



Solvency and Financial Condition Report (SFCR)

2024

HDI Global Specialty SE

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Summary

Key figures

Values in EUR thousand	2024	2023
Solvency balance sheet		
Assets	5,729,448	4,690,982
Technical provisions	4,383,442	3,729,804
Other liabilities	858,809	508,236
Excess of assets over liabilities	487,196	452,942
Eligible own funds		
Tier 1 basic own funds (unrestricted)	487,196	452,942
Tier 1 basic own funds (restricted)	-	-
Tier 2 basic own funds	73,100	70,953
Eligible own funds (SCR)	560,296	523,895
Eligible own funds (MCR)	487,196	465,493
Capital requirements		
Solvency Capital Requirement	226,295	193,393
Minimum Capital Requirement	68,739	62,757
Coverage ratios		
Ratio of eligible own funds to SCR (solvency ratio)	248%	271%
Ratio of eligible own funds to MCR	709%	742%

HDI Global Specialty SE meets the supervisory Minimum and Solvency Capital Requirements (hereinafter referred to as MCR and SCR) as at the reporting date of 31 December 2024 with a solvency ratio of 248% and satisfied this in the entire 2024 financial year. The expansion of business of HDI Global Specialty SE is reflected in the key figures.

The principles for calculating the solvency ratio are explained in this document. Chapter D describes the valuation principles for determining eligible own funds and chapter E describes the valuation principles for determining the SCR.

As required by law, the solvency balance sheet has been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

This report is a mandatory publication pursuant to Section 40 of the German Insurance Supervision Act (VAG).

Note: rounding differences of +/- one unit may occur in all tables. In addition, throughout the Solvency and Financial Condition Report of HDI Global Specialty SE, monetary units are presented in thousands of euros (EUR thousand), unless otherwise specified. The prior year's figures are shown in brackets. Monetary amounts that are less than or equal to EUR 0.5 thousand are shown with a 0 in tables. Figures that are not available for the company are marked with a "-" in tables.

A. Business and Performance

HDI Global Specialty SE transacts property and casualty primary insurance and reinsurance in the Specialty segment. Through its global presence, the use of various distribution channels, distribution to various customer segments and activities in all lines of business, the company achieves an effective risk balance. HDI Global Specialty SE underwrites individual risk business but also cooperates with managing general agencies (underwriting agents). We write our business in Hannover, the place of the registered office of the company, as well as in our branches in Brussels (Belgium), London (UK), Copenhagen (Denmark), Milan (Italy), Rotterdam (Netherlands), Stockholm (Sweden), Sydney (Australia) and Toronto (Canada).

The gross premium volume in the financial year amounted to EUR 3,298,655 thousand and, at 8.5%, is higher than the level of the prior year (EUR 3,041,437 thousand). This is mainly due to a positive premium trend in the rapidly growing business in the US market. At the same time, the deliberate reduction of risk in the area of natural disasters and an even more intensive focus on profitability in the selection of agencies were continued. We have consistently terminated business relationships with customers who did not fulfil our margin requirements. The loss ratio (gross) fell slightly to 71.1% in the financial year (prior year: 73.2%). The improvement in the loss ratio resulted from a decline in claims as well as an improvement in premium trends in the third-party liability, motor and casualty lines of business. In the past financial year, HDI Global Specialty SE achieved a net technical result of EUR 91,864 thousand (prior year: EUR 45,615 thousand). Against the backdrop of lower prime rates and geopolitical uncertainties in the reporting period, the development of investments was satisfactory. Ordinary investment income developed as expected. The net income for the financial year amounted to EUR 34,286 thousand (prior year: net loss of EUR 29,749 thousand).

Details regarding the business activities and business result are provided in section A.

Apart from the listed developments, there were no significant changes in business performance.

B. System of Governance

The system of governance of HDI Global Specialty SE is based on a monistic system. The company is managed by the Board of Directors, and the Executive Directors appointed by it are in charge of the day-to-day management of the company. The effective system of governance of HDI Global Specialty SE continues to be based on the principle of the three lines of defence and continues to enable the company to achieve the objectives embodied in its business and risk strategy. Written guidelines are available for all major business transactions. The key functions in accordance with Section 26 and Sections 29-31 of the Insurance Supervision Act (VAG) have been established, entrusted with the required tasks as well as equipped with the necessary powers and appropriate resources.

Both the internal control system and the Risk Management System are consistent with the complexity of the business and the company's risk profile. The remuneration system is based on the goal of a sustainable value development of the company.

In addition to monitoring the internal risk management and control system, the system of governance also comprises the ORSA process (Own Risk and Solvency Assessment process). The ORSA process executed for the reporting year was confirmed and the corresponding ORSA report was approved by the Board of Directors. Currently, the Board of Directors and Executive Directors of HDI Global Specialty SE does not see any risks that might either endanger the continued existence of the company in the short or medium-term or significantly and sustainably impair its net assets, financial position and results of operations.

The business model of HDI Global Specialty SE of working with underwriting agents and loss adjustment representatives provides for extensive outsourcing. In addition, activities are outsourced in order to generate synergies within the HDI Group. Guidelines adjusted to this end were approved and appropriate processes have been established. The Board of Directors commissioned the Actuarial, Risk and Compliance Committee and the key function holders to carry out an assessment of the system of governance. Together with the Outsourcing Officers for the key functions, they came to the conclusion that the system of governance of HDI Global Specialty SE is appropriate to the nature, scope and complexity of the inherent risks of its business activities.

Section B explains the individual elements of the system of governance of HDI Global Specialty SE. Personnel and structural changes were made at the time of reporting. This is illustrated in chapter B. Beyond this, there were no significant changes in the system of governance of HDI Global Specialty SE.

C. Risk Profile

HDI Global Specialty SE assumes a great many of risks in the course of its business activities. These risks are deliberately taken and actively managed. Specifically, these risks are underwriting risks in property and casualty insurance, capital market risks, liquidity risks and bad debt risks. In addition, business operations also involve operational, strategic and reputational risks. In section C we describe the cause of these risks and how we deal with them. In addition, we explain how we deal with potential emerging risks.

HDI Global Specialty SE quantifies risks using the Specialty Internal Model (SIM), which is used to manage the company and also to calculate the regulatory solvency capital requirements. As at the reporting date of 31 December 2024, the solvency capital requirement that is classified as per risk categories is shown in the following table.

Solvency capital requirement according to the internal capital model – breakdown according to risk categories

Values in EUR thousand

Solvency capital requirement	2024	2023
Underwriting risk	206,308	158,319
Underwriting risk – premium risk	79,455	71,275
Underwriting risk – reserve risk	148,296	110,756
Market risk	83,674	88,647
Counterparty default risk	63,927	66,087
Operational risk	39,111	41,148
Diversification	150,299	146,800
Overall risk (before taxes)	242,721	207,400
Deferred tax	19,334	14,007
Overall risk (net of tax)	226,295	193,393

The expansion of business of HDI Global Specialty SE affects all risk categories of the SIM. The overall risk is increasing primarily due to the rise in underwriting risk, which is primarily driven by the reserve risk. This rise in the reserve risk can be mainly attributed to a higher reserve volume of HDI Global Specialty SE and a slight increase in the average retention. Section C explains the risk situation broken down into individual risk categories.

Apart from the developments listed, there were no significant changes in the risk profile.

D. Valuation for solvency purposes

For the purpose of calculating eligible own funds, HDI Global Specialty SE values assets, equity and liabilities according to the provisions of Sections 74 ff. of the German Insurance Supervision Act (VAG).

Valuation for solvency purposes is generally based on the fair value (market value). To the extent IFRS values appropriately reflect the fair value, these values are applied.

Technical provisions according to Solvency II differ significantly from the concept of provisions under the German Commercial Code (HGB) both in terms of the structure and in terms of the calculations; cf. section D.2.

Presently, HDI Global Specialty SE does not use any adjustments to the interest rate term structures required by EIOPA and no transitional measures according to Sections 80, 82, 351 and 352 of the German Insurance Supervision Act (VAG).

There were no material changes in the reporting period.

E. Capital management

HDI Global Specialty aims at maintaining a solvency ratio of at least 120% at all times and therefore exceeds the supervisory requirements of 100%. In addition, a threshold value of 138% is defined. If the ratio drops below the threshold value, HDI Global Specialty SE will either consider measures to strengthen its own funds or reduce its risk exposure or both.

The solvency ratio is continuously monitored. Its change is taken into account in planning processes and a possible change of the solvency ratio as may be caused by major transactions is examined in advance. In the 2024 financial year, the solvency ratio was well above the threshold value of 138% at all times. Further details for determining the solvency ratio are provided in section E.

Own funds comprise basic own funds, which consist of the excess of assets over liabilities and the subordinated loans. Ancillary own funds are not used.

The own funds of HDI Global Specialty SE increased in the reporting period. The highest quality level (tier 1) accounts for the overwhelming share of the total eligible own funds. The remaining own funds are held by HDI Global Specialty SE in the subordinated loans, which are classified as tier 2.

The total amount of the solvency capital requirement net of tax, which was calculated using the Specialty Internal Model, increased by 17.0% in the reporting period. Various effects can be observed in the individual risk categories, which are explained in chapter E.

HDI Global Specialty SE uses the internal model to calculate the regulatory solvency capital requirement and is used in a large number of corporate management and decision-making processes. The future development of the solvency and minimum capital requirements is forecast at regular intervals as part of the planning process.

Apart from the developments listed above, there were no significant changes in capital management.

A. Business and Performance

A.1 Business

A.1.1 Business model

HDI Global Specialty SE generated a gross premium volume of around EUR 3,298,655 thousand in the 2024 calendar year, which is slightly above the prior year's level of EUR 3,041,437 thousand. We conduct our business in the market segment of property/casualty primary insurance and property/casualty reinsurance.

We write individual risk business, but also cooperate with managing general agencies (underwriting agents). Apart from our headquarters in Hannover, we write our business in our branches in London (UK), Stockholm (Sweden), Sydney (Australia) and Toronto (Canada), Milan (Italy), Copenhagen (Denmark), Brussels (Belgium) and Rotterdam (Netherlands). The focus of our strategy tends to be on short-term business. Moreover, we also offer special covers in niche areas. All our business activities focus on being the best option, to the extent possible, for our business partners when choosing the primary insurance partner. That is why we focus on the customer and his or her concerns.

