



Solvency and Financial Condition Report

31st December 2025

Contents

Executive Summary	4
A. Business and Performance	9
A.1 Business Environment	9
A.2 Underwriting Performance	10
A.3 Investment Performance	11
A.4 Other material income and expenses	12
A.5 Any other material information	12
B. System of Governance.....	13
B.1 General Information on the System of Governance	13
B.2. Fit and Proper Requirements	19
B.3 Risk Management System	20
B.5 Internal Control System.....	26
B.6 Internal Audit Function	28
B.7 Actuarial Function	29
B.8 Outsourcing	29
B.9. Any other information.....	31
C. Risk Profile	32
C.1 Underwriting and Reserving Risk	33
C.2 Market Risk	37
C.3 Credit Risk	39
C.4 Liquidity Risk	41
C.5 Operational Risk.....	41
C.6 Other Material Risks.....	44
C.7 Any Other Information.....	48
D. Valuation for Solvency Purposes	50
D.1 Assets	51
D.2 Technical Provisions	53
D.3 Other Liabilities	57
D.4 Alternative Methods for Valuation	58
D.5 Any other information	58

E. Capital Management	59
E.1 Own Funds	59
E.2 Solvency Capital Requirement and Minimum Capital Requirement.....	60
E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement .	63
E.4 Differences between the standard formula and any internal model used	64
E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement.....	64
E.6 Any Other Information	64
Appendix I: Annual Quantitative Reporting Templates	65

Executive Summary

Overview

The Directors of Elmo Insurance Limited (“the Company”, “EIL” or “Elmo”) present the Solvency and Financial Condition Report (“SFCR”) for the year ended 31 December 2025.

The principal activities of the Company are that of an insurance company licenced in terms of the Insurance Business Act, 1998 (Chapter 403 of the Laws of Malta) by the Malta Financial Services Authority (“MFSA”) to write general business in Malta.

The Company’s audited financial statements are prepared in accordance with IFRS 17 Insurance Contracts, which was adopted with effect from 1 January 2023.

Throughout 2025, the Company continued to navigate a complex macroeconomic and geopolitical environment characterised by persistent global tensions, increased claims costs and volatility in international financial markets. Despite these pressures, Malta experienced a notable easing of inflation to an average of 2.4%, supported by the continuation of the government’s fixed energy price policy. In parallel, the Digital Operational Resilience Act (DORA) came into force in January 2025, introducing heightened ICT risk management and resilience requirements. EIL took proactive steps to ensure full preparedness by strengthening its ICT risk governance, completing risk assessments, upgrading internal IT policies, enhancing cyber-security controls and restructuring its IT infrastructure.

The Company’s strategic focus on digital transformation, customer excellence and employee experience remained central to supporting organisational resilience and sustainable growth. The Company continued to invest in a new core IT system, enhanced data analytics capabilities and employee well-being initiatives, supporting higher engagement, improved operational efficiency and customer-centric service delivery.

Business and Performance

The Company’s audited financial statements are prepared in accordance with IFRS 17 Insurance Contracts, which became effective on 1 January 2023. The adoption of IFRS 17 resulted in significant changes to the presentation and structure of the Company’s financial statements.

During the year under review the Company registered a profit before tax of €11,191K compared to a profit of €9,420K in 2024. The improvement in profitability is mainly attributable to a significant increase in the underwriting result, with the insurance service result improving to €11,425K from €8,200K in the previous year. The combined operating ratio improved from 85.4% to 77.3% in the year under review. The improvement is driven by growth in insurance service revenue and a reduction in insurance service expenses.

The Company’s net investment return for the year amounted to a profit of €4,230K, compared to a profit €5,301K in 2024.

Profit after tax for the year under review amounted to €8,583K compared to a profit of €7,810K in 2024.

Shareholders’ funds as at end 2025 amounted to €41,334K, when compared to €36,563K as at 31 December 2024.

The Company remains strongly capitalised, reporting a Solvency II Capital Requirement ratio of 196% as 31 December 2025. This robust position was maintained despite the significant capital charges applied to equity investments under the Solvency II framework.

System of Governance

EIL effectively meets all regulatory organisational and governance requirements in terms of having the necessary corporate governance structure in place and having filled the necessary key functions with highly qualified and experienced key function holders.

The Company has implemented numerous formal policies, which are reviewed on a yearly basis, systems and processes which are affected by the management team to provide reasonable assurance regarding:

1. Achievement of the Company's objectives
2. Effectiveness and efficiency of operations
3. Reliability of financial and non-financial reporting
4. Effective control of risks
5. A prudent approach to business
6. Compliance with applicable legislation and regulations.

The Company has established a sound control environment by adopting the 'Three Lines Model', which enhances risk management and internal control by clearly defining roles, responsibilities and reporting lines. Furthermore, this model reflects the evolving role of risk management and encourages greater collaboration between functions, while putting more focus on the creation and protection of value for shareholders and stakeholders.

The Company has a robust governance framework in place that is reflected in its Strategic Plan, consisting of quarterly reporting to the Board, monthly Management Committee meetings, transparency, a direct interaction of top-down and bottom-up approach, continuous communication, accountability and recalibration where applicable. The Board of Directors and Senior Management team are responsible to set the tone at the top, provide a solid foundation and create discipline and structure for an effective control environment. Key elements of the Company's control environment include the integrity, ethical values and competence of its people, management's philosophy and operating style, the manner in which authority and responsibilities are assigned, how organisational structures are established, the processes in place for developing and supporting staff, and the oversight, direction and tone set by the Board.

Throughout 2025, the Company remained committed to its strategic objective of ensuring effective succession planning and continuity at Board level. Following the appointments of Mr Anthony Cauchi as Executive Director as and Mr Paul Darmanin as Independent Non-Executive Director in 2024, the Company appointed its existing Chief Financial Officer, Mr John Calleja, as Executive Director as of 28th May 2025. Mr Calleja, who is a Certified Public Accountant, joined EIL over 20 years ago and has held several key positions within the Company throughout his career. Mr Calleja brings extensive expertise in financial management, regulatory compliance and corporate governance. This appointment reflects the Company's ongoing efforts to maintain a balanced and forward-looking Board composition, ensuring a balanced mix of Executive and Non-Executive Directors with diverse expertise.

In 2025, the Company maintained stability within its Senior Management structure, whereby the existing leadership team continued to execute the Company's strategic objectives effectively, supported by a clear governance framework that promotes accountability and operational efficiency. This continuity is indicative of a mature and resilient leadership environment, where roles and responsibilities are well defined, succession planning is actively managed, and performance is monitored on an ongoing basis. Only a limited number of changes were made to the Company's governance framework during 2025:

- ◆ Notable developments occurred within the Compliance function during 2025. In January, Dr. Roberta Abela was appointed as Compliance Officer, however, following her resignation in May 2025, the role was assumed by Dr. Jessica Micallef Tanti, initially on an interim basis and subsequently through a formal MFSA-approved appointment effective September 2025. In addition, the Company strengthened the Compliance function's governance and oversight capabilities through the recruitment of Ms. Joanne La Cava as Senior Compliance Analyst.
- ◆ In March 2025, Mr Juan Siracusa was promoted from Chief Officer Commercial Lines & Reinsurance to Chief Underwriting Officer, meaning that Mr Siracusa will oversee all underwriting and re-insurance aspects of EIL's operations. This change ensures that the Company continues to maintain and improve its technical underwriting profitability, while concurrently alleviating the Chief Operating Officer & Executive Director from the extensive responsibilities assumed over the past years.
- ◆ In view of the increasing size of EIL's customer portfolio and clients' increasing demands and expectations, the Company identified the need to create a new function of Quality Assurance and Customer Excellence as part of its strategic drive for an ever-improving customer experience. This function was fulfilled by Mr Nicholas Borg who joined the Company in June 2025 as a Quality Assurance and Customer Excellence Manager. In conclusion, the existing Insurance Product & Distribution Development Manager was promoted to Motor & Personal Lines Operations and Product Development Manager.

Risk Profile

The continuously evolving market dynamics, together with changes in the wider business environment and the Company's accelerated digital transformation has led the Company to streamline its operations, identify new opportunities and mitigate potential threats. The Company has implemented a comprehensive Enterprise Risk Management (ERM) framework designed to support effective identification, assessment and management of risks across the organisation. Enterprise risk encompasses all internal and external risks that may impact EIL's strategic objectives. The ERM framework therefore enables the Company to assess risks affecting its various operations and activities while also considering the interdependencies and interrelationships between these risks, thereby ensuring a holistic and integrated approach to risk management. Through its ERM approach, the Company applies a comprehensive and structured approach to risk identification, assessment, mitigation and monitoring. The positive effects of ERM are improved decision-making, enhanced risk awareness, more efficient use of resources, increased confidence and transparency, improved business continuity and effective coordination of the strategy and risk management functions.

The five components reflected in the ERM framework of the Company are:

- ◆ Risk Governance and Culture.
- ◆ Business Strategy.
- ◆ Performance.
- ◆ Review and Revisions; and
- ◆ Information, Communication and Reporting.

The Company maintains a risk register in place which formally acknowledges all key risks identified by the Company, the inherent and residual impact and likelihood scoring for each risk, risk owners responsible for overseeing these risks, as well as the respective controls in place to mitigate and/or control such risks. There weren't any significant changes to the Company's risk exposure compared to 2024.

The Company continued to strengthen its risk management framework through the activities of the Risk Management Function. These efforts included, among other initiatives, the annual review of Company policies, the update and approval of Business Continuity Management System documentation, the review of EIL's Risk Appetite Statement and Key Tolerance Limits, and the execution of several risk assessments throughout the year. All revisions and enhancements were discussed with the relevant stakeholders and subsequently approved at Board level, followed by endorsement from the Risk Management Committee.

In 2025, the Chief Officer People and Strategy ("COPS") continued to drive efforts to maximise the Company's strategic implementation objectives for the 2023–2025 period. The core theme of EIL's existing strategic plan is to achieve sustainable growth while enhancing organisational resilience through three core pillars, namely 'Employee Experience', 'Customer Excellence' and 'Sustainability'. This strategic plan also utilises frameworks that provide the secure and sustainable functioning of critical systems and services for the Company's key stakeholders, namely Clients, People and Shareholders. Furthermore, in 2025, a renewed exercise was undertaken to identify the Strengths, Weaknesses, Opportunities and Threats ("SWOT") to determine the Company's existing position and future ambition. This SWOT analysis was initially undertaken by the COPS as part of the preparatory work for developing the Company's 2026–2028 strategic plan and was subsequently refined by the Risk Manager during the Own Risk & Solvency Assessment (ORSA) process. The analysis considers the progress achieved during the current strategic cycle while reflecting the evolving expectations of key stakeholders. Moreover, the exercise serves to further enhance alignment between the business planning process and the ORSA process, ensuring a more integrated and forward-looking assessment of the Company's strategic and risk landscape.

Solvency Position and Capital Management

Since Solvency II came into force on 1 January 2016 the valuation of the Balance Sheet and the SCR is carried out on a quarterly basis by running the standard-formula-based capital model provided by an external firm and performing stress and sensitivity tests.

In relation to the Solvency II Balance Sheet, specific valuation rules are defined in Solvency II for several Balance Sheet items that differ from the accounting rules as laid out in the International Financial Reporting Standards as adopted by the EU ("IFRS"), which is the basis on which the Annual Financial Statements of the Company are published.

The Company's Solvency position as of 31 December 2025 was as follows:

Solvency Position	2025 € '000s	2024 € '000s
Company's Own Funds	43,282	39,930
Solvency Capital Requirement	22,105	19,584
Solvency Margin cover	196%	204%
Minimum Capital Requirement	5,526	4,896
MCR cover	783%	816%

Sub-modules SCR	2025 € '000s	2024 € '000s
Market	22,720	19,161
Default	2,458	2,262
Health	1,300	1,194
Non-life	7,141	6,857
Diversification Benefit	(6,826)	(6,314)
Basic SCR	26,793	23,159

SCR	2025 € '000s	2024 € '000s
Basic SCR	26,793	23,159
Operational	1,089	967
LACDT	(5,777)	(4,543)
Total	22,105	19,584

The largest risk module under the SCR computation is market risk, mainly due to the Company's holdings in equities and foreign currency investments. Should the need arise, the Company may reduce relatively easily the capital requirements by transferring its exposure to assets which attract lower capital charges.

In comparison, the insurance risk is not material, and any strategic changes to the insurance business will have a very small impact on the SCR mainly due to the comprehensive reinsurance programme with a panel of highly rated reinsurers, which significantly reduces the Company's net exposure. In fact, strategic decisions on core insurance operations would need to be significant in order to have a material impact on the SCR.

A. Business and Performance

A.1 Business Environment

Basic Information

<i>Name of the undertaking:</i>	Elmo Insurance Limited
<i>Company number:</i>	C3500
<i>Registered address:</i>	‘Elmo’ Abate Rigord Street Ta’ Xbiex, XBX 1111 Malta
<i>Legal status:</i>	An insurance company licensed in terms of the Insurance Business Act, 1998 (Chapter 403 of the Laws of Malta) by the MFSA to write general business in Malta.
<i>Directors:</i>	David Bartoli (Managing Director) William Harding (Chairman) Alan Bartoli John Cooper Anthony Cauchi John Calleja Paul Darmanin

The Company offers its services via staff at head office, nine branch offices spread around the Maltese Islands, and a number of insurance brokers and tied insurance intermediaries. Contact details of Head Office, Branches offices, and Tied Insurance Intermediaries can be found on the Company’s website: www.elmoinsurance.com/contact-us.

<i>Name of supervisory authority:</i>	Malta Financial Services Authority
<i>Contact details:</i>	Triq I-Imdina, Zone 1 Central Business District, Birkirkara CBD 1010 Malta Tel: +356 2144 1155 www.mfsa.mt
<i>Name of the external auditor:</i>	EY Malta
<i>Contact details:</i>	EY. Regional Business Centre Achille Ferris Street, Msida MSD 1751 Malta Tel: +356 2134 2134 www.ey.com/en_mt

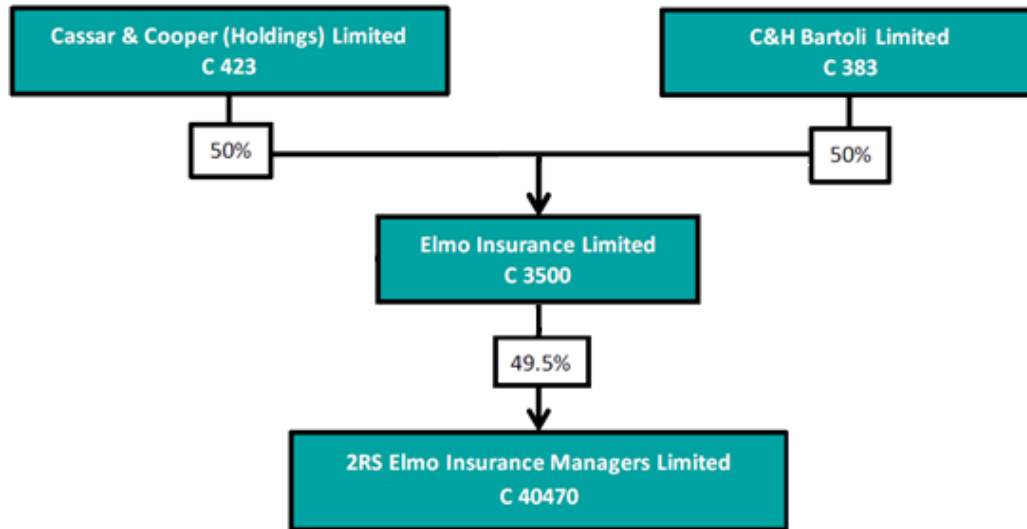
Material Lines of Business

Elmo Insurance Limited is regulated by the MFSA and is authorised to write most classes of non-life business, including health insurance. The following are the material lines of business which the Company writes within the classes of Solvency II:

- ◆ Fire and other damage to property insurance.
- ◆ Other motor insurance
- ◆ Motor liability insurance
- ◆ Workers' compensation insurance

Ownership Structure

EIL is owned on a 50%-50% basis by C & H Bartoli Ltd and Cassar and Cooper (Holdings) Ltd respectively, and owns 49.5% shares in 2RS Elmo Insurance Managers Limited as represented in the structure hereunder:



Material Transactions with Shareholders and Members of the Board of Directors

Trading transactions with related parties and year end balances arising from these transactions are disclosed in Note 23 to the Company's Financial Statements.

A.2 Underwriting Performance

The Company's audited financial statements are prepared in accordance with IFRS 17 Insurance Contracts, which was adopted with effect from 1 January 2023.

Gross written premium for the year rose from €35,126K in 2024 to €37,580K in 2025, an increase of 7%, after registering a 12% increase in 2024 over the premiums reported in 2023. The underwriting performance resulted in an insurance service result of € 11,425K compared to €8,200K in the previous year. The Company's total operating

expenses increased by 12.1% to €9,700K from €8,651K in 2024. The combined operating ratio stood at 77.3% compared to 85.4% in 2024.

