	0	0
R0550 Total eligible own funds to meet the MCR	35.957	35.957	0	0	
R0580 <b>SCR</b>	9.824				
R0600 <b>MCR</b>	2.700				
R0620 <b>Ratio of Eligible own funds to SCR</b>	366,00%				
R0640 <b>Ratio of Eligible own funds to MCR</b>	1331,74%				
<b>Reconciliation reserve</b>					
R0700 Excess of assets over liabilities	35.957				
R0710 Own shares (held directly and indirectly)	0				
R0720 Foreseeable dividends, distributions and charges					
R0730 Other basic own fund items	2.800				
R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	0				
R0760 <b>Reconciliation reserve</b>	33.157				
<b>Expected profits</b>					
R0770 Expected profits included in future premiums (EPIFP) - Life business					
R0780 Expected profits included in future premiums (EPIFP) - Non- life business	21.032				
R0790 <b>Total Expected profits included in future premiums (EPIFP)</b>	21.032				



## S.25.01.21 – Solvency Capital Requirement – or undertakings on Standard Formula

### S.25.01.21

#### Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010 Market risk	1.454		
R0020 Counterparty default risk	4.232		
R0030 Life underwriting risk	0		
R0040 Health underwriting risk	0		
R0050 Non-life underwriting risk	6.717		
R0060 Diversification	-2.327		
R0070 Intangible asset risk	0		
R0100 <b>Basic Solvency Capital Requirement</b>	10.076		
<b>Basic Solvency Capital Requirement</b>	C0100		
R0130 Operational risk	3.023		
R0140 Loss-absorbing capacity of technical provisions	0		
R0150 Loss-absorbing capacity of deferred taxes	-3.275		
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0		
R0200 <b>Solvency Capital Requirement excluding capital add-on</b>	9.824		
R0210 Capital add-ons already set	0		
R0220 <b>Solvency capital requirement</b>	9.824		
<b>Approach to tax rate</b>			
R0590 Approach based on average tax rate	No		
<b>Calculation of loss absorbing capacity of deferred taxes</b>	LAC DT		
R0640 LAC DT	-3.275		
R0650 LAC DT justified by reversion of deferred tax liabilities	-3.275		
R0660 LAC DT justified by reference to probable future taxable economic profit	0		
R0670 LAC DT justified by carry back, current year	0		
R0680 LAC DT justified by carry back, future years	0		
R0690 Maximum LAC DT	-3.275		

## S.28.01.01 – Minimum Capital Requirement

### S.28.01.01

#### Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

##### Linear formula component for non-life insurance and reinsurance obligations

R0010 MCRNL Result

C0010

2.090

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
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C0020

C0030

R0130 Miscellaneous financial loss insurance and proportional reinsurance

0

17.134

##### Linear formula component for life insurance and reinsurance obligations

C0040

R0200 MCRL Result

0

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
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C0050

C0060

R0210 Obligations with profit participation - guaranteed benefits

R0220 Obligations with profit participation - future discretionary benefits

R0230 Index-linked and unit-linked insurance obligations

R0240 Other life (re)insurance and health (re)insurance obligations

R0250 Total capital at risk for all life (re)insurance obligations

##### Overall MCR calculation

C0070

R0300 Linear MCR

2.090

R0310 SCR

9.824

R0320 MCR cap

4.421

R0330 MCR floor

2.456

R0340 Combined MCR

2.456

R0350 Absolute floor of the MCR

2.700

R0400 Minimum Capital Requirement

2.700