To the benefit of our customers and shareholders, we achieve competitive advantages by operating our insurance business with lower administrative expenses than our competitors. In this way, we want to generate above-average earnings, on the one hand, and can offer our customers primary insurance cover at competitive conditions, on the other hand.

Through broad diversification of our portfolio, we achieve an effective risk balance. Here, we ensure that the various risks are not fully correlated across countries.

On the basis of a clearly defined risk appetite, we manage HDI Global Specialty SE to exploit business opportunities while safeguarding our risk-bearing capacity in the long term.

In addition to our core business of primary insurance, we carry on the reinsurance business in selected market segments and niches.

In the property/casualty primary insurance and Property/Casualty Reinsurance market segment, we see ourselves as a reliable, flexible and innovative partner. Effective cycle management and outstanding risk management are key elements of our positioning among the competition.

A.1.2 Results of operations and major business transactions

In the 2024 financial year, the markets for the various lines of insurance developed differently, allowing us to benefit from rising rates in some segments and take advantage of opportunities for profitable insurance business overall. At the same time, in line with our strategy, we sold business where it made economic sense to do so. Overall, we applied a risk-adequate and selective underwriting policy.

The gross premium volume in the financial year amounted to EUR 3,298,655 thousand and, at 8.5%, is higher than the level of the prior year (EUR 3,041,437 thousand). At EUR 2,873,345 thousand (prior year: EUR 2,667,377 thousand), direct insurance business continues to account for the lion's share. To supplement our business we also assumed reinsurance business to a moderate extent. We posted gross premiums of EUR 425,310 thousand (prior year: EUR 374,060 thousand) for reinsurance business assumed.

Outside Germany, the proportion of business conducted by the international branches fell year-on-year to 67.8% (prior year: 70.2%) due to higher premium increases in Germany. The

international branches generated an absolute premium volume of EUR 2,236,217 thousand (prior year: EUR 2,136,391 thousand), thus continuing to account for a significant share of gross premium income and reflecting the international orientation of the company.

We wrote premiums totalling EUR 901,914 thousand (prior year: EUR 926,167 thousand) via the London branch in the reporting year. The branch in Stockholm wrote gross premiums of EUR 504,466 thousand in the 2024 financial year (prior year: EUR 470,518 thousand) and benefited from a good performance in the Property & Casualty segment. Unlike in the prior year, we were able to expand our business at the Hannover location and posted increasing gross premiums of EUR 1,062,438 thousand (prior year: EUR 905,046 thousand). Gross written premiums of EUR 323,706 thousand at our Sydney location were at the prior year's level (prior year: EUR 323,521 thousand). By contrast, our Canadian branch office based in Toronto recorded a slight decline in gross written premiums to EUR 242,281 thousand (prior year: EUR 245,670 thousand). The premium volume in our Italian branch office has slightly reduced. The premium volume reduced by EUR -2,217 thousand to EUR 37,579 thousand in the reporting year (prior year: EUR 39,796 thousand). On the other hand, the branch offices in the Netherlands and Denmark managed to post increased premiums in the reporting year. The Dutch location was able to significantly expand its business to EUR 110,430 thousand (prior year: EUR 97,624 thousand). The branch office in Denmark was able to increase premiums by EUR 9,006 thousand to EUR 61,962 thousand (prior year: EUR 52,957 thousand). In contrast, the premium volume at the locations in Belgium at EUR 25,733 thousand (prior year: EUR 40,158 thousand) and New Zealand at EUR 28,146 thousand (prior year: EUR 15,129 thousand) declined compared to the prior year.

Gross premiums earned totalled EUR 3,146,384 thousand (prior year: EUR 2,899,045 thousand), while net premiums earned for own account amounted to EUR 324,591 thousand (prior year: EUR 296,312 thousand).

The balance sheet loss ratio (gross) fell slightly during the financial year to 71.1% (prior year: 73.2%). The large loss burdens continue to be characterised in particular by large loss events, while the quality of the business was improved also in the reporting year.

Gross expenses for insured events totalled EUR 2,238,582 thousand (prior year: EUR 2,123,490 thousand).

Gross underwriting expenses increased slightly in line with expectations, almost in proportion to the volume of business, and totalled EUR 902,243 thousand (prior year: EUR 792,681 thousand) or 28.7% (prior year: 27.3%).

The combined ratio (gross) stands at 99.8% (prior year: 100.5%).

In accordance with the statutory regulations, we have withdrawn an amount of EUR 24,906 thousand (prior year: EUR 24,091 thousand) to the claims equalisation reserve and similar provisions. The carrying amount of the claims equalisation reserve and similar provisions therefore amounts to EUR 85,342 thousand (prior year: EUR 110,248 thousand). To the extent necessary, we supplemented the observation period on which the calculation of the claims equalisation reserve is based, by the loss ratios from the BaFin tables published for the insurance industry.

In the reporting year, we continued to cede a large part of our business within the Talanx Group. In addition, we also use external reinsurance to a minor extent to optimally manage our risks.

Taking reinsurance into account, we achieved a net technical result for own account of EUR 91,864 thousand (prior year: EUR 45,615 thousand) in the past financial year.

The current investment income totalled EUR 28,562 thousand in the reporting year (prior year: EUR 12,564 thousand), of which EUR 15,302 thousand (prior year: EUR 10,437 thousand) was attributable to current interest income from other capital investments. A dividend payment of EUR 10,407 thousand also contributed to the positive development of the investment income.

The result from the disposal of investments totalled EUR 3,382 thousand (prior year: loss of EUR 3,767 thousand) and is made up of gains on disposal of investments amounting to EUR 7,563 thousand (prior year: EUR 3,948 thousand) and losses on disposal of investments amounting to EUR 4,181 thousand (prior year: EUR 181 thousand).

The impairment losses on investments totalled EUR 1,889 thousand (prior year: EUR 14 thousand) and are attributable to bearer bonds and other fixed-income securities, which were valued according to the lower of cost or market principle.

The management of capital investments resulted in expenses totalling EUR 1,775 thousand in the financial year (prior year: EUR 1,519 thousand). Overall, the investment income totalled EUR 28,355 thousand (prior year: EUR 15,019 thousand).

The other income/expenses consists of other income of EUR 55,880 thousand (prior year: EUR 50,784 thousand) and other expenses of EUR 128,466 thousand (prior year: EUR 132,159 thousand), resulting in a net loss of EUR 72,665 thousand (prior year: loss of EUR 81,375 thousand) as other income/expenses.

The net income for the financial year amounted to EUR 34,386 thousand (prior year: net loss of EUR 29,749 thousand). An amount of EUR 328 thousand (prior year: EUR 0 thousand) was allocated to the legal reserve in accordance with Section 150 of the German Stock Corporation Act (AktG). The capital reserve pursuant to Section 272(2) No. 4 of the German Commercial Code (HGB) remains unchanged in the reporting year. The distributable profit/loss amounts to EUR 6,234 thousand (prior year: EUR -27,824 thousand).

A.1.3 Registered office, supervisor and auditor

HDI Global Specialty SE is a European Company, Societas Europaea (SE), which has its registered office at HDI-Platz 1, 30659 Hannover, Germany, and is entered in the Commercial Register of Hannover Local Court under the number HRB 211924. Following the retroactive merger of HDI Global Specialty Holding GmbH with HDI Global SE as at 1 January 2024, a control agreement was concluded between HDI Global Specialty SE and HDI Global Holding GmbH.

HDI Global Specialty SE is supervised by the German Federal Financial Supervisory Authority (BaFin), Graurheindorfer Strasse 108, 53117 Bonn, Germany, as the competent supervisory authority.

The appointed auditor of HDI Global Specialty SE within the meaning of Section 318 of the German Commercial Code (HGB) is PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Fuhrberger Strasse 5, 30625 Hannover.