The tables below show a breakdown of the Company's underwriting performance for all material lines of business for the year ending 31 December 2025:

	Gross premiums written		Gross premiums earned	
	2025	2024	2025	2024
	€ '000s	€ '000s	€ '000s	€ '000s
Fire and other damage to property insurance	11,256	10,323	10,538	8,663
Other motor insurance	7,078	6,828	6,960	6,572
Motor vehicle liability insurance	14,118	13,129	13,784	12,484
Workers' compensation insurance	1,298	1,239	1,296	1,126
Other lines of business	3,829	3,607	3,739	3,397
Total	37,579	35,126	36,316	32,242

	Gross claims incurred		Gross operating expenses		Reinsurance balances	
	2025	2024	2025	2024	2025	2024
	€ '000s	€ '000s	€ '000s	€ '000s	€ '000s	€ '000s
Fire and other damage to property insurance	1,189	6,050	3,356	2,850	3,984	(543)
Other motor insurance	3,205	3,492	1,906	1,650	321	359
Motor vehicle liability insurance	6,515	7,721	3,751	3,140	623	544
Workers' compensation insurance	102	129	407	355	295	197
Other lines of business	1,276	1,051	1,114	961	501	675
Total	12,286	18,444	10,534	8,957	5,725	1,231

The reinsurance balance represents a charge or credit to the technical account arising from the aggregate of all items relating to reinsurance outwards.

A.3 Investment Performance

The company registered an excellent return on its portfolio which rendered 9.4%, following that registered in 2024 amounting to 14%. The main reasons for the gain, relates to our continued exposure to US equities, a substantial percentage of which are invested in technology, communication and related business sectors. The Company's Investment Committee meets regularly and closely monitors developments within international financial markets. It is also aware of its ESG obligations and keeps account of ESG score weightings when investing in financial assets.

The table below shows a breakdown of the Company's investment performance for the year ending 31 December 2025:

	2025 € '000s	2024 € '000s
Dividends received from investments at fair value through profit or loss	576	482
Interest received from investments at fair value through profit or loss	370	322
Net (losses)/gains from financial investments at fair value through profit or loss	3,264	4,459
Interest revenue calculated using the effective interest method	4	195
Income from investment property	35	71
Net surplus arising on revaluation of investment property	245	-
	4,494	5,528
Investment expenses and charges	(235)	(197)
Interest and finance charges paid for lease liabilities	(28)	(31)
Total investment return	4,230	5,301

The Company did not have any investments in securitisation during 2025.

A.4 Other material income and expenses

The Company leases out the property classified as investment property, rental income is disclosed in section A.3. The Company leases its branch network of a total of nine outlets in different localities across the island.

The Company had no other material income and expenses as at 31 December 2025.

A.5 Any other material information

There is no other material information regarding business and performance which has not already been disclosed in the sections above.

B. System of Governance

This section of the report provides an overview of the Company's Board of Directors and its Board sub-committees, outlining their respective roles, responsibilities, and oversight of the Company's key control functions, namely Risk Management, Compliance, Internal Audit and Actuarial. It also describes the additional components and processes that form part of the governance system, including the risk management framework, fit and proper requirements, outsourcing arrangements, and the internal control system implemented by the Company.

B.1 General Information on the System of Governance

B.1.1 Governance Structure

1. As part of its corporate governance framework, the Company maintains a comprehensive list of formal Board-approved policies, most of which are reviewed annually. These policies, together with the support systems and processes implemented by management, are designed to provide reasonable assurance regarding the following: Achievement of the Company's objectives
2. Effectiveness and efficiency of operations
3. Reliability of financial and non-financial reporting
4. Effective control of risks
5. A prudent approach to business
6. Compliance with applicable legislation and regulation.

The Company has also established a number of Board delegated committees and has established Terms of Reference for each committee and for its Key Function Holders, including clear reporting lines.

The Board of Directors

The Company's corporate governance starts with the Board of Directors ("the Board") which has overall responsibility for the oversight of the management and governance of EIL through providing leadership of the Company within a framework of prudent and effective controls which enables the effective management and assessment of the risks faced by the Company.

The Board is appointed to act on behalf of the shareholders and to appoint a management team to run the day-to-day affairs of the business. The Board is directly accountable to the shareholders and is responsible for holding regular Board meetings including a statutory annual general meeting during which the directors must provide a report to the shareholders on the performance of the Company, including what its plans and strategies are.

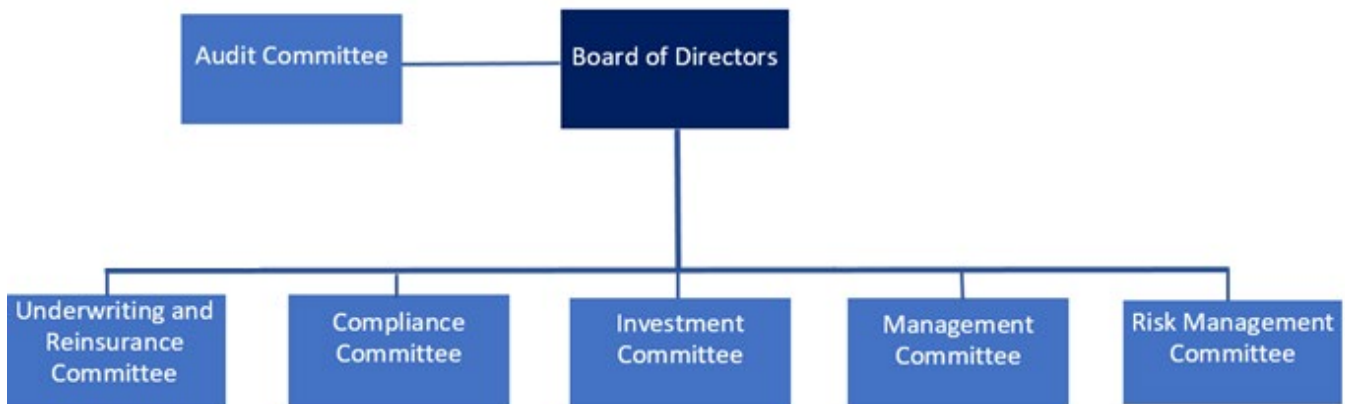
The primary objective of the Board is to ensure the Company's prosperity by collectively directing the Company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. In addition to business and financial issues, the Board deals with challenges and issues relating to corporate governance, corporate social responsibility, and corporate ethics. In this respect the Board must ensure strict adherence to all relevant laws and regulations.

The Board comprises a mix of executive, non-executive directors and an independent non-executive director to allow it to be objective in its decision making. Furthermore, all members of the Board satisfy the fitness and properness criteria as required by the Company.

The Board is responsible for ensuring the effectiveness of the risk management system, setting risk appetite and tolerance limits as well as approving the main risk management strategies and policies. Moreover, the Board has appointed an independent non-executive Director to oversee the risk management system on its behalf.

Board Committees

The Company has established a number of Board Committees and drawn Terms of Reference for each, including clear reporting lines. The Company’s governance and corporate structure is laid out below:



Audit Committee

The Audit Committee reports to the Board of Directors and is responsible for the effectiveness of the systems of internal control and for monitoring the effectiveness and objectivity of the internal auditors.

The main responsibilities of the Audit Committee are twofold:

- ◆ Financial Reporting responsibilities, including reviewing and challenging the actions and judgements of management in relation to the Company’s financial statements and monitoring the statutory audit of the Company’s annual financial statements; and
- ◆ Internal Audit responsibilities; including reviewing the internal audit plan and internal audit reports and ensure the internal audit function maintains independence and is adequately resourced and has the appropriate standing within the Company, receiving a report on the results of the internal auditor’s work on a periodic basis and monitoring management’s responsiveness to the internal auditor’s findings and recommendations.

Underwriting and Reinsurance Committee

The Underwriting and Reinsurance Committee was set up since the commencement of the Company’s insurance operations. Membership comprises of four Executive Directors (including the Chief Operating Officer and Chief Financial Officer), the Chief Underwriting Officer and other key individuals directly involved in underwriting, claims

and reinsurance matters. The committee's responsibilities are to ensure that the Company complies with all underwriting and reinsurance policies and to advise, monitor and guide all other members of staff about insurance technical issues of the Company.

Compliance Committee

The role of the Compliance Committee is to assist the Board in fulfilling their governance and oversight responsibilities for monitoring business conduct and compliance with laws, regulations, relevant codes of conduct and related corporate governance issues.

The responsibilities include:

- ◆ providing recommendations to the Board on the Company's attitude towards regulatory compliance.
- ◆ maintaining oversight of the Company's regulatory compliance processes and procedures and monitoring their effectiveness.
- ◆ ensuring that the Compliance Function is adequately resourced and that it has appropriate standing within the Company.
- ◆ keeping up to date with developments and prospective changes in the regulatory environment.
- ◆ monitoring the activities of all Tied Insurance Intermediaries and ensuring that these comply and conduct business in accordance with the respective appointment agreement and relevant rules and regulations; and
- ◆ reviewing and addressing any additional matters that the Board may refer to it periodically.

Investment Committee

The function of the Investment Committee is to secure the safety, yield and marketability of the Company's investments, ensuring that the investments are diversified and adequately spread in accordance with the prudent person principle and good risk management practices.

The Investment Committee is responsible to formulate the investment policy and guidelines and ensure that systems are in place to verify that the agreed investment strategy is implemented including monitoring the work carried out by the investment manager and the creditworthiness of investment exposures.

Management Committee

The Management Committee offers the right forum for the Senior Management Team of the Company to ensure ongoing effective management of the business. The Management Committee reports to the Board on matters such as insurance market developments, staff developments, sales initiatives, implementation of management action plans and compliance & risk management updates.

Risk Management Committee

The Board set up a Risk Management Committee, chaired by a non-executive Director, to assist the Board in discharging its responsibilities for the management and controlling of the significant risks to which the Company may be exposed to. This Committee is responsible for:

- ♦ assisting the Board in setting a strategy for risk management which includes risk management objectives, key risk management principles, risk appetite and tolerance limits and assignment of responsibilities across all the activities of the company which is consistent with the company's overall business strategy.
- ♦ developing adequate risk management policies that include a definition and categorisation of the material risks faced by the Company.
- ♦ building a culture that is aware of the risks and encouraging risk management ideologies throughout the company.
- ♦ designing and reviewing formal processes for risk management including the Own Risk and Solvency Assessment ('ORSA').
- ♦ supporting the development of risk response processes including contingency and business continuity plans.
- ♦ preparing reports on significant risk issues for the Board.

Technology Committee

This is an informal committee whose role is to discuss the operational technology requirements of the Company. The committee is responsible for:

- ♦ identifying the core operational technology requirements of every business function which support the business strategy of the Company.
- ♦ identifying internal controls to be incorporated into the systems.
- ♦ drafting IT policies supporting these internal controls.
- ♦ reviewing current and future technologies to identify opportunities to increase the efficiency of IT resources.
- ♦ monitoring and evaluate technology projects; and
- ♦ providing advice and recommendations to the Board of Directors on technology strategies and investments.

Key Functions

As part of the Company's System of Governance, EIL has established the four key functions as required by the Solvency II Directive and Chapter 6 of the Insurance Rules. The Company's four key functions, namely the risk management function, the compliance function, the actuarial function and the internal audit function are held by four separate individuals to allow an appropriate segregation of duties in order to operate objectively and independently of each other and of other functions within the Company.

The key functions are indispensable for the Company's corporate governance framework for the management of risks. This governance framework is based on the 'Three Lines Model' as described below Section B.4.1. Furthermore, the four key functions are sufficiently resourced and staffed, have full access to information that is relevant to performing their duties and have direct reporting lines to the Board of Directors.

The information below outlines the main roles and responsibilities of the Company's four key functions:

Risk Management Function

Implementing the Company's Risk Management Framework by coordinating and supporting the identification, measurement, mitigation, monitoring and reporting of the Company's material risks and assisting the Board of Directors in the effective operation of the risk management system.

Compliance Function

Identifying and assessing compliance risks; advising the Board of Directors on compliance matters; assessing the impact of any changes in legislation; establishing a compliance plan; and ensuring that the Company adheres to all applicable laws, rules and regulations.

Actuarial Function

Coordinating and monitoring the calculation of technical provisions, express an opinion on the underwriting policy and the Company's reinsurance arrangements and contribute to the effective implementation of the risk management system.

Internal Audit function

Taking a risk-based approach by providing independent and objective assurance to EIL's Board of Directors and senior management. This assurance covers, inter alia, an assessment of the main components of the system of governance; the risk management system, including the risk management function and the ORSA process; the compliance function; the actuarial function; and the reinsurance management process.

B.1.2 Material Changes in the System of Governance

As noted above, there were a few material changes in the System of Governance of the Company during the year, namely:

- ◆ Appointment of Mr John Calleja as Executive Director.
- ◆ ; Appointment of Mr Lukas Ehlers as Actuarial Function Holder.
- ◆ Resignation of Dr Roberta Abela as Compliance Officer; and
- ◆ Appointment of Dr Jessica Micallef Tanti as Compliance Officer.

B.1.3 Remuneration Policy

The Company has a Remuneration Policy in place to ensure that the remuneration awards do not threaten the Company's ability to maintain an adequate capital base and that the remuneration arrangements do not encourage excessive risk-taking that is not in line with the risk management strategy of EIL. Remuneration practices for Persons subject to the Remuneration Policy are established, implemented and maintained in line with the business and risk management strategy of the Company, its risk profile, objectives and risk management practices as well as the long-term interests and performance of the Company whilst avoiding conflicts of interest.

Principles of the Remuneration Policy

The following are EIL's principles of the remuneration policy:

- ◆ Where remuneration schemes include both fixed and variable components, such components shall be balanced so that the fixed or guaranteed component represents a sufficiently high proportion of the total remuneration to avoid staff being overly dependent on the variable components and to allow the Company to operate a fully flexible bonus policy, including the possibility of paying no variable component.
- ◆ Where variable remuneration is performance-related, the total amount of the variable remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall result of the Company.
- ◆ The payment of a substantial portion of the variable remuneration component, irrespective of the form in which it is to be paid, shall contain a flexible, deferred component that takes account of the nature and time horizon of the EIL's business: that deferral period shall not be less than three years and the period shall be correctly aligned with the nature of the business, its risks, and the activities of the respective employees.
- ◆ The financial and non-financial criteria shall be considered when assessing an individual's performance.
- ◆ The measurement of performance, as a basis for variable remuneration, shall include a downward adjustment for exposure to current and future risks, considering the EIL's risk profile and the cost of capital.
- ◆ Termination payments shall be related to performance achieved over the whole period of activity and be designed in a way that does not reward failure.
- ◆ Persons subject to the Remuneration Policy shall commit to not using any personal hedging strategies or remuneration and liability-related insurance which would undermine the risk alignment effects embedded in their remuneration arrangement.

Variable Remuneration Performance Criteria

The variable part of remuneration of the staff engaged as key function holders referred to in Articles 269 to 272 of the Commission Delegated Regulation shall be independent from the performance of the operational units and areas that are submitted to their control.

Supplementary pension or early retirement schemes

EIL does not provide any supplementary pensions or early retirement schemes for the members of the Board and other Key Function holders.

B.1.4 Material Transactions during the period

There were no material transactions between the Company and EIL's shareholders, the Board of Directors and with persons who exercise a significant influence on the undertaking, other than remuneration and Director's fees.

B.2. Fit and Proper Requirements

The Company has in place a Fit and Proper policy which sets out the procedure for assessing the fitness and propriety of the persons who effectively run the undertaking or have other key functions, both when being considered for the specific position and on an on-going basis.

B.2.1 Policy framework for Fit and Proper Requirements

EIL ensures that all persons who effectively run the Company or hold other key functions are fit and proper persons at all times. This Policy defines the procedures of how the fitness and propriety will be assessed for both newly appointed persons and on an on-going basis.

The Company shall assess fitness and propriety against four criteria:

- a. competence.
- b. reputation (comprising integrity and financial soundness).
- c. conflicts of interest and independence of mind; and
- d. time commitment.

In deciding whether a person is fit and proper, the Company shall be satisfied that the person:

- ◆ has the personal characteristics, including that of being of good repute and integrity (proper).
- ◆ has the professional qualifications, and possesses the adequate level of competence, knowledge and experience (fit), required to enable such person to carry out his duties and perform his or her key function effectively and to enable sound and prudent management of the undertaking.

In accordance with the Company's Outsourcing Policy, where the Company outsources key functions, fit and proper procedures are to be applied in assessing persons employed by the service providers or sub-service providers to perform the outsourced key function.