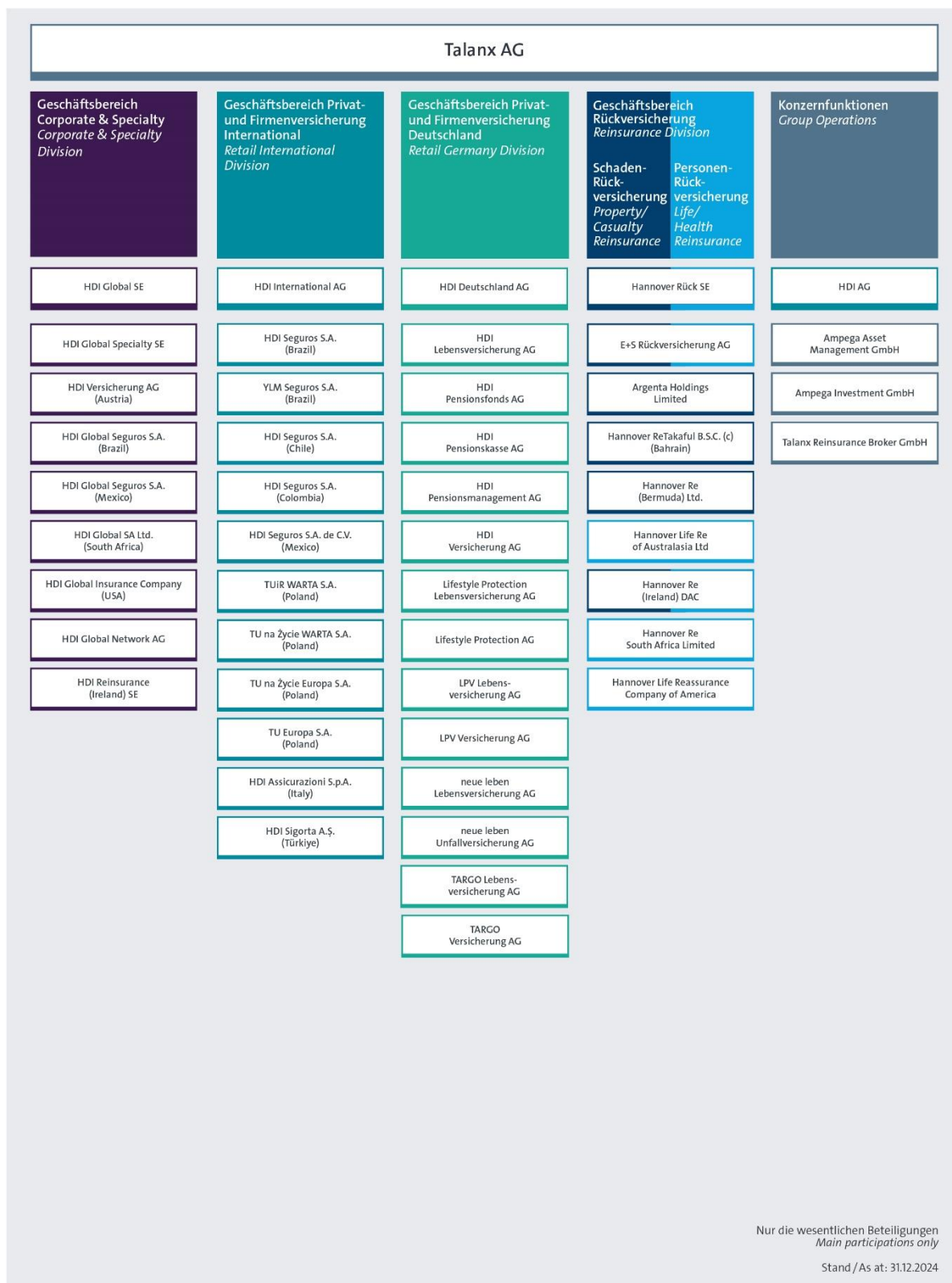
A.1.4 Group structure

The present report refers to HDI Global Specialty SE as an individual company. Since HDI Global Specialty SE was integrated as a subsidiary in a group in the reporting period, we provide information on the group structure in this section.

Subsidiaries of Talanx (selection as at 31 December 2024)

Konzernstruktur Group structure

tal anx.



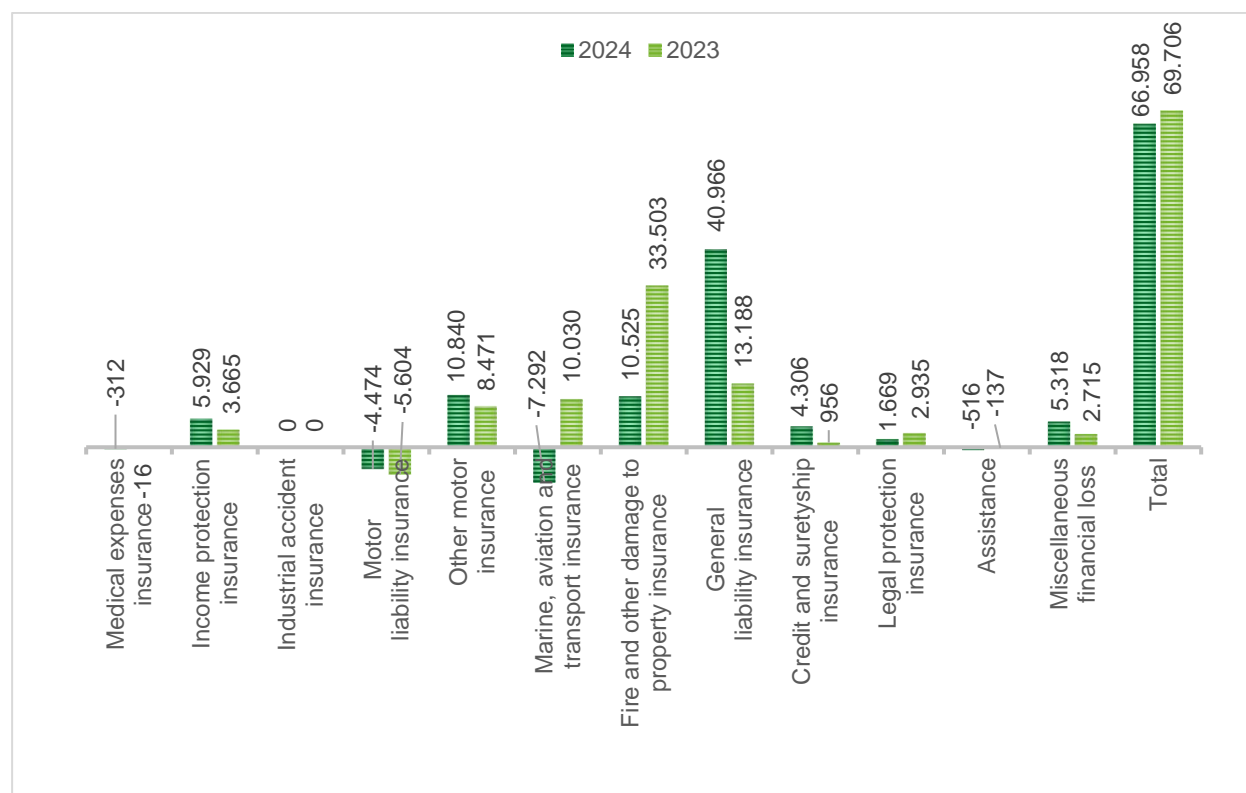
The Talanx Group is active in the divisions Corporate & Specialty, Retail Germany, Retail International, Reinsurance and Asset Management. The Hannover-based Group operates in more than 150 countries. The Group companies operate under various brands. These include HDI with insurance for private and corporate customers as well as industrial customers, Hannover Re, one of the world's leading reinsurers, neue leben, PB insurers and TARGO insurers, which specialise in bancassurance, and Ampega Asset Management GmbH (AAM) as a fund provider and asset manager.

A.2 Underwriting performance

In the 2024 financial year, HDI Global Specialty SE was able to achieve a net technical result of EUR 66,958 thousand before changes in the claims equalisation reserve and similar provisions, with net premiums earned of EUR 324,591 thousand and underwriting expenses of EUR 257,633 thousand.

Broken down by Solvency II lines of business, the (net) underwriting result as at 31 December 2024 is distributed as follows:

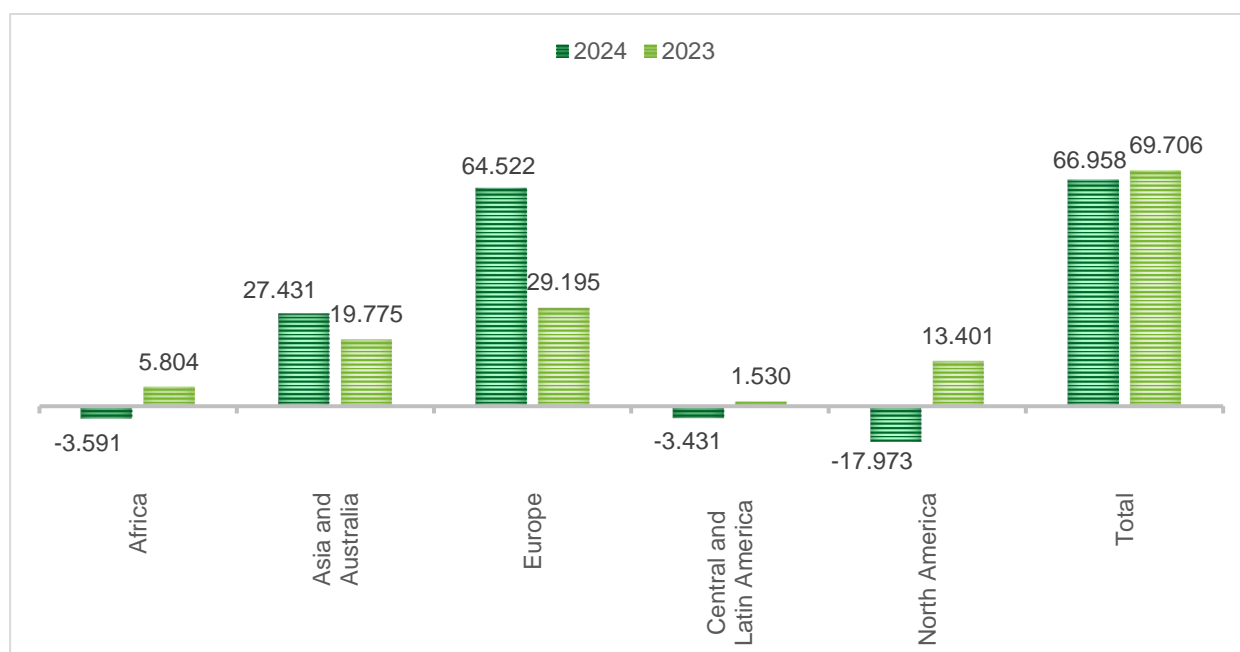
Net technical result (net) – breakdown according to Solvency II lines of business in EUR thousand



The significant value drivers of the underwriting result in the 2024 financial year were above all the lines of business of general liability insurance (EUR 40,966 thousand), other motor insurance (EUR 10,840 thousand) and fire and other property insurance (EUR 10,525 thousand). The motor third-party liability insurance line (EUR -4,474 thousand) contributed a negative result.

According to geographic regions, the distribution of the (net) underwriting result is as follows:

Net technical result (net) – breakdown according to geographical region in EUR thousand



Measured against the overall underwriting result, the main value contributions of HDI Global Specialty SE in the 2024 financial year were generated primarily in the regions of Europe (EUR 64,522 thousand) and Asia and Australia (EUR 27,431 thousand).

A.3 Investment performance

As an insurance undertaking, we naturally focus our investment management activities primarily on preserving the value of our investments, and attach great importance to the stability of the resulting returns. Hence, we base our investment portfolio on the principles of a balanced risk/return ratio and broad diversification. With an overall low-risk mix, our investments reflect both the currency and maturity composition of our liabilities. Our portfolio consists mainly of fixed-income securities. Hence, our market risk mainly consists of credit, spread and exchange rate risks.