B.2.2 Process for assessing Fit and Proper Requirements

Prior to the appointment of a Director, Chief Officer, General Manager or a Financial Controller (Leadership), or a Head of Department, Senior Manager, Key Function Holder or Person responsible for a Branch of the Company, the individual will be required to provide to the Company with the following documentation:

- ◆ a duly completed Personal Questionnaire (if role is subject to notification requirements to the MFSA).
- ◆ a duly completed Conflict of Interest Questionnaire.
- ◆ Curriculum Vitae.
- ◆ copies of major qualification certificates.
- ◆ copies of reference letters; and
- ◆ copy of Police Conduct Certificate (*In accordance with article 10 of the GDPR, the Police Conduct Certificate shall not be retained by the Company; and shall be duly returned to the employee*).

The Board of Directors will consider whether the individual is 'fit and proper' for the role in question and subsequently notify the MFSA accordingly if required to, in terms of para 2.5.1 of Chapter 2 of the Insurance Rules.

The Company shall not merely base its assessment of a candidate's fitness on information provided to it by the candidate, but it shall adopt a proactive approach to the assessment by:

- ◆ Confirming that the applicant does possess the qualifications claimed by requesting a copy of the qualification certificates, updated licenses or certificates to practice in cases where the license or certificate is renewed from time to time and if the applicant is a member of a professional body, the Company shall request evidence of that membership.
- ◆ Requesting, when available, references regarding the applicant's previous employment.
- ◆ If the applicant has other involvements in other entities, the Company shall seek confirmation from the applicant that such involvements will not adversely impact the applicant's ability to perform the key function and shall ensure that such involvements do not conflict with the performance of the key function.
- ◆ Assessing how the applicant's previous experience equips the applicant with the expertise and experience required for the performance of the key function.

The assessment of the fitness of individuals shall not be restricted to the recruitment stage. After employing the person, the Company shall ensure that the person maintains his/her qualifications or licences. Thus, in cases where the maintenance of a person's qualifications is dependent on completing continuing professional development (CPD), the Company may request the employee, on an annual basis to self-certify that he/she is compliant with the particular CPD requirements.

On annual basis the Board of Directors shall carry out a self-assessment, together with an assessment of the Chief Officers, Chief Officers, Financial Controller, Heads of Departments, Senior Managers and Key Function Holders to confirm that these are still 'fit and proper'. This also includes asking the individual to confirm that there were no changes from the Personal Questionnaires submitted to the MFSA in relation to their position and that any individuals with multiple appointments can dedicate enough time and resources to carry out their roles effectively.

B.3 Risk Management System

B.3.1 Description of the Risk Management System

The Board has taken proactive measures to embed a comprehensive risk management system within the Company. This framework is not viewed as a mere compliance exercise to satisfy regulatory requirements under Solvency II and the Insurance Business Act, but as a robust structure for effective risk management. Its implementation is expected to deliver numerous benefits, including reduced exposure to certain hazard risks and an enhanced ability to achieve the Company's strategic objectives.

For EIL's risk management system to be effective, the risk management system covers all significant risks of the Company and requires an appropriate risk management strategy which includes the risk management objectives and adequate risk management processes and reporting procedures. The Board reviews and sets the risk appetite and tolerance limits of the Company on an annual basis.

Risk Management Strategy

EIL's Risk Management Strategy encompasses the Company's risk management objectives, key risk management principles, its risk appetite framework, and the assignment of responsibilities to designated risk owners across all the areas of the business. A fundamental component of this strategy is its alignment with the Company's overall business strategy, ensuring that risk considerations are fully integrated into decision-making and strategic planning processes.

Processes and Reporting Procedures

The Company has in place processes and procedures to enable the Company to identify, measure, mitigate, monitor and report the material risks it is exposed to. Furthermore, internal reporting procedures and processes have been set up to ensure that the information on the effectiveness of the risk management system and the material risks faced by EIL are actively monitored and managed by all relevant staff and the Board. This includes the monitoring and reporting of Key Risk Indicators ('KRIs') and Key Performance Indicators ('KPIs') on a quarterly basis and reports submitted to the Risk Management Committee and to the Board on a regular basis.

Risk Management Principles

The mission of the Risk Management Function is to ensure the timely identification, assessment, mitigation, monitoring and reporting of risks that may impact the achievement of the Company's strategic, operational or financial objectives. The Company's Enterprise Risk Management (ERM) framework provides a comprehensive and forward-looking structure for managing both current and emerging risks, supported by the adoption of early-warning indicators. This framework supports sound decision-making and contributes to the long-term stability and sustainable development of the Company, in line with Solvency II governance and risk management requirements.

Risk Identification

Risk identification is a fundamental component of EIL's overall risk management framework. As part of the annual risk assessment cycle, senior management and designated risk owners are required to complete a detailed risk assessment questionnaire. This serves as the initial step in identifying both current and emerging material risks which if materialised, could directly or indirectly affect the achievement of departmental or Company-wide objectives and operations.

In addition to this questionnaire, EIL conducts a structured risk assessment workshop that incorporates brainstorming activities to support the identification of significant internal and external risks. The workshop encourages the open exchange of information, active participation, and collaborative discussion among attendees. This process enhances the identification of risks, including their interconnectivity, as well as the potential threats and opportunities that these risks may represent towards the achievement of the Company's strategic and operational objectives.

A formal risk identification process is carried out at least on a yearly basis and regular updates are recorded during the year. All significant risks which are identified through the risk management process are documented within the risk register that is maintained by the Risk Management Function.

Risk Measurement

Following the identification stage, risks are measured to provide the Company with a greater understanding of the materiality of each risk. In particular, this step allows the Company to:

- ◆ assess the impact and likelihood of a risk occurring.
- ◆ compare risks and prioritise them in terms of focus and attention that should be given to individual risks.
- ◆ compare current level of risks with the risk appetite framework to determine whether any remedial action is necessary.

If the net risk exposure exceeds the Company's defined Risk Appetite, the Risk Manager together with Senior Management must look into the matter and implement appropriate measures to reduce the risk's likelihood and/or impact so that it is brought back within acceptable limits. The assessment of a risk's impact and likelihood should be discussed with the respective Risk Owners, and the Board should also take into consideration relevant factors such as historical data, internal and external events, literature and professional judgement.

Risk Mitigation

A mitigation strategy must be determined to manage each material risk EIL is exposed to. Depending on the criticality of the risk and management's tolerance for risk, EIL must decide whether to accept the risk, avoid the risk, reduce or control the risk, share or transfer the risk. Risk owners must determine the list of controls/mitigations in place where management decided to reduce or control the likelihood and/or impact of the risk.

Risk Monitoring

The development of KRIs and monitoring of risks is an integral part of EIL's risk management process. Risk owners measure risks on a quarterly basis to comprehensively assess whether a risk exceeds its tolerance limit. The development of KRIs serve as warning signals to the management and the Board of EIL on any increasing risk exposures in the different areas of the Company.

Risk Reporting

This step of the risk management process involves the provision of timely and accurate management information to assist Management and the Board to:

- ◆ understand the risk profile of the Company and how it has changed over time.
- ◆ determine whether risk exposures are being managed in accordance with the risk appetite framework set by the Board.
- ◆ where risks are within the set tolerance limits, whether the controls in place are effective and, if not, how to manage the risks; and
- ◆ take action to mitigate unacceptable exposures to risk.

B.3.2 Implementation and integration of the Risk Management System in the organisational structure and in the decision-making process

As briefly mentioned above, the Company has implemented an effective ERM framework that encompasses all internal and external risks that may influence EIL's strategic objectives. This framework enables a comprehensive assessment of risks across all operations and activities, including consideration of the interdependencies between them. Under this approach, EIL recognises that multiple risks may affect the same objective or that the occurrence of a risk in one area may increase the likelihood or impact of risks in another, ensuring a holistic view of enterprise-wide risk. The Company has adopted the Committee of Sponsoring Organizations ("COSO") ERM framework published in September 2017, which includes five interrelated components essential for the development and execution of the business strategy that begins with the mission, vision and core values of the Company with the aim of creating an enhanced value. Furthermore, the risk management system comprises of the risk strategy, risk appetite framework and processes and procedures, which are determined in line with the overall business strategy. A "feedback loop" system is in place as business continually evolves and requires that both strategy and risks are monitored, reviewed and re-evaluated. EIL's ERM facilitates the process of obtaining and sharing relevant information, from both internal and external sources, which flows up, down and across the Company.

The ERM Framework adopted by the Company EIL comprises of the COSO's five components:

◆ Risk Governance and Culture

Risk governance and culture together form a strong foundation for the ERM and basis for all other components of ERM. Risk governance sets the Company's tone at the top, reinforcing the importance of ERM, and establishing oversight responsibilities for it. Culture pertains to ethical values, desired behaviours, and understanding of risk in the Company. Culture is ultimately reflected in decision-making.

The primary responsibility for ERM lies with the Board that is ultimately accountable for reviewing the risk appetite and tolerance levels of EIL and for ensuring that management defines the roles and responsibilities, standards and guidance for employees. Risk Governance and culture is also achieved by holding employees at all levels responsible and accountable to the ERM and motivated to escalate and report any risk events they may become aware of. Furthermore, the Board is responsible for overseeing the ERM framework and efforts are also being undertaken by EIL to align human resource development and retention to the core values of the Company.

◆ Business Strategy

The Company's ERM is embedded within the strategic planning exercise through the use of a SWOT (Strengths, Weaknesses, Opportunities and Threats) and PESTLE (Political, Economic, Social, Technological, Legal and Environmental) analyses. These tools support the identification of key internal and external factors, thereby aiding in the development of the business strategy, strategic themes and organisational objectives. Articulating risk appetite and tolerance limits is key and these are established and aligned with the business strategy. Business objectives allow strategy to be put into practice and shape the entity's day-to-day operations and priorities. Furthermore, EIL's business strategy is a key input during EIL's risk assessment process to ensure that

the Company appropriately identifies, assesses and measures the key risks that may affect the achievement of EIL's strategic themes and objectives.

◆ **Performance**

Performance focuses on ERM practices that support EIL's decision making and the achievement of its strategic and business objectives. This component includes risk identification and assessment, risk response and interrelationship of risks.

Furthermore, the ORSA process continues to strengthen EIL's ERM framework, by assessing the Company's risk management processes, risk exposures and ensure that the Company can withstand financial and economic stresses. The output from the risk management system, and the ORSA process, is used across the Company in business decisions such as underwriting, reinsurance arrangements and investment decisions.

◆ **Review and Revision**

Review and Revision include the monitoring enterprise risk management performance and analysing how well the enterprise risk management components are functioning over time and in light of substantial changes.

Monitoring provides insight into how well the Company has implemented ERM within the entity. The business objectives and the components of ERM may change over time as the entity adapts to shifting internal and external environments. In addition, current practices and processes may no longer apply or may be deemed insufficient to support the achievement of new or updated business objectives.

The Company's Risk Management Function and Risk Management Committee is responsible to review EIL's Risk Management Framework on an annual basis to ensure that the framework, process and procedures are still fit for purpose. Furthermore, the ORSA report enhances monitoring efforts, the ability to make changes to the ERM framework and is also a benefit that allows ERM to achieve its goals and objectives.

◆ **Information, Communication and Reporting**

Communication consists of the continuous process of providing, sharing, and obtaining information, which flows throughout the Company, which is critical when implementing an effective ERM Framework. The Company's risk management framework is designed to support decision-making by providing consistent, reliable and timely risk information. This approach helps safeguard the business from deviations beyond its risk appetite and tolerance levels, while also enabling Senior management in their decision-making processes. To ensure strategic and operational objectives are met, EIL's management is also required to regularly prepare and present to the Board a set of Key Risk Indicators (KRIs) and Key Performance Indicators (KPIs). Furthermore, the Risk Management Function of EIL communicates the Company's risk data and relevant information to the Board and senior management through regular emails and written reports during the quarterly Board meetings, risk management committee and monthly management meetings.

B.4 Own Risk and Solvency Assessment (ORSA)

The ORSA process forms an integral part of EIL's Risk Management System. The Company conducts and prepares an ORSA document on an annual basis, or immediately following the identification of any significant change to Company's risk profile as set out in EIL's ORSA policy, whichever is the earlier.

The Board of Directors holds ultimate responsibility for overseeing the ORSA process. Accordingly, it must ensure that the Company maintains a robust Risk Management framework capable of identifying, managing, and continuously monitoring all risks to which the Company is exposed. The Board is also responsible for recognising changes within the Company's risk environment and ensuring that any new or emerging risks are promptly identified, appropriately mitigated, and their potential impact assessed at the earliest opportunity. To effectively conduct the ORSA, the Board must assess EIL's exposure to short-term risks (one year) and medium-term risks (three years) and evaluate the Company's capital requirements in line with these medium-term risks. The Board should also consider any anticipated changes to the Company's risk profile and business strategy over the projection period.

The ORSA document, which is drafted following the input of all key functions and senior management, provides a description of:

- ◆ all material risks from all assets and liabilities identified by the Company.
- ◆ management practices, systems and controls, including risk mitigation for these risks.
- ◆ the quality of processes and inputs, and in particular the related governance issues in place.
- ◆ the link between business planning and the overall solvency needs.
- ◆ explicit identification of possible emerging risk scenarios; and
- ◆ assessment of potential stresses.

The Company conducts its own assessment of overall solvency needs and expresses the overall solvency needs in quantitative terms, while complementing the quantification by a qualitative description of the material risks. The Company's own assessment of overall solvency needs enables the Company to calculate the amount of capital required by taking into consideration all the material risks EIL is exposed to including but not limited to reputational risks, strategic risks, cyber and ICT risks, legal risks and liquidity risks to ensure that the Company holds the appropriate levels of capital.

The assessment of the Company's own risks forms an important part in the development and monitoring of EIL's business strategy and in the decision-making process of the Company. The determination of the overall solvency needs contributes to assessments of whether to retain or transfer risk and how best to optimise the Company's capital management. In this respect, the ORSA allows the Company to assess its overall solvency needs to match its exposure to risk. In light of the above, the overall solvency needs bring together the Company's risk profile and its approved risk appetite and tolerance limits.

Stress tests and Scenario analysis are also carried out to evaluate EIL's resilience to certain adverse events. Stress tests and scenario analysis are selected by the Board with the input of the Risk Management Committee and Senior Management, taking into account EIL's strategic plan and objectives. A reverse stress test is also carried out to

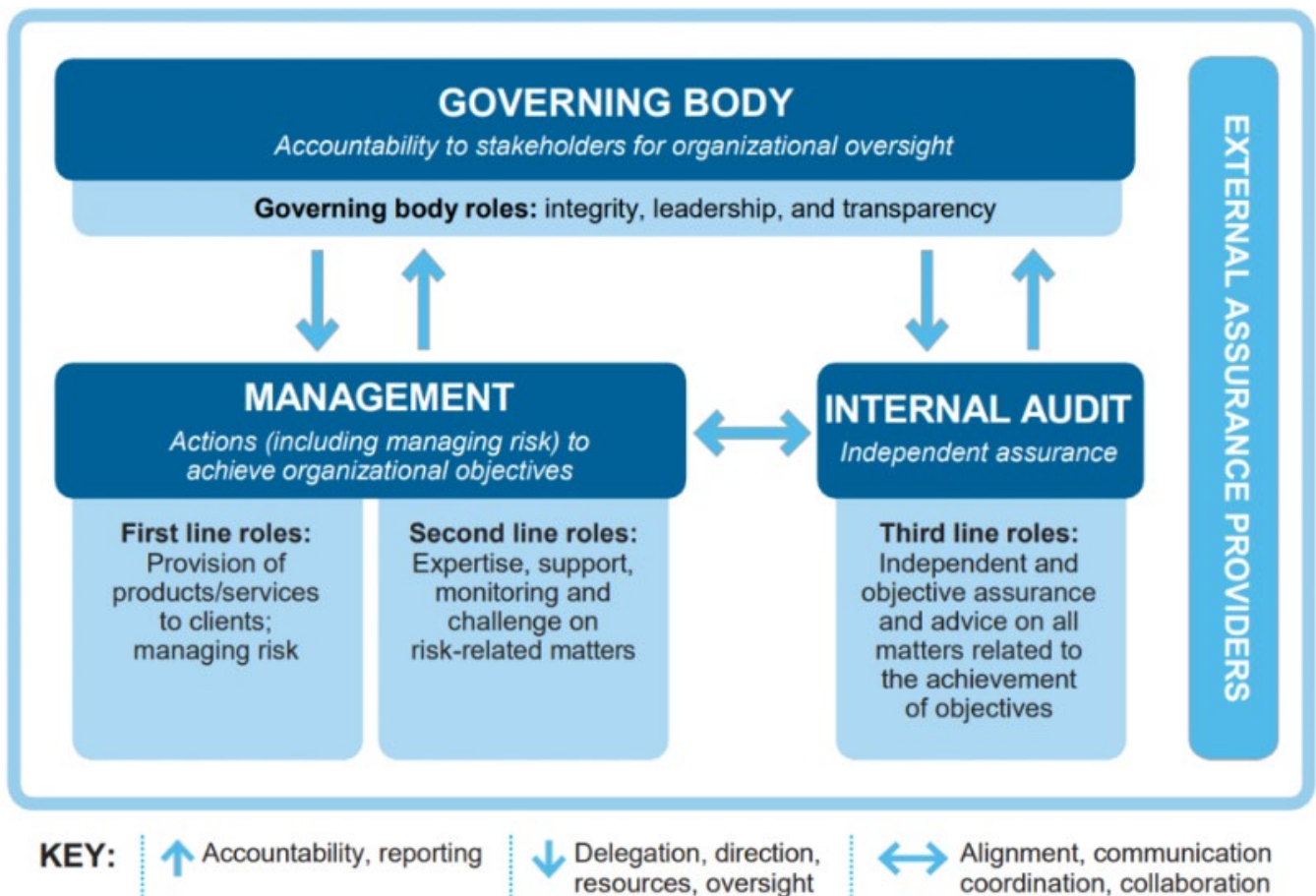
determine which adverse events may reduce EIL’s SCR ratio below the Company’s tolerance limit or cause significant financial distress. The results are reviewed by senior management and challenged by the Board and where necessary, management actions are established.

The ORSA is reviewed and approved by the Board of Directors. An ORSA workshop is also carried out on an annual basis to communicate the results and conclusions of the ORSA to all relevant staff.

B.5 Internal Control System

B.5.1. Description of the Internal Control Framework

An effective risk management system also requires to be supported by a suitable internal control system. To this effect, the Board of Directors has adopted the ‘Three Lines Model’ which provides a simple and effective way to enhance communications on risk management and internal control by clarifying essential roles and responsibilities and this is depicted in the following figure:



The original 'Three Lines of Defence' model was published in 2013; however, this was later updated to the 'Three Lines Model' by the Institute of Internal Auditors in July 2020. In the original model, all management controls and internal control measures represented the first line of defence, while the second line comprised of various risk management functions, including financial control, security, risk management, quality, inspection and compliance. However, under the new revised model, both Management and Internal Audit report to and receive oversight from the organisation's governing body. Furthermore, Management is now deemed responsible for both the First Line and Second Line roles.

Management is responsible to set the tone at the top and provide foundation and create discipline and structure for an effective control environment. Control environment factors include the integrity, ethical values and competence of the Company's people; management's philosophy and operating style; the way management assigns authority and responsibility and organises and develops people; and the attention and direction provided by the Board.

Primary responsibility for the management of risks lies with operational management – the first line of defence. Operational management has ownership, responsibility and accountability for assessing, controlling and mitigating risks together with maintaining effective internal controls.

Support for and challenge on the risk management activities including the identification, measurement, monitoring, management and reporting of risk are performed by the Risk Management function and the respective Board Committees set up by the Board, each having their own separate terms of reference – the second line of defence. Although clearly identified in the original model, the updated 'Three Lines Model' does not list Compliance as part of the second line of defense. However, the relevant guidance states that management should ensure "compliance with legal, regulatory and ethical obligations."

Independent and objective assurance on the robustness of the Risk Management Function and the appropriateness and effectiveness of internal control is provided by the Internal Auditors. In order to maintain complete independence, the Company outsources the Internal Audit Function to a third-party service provider.

An external line of defence is found through the work performed by the external auditors, who annually audit and provide the shareholders with reasonable assurance that the financial statements are free from material misstatement due to fraud and error.

Through the internal control system implemented by the Board above, it is able to provide to its stakeholders' reasonable assurance regarding the achievement of objectives in the following categories:

- ◆ effectiveness and efficiency of operations.
- ◆ reliability of financial reporting; and
- ◆ compliance with applicable laws and regulations.

B.5.2 Compliance Function

EIL's Compliance Function is established in house and is an independent control function at the second line of defence. The Compliance Function ensures that the Company and employees comply with all applicable laws,

regulations, insurance rules, and internal policies; continuously monitor any amendments to the applicable legislation and regulations and assessing the potential impact of proposed legislation on the Company; monitor the Company's distribution network in order to ensure adherence with the applicable Insurance Distribution Rules including prudential requirements and Continuous Professional Development requirements and the Rules contained in the Conduct of Business Rulebook relating to disclosures, product oversight and governance and sales processes and selling practices; and provides independent information and objective advice to the Board on regulatory issues and developments applicable to EIL.

The Company has established a Compliance Policy which identifies all areas of EIL's business activities that are susceptible to compliance risk and to implement the necessary controls to ensure that the Company complies with the applicable legislation and regulatory requirements. The Compliance Policy is reviewed on an annual basis and was last updated and approved by the Board on 17 September 2025.

B.6 Internal Audit Function

B.6.1 Implementation of the Internal Audit Function

The Internal Audit Function's role is to provide independent, objective assurance and consulting activity designated to add value and improve to the Company whilst ensuring effectiveness of the systems of internal control. The Internal Audit Function helps the Company to accomplish its objectives by bringing a systematic, discipline approach to evaluate and improve the effectiveness of risk management, control and governance processes. EIL's Internal Audit key function is outsourced, and the list of responsibilities are included within the Terms of Reference of the Internal Audit Function and the Internal Audit Policy. The Internal Audit Policy is reviewed on an annual basis and was last updated and approved by the Board on 17 September 2025.

The Internal Audit activity's responsibilities are defined by the Audit Committee as part of their oversight role. The key responsibility of the Internal Audit is to the Board of Directors in discharging its governance responsibilities and to perform the following functions:

- ◆ evaluating the Company's governance processes including ethics.
- ◆ performing an objective assessment of the effectiveness of risk management and the internal control framework.
- ◆ systematically analysing and evaluating business processes and associated control; and
- ◆ communicating to the Board and Senior Management any opportunities for improving management of risks, internal control, governance, profitability and the organisation's effectiveness.

B.6.2 Independence and Objectivity of the Internal Audit Function

The Internal Audit Function is objective and independent from the operational functions and free from undue influence by any other functions, including key functions. The people carrying out the Internal Audit Function shall not assume responsibility for any other function.

Internal Audit does not assume any operational responsibility or authority over any of the activities audited unless it can be reasonably established that such operational involvement will not impair the independence of the Internal

Audit Function. Consequently, Internal Audit does not implement controls, develop procedures, install systems, prepare records or engage in any other activity that may impair their judgement.

Internal Audit demonstrates the highest level of professional objectivity in obtaining, evaluating and communicating information and findings about the activity or process under review.

B.7 Actuarial Function

The role of the Actuarial Function is to assist the Board of Directors in discharging its responsibilities for the management and controlling the significant risks to which the company may be exposed.

The Actuarial Function is responsible to:

- ◆ coordinate the calculation of technical provisions.
- ◆ ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions.
- ◆ back-test actual results against estimates to improve the quality of current reserves and the methodology used.
- ◆ assess the sufficiency and quality of the data used in the calculation of technical provisions.
- ◆ compare best estimates against experience.
- ◆ inform the Board of Directors on the reliability and adequacy of the calculation of technical provisions.
- ◆ report at least annually to the Board on the tasks undertaken, any identified shortcomings and recommendations on how to remedy deficiencies; oversee the calculation of technical provisions in the cases set out in Article 82 of Directive 2009/138/EC.
- ◆ express an opinion on the overall underwriting policy of the Company.
- ◆ express an opinion on the adequacy of reinsurance arrangements; and
- ◆ contribute to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and the ORSA.

The Company outsources its Actuarial Function. The Actuarial Function Holder is responsible for coordinating the calculation of technical provisions, ensuring that the methodology complies with all regulatory requirements, and reporting the results of these calculations to EIL, including highlighting any uncertainties associated with the technical provisions in the Actuarial Function Report.

B.8 Outsourcing

To enhance operational effectiveness and efficiency, the Company may deem it beneficial to outsource certain functions. The Company has in place an Outsourcing Policy to ensure that the development and implementation of any proposal to outsource operational functions are carried out in a rigorous, transparent and a consultative manner that ensures the Company's best interests are served.

Notwithstanding the processes and procedures in place, effort is made to maintain several activities or key functions in-house and only outsource them in case of situations wherein finding suitable replacement would be cumbersome and would result in the interruption of internal processes.

The Company may also decide to outsource a critical or important function. The Company considers a critical or important function or activity as being “a function or activity that is fundamental to carrying out the core business as it would be unable to deliver its services to policyholders without the function or activity”. The Company shall not undertake the outsourcing of a critical or important operational function or activity in such a way as to lead to any of the following:

- ◆ materially impairing the quality of the undertaking’s system of governance.
- ◆ unduly increasing the operational risk.
- ◆ impairing the ability of the competent authority to monitor the undertaking’s compliance with its obligations; or
- ◆ undermining the continuous and satisfactory service to the policyholders.

Before outsourcing a key or a critical/important function, the Company obtains a number of quotations from different service providers and carry out a proper due diligence and risk assessment process prior to any final decision being made as to whether to outsource a material business activity. This ensures that the potential service provider has the ability, the capacity and any authorisation required by law to deliver the required functions or activities satisfactorily, taking into account the Company’s objectives and needs, as per Article 274(3)(a) of the Commission Delegated Regulation (EU) 2015/35.

This due diligence process addresses all material factors that would impact on the potential service provider’s ability to perform the activity, including an assessment of the technical ability and capacity of the service provider to deliver as well as its reputation, experience with the proposed outsourced function and potential conflict of interest where the service provider is related to the Company or has arrangements with competitors. The Company shall also ensure that the service provider’s risk management and internal control systems are adequate, that the service provider has the necessary financial resources to perform the additional tasks in a fit and proper way and that all their staff who will be involved in providing the outsourced function are sufficiently qualified and reliable. Regulatory compliance is also considered at every stage of the outsourcing process.

Furthermore, for all outsourcing arrangements, a legally binding agreement is established and documented, to clearly define the respective rights and obligations of the Company and the service provider. Outsourcing arrangement agreements must document all components of the outsourcing arrangement between the parties as per Article 274(4) of the Commission Delegated Regulation (EU) 2015/35. The full requirements of Article 274(4) are also included in Annex I to EIL’s outsourcing policy. Furthermore, the agreement shall also include start and finish dates, service levels, frequency of payments, invoicing and payment procedures, dispute resolutions and confidentiality. Decisions to outsource a material business activity and to select the relevant service provider should be approved by the Board. The Board shall also authorise the terms and conditions within the outsourcing agreement.

The Company currently outsources several operational activities, its critical ICT-services and two of its key functions. The Company currently outsources the Internal Audit Function to KPMG in Malta and the Actuarial Function to KPMG in Ireland. EIL has designated two Board members responsible for the oversight of these two outsourced functions which are fit and proper to be able to provide appropriate challenge and oversight of the performance and results of the service providers and ensure that the functions are being carried out in an effective manner and in line with all Solvency II requirements.

B.9. Any other information

B.9.1 Evaluating the appropriateness of the System of Governance

An internal review of EIL's System of Governance is carried out on an annual basis. Gaps identified following the review of the MFSA's Corporate Governance Code were taken into consideration during the Strategic Planning exercise for the period 2023-2025, for instance gaps relating to new expectations over and above Solvency II requirements, such as embracing Environmental, Social and Governance standards into the Company's strategy and culture. The System of Governance is considered to be adequate for the Company, taking into account the nature, scale and complexity of the risks inherent in EIL's business.

B.9.2 Other material information

There is no other material information regarding system of governance which has not already been disclosed in the sections above.

C. Risk Profile

This section describes the risk profile of the Company. The objective of the risk management strategy employed by the Company is primarily to:

- ◆ fully integrate risk management into the culture of the Company.
- ◆ ensure that the risk management framework is understood and implemented by staff with an operational responsibility for risk.
- ◆ ensure the benefits of risk management are realised through maximising opportunities and minimising threats; and
- ◆ ensure consistency throughout the Company in the management of risk.

The Company maintains a comprehensive risk register that documents the outcomes of its risk and control self-assessment process, providing an evaluation of various risks across defined categories. The risk register encompasses assessments of risks covered by own funds as well as those that are not, and it details the controls implemented to manage these risks. Any material risks, or significant changes in the assessment of existing or potential future risks, are reported to the Board together with recommended corrective or mitigating actions, as appropriate. The Board determined that the risk management system of the Company should encompass the following risk categories:

1. *Underwriting and Reserving risk* – the risk of loss, or adverse changes in the value of assets and insurance liabilities, due to inadequate pricing and reserving assumptions. It includes fluctuations in the timing, frequency and severity of insured events/claims settlements.
2. *Reinsurance risk* – the inability to obtain insurance from a reinsurer at the right time and at an appropriate cost. The inability may emanate from a variety of reasons like unfavourable market conditions. Reinsurance risk also entails the possibility that the reinsurers will dispute the coverage of losses and/or inadequate or inappropriate reinsurance cover.
3. *Credit risk* – the risk that a counterparty will be unable to fulfil their obligations and pay amounts in full when due, leading to an adverse impact on the Company and its financials.
4. *Market and Investment risk* – the risk of loss in value of the investment portfolio due to factors such as macroeconomic risk and political risk. This includes interest rate risk, currency risk, credit spread risk, market concentration risk and equity price risk.
5. *Liquidity risk* – the risk that the Company is unable to realise investments and other assets in order to settle their financial obligations at a reasonable cost when they fall due.
6. *Asset Liability Management risk* – the risk refers to the management of a business in such a way that decisions on assets and liabilities are coordinated in order to manage the exposure to the risk associated with the Variation of their economic values. The Board decided to consider this risk within the same category of Liquidity Risk.

7. *Operational risk* – the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Operational Risk therefore encompass a large number of risks, including outsourcing risk, regulatory and legal risk, business continuity, cyber risks and process failure risk.
8. *Reputational risk* – the risk that adverse publicity regarding EIL’s business practices, whether accurate or not, will cause a loss of consumer confidence in the integrity of the Company which may result in significant financial losses; and
9. *Strategic risk* – the risk of loss arising from the pursuit of an unsuccessful business plan, adverse business decisions, the improper implementation of those decisions, inadequate resource allocation or failure to respond well to changes in the business environment.
10. *Sustainability risk* – these risks arise from environmental, social, or governance factors that may negatively impact the value of the Company’s investments or liabilities. Environmental risks, such as climate change or natural disasters, can increase claims costs and affect investment portfolios, while social risks—like demographic shifts—may influence customer demand and retention. Governance risks relate to the Company’s policies, culture, and decision-making processes across its Board, Senior Management, shareholders, and other key stakeholders.

The Board considers the accumulation and Interaction of insurance policies the Company writes and how these are to be managed within the underwriting and reserving, reinsurance and asset liability risk categories. Concentration risks with respect to credit counterparties and investment risks are considered within the respective risk categories as well. Interaction between risk categories is considered during the risk assessment exercises when determining the impact and likelihood of each risk.

C.1 Underwriting and Reserving Risk

C.1.1 Risk Exposure

Underwriting and reserving risks may arise from the following sub-categories:

Insufficient Premium: The risk of earning lower premiums compared to previous periods due to inadequate or inappropriate (lower) product pricing, bad reputation, insurance policy not meeting the demands and needs of target market, lack of marketing, and an economic slowdown.

Product Design risk: Product defects due to inadequate product design, including defining the target market, identifying insurable risks, determining key product features, distribution channel and regular product review and monitoring in respect of new or significantly adapted products.

Underwriting of Highly Technical Insurance risk: Inadequate or inappropriate underwriting. The risk of incurring underwriting losses due to the lack of technical knowledge and understanding on particular and highly technical insurance policies and documentation. May also be due to failure to comply with the underwriting guidelines, including staff operating outside of their delegated authority.

Reserving risk: The risk of technical provisions established being insufficient to cover losses that have already been incurred. This may be due to inadequate or inappropriate reserving techniques including unforeseen, unknown or unintended liabilities that may occur.

Higher than estimated frequency and severity of losses: The risk of insured losses being more frequent and higher than our expectations, such as increasing traffic accidents and more fatalities, increased rates of construction accidents, changes in legislation, climate change (freak storms) and other natural or man-made catastrophes (including earthquake, tsunami, riots, strikes, civil commotion, explosion, pandemic). This may also be due to inadequate or inappropriate claims management including overpayment, failure to collect recoveries, fraudulent misrepresentation or staff operating outside of their delegated authority.

Insurance concentration risk: Adverse concentration exposure, due to lack of diversification of the overall insurance portfolio. For example, geographical exposure, catastrophe exposure, underwriting segment factor, industry or distribution channel.

Increased claims serving costs: Increased claims serving costs are a significant risk, particularly in light of recent global economic challenges where inflation and global supply chain problems led to increased costs of repairs and replacement of parts for damaged vehicles, which ultimately resulted in higher claims costs.

The impact of this risk is leading to lower profits or even losses if claims costs exceed premiums collected. In order to mitigate this risk, the Company has taken a number of measures ranging from reviewing premium rates to improving the claims handling processes and using technology to streamline claims processing and reduce costs. Mitigation measures taken aim to help ensure the Company's long-term financial stability and ability to continue providing essential services to the customers.