The development of our investments in the reporting period met with our expectations. Ordinary investment income developed in line with our expectations and benefited from a higher interest rate environment in reinvestment. The increase compared to the prior year is also due to the higher asset volume. The result from the sale of investments is mainly attributable to our normal business activities.

The following overview depicts the breakdown of the investment income of HGS according to the German Commercial Code (HGB) by the individual asset classes pursuant to Solvency II and the respective shares of income and expenses.

Investment income

Values in EUR thousand	2024	2023
	Ordinary income	Ordinary income
Shares in affiliated companies, including participation investments	10,607	212
Government bonds	6,918	4,170
Corporate bonds	6,184	4,312
Collateralised securities	373	0
Collective investment undertakings	1,137	1,290

Deposits other than cash equivalents	417	603
Loans/mortgages (excluding loans on policies)	1,608	832
Total	27,244	11,419

In addition, there is interest income from deposits to cedants amounting to EUR 1,318 (1,147) thousand, which is not recognised in the table.

Investment expenses

	2024	2023
Values in EUR thousand	Ordinary expenses	Ordinary expenses
Administration, interest and other expenses	1,755	1,519
Impairment losses on investments	1,889	14
Losses on disposal of investments	4,181	181
Total	7,825	1,714

HDI Global Specialty SE does not recognise any gains or losses directly in equity.

A.4 Performance of other activities

A.4.1 Other income and expenses

The following tables depict the other income and expenses. They are disclosed under HGB.

Other comprehensive income

Values in EUR thousand	2024	2023
Other income	55,800	50,784
Other expenses	128,466	132,159
Other comprehensive income	-72,665	-81,375

Other income mainly includes income from exchange rate changes and income from service agreements.

Other expenses include expenses from exchange rate changes, which partially compensate for the income. Moreover, the other expenses consists largely of expenses for IT, personnel expenses and depreciation.

A.5 Any other information

There are no other disclosures that have a material effect on the business activities and performance of HDI Global Specialty SE.

B. System of Governance

B.1 General information on the system of governance

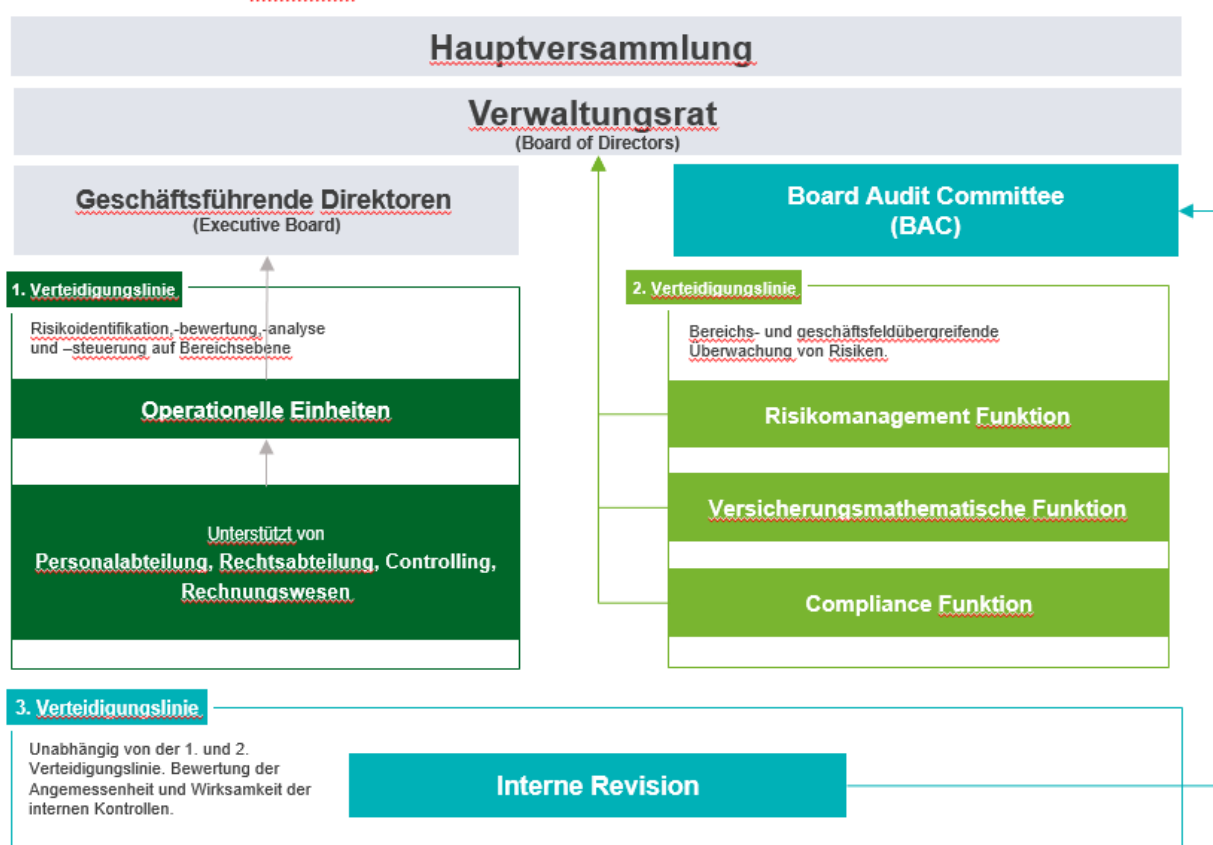
B.1.1 Governance structure

The system of governance of HDI Global Specialty SE is based on a monistic or one-tier system. The administrative and supervisory body of HDI Global Specialty SE consists of the Board of Directors. The Board of Directors manages the company and appoints the Executive Directors of HDI Global Specialty SE. The Board of Directors delegates the day-to-day management of HDI Global Specialty SE to the members of the Executive Board (BEX), in which the Executive Directors are represented.

The Executive Board is part of the system of governance of the company. The BEX supports the Board of Directors in fulfilling its responsibility for implementing the strategy and the business plan of the company, and for the management of its business activities.

The business policy of HDI Global Specialty SE includes the principle of the "delegation of responsibility" in order to delegate decision-making powers to the lowest possible functional level. For the purpose of providing support and delegating tasks and responsibilities, the three key functions – risk management function, compliance function and actuarial function – report directly to the Board of Directors. In addition, the Board Audit Committee (BAC) was set up to focus on internal and external audit issues. BEX, Board of Directors and BAC ensure detailed reporting by individual specialist departments.

The business organisation of HDI Global Specialty SE is adequately structured in line with the risk situation and the business model. The adequacy of the system of governance was reviewed and confirmed during the reporting period.



The organisation and interaction of the individual functions are decisive for the internal risk management and control system of HDI Global Specialty SE and appropriate to the risk profile.

The first line of defence assumes risk management and responsibility at the level of the specialist departments, while risk management in the second line of defence is carried out by the actuarial function, the compliance function and the risk management function. The difference between the two lines is that the specialist departments take the primary risks and the three key functions monitor risks across the divisions. In the third line of defence, the internal audit function performs process-independent monitoring as instructed by the Board of Directors.

All functions are closely interlinked and the roles, tasks and reporting channels are clearly defined in the sense of the so-called three lines of defence.

Board of Directors

The Board of Directors of HDI Global Specialty SE has five members. The main tasks of the Board of Directors is to manage the company, to specify the basic principles for its activities and monitor their implementation. The Board of Directors monitors the activities of the Executive Directors and works together with the Executive Board in order to ensure long-term succession planning. The Board of Directors decides as a whole in particular on fundamental questions of organisation, business policy and corporate planning. Furthermore, it decides on measures for the establishment and monitoring of an effective internal control system, risk management and the internal auditing system. The monitoring tasks include reviewing the accounting process and the audit of the annual financial statements. The Board of Directors not only reviews the annual financial statements, the management report and, if applicable, the proposal for the appropriation of the distributable profit, but also appoints the auditor and submits the audit application.

Furthermore, the Board of Directors has approval rights for certain measures and transactions of the Executive Directors which have to be approved exclusively by the Board of Directors. This includes, e.g., changes to the strategic principles, the adoption of annual earnings plans or the conclusion and/or termination of company agreements as well as significant cooperation agreements.

Executive Board/Executive Directors

The Executive Board of HDI Global Specialty SE consists of six members. The members of the Executive Board include the Executive Directors. As a rule, regular monthly meetings are held during the calendar year, which can be supplemented by extraordinary meetings or resolutions by circular resolution as required.

The Executive Directors are assigned departments, for which each Director is responsible. This results in an obligation for each Director to inform the other Directors about important business transactions and developments in their respective area of responsibility.

The main tasks of the Executive Directors include reporting to the Board of Directors. To this end, the Board of Directors is informed in writing about the business development and the risk situation of the company. The BEX manages the day-to-day business of the company, develops the company's strategy, business and financial plans and also submits proposals to the Board of Directors for the appropriate risk appetite. Furthermore, the BEX is responsible for the implementation of the effective and appropriate internal control framework in order to manage the risks of the company and reviews the operational and financial performance of the company. In its role, it also ensures that there are effective and clear structures and reporting arrangements within the company in line with its corporate governance framework.

Board Audit Committee

The BAC supports the Board of Directors by providing advice in discussions, making recommendations or decisions where necessary and carrying out assessments in relation to the internal and external auditing. Members of the BAC are appointed by the Board of Directors. It is made up of three members of the Board of Directors, two of whom are not members of the Management Board.

Key functions

HDI Global Specialty SE has four key functions. These are the compliance function, the risk management function, the actuarial function and the internal audit function. The key functions have been provided with adequate resources to fulfil their tasks effectively. The key functions report directly to the Board of Directors and provide both regular and ad hoc reports on their activities and internal assessments. Written guidelines assign the tasks to the key functions and, in this way, confer the necessary powers for the fulfilment of the requirements imposed. The operational independence of the key functions is ensured by means of the three lines of defence within the business organisation.

As a result of the establishment of the employee-bearing company at the Hannover location, viz. HDI AG, the relevant tasks of the key functions are performed by HDI AG on the basis of service agreements, taking into account regulatory requirements and the implementation of monitoring mechanisms. Outsourcing officers have been appointed at Executive Director level to monitor the key functions.