Inadequate insurance policy wording and review: Inadequate policy wording may lead the Company vulnerable to disputes and legal challenges, which can be costly and damaging to the Company's reputation. customer base as policyholders may switch to other companies with more clearly written policies. EIL is focused on developing clear and concise policy wording and regularly reviews and updates its policies. The Company will also be conducting periodic audits and risk assessments can also help identify and address potential policy wording weaknesses.

The Company writes all classes of general insurance business (excluding Classes 5 – Aircraft; 14 – Credit; 15 – Suretyship and 18 - Assistance) in relation to risks situated in Malta, with business generated through the following channels: in-house sales and branches, tied insurance intermediaries and insurance brokers. The main aim is of achieving a good balance between motor and non-motor classes, with the Company having a strong share in the engineering and construction insurance classes. The Company has also availed itself of passporting rights by way of the freedom of services for several lines of business in Cyprus and Greece.

Every quarter, EIL measures and assesses its exposure to underwriting risks using the Solvency II SCR calculation measures the regulatory capital requirement for non-life and health underwriting risks. Additionally, on an annual basis as part of the ORSA process, the Company also measures and assesses its exposure to underwriting risks using its own risk assessment methods to assess its overall solvency needs. The Company also measures and monitors underwriting and reserving risk exposures through the assessment of KRIs and KPIs against the Company's risk appetite and previous year results. This exercise is carried out and reported to the Risk Management Committee

and the Board on a quarterly basis. In conclusion, there were no material changes in the overall Underwriting risk exposure of the Company in 2025.

C.1.2 Risk Concentration

Underwriting risk concentration may arise from various factors, including geographical exposure, catastrophe exposure, underwriting segments, industry sectors or distribution channels. EIL maintains a well-diversified insurance portfolio, however the most significant concentration of underwriting risk relates to geographical exposure, as the Company's insured risks are predominantly located in Malta. Given Malta's small geographic size and high population density, this naturally heightens concentration risk, particularly in areas such as St. Julians, where exposure levels are increased due to the concentration of commercial activity and high-rise buildings. The Company does not anticipate any additional material risk concentrations emerging over the business planning period.

C.1.3 Risk Mitigation

The Directors manage exposure to insurance risk through an Underwriting and Reinsurance Committee that considers aggregation of risk and establishes risk retention levels. The underwriting strategy attempts to ensure that the risks underwritten are well diversified in terms of type and amount of risk and industry. Disciplined underwriting, encompassing risk assessment, risk management, pricing and exposure control is critical to the company's success.

The goal is for underwriters to be in a position to:

- ◆ understand and assess each risk.
- ◆ make appropriate decisions within their area of competence and authority limits.
- ◆ differentiate between risks.
- ◆ apply suitable terms and conditions in order to manage the portfolio.
- ◆ control exposure; and
- ◆ improve the predictability of the loss experience and make appropriate use of the company's technical capacity.

Underwriting guidelines are in place, and each underwriter has a specific delegated authority that sets clear parameters for the business that they can underwrite, based on the competence of the individual underwriter. The Underwriting and Reinsurance Committee looks at the Company's underwriting issues, reviews and agrees the underwriting direction, issues instructions and directives where appropriate, and moreover takes decisions on the overall risk retention of the Company. To mitigate underwriting and reserving risks, the Underwriting and Reinsurance Committee is also responsible of product oversight and governance responsibilities assigned to it by the Board of Directors in terms of the Company's Product Oversight and Governance Policy, including responsibility of ensuring an adequate risk survey capability.

Pricing is generally based upon historical data, claims frequencies and claims severity averages, adjusted for inflation and trended forward. While claims remain the Company's principal cost, allowance is also made in the pricing

procedures for acquisition expenses, administration expenses, investment income, the cost of reinsurance, and for a profit loading that adequately covers the cost of the capital exposed to risk.

The Company reserves the right not to renew individual policies or to adjust premiums upon renewal. It may also introduce deductibles and retains the right to refuse payment on any claim deemed fraudulent. The Company also has in place several reinsurance arrangements to limit its exposure to single or multiple large risks, including catastrophes. The Company reinsures that portion of the underwritten risks above its risk appetite to control exposure to losses, to reduce volatility, and to protect capital. The type of reinsurance cover and the level of retention are based on the Company's risk management assessment which takes into consideration the risk being covered and sums insured.

Risks relating to the Claims handling process are mitigated through the Company's in-house teams of skilled claims technicians who apply their experience and knowledge on resolving individual claims. These teams are responsible for investigating and adjusting claims, together with specialist independent loss adjustors that might be engaged depending on exigencies. Claim estimates are reviewed periodically and adjusted on the basis of information that becomes available specific to the claim as well as changes in external factors such as judicial decisions and legislation. The Company generally pursues early settlement of claims to reduce its exposure to unpredictable developments and limit the effect of inflation.

Sources of uncertainty in the estimation of future claim payments (claims on contracts) are accounted for on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, the estimation of claims incurred but not reported ('IBNR') is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company. Claims falling under certain classes of business can take several years to develop and/or discover, in particular claims involving casualty, and are therefore subject to a greater degree of uncertainty than other classes of business that are typically settled in a shorter period of time.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR in the Company's technical accounts.

In calculating the estimated cost of unpaid claims, the Company uses a combination of estimation techniques, based partly on known information and partly on statistical analyses of a historical experience.

Reserves are analysed by line of business. Case reserves are established on each individual claim and are adjusted as new or updated information becomes known throughout the course of handling the claim. Lines of business for which claims data (e.g. paid claims and case reserves) emerge over a long period of time are referred to as long tail lines of business. Lines of business for which claims data emerge more quickly are referred to as short tail lines of business. Risks underwritten by the Company are typically short tail, although certain lines of business may take longer to develop, including, for example, personal accident and employers' liability.

The Company's claims departments regularly review reserves for both current and prior accident years using the most recent claims data. These reserve reviews incorporate a variety of judgments and involve extensive analysis. The ultimate cost of outstanding claims, including claims incurred but not reported, is subsequently estimated through statistical analyses of historical claims trends, which are projected forward giving greater weighting to recent years. Additional qualitative judgment is applied to assess the extent to which past trends may not apply in the future.

On an annual basis during the annual risk assessment exercise, the risk management function in conjunction with the risk owners assesses the effectiveness of all underwriting and reserving risk mitigation techniques and controls in place. Furthermore, the risk mitigations and controls in place are reviewed and assessed by the Internal Audit function during its Internal Audit cycle. The Risk Management Committee also monitors the effectiveness of the underwriting and reserving risk mitigations through the monitoring of the KRIs and KPIs.

C.1.4 Risk Sensitivity

To assess the material risks of the Company in a comprehensive way, a sensitivity analysis and stress scenarios are carried out. Please see section C.7 for information on stress testing and sensitivity analysis for all risk categories.

C.2 Market Risk

C.2.1 Risk Exposure

Market and Investment risk is split into the following main risk sub-categories:

Interest Rate risk: Change of value of investment portfolio due to changes in interest rates and low rates of return on fixed income instruments.

Equity Price risk: Change of value of investment portfolio from changes in equity prices due to market volatility arising from macro-economic environment and overconcentration to a particular counterparty, geographical area or industry.

Currency risk: Change of value of investment portfolio from changes in exchange rates arising from macro-economic environment and overconcentration to a particular currency.

Credit Spread risk: Fixed-income assets, such as bonds, may lose value if credit spreads widen due to changes in the creditworthiness of the issuer, changes in the macro-economic environment and other movements in investments markets.

Property Price risk: The risk of a fall in property values.

Every quarter, EIL measures and assesses its exposure to market risks using the Solvency II SCR calculation which is used to measure the regulatory capital requirement for market risk. Additionally, on an annual basis as part of the ORSA process, the Company also measures and assesses its exposure to market and investment risks using its own risk assessment methods to assess its overall solvency needs. The Company also measures and monitors investment

risk exposures through the assessment of KRIs and KPIs against the Company's risk appetite. This exercise is carried out and reported to the Risk Management Committee and the Board on a quarterly basis.

Additionally, on a monthly basis during the Investment Committee meetings, the Investment Committee members review and assess the composition of the investment portfolio in detail to ensure that it continues to be adequately diversified and spread in line with the regulatory requirements and with the Company's investment policy guidelines and thresholds.

C.2.2 Prudent Person Principle

The Company's Investment Policy Guidelines ensure its continued compliance with the Prudent Person Principle (PPP) as laid down in Article 132 of the Directive 2009/138/EC. The Prudent Person Principle requires companies to invest in a manner ensuring security, quality, liquidity and profitability of the investment portfolio and to also have a well-diversified portfolio.

The Company's current investment portfolio is prudent and consistent with the portfolio guidelines and criteria established in the Investment policy guidelines approved by the Board of Directors. The investment portfolio of EIL provides an optimal asset allocation allowing the maximisation of the levels of security, quality, liquidity and profitability. This is achieved through the well-diversified investment portfolio given the Company's investments in property, equities, bonds, and cash & deposits, as well as setting sectoral limits and exposure limits with regards to investment in any one counterparty. Furthermore, the Company avoids investments in derivatives and similar commitments as it has no appetite for such complex investment instruments.

C.2.3 Risk Concentration

Market risk concentration may occur due to lack of diversification in the investment portfolio, which may lead to a large exposure in a foreign currency, asset class or issuer. EIL holds a well-diversified investment portfolio in line with the established Investment Policy guidelines, and there were no material market risk concentrations as of 31 December 2025.

C.2.4 Risk Mitigation

Market and Investment risks are mainly managed through the Company's Investment Committee which sets out investment guidelines which are approved by the Board of Directors and regularly reviewed. The investment guidelines set out the parameters for investment and ensure that corrective action is taken in a consistent and timely manner if required.

Interest rate risk is principally managed through the investment in debt securities having a wide range of maturity dates. Moreover, investment parameters exist to limit exposure to any one particular issuer and any one particular debt security.

The risk of equity price volatility is managed by maintaining a diverse range of investments including equities and collective investment schemes. EIL has an active Investment Committee that has established a set of investment guidelines that is also approved by the Board of Directors. These guidelines provide parameters for investment management, including contracts with external portfolio managers. The Directors review market value fluctuations

arising on the Company's investments on a monthly basis. Investment parameters and diversification procedures also consider solvency restrictions.

The Company's exposure to foreign exchange risk arises primarily from investments that are denominated in currencies other than the Euro. The investment guidelines set allowable thresholds with regards to the Company's exposure to foreign exchange risk.

On an annual basis during the annual risk assessment exercise, the risk management function in conjunction with the relative risk owners assesses the effectiveness of market and investment risk mitigation techniques and controls in place. Furthermore, the risk mitigations and controls in place are reviewed and assessed by the Internal Audit function during its Internal Audit cycles. The Risk Management Committee also monitors the effectiveness of the market risk mitigations through the regular monitoring of the KRIs and KPIs.

C.2.5 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.3 Credit Risk

C.3.1 Risk Exposure

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Credit and counterparty default risks may arise from the following sub-categories:

Reinsurance credit risk: Default of a reinsurer which results in exposure to claims and loss of recoverable balances.

Intermediaries, Policyholders and Co-insurers Credit risk: Default of an intermediary, policyholder or a co-insurer resulting in loss of recoverable balances.

Investment Counterparties credit risk: Default of fixed income counterparties resulting in loss of nominal holdings, in particular due to excess exposure to geographic region, industry, or a single counterparty.

Local and Foreign Banks credit risk: Default of a bank resulting in loss of cash and cash equivalents, in particular due to excess exposure to geographic region or a single counterparty.

EIL assesses its exposure to credit risk on a quarterly basis using the Solvency II SCR calculation, which determines the regulatory capital requirement for counterparty default risk. In addition, as part of the annual ORSA process, the Company evaluates its credit risk exposure using its own internal risk assessment methodologies to determine its overall solvency needs. The Company further monitors credit risk through the regular assessment of KRIs and KPIs against its established risk appetite, including metrics such as reinsurance credit ratings and the concentration of cash balances with a single bank. The results of this monitoring are reported to the Risk Management Committee and the Board on a quarterly basis.

C.3.2 Risk Concentration

Credit Risk concentration is associated with any single exposure or group of exposures with the potential to produce large losses to threaten the Company's core operations. It may arise either from a single counterparty concentration or industry concentration. The directors consider that the company is not exposed to material concentration of credit risk in respect of trade debtors due to the large number of customers comprising the company's debtor base.

The Company's most material Credit Risk concentration relates to reinsurance arrangements. The reinsurer's credit rating and amount of exposure is monitored on a regular basis, and a report is presented to the Underwriting and Reinsurance Committee and the Compliance Committee on a quarterly basis.

C.3.3 Risk Mitigation

The company places limits on the level of credit risk undertaken from the main categories of financial instruments. These limits also take due consideration of the solvency restrictions imposed by the relevant Regulations. The investment strategy of the Company considers the credit standing of the counterparty and control structures are in place to assess and monitor these risk thresholds.

The Company structures the levels of credit risk it accepts by limiting as far as possible its exposure to a single counterparty or groups of counterparties. Limits on the level of credit risk are approved by the directors, and the credit terms allowed depend on the distribution channel through which business is secured. Frequent meetings are held, attended by directors, to monitor the overall credit situation, and to take remedial measures as appropriate.

Reinsurance is used to mitigate insurance risk; however, it does not release the Company from its obligations as the primary insurer. If a reinsurer fails to settle a claim for any reason, the Company remains responsible for fulfilling the payment to the policyholder. The creditworthiness of reinsurers is monitored through regular reviews of their financial strength and prior to entering into any contractual arrangement. The Company's policy is to engage only reinsurers that hold a minimum credit rating of 'A-'. The Credit risk in relation to default from policyholder and intermediaries is managed through the Company's Debtor Policy which sets out the credit terms which may be given. Furthermore, the Company's credit control function constantly monitors debtor balances and follows up long-outstanding balances. The Company also closely monitors debtors who exceed credit terms and consider revoking credit terms when transacting new business.

The Company is also exposed to credit risk for its cash at bank and investments, and hence cash holdings are placed only with high quality financial institutions.

On an annual basis during the annual risk assessment exercise, the risk management function in conjunction with the risk owners assesses the effectiveness of credit risk mitigation techniques and controls in place. Furthermore, the risk mitigations and controls in place are reviewed and assessed by the Internal Audit function during its Internal Audit cycle. The Risk Management Committee also monitors the effectiveness of credit risk mitigations through the monitoring of the KRIs and KPIs.

C.3.4 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.4 Liquidity Risk

C.4.1 Risk Exposure

The Company's exposure to liquidity risk arises from the eventuality that the frequency and severity of losses are greater than estimated and funds may not be available to pay claims when due at a reasonable cost.

The Directors consider these risks to be insignificant given the nature of EIL's financial assets and liabilities. The Company's financial assets are highly liquid, as they consist of local and foreign securities listed on recognised stock exchanges. Furthermore, there have been no material changes in the Company's exposure to liquidity risk during the reporting period. On an annual basis, EIL measures and assesses its exposure to liquidity risks as part of the ORSA process, using its own risk assessment methods to assess its overall solvency needs. The Company also monitors net cash flows on a regular basis.

C.4.2 Risk Concentration

There were no material liquidity risk concentrations as of 31 December 2025.

C.4.3 Risk Mitigation

The Company ensures that a reasonable level of funds is available at any point in time for unexpected large claims and the company may also resort to overdraft facilities which provide a short-term means of finance. Furthermore, the investment policy provides parameters for investments, requiring a high percentage of cash and cash equivalents to be held in the investment portfolio, and regular monitoring of cash accounts is carried out to maintain an adequate level of liquidity in line with average claim payments.

On an annual basis during the annual risk assessment exercise, the risk management function in conjunction with the risk owners assesses the effectiveness of liquidity risk mitigation techniques and controls in place. Furthermore, the risk mitigations and controls in place are reviewed and assessed by the Internal Audit function during its Internal Audit cycle.

C.4.4 Expected profit included in future premiums (EPIFP)

As of 31 December 2025, the Company had no future premiums cash-flows on existing unexpired policies and therefore there is no expected profit included in future premiums.

C.4.5 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.5 Operational Risk

C.5.1 Risk Exposure

Operational risk represents the risk of losses arising from inadequate or failed internal processes, people or systems risk, or external events. EIL's operational risks mainly arise from the following key sub-categories: **Speed of**

Technological Change: Failure to adapt to and implement new technologies, or failure to adequately implement new technologies. Delayed implementation of a new IT system may also lead to a high dependency on the legacy IT system and heightened IT security risks.

Human Resource risk: this refers to potential threats that can impact the Company's workforce and its ability to attract, retain and manage talent effectively. Such risks can affect operational performance, compliance, reputation and overall business continuity.

IT Risks: Inadequate system design or capability to maintain business functionality, hardware & software failure and human error that could lead to cyber risks.

Information Security Risk: The risk of loss of confidentiality, integrity, or availability of information (whether digital or not) or information systems which will have an adverse impact to information assets, operational resilience, and reputational damage.

Cyber Risks: The risk of financial loss, disruption to operations or reputational damage resulting from cyber incidents which may lead to a data breach, material damage to EIL's software or hardware, malicious disruption, denial of service, payment fraud, regulatory fines and reputational damage.

Failure of Internal Processes, Controls or Function Holders' Responsibilities: This refers to failure in internal control procedures or the execution of responsibilities by key function holders, arising from weaknesses in design, processes, improper implementation, or instances of management override.

Fraud Risk: This could be both Internal and External Fraud risk. Internal fraud may arise internally due to asset misappropriations, which involves the theft or misuse of an organisation's assets. External fraud may arise from policyholders deliberately misrepresenting, concealing, suppressing or not disclosing material facts upon the underwriting of risks or the policyholder making a false insurance claim.

Project and Change Management: Failure to deliver the expected results of a project or initiative, project costs exceeding benefits, inadequate implementation of a project or initiative.

Regulatory Compliance Risks: The risk of non-compliance with EU host countries' general good provisions, inadequate system of governance framework, not meeting supervisory reporting deadlines; and breaching the conditions of authorisation or non-compliance with all applicable rules, legislation and regulations.

Legislative and Regulatory Changes: The risk of increasing legislative and regulatory changes and heightened regulatory scrutiny.

Business Continuity Risk: Any event that disrupts the business operations of the Company and/or its performance and lack of planning ahead of managing the aftermath of such event.

Outsourcing Risk: The risk of an unexpectedly bad outcome to outsourcing arrangements of critical/important or key functions or the risk of operational disruption due to a failure by one of the outsourcing partners.

Distribution Vulnerability: Risks emanating from distribution channels. This may be caused by loss of business to a distribution channel and over-reliance on a particular distribution channel.

Conduct Risk: The risk of not ensuring fair customer outcomes through the product life cycle, both from internal and external (outsourced) processes. Every quarter, EIL measures and assesses its exposure to operational risks using the Solvency II SCR calculation which is used to measure the regulatory capital requirement for operational risk. Additionally, on an annual basis, EIL measures and assesses its exposure to all its operational risks as part of the ORSA process, using its own risk assessment methods to assess its overall solvency needs. The Company also measures and monitors operational risk exposures through the assessment of KRIs and KPIs against the Company's risk appetite. This exercise is carried out and reported to the Risk Management Committee and the Board on a quarterly basis.

C.5.2 Risk Concentration

There were no material operational risk concentrations as of 31 December 2025.

C.5.3 Risk Mitigation

The Company has implemented additional processes and controls to mitigate operational risks and continues to monitor such risks to ensure these remain at an acceptable level. The sections below set out the principal operational risk mitigation measures and control activities currently implemented by the Company in respect of Operational risks:

The Company manages people's risk through its Human Resources ('HR'), led by the Chief Officer People and Strategy, and supported by other members of Senior Management. This includes regular communication with staff, workshops, regular discussion forums, both in-house and outsourced training for staff and executives, as well as a full commitment on employee retention. The Company focuses on ensuring the health and safety, personal resilience and mental wellbeing of all its employees.

The Company has heavily invested in its IT infrastructure to ensure that its IT system is modernised and continues to fulfil Elmo's current and projected business requirements whilst mitigating the ever-increasing cyber threats. In 2025, a new integrated insurance software system was deployed in order to significantly improve the Company's IT platform and allow EIL to improve its service to customers, grow further, enhance processes, meet its forthcoming strategic targets and abide to current and future operational and regulatory requirements. The IT department is partly also responsible for the management of IT safety and security, where a new role of an Information Security Officer was created to take over the responsibility of information security and cyber risks. Following the introduction of the DORA Regulation on 17th January 2025, the Company has issued several new IT policies throughout the past years and updated existing ones to strengthen its resilience against IT and information security risks

All departmental managers are responsible to establish all relevant internal controls within their area of responsibility in line with the Internal Control Policy. The Company outsources the internal audit function to a third-party audit firm in order to provide additional assurance to the Board of Directors on the adequacy of internal controls. A Fraud Policy is in place with respect to the procedures necessary to combat and report fraud, while a

Whistleblowing Reporting Internal Procedure is in place for employees to disclose information, including reasonable suspicion, on improper practice committed within or by the Company.

The Compliance Officer is responsible to manage regulatory compliance risks. Laws and regulations are reviewed when introduced, deadlines are monitored actively and compliance updates are rolled out to staff and the Board to bring their attention to the matter. A complaints register is maintained by the Compliance Officer to keep record of all formal complaints.

The Company constantly reviews the market to determine any trends which are arising in pricing and policy covers. Dedicated staff are responsible of handling customer care, including replying to queries received through the Company's social platforms and website, carrying out regular surveys and reviewing comments on social media and other sources. The results of the trends are then discussed at Committee level and during strategic planning to ensure a high level of customer excellence and always meet clients' ever-growing expectations.

The Company has established a Business Continuity Policy, which is reviewed and approved by the Board of Directors on an annual basis. The Company frequently considers the events which may impact business continuity and has established a Business Continuity Plan, including a Disaster Recovery Plan which prescribes preparedness procedures to deal with disasters and their aftermath. The plan is tested on an annual basis by the Disaster Recovery Team and presentations; internal emails and memos are circulated to Senior Management and staff to raise awareness on the risks entailed and responsibilities in case of an incident.

The Company's distribution channels consist of internal branches, internal sales representatives, tied insurance intermediaries and insurance brokers. Certain distribution channels are considered key for the generation of good premiums and profitable business. The Company maintains positive relationships with all distribution channels, which are further supported through participation in Company-organised events. The performance and reliance on individual distribution channels are monitored and controlled through monthly statistical reviews undertaken by the Underwriting and Reinsurance Committee.

C.5.4 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.6 Other Material Risks

C.6.1 Reinsurance Risk

C.6.1.1 Risk Exposure

The company's exposure to reinsurance risk arises from the risk of being unable to obtain reinsurance cover at the right time and at an appropriate cost and the risk of buying inadequate reinsurance covers including the risk of exceeding the reinsurance surplus facility limit and the risk that insurance policies issued by EIL are not aligned to the reinsurance agreement terms and conditions. Reinsurers' credit ratings are monitored on an ongoing basis, and moreover EIL measures and assesses its exposure to reinsurance risks as part of the ORSA process, using its own risk assessment methods to assess its overall solvency needs.

The Company reinsures a portion of the risks underwritten to control exposure to losses, to reduce volatility and to protect capital. The type of reinsurance cover, and the level of retention, are based on the company's internal risk management assessment, which takes into account the risk being covered and the sums assured. The reinsurance strategy and programme are set and agreed by the Underwriting and Reinsurance Committee on an annual basis. The reinsurance arrangements include a mix of proportional, facultative and non-proportional cover, which limit the liability of the Company to any one individual claim or event.

C.6.1.2 Risk Concentration

Each quarter the Underwriting and Reinsurance Committee review the gross and net aggregate exposures for all classes of business, including exposures in each of the marinas located in Malta. Appropriate action is taken, if necessary, by the Underwriting and Reinsurance Committee to ensure that concentration of risks remains within the parameters set by the Committee.

C.6.1.3 Risk Mitigation

Monthly reviews of aggregates are carried out to ensure that adequate reinsurance is in place. Periodical meetings are held with the company's reinsurance brokers, the purpose of which is to systematically agree the renewal process of the company's reinsurance requirements, and to ensure a formalised means of communication between Elmo and its reinsurance brokers. Contact with reinsurance brokers is maintained during the year when dealing with risks that are not catered for by the standard reinsurance treaties.

The Company also performs technical audits periodically in order to ensure that EIL's policy wordings being issued by the underwriting teams do not conflict with the reinsurance terms, which would effectively render the reinsurance taken out null and void in case of a claim.

EIL monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements regularly to ensure that its counterparty exposure to individual reinsurance groups is within the parameters set by the Underwriting and Reinsurance Committee. The Company does not place reinsurance with reinsurers having a credit rating lower than 'A-'.

C.6.1.4 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.6.2 Reputational risk

C.6.2.1 Risk Exposure

Reputational risk refers to the potential for loss arising from adverse perceptions or experiences among the Company's stakeholders. This risk is closely linked to other material risk categories, including conduct, compliance, operational and cyber risks, from where the impact of reputational risk may originate. In the current business environment, reputational risk is particularly significant, as a strong reputation underpins customer trust and loyalty, supports brand strength, and can ultimately influence the long-term success or failure of any organisation.

On an annual basis, EIL measures and assesses its exposure to reputational risks as part of the ORSA process, using its own risk assessment methods to assess its overall solvency needs.

C.6.2.2 Risk Concentration

There were no material reputational risk concentrations as of 31 December 2025.

C.6.2.3 Risk Mitigation

EIL manages reputational risk through its ethics framework, ongoing customer care and providing product training to EIL employees and tied insurance intermediaries, focusing on legislative and regulatory requirements and ensuring proper adherence, review and prompt settlement of complaints. Furthermore, in 2025, a new function of Quality Assurance and Customer Excellence was created as part of the Company's strategic drive for an ever-improving customer experience given the increasing size of EIL's customer base and their increasing demands and expectations.

C.6.2.4 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.6.3 Strategic risk

C.6.3.1 Risk Exposure

Strategic risk encompasses the risk of loss arising from the pursuit of an unsuccessful business plan, adverse business decisions, the improper or lack of implementation of the strategy, inadequate resource allocation or failure to respond well to changes in the business environment. It may also include the failure to appropriately implement the operational process and controls within the Company that relate to the underwriting of the insurance business.

Following the onboarding of the Chief Officer People and Strategy in 2022, the Company's exposure to strategic risk changed as this shifted from lack of strategic planning and clear business objectives to the risk of not implementing the Company's strategic objectives and direction for the period 2023-2025.

On an annual basis, EIL measures and assesses its exposure to strategic risks as part of the ORSA process, using its own risk assessment methods to assess its overall solvency needs. The Company also measures and monitors strategic risk exposures through the assessment of KPIs against the Company's risk appetite. This exercise is carried out and reported to the Risk Management Committee and the Board on a quarterly basis.

C.6.3.2 Risk Concentration

There were no material strategic risk concentrations as of 31 December 2025.

C.6.3.3 Risk Mitigation

On a yearly basis, the Board, together with the Senior Management Team, enter into strategic thinking exercise in order to devise a short to medium term strategy for the Company. This exercise takes into account the key

requirements of all stakeholders, including shareholders, customers and staff. As mentioned before, during the strategic planning exercise, the Board of Directors and the Senior Management team also carry out SWOT and PESTLE analyses to understand the Company's current position and achievements it wants to obtain in the future. These exercises also set out the relative KPIs which should be reached in order to ensure maximum value to stakeholders. Furthermore, on a yearly basis, the Directors of the Company determine premium targets and set the overall tone for the business plan of the forthcoming year.

C.6.3.4 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.6.4 Sustainability Risks

C.6.4.1 Risk Exposure

Sustainability risks comprise of a myriad of risks including financial losses due to physical threats such as extreme heat, drought, windstorms, violent storms and flooding, as well as transition risks related to climate change. Another key risk is a shift in stakeholder behaviour that could have long term financial, reputational and operational impact on the Company. Lastly, outdated Governance, Risk & Compliance practices and/or framework could also have a potential adverse impact on the Company's results and reputation in the long term.

C.6.4.2 Risk Concentration

There were no material Sustainability risk concentrations as of 31 December 2025.

C.6.4.3 Risk Mitigation

The Company has implemented a range of mitigation measures and controls to manage its key risks. A comprehensive Business Continuity Management System, supported by updated Business Continuity and Disaster Recovery Plans, addresses physical risks, while climate-related risks are further assessed through annual ORSA scenario analyses. Underwriting guidelines are reviewed annually in line with the approved risk appetite, and ESG considerations are integrated through the Actuarial Function and an ESG Strategy overseen by a dedicated working group.

The Company invested in a new IT system to streamline processes, enhance the customer journey and support more data-driven decision-making. Strong governance practices are maintained through several Board-approved policies which are reviewed yearly, alongside quarterly reporting by the Compliance and Risk Management functions to their respective Committees and the Board. Senior Management remains actively involved in day-to-day operations, supported by regular monthly Management Committee meetings.

C.6.4.4 Risk Sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.7 Any Other Information

The Company prioritised the following important risk-related topics in 2025:

C.7.1 Technological Developments

Technological advancements such as artificial intelligence, big data, digitisation, automation and robotics continue to enhance operational efficiency and improve customer experience. However, their adoption also introduces new risks, such as uncertainties related to technology integration, re-skilling of workforce and information reliability, as well as heightened exposure to sophisticated cyber-attacks that may result in data breaches, loss of intellectual property, or financial losses. Current global macroeconomic conditions further increase the likelihood and potential impact of ransomware threats. In addition, the growing digitalisation of the insurance sector gives rise to potential financial stability concerns. These relate both to operational resilience and to underwriting risks associated with cyber insurance products.

C.7.2 Implementation of Digital Operational Resilience Act (DORA) Regulation

The evolving digital threat landscape means the Company is exposed to new and evolving cyber threats on a daily basis, ranging from risk of data loss, theft of Intellectual Property or financial loss as a result of more sophisticated cyber techniques and the current global macroeconomic discomfort amplifying both motive and opportunity for potential ransomware attacks. Furthermore, cyber risks may lead to other adverse risks such as GDPR related fines, business continuity concerns due to downtime, reputational damage and potential financial instability.

This introduces us to DORA, which is a European regulatory framework on digital operational resilience whereby all entities need to ensure they can withstand, respond to and recover from all types of ICT-related disruptions and threats. DORA, which came into force on 17th January 2025, is made up of five key pillars, namely ICT risk management, ICT-related incident management, digital operational resilience testing, the management of ICT third-party risks and lastly, sharing of information.

Since completing a DORA gap assessment in early 2024 to identify areas requiring improvement, the Company has adopted a proactive approach focused on continuous improvement and the ongoing strengthening of its ICT-related resilience. The Board leads this ongoing project, where additional resources were allocated and a working group consisting of the COO, CTO, Risk Manager and Compliance Officer was setup in a bid to ensure that the Company is in line with the new rigorous requirements specified under this new act. The Company's initiatives in this area have included, among others, the enhancement of its ICT risk management framework, the adoption of new IT policies and the update of existing ones, the execution of multiple risk assessments, the revision of contractual terms and addenda with critical ICT third-party service providers, the performance of penetration testing on the Company's systems, the completion of a comprehensive Register of Information, and the restructuring of the Company's IT infrastructure, network, and security environment.

C.7.3 Stress Testing and Scenario Analysis

On an annual basis the Company performs stress and scenario testing aimed at quantifying the impact certain risk events will have on own-funds and the solvency capital requirement of several scenarios. The Company also

conducts reverse stress tests on an annual basis that examine the conditions that would push the SCR ratio below 100% and which would completely deplete the Company's equities. These stress tests and scenarios help EIL to understand potential losses to ensure that the Company is prepared to withstand projected losses from the selected events, including ensuring that there is adequate capital to withstand the event. The selection of the stress and scenario tests are agreed by Senior Management and the Risk Management Committee and approved by the Board as part of the ORSA process.

The three key scenarios which the Company considered for stress testing and scenario analysis, as reported in the 2025 ORSA report are as follows:

- ◆ **Scenario 1:** An Evaluation of Climate Change Effects and the Occurrence of a major Natural Catastrophe
- ◆ **Scenario 2:** Adverse Investment Portfolio shocks triggered by Financial Market Volatility
- ◆ **Scenario 3:** Cyber-attack leading to Downtime in IT systems.

The stress tests were conducted using the three-year business plan and financial projections, which were derived from the audited 2024 year-end figures. The results of the stress tests and scenario analyses indicate that, under all three assessed risk events, the Company continues to maintain an SCR ratio above 100%. This confirms that EIL is adequately capitalised and capable of withstanding the impact of the selected adverse scenarios. The outcomes of these analyses are communicated to the Board through the ORSA report.

Details relating to the sensitivity analysis on financial risks are disclosed in Note 3 to the financial statements.

D. Valuation for Solvency Purposes

Assets and liabilities under Solvency II are valued in accordance with the Solvency II Directive. *“The primary objective of valuation as set out in Article 75 of Directive 2009/138/EC requires an economic, market-consistent approach to the valuation of assets and liabilities. According to the risk-based approach of Solvency II, when valuing balance sheet items on an economic basis, undertakings need to consider the risks that arise from a particular balance sheet item, using assumptions that market participants would use in valuing the asset or the liability.”*

The values of the assets and liabilities in the IFRS financial statements have been used with some adjustments as outlined in the following sections. These adjustments are in line with the recommendations in the Technical Specifications.