The relevant main tasks and responsibilities are described in more detail in chapters B.3.1.3, B.4.2, B.5 and B.6.

B.1.2 Remuneration policy

The remuneration strategy of HDI Global Specialty SE as a subsidiary of Talanx is geared to the goal of the sustained value development of the company and of the Group. The remuneration structure and the remuneration arrangements of HDI Global Specialty SE are integrated into the remuneration organisation of the Talanx Group.

B.1.2.1 Remuneration of the executive directors & members of the board of directors

The amount and structure of the remuneration of the Executive Directors and members of the Board of Directors of HDI Global Specialty SE are based on the size and activities of the company, its economic and financial situation, its success and future prospects as well as the customary level of remuneration, taking into account the comparative environment (horizontal) and the remuneration structure that applies elsewhere in the company and the Group (vertical). Moreover, remuneration is based on the duties of the respective Executive Director or Board of Directors Member, his or her personal performance and the performance of the entire Executive Board.

Aligned to these objectives, the remuneration system has two components for the Executive Directors: fixed salary/benefits in kind as well as variable remuneration. For structuring the variable remuneration, both positive and negative developments are considered. Overall, remuneration is calculated such that it takes into account a sustainable corporate development, is in line with the market and is competitive. The remuneration model provides for a percentage distribution between fixed and variable remuneration if targets are met. The remuneration of the Members of the Board of Directors (who are not Executive Directors) consists of a fixed remuneration.

The performance-related remuneration (variable remuneration) depends on certain defined results and the achievement of certain targets. The targets vary depending on the function of the Executive Director or Board of Directors Member concerned. The variable remuneration consists of a short-term variable compensation, the annual cash bonus and a long-term share-based remuneration, the so-called Share Award Programme. The remuneration is determined by the Board of Directors.

B.1.2.2 Remuneration of the Board of Directors

The members of the Board of Directors are refunded the expenses incurred by them in performing their duties. The chairperson of the Board of Directors (Ulrich Wallin until 05 June 2024) also receives a fixed annual remuneration from the company. The current chairperson of the Board of Directors (Ralph Beutter) is remunerated via his contracts with HDI Global SE and HDI Global Specialty SE. The other members of the Board of Directors are remunerated via their remuneration at other Talanx companies.

B.1.2.3 Remuneration of employees and executives

The remuneration system in the management team below the Board of Directors and the Executive Directors comprises a variable remuneration component in addition to the fixed annual salary. This variable remuneration consists of a short-term variable compensation, the annual cash bonus and a long-term share-based remuneration, the so-called Share Award Programme.

Employees at the Chief Manager, Senior Manager and Manager levels also have the opportunity to participate in a variable remuneration system through the Special Performance Bonus (SPB). The SPB is a remuneration model linked to the success of HDI Global Specialty SE that was introduced in 2021 and is based on the previous Group Performance Bonus (GBP) system, which was taken over by Hannover Re at the time.

For employees of the HDI Global Specialty SE branch in London below the management levels 2 and 3, the remuneration system consists of a short-term variable compensation in addition to the fixed annual salary. The bonus payment depends on the result of the branch and on the individual achievement of the employee's targets. Depending on the classification of the employee, the bonus payment amounts to a maximum of 20% to 60% of the basic salary.

Employees of the HDI Global Specialty SE branch in Stockholm below the management levels 2 and 3 are paid a fixed annual salary and have the opportunity to participate in a variable remuneration system under the "Profit Sharing Scheme". The bonus payment is 40% dependent on the economic result of the Scandinavian branch as a whole and 60% dependent on the result of the division for which the employee works.

B.1.3 Major transactions with affiliated companies and persons in the reporting period under review

HDI Global Specialty SE has not carried out any significant transactions with individuals who exercise a significant influence on the company or members of the Board of Directors or the Executive Directors.

In order to exploit synergies within the Talanx Group, HDI Global Specialty SE purchases services from Group companies, e.g. in the areas of information technology and asset investment and administration. A large part of the gross business is ceded within the Group to companies in Germany and abroad.

B.2 Fit and proper requirements

The German Insurance Supervision Act (VAG) stipulates that all individuals who effectively run the undertaking or assume responsibility for other key tasks must meet special requirements with regard to

- Their professional qualifications and
- Personal reliability ("fit and proper requirements")

These requirements are described in detail in the version of the "Framework Guideline for Meeting the Fit and Proper Requirements" applicable during the reporting period, as well as the "Professional and Personal Requirements for Members of the Supervisory Board" guideline, which are regularly reviewed and amended where applicable. The objective of these documents is to define a binding framework for implementing the fit and proper requirements that apply for individuals who

- Effectively run the undertaking
- Are responsible for other key tasks
- Perform key tasks.

B.2.1 Description of requirements

The term "fitness" refers to the possession of professional qualifications appropriate to the position in question, as well as to the knowledge and experience required to ensure sound, prudent management and proper execution of the tasks associated with the position. The appropriateness of qualifications is assessed in accordance with the principle of proportionality,

taking into account the specific risks faced by the undertaking in question and the type and scope of its business operations.

The term "properness" refers to the personal reliability of the persons named. These persons must be responsible and act with integrity; they must fulfil their activities conscientiously and with due care. Permanent conflicts of interest are an obstacle to performing the activity. In contrast to professional suitability, the principle of proportionality does not apply when assessing reliability.

If key tasks are outsourced, the undertaking outsourcing such tasks must take measures to ensure that the staff at the service provider who are now responsible for the tasks have sufficient professional qualifications and are personally reliable.

The outsourcing company must appoint an outsourcing officer who as the case may be would have a disclosure obligation vis-à-vis the supervisory authority in their capacity as the individual responsible for the respective key function. This officer is responsible for ensuring the proper execution of all activities associated with the outsourcing of the key task.

Persons with key tasks are defined as:

Individuals who effectively run the undertaking:

- Members of the Board of Management
- General managers
- Executive Directors of a monistic SE (as in case of HDI Global Specialty SE)
- Authorised agents at branches within the EU/EEA
- Loss adjustment representatives

Other individuals who are responsible for key tasks are

- Members of the supervisory and governing bodies (including the members of the Board of Directors of a monistic SE, as in case of HDI Global Specialty SE)
- Persons responsible for one of the key functions (compliance, internal audit, risk management, actuarial function)

Given the different roles played by the individuals who effectively run the undertaking and the other individuals who are responsible for key tasks, these persons must provide evidence of their fitness in a variety of areas:

- Education/professional training
- Practical knowledge
- Management experience
- Language skills
- Specialist knowledge
- Knowledge relating to the key function in question

- Collective requirements
- Required expertise in the field in question

B.2.2 Assessment procedures

All requirements, responsibilities and reporting processes relating to interaction with local authorities correspond to the current standard processes based on BaFin's circular on Fitness and Propriety.

The specified guidelines for meeting the Fit and Proper Requirements require detailed CVs to be requested prior to appointing the persons with key tasks listed above. In addition, a job profile must be drawn up specifying the necessary qualifications and describing the form of proof that must be provided.

The job profile documents the following minimum requirements:

Description of the position with key tasks

- List of requirements (job description)
- Decision-making powers and authority to issue instructions
- Degree of personal responsibility

The requirements for professional qualification on the part of individuals who effectively run the undertaking include:

- Knowledge of insurance and financial markets
- Knowledge and understanding of the corporate strategy and business model
- Knowledge of the system of governance (risk management system and internal control system)
- Knowledge in the area of information technology
- Overall understanding of the internal model used by the company
- Ability to interpret financial and actuarial data and figures, for the purpose of financing and actuarial analysis
- Knowledge and understanding of the regulatory framework

It is necessary to demonstrate sound theoretical and practical knowledge of the sectors for which a senior executive is required to take responsibility. In addition, each senior executive must have at least the basic theoretical and/or practical knowledge required to understand and, if necessary, scrutinise the decisions of the other senior executives and thus fulfil their overall responsibility on the Board of Management.

The requirements for professional qualification on the part of the persons responsible for the key functions arise from the particular circumstances of the respective responsibility within governance tasks, whereby the following key elements should be highlighted in the context of governance:

- Expert knowledge, whereby specific requirements may vary for the four key functions:
 - Internal Auditing: particular focus on economic knowledge and knowledge of control systems
 - Compliance: particular focus on legal and economic knowledge
 - Risk management and actuarial function: particular focus on actuarial, mathematical and scientific knowledge
- Market knowledge
- Language skills
- Analytical understanding

The following aspects are especially taken into account for the assessment of the professional suitability of the members of the Board of Directors:

- The task assigned to the individual member of the Board of Directors
- Sufficient theoretical and practical knowledge of all divisions
- Professional qualification and knowledge (expertise)
- Relevant experience in the insurance sector, other financial sectors and other companies (market knowledge)
- Knowledge and relevant experience in the areas of insurance, finances, accounting, actuarial function and management
- Insurance-specific basic knowledge of risk management
- Overall understanding of the internal model used by the company
- Language skills
- Analytical understanding

At least one member of the Board of Directors must be an expert in the area of accounting and at least one additional member must be an expert in the area of auditing.

The areas of investment, underwriting, accounting, auditing, internal model, international experience, M&A experience, risk management, compliance, tax, human resources, IT/digitalisation and sustainability are subject to an annual self-assessment.

A lack of professional suitability can be remedied through corresponding further training.

Reliability does not need to be positively proven. Reliability is therefore assumed if there are no recognisable facts that justify unreliability.

Job profiles are reviewed by the responsible organisational units every five years in order to ensure that they continue to comply with all relevant requirements. Repeated reviews of reliability in the form of updated certificates of good conduct are not required in this context.