A comparison of asset figures under both Solvency II and IFRS is set out below:

Balance Sheet - as at 31 December	2025		Difference € '000s	2024
	SII € '000s	IFRS € '000s		SII € '000s
ASSETS				
Intangible assets - computer software	-	63	(63)	-
Tangible assets:				
- land and buildings	13,308	13,308	-	13,457
- plant and equipment	1,509	1,509	-	1,225
Investments:				
- investment in associated undertaking	326	326	-	374
- investment property	1,860	1,860	-	1,615
- financial investments:				
▪ equities	33,291	33,291	-	29,465
▪ bonds	13,458	13,302	156	11,514
▪ loans and receivables	1,562	1,562	-	1,562
Deferred taxation	145	145	-	133
Reinsurance contract assets	7,971	8,934	(964)	8,323
Insurance and intermediaries' receivables	7,677	-	7,677	5,868
Prepayments and accrued income	541	697	(156)	509
Cash and cash equivalents	2,807	2,807	-	5,047
TOTAL ASSETS	84,456	77,806		79,093

Balance Sheet - as at 31 December				2025	2024
	SII	IFRS	Difference	SII	
	€ '000s	€ '000s	€ '000s	€ '000s	
CAPITAL AND RESERVES					
Called up share capital	5,000	5,000	-	5,000	
Revaluation reserve	6,840	6,840	-	7,052	
Profit and loss account	29,494	29,494	-	24,511	
Reconciliation reserve	3,948		3,948	3,367	
TOTAL EQUITY	45,282	41,334		39,930	
LIABILITIES					
Insurance contract liabilities		31,047	(31,047)		
- best estimate	30,271		30,271	31,297	
- risk margin	789		789	937	
Reinsurance contract liabilities		748	(748)		
Deferred taxation	2,463	1,431	1,032	2,104	
Current taxation	951	951	-	1,275	
Other payables				-	
- accruals and other liabilities	4,227	1,823	2,405	3,002	
- lease liabilities	472	472	-	547	
TOTA LIABILITIES	39,174	36,472		39,163	
TOTAL EQUITIES AND LIABILITIES	84,456	77,806		79,093	

D.1 Assets

Intangible assets

The value of intangible assets has been removed from the Solvency II Balance Sheet in accordance with Article 12 of the Regulation.

Land and buildings and Investment Property

Land and buildings are recorded at historical cost less depreciation and subsequently adjusted to reflect fair value changes, if there are any. Investment property is initially recorded at the acquisition cost and subsequently adjusted to reflect fair value. Historical cost includes expenditure that is directly attributable to the acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. This amount also includes a right of use asset for properties leased by the Company. The

right of use asset is valued at the present value of lease payments payable over the term of the contract and is subsequently amortised over the lease term.

Land and buildings and investment property were valued in accordance with Article 8 of the Regulation and is consistent with the valuation approach under IFRS. These have been stressed under the property risk module within the market risk module. There are no differences between the Solvency II valuation and the IFRS valuation of the properties.

Tangible assets – plant and equipment

Plant and equipment were valued in accordance with Article 8 of the Regulation and is consistent with the valuation approach under IFRS. These assets have been stressed as an Equity Type 2 within the equity risk module in line with clarifications issued by EIOPA.

Investments in associated undertaking

Investments in associated undertaking were valued in accordance with Article 8 of the Regulation by using the equity method of accounting as per IFRS. This has been classified as other equity in the SCR calculation and stressed under the equity risk module.

Equities and Collective investment undertakings

Equities and collective investment undertakings were valued in accordance with Article 8 of the Regulation by using the last available quoted active market prices which is consistent with fair value through profit and loss valuation approach under IFRS. The market prices are readily available, and the stocks are actively traded – details of which are provided in a statement produced by the portfolio managers. There were no significant estimates and judgements used in valuing the asset due to the nature of the asset. Equities and collective investment undertakings were classified under “EEA or OECD Equities” and “Other Equities” and then stressed according to their classification under the equity risk module. Equities also include exposures in foreign currencies which were stressed under the currency risk module.

Bonds, and Loans and receivables

Bonds, and loans and receivables were valued in accordance with Article 8 of the Regulations. Bonds and loans and receivables were valued using the last available quoted active market price and includes the value of accrued interest. Bonds are invested in government and corporate bonds. Government and corporate bonds are debt securities which have a fixed rate of interest. There were no significant estimates and judgements used in valuing the asset due to the nature of the asset. The investments are valued at fair value through profit and loss, which is based on the prices quoted on active markets. These investments are held with portfolio managers who provide monthly reports detailing current market prices, credit ratings, duration, and any accrued interest. This is consistent with the valuation approach under IFRS, with the exception that accrued interest is shown as a separate line item under IFRS.

These assets were stressed under the interest rate, spread and concentration risk modules under market risk. Bonds also include exposures in foreign currencies which were stressed under the currency risk module within market risk.

Deferred tax assets

Deferred tax asset was valued in accordance with Article 15 of the Regulation and is consistent with the valuation approach under IFRS.

Insurance and intermediaries' receivables

The total insurance and intermediaries' receivables are reclassified to the Liability for Remaining Coverage (LRC) in the financial statements, however for Solvency II purposes, the overdue amount is reclassified to assets to be stressed under the counterparty default risk. There are no significant estimates or judgements used in valuing the insurance and intermediaries' receivables due to the nature of the asset. The value reported under Solvency II does not differ from the amount reported under IFRS.

Cash and cash equivalents

Cash and cash equivalents was valued in accordance with Article 8 of the Regulation and is consistent with the valuation approach under IFRS. The value of cash and cash equivalents is confirmed through the statement sent by the respective financial institutions and the Company reconciles these balances with its own records. There are no significant estimates or judgements used in valuing the cash holdings and accrued interest due to the nature of the asset. Cash and cash equivalents was stressed under the counterparty default risk module and the foreign currency exposures were stressed under the currency risk module within market risk.

Prepayments and accrued income

Prepayments were valued in accordance with Article 8 of the Regulation and is consistent with the valuation approach under IFRS. These have not been stressed in the SCR computation. Accrued interest on bonds, and loans and receivables have been removed from this line item and added to the respective line item under the Solvency II balance sheet to arrive to the Solvency II valuation of the respective line item. Accrued interest has therefore been stressed under the modules of the above items.

D.2 Technical Provisions

The tables below show the main differences in technical provisions between the Solvency II and the IFRS valuation in the financial statements, and a breakdown of the Company's Solvency II technical provisions for all material lines of business as at 31 December 2025:

Technical Provisions	SII € '000s	IFRS € '000s	Difference € '000s
Best Estimate Premium Provision	10,215		
Best Estimate Claim Provision	20,057		
Risk Margin	789		
Liability for remaining coverage		7,391	
Liability for incurred claims		23,656	
Gross Technical Provisions	31,061	31,047	14
Reinsurers share of Technical Provisions	7,971		
Assets for remaining coverage		1,112	
Amounts recoverable on incurred claims		7,075	
Net Technical Provisions	23,090	22,860	229

Technical Provisions	Fire & other Property damage € '000s	Motor vehicle liability € '000s	Other motor insurance € '000s	Marine € '000s	Other lines of business € '000s	Total € '000s
Net Best Estimate Premium Provision	569	5,310	2,350	215	391	8,835
Net Best Estimate Claim Provision	1,582	8,915	949	492	1,528	13,466
Risk Margin	49	419	144	19	159	790
Net Technical Provisions	2,201	14,643	3,442	726	2,078	23,091

Below is a description of each step of the change in technical provisions:

1. Adjustments to determine the Best Estimate Technical Provisions

1A. Margin over best estimate for outstanding claims and allowance for Solvency II expenses

The claims provision under both Solvency II and IFRS 17 is reported on a best estimate basis.

The following standard actuarial methods were used to calculate the best estimate of claims reserves including expenses:

- ◆ Paid Claim Chain Ladder Method.
- ◆ Incurred Claim Chain Ladder Method.
- ◆ Loss Ratio Method.
- ◆ Born Huetter-Ferguson Method.

In determining the best estimate using these methods, reliance was made on:

- ◆ Claims triangles (constructed to include allocated and unallocated claims expenses) from 2000 – 2025.
- ◆ Tail factors on the liability lines to allow for longer reporting and settlement delays associated with liability lines of business.
- ◆ Expert Actuarial judgement where necessary particular in respect of:
 - Emerging trends or events which will not be present in the historic claim data used to project ultimate losses i.e. the additional allowances made for Events not in Data (“ENID’s”)/ Binary Events.
 - Selection of development patterns, Initial Expected Loss ratios and method selections.
 - Inflation adjustment selected by the actuaries in their projection of the IBNR; and
 - Treatment of one-off large loss in the projections of ultimate losses.

Note that allocated and unallocated expenses associated with settling claims are implicitly included in the claims projections due to the construction of the claims triangles, claims triangles used in the projections include paid and incurred Allocated Loss Adjustment Expenses (“ALAE”) amounts and therefore the claims projections implicitly include costs associated with future claims expenses. The ALAE triangles are constructed based on an analysis carried out such that the claims department salaries and overheads such as property costs, claims management etc. are aggregated to a global Paid ALAE figure. This amount is divided by the total Gross Claims Paid figure to obtain the percentage to be applied to the pure paid claims triangles resulting in an expense allowance by line of business.

In prior years, the calculation of the ENID loading, included an inflationary adjustment in response to the inflationary pressures that prevailed during and post the COVID-19 pandemic. During 2025, inflation in Malta is at a base rate of 2.4% which is close to the long-term average. Due to this low level of uncertainty surrounding inflation, the inflationary adjustment was not deemed necessary in the current year’s calculation of the ENID loading.

1B. Release of expected profits in LRC

In calculating the premium provision, a loss ratio based on loss history (claims triangles as mentioned above) and the performance of the current accident year to date was applied. In all cases, the loss ratio calculated for the accident year 2025 was used to estimate claims arising from unexpired risks. This loss ratio makes an implicit allowance for claims expenses as they are incorporated in the triangulated data as discussed above.

An allowance for binary events and expenses associated with servicing of in force policies has been made for within the premium provision.

1C. Discounting

Both claims and premium provisions cashflows were projected based on claims payment pattern history and premium income history. These were discounted by the year end 2025 Euro risk free yield curves as published by EIOPA.

2. Risk Margin

The risk margin was calculated without simplification. Each component of the SCR was calculated at each future date assuming no future business was written. This was then discounted using the year end 2025 yield curve and a 6% cost of capital was applied.

The calculation of the risk margin relies on the cashflow assumptions used to calculate the technical provisions.

Non-Life Underwriting Risk and Health Underwriting Risk was calculated individually for each line of business. The risk margin was allocated to each line of business based on the underwriting risk used to determine it.

In the calculation of the IFRS17 technical provisions, the non-financial risk adjustment has been estimated using a confidence-interval-based approach, using Value at Risk metrics for the probability distribution of the current value of future cash flows, and calibrating the target percentile confidence interval to 75 percentiles. An adjustment for non-financial risk was estimated separately from all other estimates.

3. Reinsurers' share of SII Technical Provisions

This was calculated by first determining the net technical provisions. To derive the net results, we primarily used net to gross paid, ultimate claims, reserve and premium ratios (mostly the incurred or premium ratios were selected) which we applied to the gross ultimate claims. Net premium provisions were determined by using the net loss ratio for underwriting year 2025 as implied from the net claims' methodology above.

4. Counterparty default adjustment

Counterparty default risk was calculated in line with the technical specifications using the assumptions outlined in the assumptions table below.

Uncertainty regarding technical provisions

- ◆ The choice of loss ratio for the premium provision is informed by historic and current years to date accident year loss ratios.
- ◆ The development patterns used to calculate the best estimate of claims provisions are based on historical claims settlement patterns. Future claims development may not reflect historic development.
- ◆ The reinsurers' share of technical provisions is based on historic net loss ratios. The number of claims and relative size of each claim could have an impact on the net technical provision not captured in the loss ratio.
- ◆ The payment patterns used in determining the cashflows may not be reflected in reality, particularly with respect to claims payments. They are however based on historic claims settlement patterns and can be considered a best estimate.
- ◆ Future claims payments will be impacted by future claims inflation, on which there is currently heightened uncertainty. An allowance for claims inflation is implicit within the projection methods that were used.

- ◆ Direct claims handling expenses can be expected to impact future claim payments. The estimates are intended to allow fully for future direct expenses by using the rate implicit within the historical claims development. Therefore, no explicit adjustment has been made for future direct expenses.
- ◆ The counterparty default adjustment is estimated, and no analysis has been carried out on the actual probability of default or loss given default of the reinsurers.
- ◆ Other sources of uncertainty include but are not limited to:
 - Change in future claims / regulatory environment.
 - Actual future claims inflation, whether from economic or non-economic drivers, may differ from that implied by historic data or explicit inflation assumptions where these have been made.
 - Latent claims emergence.
 - Impact of underwriting changes, inflation, rate changes and premium increases on future business mix and future claims experience. In the current reporting period, there is heightened uncertainty relating to inflationary pressures than in previous reporting periods.
 - Changes in mix of business over time, for example due to underwriting action; and
 - Some long-tailed segments that are material in reserve terms have limited / low volumes of historic data which may reduce reliability of historic claims experience.

The Company does not use any simplifications in the calculation of the SCR and technical provisions (apart from the simplification performed on Risk Margin). Furthermore, the Company does not use the matching adjustment, the volatility adjustment, extrapolation of the risk-free rate, the transitional risk-free interest rate-term structure or the transitional deduction in calculating its technical provisions under Solvency II. Neither does it use economic scenario generator.

D.3 Other Liabilities

Deferred tax liability

The deferred tax liability has increased to reflect the movement from IFRS to Solvency II. The increase in own funds, as outlined by a positive Reconciliation Reserve in the Solvency II Balance Sheet, has been taxed at an estimated effective rate of 20.7% and a related deferred tax liability has been created on the Balance Sheet.

Other liabilities

Under IFRS17, reinsurance payables are netted off from Assets for Remaining Coverage.

Other liabilities include amounts related to accruals, deferred income, and the property lease liability. The property lease liability is valued at the present value of lease payments payable over the term of the contract. The liability is subsequently increased with the unwinding of the discount and decreases with any lease payments made. There are no differences between the Solvency II valuation and IFRS valuation.

All other liabilities have been valued in accordance with Article 8 of the Regulation and is consistent with the value approach taken under IFRS.

D.4 Alternative Methods for Valuation

EIL does not make use of alternative methods of valuation.

D.5 Any other information

There is no other material information regarding the valuation for solvency purposes which has not already been disclosed in the sections above.

E. Capital Management

The Company has implemented a Capital Management Policy in order to be able to comply with future requirements relating to own funds and capital management. Under Solvency II, sound and prudent management of the Company is implemented in the first instance through a Capital Management Policy. The policy describes the policies and practices to support the Company's business strategy and to ensure that it is sufficiently capitalised to withstand even severe macroeconomic recessions.

E.1 Own Funds

The Company's own funds are made up as follows:

	Tier 1 2025 € '000s	Tier 1 2024 € '000s
Called up share capital	5,000	5,000
Revaluation reserve	6,840	7,052
Profit and loss account	29,494	24,511
Reconciliation reserve	1,948	3,367
Total Own Funds	43,282	39,930

The Company has assessed the composition of its own fund items as of 31 December 2025 and considers that it is of the highest quality and comprises solely of Tier 1 Capital. Processes and procedures have been put in place so that any additional share capital is analysed prior to its injection. The analysis shall include the impact the classification will have on the Minimum and Solvency Capital Requirements and be presented to the Executive Directors for their review.

Deferred tax assets are recognised and valued in accordance with Article 15 of the Regulation and the valuation is consistent with the valuation approach under IFRS. No deferred tax assets have arisen on the movement between IFRS and Solvency II Balance Sheets and the Company holds a Net Deferred Tax Liability on its Solvency II Balance Sheet.

The Board of Directors take due care that the dividend distributions of the Company provide an adequate return on capital employed and also do not disrupt the operations or impact its ability to meet regulatory capital requirements. During the year under review, the Company paid net dividend of €3,600K. The Board approved a net interim dividend of €2,000K in March 2026. Such payment is considered a foreseeable dividend under the Solvency II regime and as such was deducted from the Company's Own Funds.

Based on the calculations within the 2025 ORSA, the Directors have determined that the Company has sufficient eligible own funds to:

- ◆ continue its business on a going concern basis over the business planning time horizon.
- ◆ meet its regulatory solvency target (100% SCR) for its current and projected business activities over the business planning time horizon.

The following table provides a reconciliation between the Solvency II Own Funds and the Total Equity as per IFRS:

Reconciliation of Own Funds to Equity in the Financial Statements as at 31 December 2025		
	€ '000s	€ '000s
Solvency II Own Funds		43,282
Items not recognised in the Financial Statements:		
- Risk Margin	789	
- Foreseeable dividends, distributions and charges	2,000	
		2,789
Items not recognised in the Solvency II Balance Sheet:		
- Intangible assets	63	
		63
Change in valuation of Technical Provisions from Best Estimate calculation		(5,832)
Deferred tax movements		1,032
Resulting figure		41,334
Total Equity as per IFRS		41,334
Difference		-

None of the Company's own funds are subject to transitional arrangements and the Company has no ancillary own funds. No deductions are applied to own funds and there are no material restrictions affecting their availability and transferability.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The amount of the Company's Solvency Capital Requirement and Minimum Capital Requirement at the end of the reporting period are €22,105K and €5,526K respectively.

The table below shows the components of the SCR (using the Standard Formula) at 31 December 2025 and 2024:

Sub-modules SCR	2025	2024
	€ '000s	€ '000s
Market	22,720	19,161
Default	2,458	2,262
Health	1,300	1,194
Non-life	7,141	6,857
Diversification Benefit	(6,826)	(6,314)
Basic SCR	26,793	23,159

SCR	2025	2024
	€ '000s	€ '000s
Basic SCR	26,793	23,159
Operational	1,089	967
LACDT	(5,777)	(4,543)
Total	22,105	19,584

The Company uses EIOPA’s Solvency II Standard Formula. It does not use Company specific parameters and does not use simplified calculations in its computation.

The Basic SCR increased to €26,793K in 2025. The increase was mainly driven by an increase in market risk following the continuous positive performance in international stock markets and also due to an increase in equity holdings. The value of the SCR has been reduced to allow for the loss absorbing capacity of deferred taxes (“LACDT”). The LACDT was calculated in accordance with Article 207 of the Regulation and is equal to the change in value of deferred taxes that would result from an instantaneous loss of an amount that is equal to the Basic SCR plus Operational Risk. As of 31 December 2025, the LACDT was calculated at an estimated effective rate of 20.7% and amounted to €5,777K. The LACDT was recognised in full based on the reversion of deferred tax liabilities amounting to €2,463K and by reference to probable future taxable profits.

The following considerations were considered when utilising the future taxable profits:

- ◆ The Company is strongly capitalised and over the past five years, the Solvency Capital Requirement margin has averaged to 228%, which equates to an average surplus capital of €19.3 million above the regulatory requirement. As of 31 December 2025, the Company has surplus capital of €21,176K above the regulatory requirement of €22,105K, resulting in a Solvency Capital Requirement margin of 196%. Excluding the positive impact of LACDT, the surplus capital would amount to €15,400K. This capital base is considered sufficient for the Company to continue to operate at relatively normal levels.
- ◆ Since the Company commenced its insurance operations in 2004, it has established itself as a major player in the local insurance market. Throughout the years, EIL’s business model has been put to the test as the Company has successfully overcome a number of international financial crises, periods of slowdown in the

local economy and most recent, conflicts in the middle East, Russia's invasion of Ukraine and a global pandemic. The Company has a history of profitability and along the years, it has successfully achieved and maintained stability in earnings. It is therefore reasonable to project that the same level of profitability will be maintained going forward especially when one considers that EIL operates in a mature and saturated insurance market.

- ◆ Through ongoing and successful management of its underwriting and claims risks, EIL has over the past five years, maintained a stable overall loss ratio that averages to 50%. Additionally, the Company maintains control on operating costs, thus allowing for an acceptable combined operating ratio.
- ◆ The Company has in place a comprehensive reinsurance programme placed with leading international reinsurers, the majority of which are rated 'AA', which protects the Company against high severity claims or catastrophes. This reinsurance programme has historically had a positive impact on net loss ratios, and it was fundamental in reducing volatility and establishing stability in earnings.
- ◆ Currently, and over the business plan horizon, EIL is authorised to write most classes of non-life business. The products offered are therefore well diversified and it is reasonable to assume that should there be an instantaneous decrease in gross written premium, the reduction will be at different levels for different lines of business. Additionally, the impact will be minimal on those products that are obligatory including motor insurance, home insurance in case of home loans, marine hull insurance which is required to obtain a marine license and Contractors All Risk insurance for construction or infrastructure projects.
- ◆ EIL utilises a variety of distribution channels, thus ensuring that potential and existing clients have a range of channels through which they may access and purchase the Company's insurance products.
- ◆ The Company's taxable profits are not dependant solely on underwriting results. EIL holds a highly diversified investment portfolio that provide consistent dividend and interest income flows which are expected to continue going forward.
- ◆ The Company also holds a portfolio of properties that provide a flow of rental income and capital appreciation.
- ◆ EIL is financially very strong and has a high level of liquidity which will enable it to withstand an instantaneous economic downturn. Over the past five years, through different periods of economic and investment markets performance, the Company's SCR margin has averaged to 228%.

Due to the above and since companies in Malta do not have a time limit by when to utilise trading losses, LACDT was maintained at an estimated effective tax rate of 20.7% of Basic SCR and operational risk.

The MCR was calculated in accordance with the Commission Delegated Regulation. The table below shows the net best estimates and net written premiums for the year 2025 per line of business utilised in the calculation of the Linear MCR.

SII Line of Business	Net best estimate € '000s	Net written premiums in past 12 months € '000s
Fire and other damage to property insurance	2,151	1,157
Motor vehicle liability insurance	14,225	13,485
Other motor insurance	3,299	6,749
Marine	706	507
Other lines of business	1,919	2,648
Total	22,301	24,546

The following table summarises the calculation of the linear MCR, MCR cap and MCR floor:

Overall MCR calculation	2025 € '000s	2024 € '000s
Linear MCR	4,100	4,024
MCR cap	9,947	8,813
MCR floor	5,526	4,896
Combined MCR	5,526	4,896
Absolute floor of the MCR	4,000	4,000
Minimum Capital Requirement	5,526	4,896

The floor of the MCR calculated at €5,526K applies for the Company and as of 31 December 2025, the Company had an MCR cover of 783%.

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

The Company did not make use of the duration-based equity risk sub-module in the calculation of the SCR.

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

The Company applies the Standard formula model and does not use an internal model to calculate the Solvency Capital Requirement.

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

There was no breach of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

E.6 Any Other Information

There is no other material information regarding capital management which has not already been disclosed in the sections above.

Appendix I: Annual Quantitative Reporting Templates

Annex I
S.02.01.02
Balance sheet

	Solvency II value	
		C0010
Assets		
Intangible assets	R0030	0
Deferred tax assets	R0040	145
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	14,817
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	48,935
Property (other than for own use)	R0080	1,860
Holdings in related undertakings, including participations	R0090	326
Equities	R0100	23,751
Equities - listed	R0110	23,751
Equities - unlisted	R0120	0
Bonds	R0130	13,458
Government Bonds	R0140	1,912
Corporate Bonds	R0150	11,546
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	9,540
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	7,971
Non-life and health similar to non-life	R0280	7,971
Non-life excluding health	R0290	7,928
Health similar to non-life	R0300	43
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	7,677
Reinsurance receivables	R0370	0
Receivables (trade, not insurance)	R0380	52
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	4,369
Any other assets, not elsewhere shown	R0420	489
Total assets	R0500	84,456

Annex I
S.02.01.02
Balance sheet

	Solvency II value	
		C0010
Liabilities		
Technical provisions – non-life	R0510	31,061
Technical provisions – non-life (excluding health)	R0520	29,846
TP calculated as a whole	R0530	0
Best Estimate	R0540	29,183
Risk margin	R0550	663
Technical provisions - health (similar to non-life)	R0560	1,214
TP calculated as a whole	R0570	0
Best Estimate	R0580	1,088
Risk margin	R0590	126
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
TP calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
TP calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	2,463
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	1,653
Reinsurance payables	R0830	2,405
Payables (trade, not insurance)	R0840	1,121
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	472
Total liabilities	R0900	39,174
Excess of assets over liabilities	R1000	45,282

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance									Total Non-Life obligation	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Assistance		Miscellaneous financial loss
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0120	C0130	C0180
Technical provisions calculated as a whole	R0010	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM												
Best estimate												
Premium provisions												
Gross	R0060	133	35	108	5,083	2,234	324	2,165	105	8	21	10,215
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	41	-7	-14	-227	-117	109	1,596	-15	-1	14	1,380
Net Best Estimate of Premium Provisions	R0150	92	42	121	5,310	2,350	215	569	120	8	7	8,835
Claims provisions												
Gross	R0160	35	159	619	9,243	949	1,048	7,161	703	10	131	20,057
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	16	7	0	328	0	557	5,578	0	0	105	6,591
Net Best Estimate of Claims Provisions	R0250	19	153	619	8,915	949	492	1,582	703	10	26	13,466
Total Best estimate - gross	R0260	153	191	715	13,826	3,053	1,353	9,136	798	17	151	29,394
Total Best estimate - net	R0270	100	190	715	13,498	3,053	638	1,961	798	17	31	21,000
Risk margin	R0280	21	21	84	419	144	19	49	27	4	1	789
Amount of the transitional on Technical Provisions												
Technical Provisions calculated as a whole	R0290	0	0	0	0	0	0	0	0	0	0	0
Best estimate	R0300	0	0	0	0	0	0	0	0	0	0	0
Risk margin	R0310	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total												
Technical provisions - total	R0320	189	216	810	14,745	3,327	1,391	9,374	834	22	152	31,061
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	57	0	-14	101	-117	666	7,174	-15	-1	119	7,971
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	132	216	824	14,644	3,443	726	2,200	850	23	33	23,090

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Accident year [AY]
--------------------------------------	--------------	--------------------

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year											In Current year	Sum of years (cumulative)			
	0	1	2	3	4	5	6	7	8	9	10 & +					
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110					
Prior	R0100												73	R0100	73	-839
N-9	R0160	3,352	2,033	432	153	46	42	49	18	27	-12			R0160	-12	6,656
N-8	R0170	4,009	2,344	684	201	42	59	38	52	-6				R0170	-6	7,912
N-7	R0180	4,352	4,519	1,543	204	85	17	23	112					R0180	112	9,665
N-6	R0190	7,133	4,970	382	606	159	51	61						R0190	61	10,811
N-5	R0200	6,511	3,646	519	325	80	7							R0200	7	8,238
N-4	R0210	5,477	3,604	858	370	238								R0210	238	8,951
N-3	R0220	6,410	4,631	642	271									R0220	271	11,194
N-2	R0230	5,861	3,882	674										R0230	674	10,311
N-1	R0240	5,930	4,414											R0240	4,414	10,080
N	R0250	6,436												R0250	6,436	6,321
Total	R0260													R0260	12,267	89,302

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year											Year end (discounted data)			
	0	1	2	3	4	5	6	7	8	9	10 & +				
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300				
Prior	R0100												812	R0100	795
N-9	R0160	4,192	1,112	724	227	272	186	179	168	238	222			R0160	217
N-8	R0170	5,451	2,275	907	715	583	394	309	380	418				R0170	410
N-7	R0180	7,703	2,026	998	739	527	420	362	149					R0180	144
N-6	R0190	9,832	4,182	3,185	1,750	1,262	1,582	1,510						R0190	1,481
N-5	R0200	7,766	2,448	1,210	600	667	577							R0200	566
N-4	R0210	8,549	3,755	1,339	1,285	1,217								R0210	1,193
N-3	R0220	14,005	4,308	1,604	1,439									R0220	1,409
N-2	R0230	8,556	2,900	1,200										R0230	1,173
N-1	R0240	12,292	3,742											R0240	3,668
N	R0250	9,177												R0250	9,000
Total	R0260													R0260	20,057

Annex I
S.23.01.01
Own funds

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

Ordinary share capital (gross of own shares)
 Share premium account related to ordinary share capital
 Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
 Subordinated mutual member accounts
 Surplus funds
 Preference shares
 Share premium account related to preference shares
 Reconciliation reserve
 Subordinated liabilities
 An amount equal to the value of net deferred tax assets
 Other own fund items approved by the supervisory authority as basic own funds not specified above

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

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

Total ancillary own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	5,000	5,000		0	
R0030	0	0		0	
R0040	0	0		0	
R0050	0		0	0	0
R0070	0	0			
R0090	0		0	0	0
R0110	0		0	0	0
R0130	38,282	38,282			
R0140	0		0	0	0
R0160	0				0
R0180	0	0	0	0	0
R0220	0				
R0230	0	0	0	0	0
R0290	43,282	43,282	0	0	0
R0300	0			0	
R0310	0			0	
R0320	0			0	0
R0330	0			0	0
R0340	0			0	
R0350	0			0	0
R0360	0			0	
R0370	0			0	0
R0390	0			0	0
R0400	0			0	0

Annex I
S.23.01.01
Own funds

Available and eligible own funds

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

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

Reconciliation reserve

Excess of assets over liabilities
 Own shares (held directly and indirectly)
 Foreseeable dividends, distributions and charges
 Other basic own fund items
 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve

Expected profits

Expected profits included in future premiums (EPIFP) - Life business
 Expected profits included in future premiums (EPIFP) - Non- life business

Total Expected profits included in future premiums (EPIFP)

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0500	43,282	43,282	0	0	0
R0510	43,282	43,282	0	0	
R0540	43,282	43,282	0	0	0
R0550	43,282	43,282	0	0	
R0580	22,105				
R0600	5,526				
R0620	195.80%				
R0640	783.20%				

	C0060	
R0700	45,282	
R0710	0	
R0720	2,000	
R0730	5,000	
R0740	0	
R0760	38,282	
R0770	0	
R0780	0	
R0790	0	

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Market risk
 Counterparty default risk
 Life underwriting risk
 Health underwriting risk
 Non-life underwriting risk
 Diversification
 Intangible asset risk
Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

Operational risk
 Loss-absorbing capacity of technical provisions
 Loss-absorbing capacity of deferred taxes
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

Solvency capital requirement excluding capital add-on

Gross solvency capital requirement	USP	Simplifications
C0110	C0090	C0120
R0010 22,720		
R0020 2,458		
R0030 0		
R0040 1,300		
R0050 7,141		
R0060 -6,826		
R0070 0		
R0100 26,793		

	C0100
R0130	1,089
R0140	0
R0150	-5,777
R0160	0
R0200	22,105

Capital add-on already set

of which, capital add-ons already set - Article 37 (1) Type a

of which, capital add-ons already set - Article 37 (1) Type b

of which, capital add-ons already set - Article 37 (1) Type c

of which, capital add-ons already set - Article 37 (1) Type d

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module

Total amount of Notional Solvency Capital Requirement for remaining part

Total amount of Notional Solvency Capital Requirements for ring fenced funds

Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios

Diversification effects due to RFF nSCR aggregation for article 304

R0210	0
R0211	0
R0212	0
R0213	0
R0214	0
R0220	22,105
R0400	0
R0410	0
R0420	0
R0430	0
R0440	0

Approach to tax rate

Approach based on average tax rate

	Yes/No
	C0109
R0590	1 - Yes

Calculation of loss absorbing capacity of deferred taxes

DTA

DTA carry forward

DTA due to deductible temporary differences

DTL

LAC DT

LAC DT justified by reversion of deferred tax liabilities

LAC DT justified by reference to probable future taxable economic profit

LAC DT justified by carry back, current year

LAC DT justified by carry back, future years

Maximum LAC DT

	LAC DT
	C0130
R0600	
R0610	
R0620	
R0630	
R0640	-5,777
R0650	-2,463
R0660	-3,314
R0670	0
R0680	0
R0690	-5,777

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

	C0010
MCRNL Result	R0010 4,100

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
Medical expenses insurance and proportional reinsurance	R0020 111	425
Income protection insurance and proportional reinsurance	R0030 195	269
Workers' compensation insurance and proportional reinsurance	R0040 740	996
Motor vehicle liability insurance and proportional reinsurance	R0050 14,225	13,485
Other motor insurance and proportional reinsurance	R0060 3,299	6,749
Marine, aviation and transport insurance and proportional reinsurance	R0070 706	507
Fire and other damage to property insurance and proportional reinsurance	R0080 2,151	1,157
General liability insurance and proportional reinsurance	R0090 823	710
Credit and suretyship insurance and proportional reinsurance	R0100 0	0
Legal expenses insurance and proportional reinsurance	R0110 0	0
Assistance and proportional reinsurance	R0120 18	228
Miscellaneous financial loss insurance and proportional reinsurance	R0130 32	21
Non-proportional health reinsurance	R0140 0	0
Non-proportional casualty reinsurance	R0150 0	0
Non-proportional marine, aviation and transport reinsurance	R0160 0	0
Non-proportional property reinsurance	R0170 0	0

Linear formula component for life insurance and reinsurance obligations

	C0040
MCRL Result	R0200 0

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210 0	
Obligations with profit participation - future discretionary benefits	R0220 0	
Index-linked and unit-linked insurance obligations	R0230 0	
Other life (re)insurance and health (re)insurance obligations	R0240 0	
Total capital at risk for all life (re)insurance obligations	R0250	0

Overall MCR calculation

	C0070
Linear MCR	R0300 4,100
SCR	R0310 22,105
MCR cap	R0320 9,947
MCR floor	R0330 5,526
Combined MCR	R0340 5,526
Absolute floor of the MCR	R0350 4,000
	C0070
Minimum Capital Requirement	R0400 5,526