Compliance with the job profile is checked when material changes to the parameters on which it is based occur:

Attributes relating to the person with key tasks:

- New information regarding the integrity of the person with key tasks (e.g. pending criminal proceedings, suspected breach of trust/money laundering or terrorism financing)
- Changes in the personality of the manager that would prevent her/him from representing the undertaking appropriately in public (e.g. improper conduct in public)
- New information regarding the professional qualifications of the person with key tasks
- New information about the manager that raises doubts about her/his ability to perform her/his tasks soundly and prudently

Attributes relating to the position

- Changes to the scope of responsibility for the position (increase in responsibilities)
- Changes to the professional qualifications required for the position (e.g. changes to the professional qualifications required under supervisory law for persons with key tasks)
- Persons with key tasks are in this regard required to notify the organisational unit that owns the process in question of all relevant changes.

Group guidelines define the general requirements to be observed in situations where key tasks are outsourced.

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

HDI Global Specialty SE offers its policyholders comprehensive insurance cover, so that the assumption of risks represents the core of its business. A pronounced risk awareness is an indispensable prerequisite for mastering these risks. To this end, the company has already developed a wide range of procedures and tools in the past that are used to identify, assess and manage risks as well as to recognise opportunities. The risk management function of HDI Global Specialty SE has been outsourced to HDI AG since 1 March 2022 by way of an outsourcing contract. The risk management system of HDI Global Specialty SE is thus integrated into the risk management system of the HDI Group. The individual elements of the risk management system of HDI Global Specialty SE and the underlying processes are described below. The risk management system is continuously developed and adapted to changes in the risk situation in a timely manner.

B.3.1 Risk management system, including risk management function

B.3.1.1 Strategy implementation

As an internationally operating insurance undertaking, HDI Global Specialty SE is confronted with a large number of risks that are directly related to its business activities and that vary in the individual business fields and geographical regions. HDI Global Specialty SE takes a holistic approach to risk. Risk means the negative random deviation from or failure to achieve planned

or expected values and targets.

The risk strategy is reviewed and defined annually by the Board of Directors of HDI Global Specialty SE in consistency with the business strategy and the risk strategy objectives of the HDI Group. The Executive Directors will be informed promptly.

B.3.1.2 Risk capital

In the interest of its policyholders and shareholders, HDI Global Specialty SE ensures an appropriate relationship between risks and own funds. Our quantitative risk management, based on our internal capital model, provides a uniform framework for the assessment and management of all risks affecting the company and our capital position.

HDI Global Specialty SE's internal capital model (SIM) is a stochastic corporate model covering all business fields of HDI Global Specialty SE. The SIM determines the required regulatory and economic risk capital as value at risk (VaR) of the change in value over a period of one year with a confidence level of 99.5%. It takes into account all material risks affecting the development of equity. We have identified a number of risk factors for the risk categories of underwriting risks, market risks, bad debt risks and operational risks for which we define probability distributions. Risk factors include, for example, economic indicators such as interest rates, exchange rates and inflation indices, but also insurance-specific indicators like the number of natural disasters in a particular region and the insured damage amount per catastrophe. When determining the probability distributions for the risk factors, we make use of historical and publicly available data as well as internal data. Moreover, the process is complemented by the knowledge of internal and external experts.

As part of risk management of HDI Global Specialty SE, compliance with regulatory solvency requirements is regularly monitored in order to ensure that the one-year ruin probability of 0.5% is not exceeded. The capitalisation of HDI Global Specialty SE should always exceed 120% of the regulatory requirements.

B.3.1.3 Organisation of risk management and tasks of the risk management function

In order to ensure an efficient risk management system, the Board of Directors has established a risk management function. In addition, HDI Global Specialty SE ensures that the risk management function is involved in the Company's decisions in an appropriate manner in terms of content and timing. The organisation and interaction of the individual Risk Controlling functions are decisive for our internal risk management and control system. In our system, the central risk management functions are closely interlinked and the roles, tasks and reporting channels are clearly defined and documented in line with the so-called three lines of defence. The first line of defence consists of risk management and original risk responsibility. The second line of defence consists of the key functions, namely the risk management, actuarial and compliance function. These units are responsible for surveillance. The third line of defence consists of the internal audit function.

Chief Risk Officer

The Chief Risk Officer heads the independent risk monitoring function. The duties of the Chief Risk Officer include ensuring the regulatory framework for an effective risk management system. In addition, the Chief Risk Officer is involved in the key decision-making processes of HDI Global Specialty SE and informs the members of the Board of Directors, the Outsourcing Officer and the risk monitoring function appropriately about relevant events.

Risk monitoring function



The risk monitoring function coordinates, and is responsible for, the monitoring (identification, assessment, supervision and reporting) of all material risks and the regular coordination and execution of the ORSA process (Own Risk and Solvency Assessment, cf. B.3.2). In addition, it develops and implements methods, standards and processes for risk assessment and risk monitoring.

The risk monitoring function performs its tasks for HDI Global Specialty SE in an objective and independent manner.

B.3.1.4 Key elements of our risk management system

Our risk strategy, the guidelines on risk and capital management, operational and reputational risks, as well as the limit and threshold value system for the major risks of HDI Global Specialty SE describe the elements of our risk management system. The risk management system is subject to a permanent cycle of planning, activity, control and improvement. In particular, systematic risk identification, analysis, assessment, control and monitoring as well as risk reporting are of importance for the effectiveness of the overall system.

The guidelines specify, among other things, the tasks, rights and responsibilities, the organisational framework conditions and the risk control process. The regulations are derived from the corporate and risk strategy and also take into account the supervisory requirements for risk management.

Risk-bearing capacity concept

Determination of the risk-bearing capacity includes the determination of the overall risk coverage potential available and the calculation of the funds required to cover all risks. This is carried out in line with the specifications of the risk strategy and the risk appetite defined by the Board of Directors. Our internal capital model is used to assess the individual risks that can be quantitatively assessed and the overall risk position. A central limit and threshold value system is in place to monitor material risks. This system comprises the limits and thresholds derived from the corporate strategy. Compliance is monitored on an ongoing basis.

Risk identification

Regular risk identification is an essential information basis for monitoring risks. The identified and material risks are documented in the risk register, but also within the framework of regular risk reports. Risks are identified, for example, in the form of risk discussions, assessments, scenario analyses or as part of the New Products Process. External findings, such as recognised industry know-how from relevant bodies or working groups, are included in the process. Risk identification is important to permanently keep our risk management up to date.

Risk analysis and assessment

Basically, each risk identified and deemed significant is assessed in quantitative and qualitative terms. For this purpose, we utilise the expertise of our employees, networking of the company divisions via interfaces and working groups or committees, and technical means such as our data processing, inventory management and quotation programmes, as well as our SIM. Risk types for which quantitative risk measurement is not possible or difficult are only assessed qualitatively, e.g. strategic risks, reputational risks or emerging risks. The quantitative assessment of significant risks and the overall risk position is carried out using HDI Global Specialty SE's internal capital model, the SIM, which takes risk concentration and risk diversification into account.

Risk management

The management of all material risks, individually and at portfolio level, is the responsibility of the operating units. Concrete examples include their underwriting activities and securities trading. The identified and analysed individual risks are either consciously accepted, avoided or reduced. Decisions made by the operational units of the first line of defence always consider the chance/risk ratio. Risk management is supported, among other things, by the requirements of the underwriting and capital investment guidelines as well as by defined limit and threshold values.

Risk monitoring

The task of the Risk Management function is to monitor all identified material risks. This includes, among other things, monitoring of the risk strategy implementation, compliance with defined limit and threshold values and the permanent application of risk-relevant methods and processes. Moreover, an important task of risk monitoring is to determine whether the risk management measures have been implemented and whether the planned effect of the measures is sufficient. Monitoring takes place at various checkpoints; here, the regular solvency calculation according to the internal model to determine the overall risk profile and information on this to the Board of Directors should be mentioned. This includes a mandatory deviation analysis and monitoring of compliance with the risk limits. In parallel, the internal model is validated and adapted if necessary.

Risk communication and risk culture

Risk management is firmly integrated into our operational processes. This is supported by transparent risk communication and an open approach to risks as part of our risk culture. This is implemented within the Company by means of immediate internal and intra-Group forwarding of information on all issues that currently represent a hazard to the Company or which could do so in future. Risk communication takes the form, for example, of internal and external risk reports and training courses for employees. Also the regular exchange of information between risk-controlling and risk-monitoring units is fundamental to the proper functioning of risk management.

Risk reporting

Our risk reporting provides structured and timely information on all material risks and their potential impact. The risk reporting system consists of regular risk reports, e.g. on the overall risk situation, compliance with the parameters defined in the risk strategy or the capacity utilisation of the natural disaster scenarios. Risk reporting focuses not only on the current but also on the expected risk situation. In addition to regular reporting, internal immediate reports on major and short-term risks are prepared as required.

We fulfil the regulatory reporting requirements for HDI Global Specialty SE with the quarterly risk report, the quantitative reporting, the solvency and financial condition report (SFCR), the regular supervisory report (RSR) and a report on the company's own risk and solvency assessment, among other things. In addition, HDI Global Specialty SE integrated into the Group-internal risk reporting of the Corporate & Specialty division.

B.3.2 Own Risk and Solvency Assessment (ORSA)

The continuous ORSA process consists of ongoing analyses to monitor the risk-bearing capacity, the own funds and current and emerging risks that could threaten the continued existence of HDI Global Specialty SE.

HDI Global Specialty SE determines its regulatory solvency requirements using the Specialty Internal Model, which is also used in particular for internal management purposes. Capital management is closely linked to the risk management system due to the integration of the solvency ratios of the SIM into the limit and threshold value system. The solvency ratios of the branch offices in Canada and Australia, which are calculated in accordance with local supervisory law, and the solvency ratio of the branch office in Great Britain, which is based on the standard formula, also have limits and threshold values. The figures are included in the risk report on a quarterly basis.

The business strategy, medium-term planning including scenario analysis and capital development plan, underwriting guidelines, capital investment guidelines and reinsurance

purchasing are assessed by the Executive Directors and approved by or brought to the attention of the Board of Directors. Even the risk strategy, the limit and threshold value system, the risk report including sensitivity and stress tests and the SIM report, for example, are evaluated and approved by the Executive Directors. This ensures that the operational ORSA process steps are appropriately integrated into the organisational and decision-making structure of HDI Global Specialty SE.

B.4 Internal control system

B.4.1 Components of the internal control system

We conduct our business activities such that they always comply with all legal requirements. The internal control system (ICS) is an important element that serves, among other things, to safeguard and protect existing assets, prevent and detect errors and irregularities and comply with laws and regulations. The core elements of the HDI Global Specialty SE ICS are documented in a guideline which creates a common understanding for a differentiated implementation of the necessary controls. This guideline defines terms, regulates responsibilities and provides guidance on the description of controls. It also forms the basis for implementing external requirements placed on HDI Global Specialty SE. The ICS is a summary of all process-integrated and process-independent monitoring measures (internal controls and organised security measures) that ensure the proper functioning of the organisation and processes. Among other things, it consists of organisational and technical measures and controls within the company. They include, for example:

- The four-eyes principle
- The separation of functions
- The definition of controls within the processes as well as
- Technical plausibility checks and access authorisations in the IT systems

For the ICS to function, it is important that the management, executives and employees participate at all levels.

In the area of accounting and financial reporting, e.g., processes with integrated controls ensure that the financial statements are prepared completely and correctly. This ensures that the risk of material errors in the financial statements can be recognised and reduced at an early stage. As our financial reporting is highly dependent on IT systems, it is also necessary to monitor these applications. Authorisation concepts regulate system access, and both content-related and system-related checks are implemented for each relevant step, allowing errors to be analysed and eliminated.

B.4.2 Compliance function

Implementation of the compliance function

The company's compliance function has been outsourced to HDI AG by way of an outsourcing contract. There, the function is organised within the Group Legal/Compliance department. Compliance tasks in the areas of data protection, HR compliance, tax compliance and IT compliance are performed by other departments within HDI AG, but remain part of the compliance organisation.

The compliance function is part of the second line of defence. In order to ensure sustained compliance with all relevant legal, regulatory and internal rules and requirements, the compliance function implements appropriate monitoring measures. It acts as the point of contact to specialist departments responsible for certain compliance issues, compliance officers from abroad and the other three key functions.

The code of conduct, which is valid across the Group, serves as the linchpin for intragroup compliance regulations. It contains the key principles and rules for ensuring that all HDI Group employees act in a legally compliant and responsible manner. It also sets out the high ethical and legal standards on which the Group's operations throughout the world are based. The code of conduct is available on the Group website. All Group employees must ensure that they comply with the code and with the laws, guidelines and instructions governing their individual areas of work.

HDI Global Specialty SE has written down its compliance policy in a manual titled "Compliance Framework"; in addition, the compliance guideline applicable across the group is also applicable. This is reviewed regularly, at least once a year, and in the event of new developments to ensure that it is up to date and updated if necessary. On the basis of a risk-based assessment, HDI Global Specialty SE has identified the following topics to be of particular relevance to compliance and defined them as key compliance issues:

- Compliance with supervisory requirements
- Compliance with foreign trade regulations and sanction regulations
- Compliance with underwriting regulations
- Compliance with antitrust and competition regulations
- Compliance with the code of conduct
- Combating corruption/embezzlement/fraud
- Capital market compliance
- Sustainability

Tasks

The task of the compliance function is to ensure compliance of HDI Global Specialty SE with the essential external regulations.

These compliance focal points are monitored by the compliance function. Compliance tasks in the areas of data protection, HR compliance, tax compliance and IT compliance are performed by other departments within HDI AG, but remain part of the compliance organisation. The processing of particularly compliance-relevant topics includes at least the following activities:

- Identification and assessment of risks associated with non-compliance with the legal and regulatory requirements (risk management)
- Assessment of the possible consequences of changes in the legal framework on the activities of the company (risk due changes of the legislation/early warning)
- Advice regarding compliance with the legal regulations applicable to the activity
- Verification of the appropriateness of the implemented measures regarding compliance with legal requirements (monitoring function)

The compliance function is responsible for the following in particular:

It monitors changes made to legislation and standards by the legislator and case law. It assesses the relevance of these new developments and communicates relevant innovations or changes to the respective departments, the Executive Directors and the Board of Directors. Through ongoing monitoring, the compliance function contributes to compliance with the legal and regulatory framework conditions by the members of governing bodies (members of the Board of Directors), Executive Directors and employees of HDI Global Specialty SE.

Upon request, the compliance function advises members of the Board of Directors, Executive Directors and employees of HDI Global Specialty SE on compliance issues.

As a further element for ensuring Group-wide compliance, there is a whistleblower system accessible worldwide via the Internet, through which employees and third parties can also anonymously report significant violations of laws and rules of conduct. On the basis of this, the compliance function can take action, limit the damage and prevent further losses.

The compliance function prepares a half-yearly compliance function report, in which the current legal and regulatory developments and the various activities in the area of compliance as well as the main issues with compliance relevance are presented.

B.5 Internal audit function

Implementation of the internal audit function

The implementation of the internal audit function was transferred from the policyholder of the key function to HDI AG, Group Auditing Division (TX GA), and Hannover Rück SE, Group Auditing Division (HR GA), by means of outsourcing agreements. TX GA performs the audit function for the company by carrying out auditing, assessment and advisory activities on behalf of the Board of Directors. In individual cases, an external service provider can also be commissioned to support the internal audit function. The Group Auditing Division provides auditing services for the Board of Directors of HDI Global Specialty SE in addition to the functions outsourced by HDI Global Specialty SE to Hannover Re (in particular IT).

Monitoring by TX GA's focuses on protecting business assets against losses of all kinds for the long term, on supporting the undertaking's business and operating policy, and on ensuring the company's continued existence. To this end, TX GA autonomously, independently and objectively analyses all material divisions, workflows, procedures and systems from a risk-oriented perspective in line with the principles of security, propriety and economy.

The auditing activities are based on the audit plan drawn up by internal audit function and approved by the Board of Directors of HDI Global Specialty SE. Within the framework of this audit plan, the internal audit function performs its work free from specialist instructions and reports its audit results and recommendations directly to the Board of Directors of HDI Global Specialty SE. Its objectivity and independence from the activities, the auditing of which is its responsibility, is guaranteed, as the outsourcing partners TX GA and HR GA are exclusively entrusted with auditing tasks. TX GA and HR GA are not involved in first or second line of defence tasks and responsibilities according to the 3-lines-of-defence concept.

One further measure to ensure objectivity at the auditor level is the observance of waiting periods when employees from operational areas change to the internal audit function. Apart from the internal audit key function, the holder does not exercise any other key function.

Task

In order to ensure that it can properly perform the tasks assigned to it, the internal audit function has been granted complete, unrestricted, active and passive rights to information. Its active right to information includes access to all divisions, documents, assets and relevant contacts. Its passive right to information ensures that TX GA is automatically included in all information flows at the undertaking that are of relevance to its work.

Group Auditing may conduct unscheduled special audits at any time at short notice if defects have come to its attention. The audit planning process is designed to be comprehensive and risk-focused in order to ensure that Group Auditing can perform its monitoring function for all relevant areas of the undertaking systematically, efficiently and in a targeted manner. An audit universe is used as a basis to this end and is reviewed at least annually with respect to its completeness and representative status. All operational and business processes as well as

majority shareholdings are audited within a reasonable period of time, i.e. at least once every five years. Special external requirements regarding the audit frequency (e.g. statutory audits such as with respect to the Money Laundering Act) are taken into account in this. The following factors, among others, are taken into consideration as factors influencing risk:

- Inherent risk of the audit fields
- Results of the last audit checks
- Legal and organisational changes that relate to the audit areas and
- Knowledge gained from committee meetings and regularly scheduled meetings with staff from other governance functions

During the annual audit planning, HR GA coordinates with the Executive Directors of HDI Global Specialty SE on the functions/tasks that are outsourced to Hannover Re. This coordination is based on a draft prepared by TX GA, which can be specified or supplemented as required by the Executive Directors of HDI Global Specialty SE.

Reporting channels

An Audit Report is prepared for each audit which provides the Board of Directors and the audited area with the key findings. The reports also set deadlines and assign responsibilities for implementing the measures. The implementation process is monitored, with the Board of Directors delegating this operational responsibility for this to the internal audit function.

The internal audit function's reporting system also includes quarterly and annual Reports that provide their recipients (including the Management, Board of Directors, the risk management function and auditors) with information on the effectiveness of the internal audit function and audit results. In the event of a particularly serious finding, there is an immediate reporting obligation to the Executive Director concerned. Depending on the risk content, the Board of Directors, the other Executive Directors, the risk controlling function, the actuarial function and/or the compliance function are also informed.

Internal quality assurance measures and assessments by external auditors are carried out to ensure the effectiveness of TX GA.

B.6 Actuarial function

Section 31 of the German Insurance Supervision Act (VAG) requires an actuarial function to be established. The Chairman of the Board of Directors of HDI Global Specialty SE has direct right of access to the person who exercises the actuarial function at HDI Global Specialty SE.

For information on fit and proper requirements, please see the current version of the Fit and Proper guidelines in place for the HDI Group or the current report from the actuarial function. There must be a job description in place for the person exercising the actuarial function.

The work performed by HDI Global Specialty actuarial function is outsourced to HDI AG by way of an outsourcing contract.

The person performing this function receives support from the responsible person at the service provider to perform the work. The operational responsibility of this person for the actuarial function's tasks or the ultimate responsibility of the Board of Management cannot be delegated to them.

Supporting areas:

- Responsible person at the service provider for the actuarial function of HDI Global Specialty SE
- Head of the risk management function for HDI Global Specialty SE
- Head of the Reserving Department for HDI Global Specialty SE
- Representative of the Reinsurance Department for HDI Global Specialty SE
- Responsible Actuary for HDI Global Specialty SE
- Head of Pricing Department for HDI Global Specialty SE
- Head of Analytics Department for HDI Global Specialty SE

The actuarial function's core duties at HDI Global Specialty SE primarily consist of:

- Coordinating the calculation of technical provisions and ensuring the methods and basis models used and the assumptions made when calculating technical provisions are appropriate
- Assessing the sufficiency and the quality of data used when calculating technical provisions
- Drafting a statement on general underwriting and acceptance policies
- Drafting a statement on reinsurance policies and on the adequacy of reinsurance agreements
- Supporting the risk management function
- Advising the Board of Management regarding the actuarial function's tasks

Once per year, the actuarial function prepares a report which is presented to the Board of Directors of HDI Global Specialty SE. The report documents all of the actuarial function's key tasks and findings.

B.7 Outsourcing

Description of the outsourcing policy

The business model of HDI Global Specialty SE provides for the outsourcing of activities to internal and external service providers. On the one hand, outsourcing extends to the outsourcing of insurance activities to managing general agencies, underwriting agents and claims managers with whom HDI Global Specialty SE enters into a close partnership. On the other hand, HDI Global Specialty seeks to make use of synergies within the Talanx Group.

As a result of the establishment of the employee-bearing company at the Hannover location, HDI AG, various functions are performed by HDI AG on the basis of service contracts, taking into account regulatory requirements and the implementation of monitoring mechanisms. There are also intra-Group outsourcings to Hannover Re and AAM. In addition to the high-quality execution of work, the intra-Group outsourcing also has a positive expenses effect and improves intra-Group processes.

Presentation of the important outsourcings

As a result, HDI Global Specialty SE has concluded a large number of outsourcing agreements, whereby only a few of these agreements were categorised as "important". The "important" outsourcing agreements are subject to special requirements for the management of the outsourcing partner. The following important outsourcings were made in the reporting period:

Service provider	Outsourced function
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Ampega Asset Management GmbH	Asset investment and asset management (HGS and Australian branch)
Hannover Re	<ul style="list-style-type: none"> • Internal audit function (for IT-related audits) • IT
HDI AG	<p>Key functions:</p> <ul style="list-style-type: none"> • Internal Audit function • Risk management function • Actuarial function • Compliance function <p>Key functions:</p> <ul style="list-style-type: none"> • IT (since 1 May 2024) • Delegated Authority Control & Audit • Reinsurance (passive) • Actuarial Reserving • Actuarial Pricing • Underwriting • Finance & Accounting, Technical Accounting • Claims
Sapiens Germany GmbH	Software for inventory management as a cloud solution

B.8 Any other information

B.8.1 Evaluation of the appropriateness of the system of governance

The adequacy assessment of the system of governance of HDI Global Specialty SE is carried out at least once a year. A preliminary assessment is carried out by the departments responsible for the topics, key functions and the Executive Directors.

The system of governance was assessed on 29 February 2024. The results report concluded that the system of governance of HDI Global Specialty SE is appropriate to the nature, scope and complexity of the inherent risks of its business activities. The results report was then submitted to the Board of Directors.

B.8.2 Other disclosures

There were no other significant changes in the system of governance of HDI Global Specialty SE.

C. Risk profile

HDI Global Specialty SE assumes a great many of risks in the course of its business activities. These risks are consciously entered into, managed and monitored in order to take advantage of the associated opportunities. Currently, the biggest risk exposure of HDI Global Specialty SE is the reserving risk within the underwriting risk. The stipulations and decisions of the Board of Directors with respect to the risk appetite of HDI Global Specialty SE are fundamental to the assumption of risks. They are based on the calculations of the risk-bearing capacity.

Within the framework of medium-term planning, we consider the development of the business over a planning horizon of five years. In addition to the baseline scenario, we also consider alternative scenarios that take into account possible large losses and subsequent changes in premiums, as well as the realisation of operational risks, the possible impact of inflation or changes on the capital markets. Based on the assumptions of medium-term business planning, the risk profile develops in line with the expected business expansion. As a rule, the targeted expansion of business activities results in capital requirements growing stronger than the available capital. If appropriate, shareholders take suitable measures to strengthen own funds. It should be noted that the capital requirement forecast is based on a number of assumptions about the future economic and business developments.

Large transactions are analysed in terms of their impact on the risk profile, capitalisation and the defined thresholds for the various risk categories. With this we ensure that the risks develop in line with our risk appetite.

External reinsurance, which is specifically used to hedge high or volatile exposures, is of particular importance in terms of risk appetite and risk mitigation. Extensive Group-internal reinsurance protects the capital of HDI Global Specialty SE. This also ensures that HDI Global Specialty SE can benefit from rising prices following a market-changing event. The reinsurance strategy of HDI Global Specialty SE and its branches is determined by the Executive Directors and submitted to the Board of Directors.

If a new business opportunity is to be implemented in concrete terms, the so-called New Products Process will generally be completed, provided that the criteria defined for this by risk management are met. This process is supported by the risk management function. The process is always run through if a contractual commitment is to be entered into that has not yet been applied by HDI Global Specialty SE in this form or if the operational risk is significantly changed, the risk to be insured is new or if the liability is substantially higher than the previous scope of the coverage. If this is the case, all significant internal and external influencing factors will be examined in advance and evaluated by Risk Management. Furthermore, it is ensured that the Executive Directors approve the application or sale of the new insurance product.

C.1 Underwriting risk

C.1.1 Underwriting risk of property/casualty primary insurance and property/casualty reinsurance

Risk Management has defined various overarching guidelines for efficient risk management. It is essential that the assumption of risks is, on the one hand, systematically controlled by the existing underwriting guidelines and, on the other hand, mitigated to a large extent by intragroup reinsurance in accordance with the business model of HDI Global Specialty SE.

HDI Global Specialty SE achieves a reduction in volatility and protection of capital through the use of reinsurance. Our conservative level of reserves is a decisive indicator for risk management. Basically, we distinguish between risks resulting from business operations in prior years (reserve risk) and risks resulting from business operations in the current year or future years (price/premium risk).

Diversification of property/casualty primary insurance and property/casualty reinsurance is actively managed by allocating the capital costs depending on the diversification contribution. A high diversification effect is achieved by underwriting business in different lines of business and different regions with different business partners via the most diverse distribution channels. In addition, the active limitation of concentration risks, such as natural disasters, strengthens the diversification effect. The degree of diversification is measured in our internal capital model. The risk capital at a confidence level of 99.5% for the underwriting risks of property/casualty primary insurance and property/casualty reinsurance is as follows:

Required risk capital for underwriting risks – property/casualty primary insurance and property/casualty reinsurance according to the internal capital model

Values in EUR thousand	2024	2023
Underwriting risk – premium risk	79,455	71,275
Underwriting risk – reserve risk	148,296	110,756
Overall underwriting risk	206,308	158,319

The increase in the risk capital is in line with the planned expansion of HDI Global Specialty SE in its target lines of business. Due to the broad base according to customers, lines of business, distribution channels and regions, there is no particular concentration of the price and reserve risk. The reserve risk is also increasing due to volume effects and, to a lesser extent, due to a rising average retention.

Man-made disaster risk

The risk associated with man-made disasters is the risk that losses from a single man-made event or a series of man-made events of sizeable magnitude – usually within a short period of time – may deviate from the expected losses from such events. In line with the other underwriting risks, the risk burden here also increases as the volume of business expands. The individual underwriting units manage the individual risks in their respective portfolios such that individual loss events fall within the risk appetite, but also that the claims burden is not higher than the loss to be expected based on the market share. In the area of man-made disasters, the company underwrites – among others – peak risks in the energy and aviation sectors.

C.1.1.1 Premium risk including nat cat risk

A large share of the required risk capital for the premium risk (including disaster risk) is attributable to natural disaster risks.

Allocation of the required risk capital for the premium risk according to the internal capital model to risks from natural hazards and the remaining premium risk

Values in EUR thousand	2024	2023
Risks from natural hazards	51,826	49,701
Premium risk excl. natural hazards	71,032	57,344
Premium risk	79,455	71,275

The increase in the nat cat risk is resulted from the volume effects in the Property Segment and the updating of the expert judgements for the non-modelled business.

Licensed scientific simulation models are used to assess the disaster risks from natural hazards (in particular earthquakes, storms and floods) that are material to us. We also determine the risk for our portfolio using various scenarios in the form of probability distributions. The monitoring of risks resulting from natural hazards is complemented by realistic extreme loss scenarios. As part of this process, the Board of Directors determines the risk appetite for natural hazards once a year on the basis of the risk strategy. To this end, it determines the portion of the risk budget that is available to cover risks from natural hazards. This is an essential basis for our underwriting approach in this segment. As part of our holistic risk management, we take into account a large number of scenarios and extreme scenarios, determine their impact on the portfolio and success variables, assess them in comparison with the planned values and point out alternative courses of action. To monitor risks, we regularly report on the effects of various extreme loss scenarios and return periods. Risk management ensures that the maximum amounts made available as part of risk management are complied with.

HDI Global Specialty SE limits and monitors the disaster risk from natural hazards on the basis of loss scenarios using actuarial measurement methods such as tail value at risk (TVaR).

C.1.2 Reserve risks

The reserve risk, i.e. the risk of under-reserving for losses and the resulting impact on the underwriting result, is of special importance in our risk management. A conservative level of reserves is important to us and we aim for a confidence level of > 50%. To counteract the risk of under-reserving, we calculate our loss reserves on the basis of our own actuarial assessments and create additional reserves to those abandoned by our Claims Departments, which have partly been outsourced to claims managers. Long-running claims, such as those in the third-party liability insurance sector, have a significant influence on this reserve. The IBNR reserve is calculated differentiated according to lines of business and regions.

Another monitoring tool is the statistical run-off triangles we use. They show how the provision has changed over time as a result of the payments made and the recalculation of the provision to be formed as at the respective reporting date. The appropriateness of these is monitored by our actuarial department. On an annual basis, quality assurance of our own actuarial calculations regarding the adequacy of the reserve amount is additionally performed by external actuarial and auditing companies.

Collateral

HDI Global Specialty SE issues letters of credit (LoC) to business partners from the United States of America via HDI Global SE. The amount depends on the sum of unearned premium

reserves and provisions for claims payments. In the event of a drawdown, the amount is offset against outstanding payments. There is an administration-related time lag between the ongoing payments and adjustments to the level of the LoC, which can result in exposure.

C.1.3 Risk mitigation techniques in the field of property/casualty primary insurance and property/casualty reinsurance

C.1.3.1 Strategic aims and key figures

The strategic aims with regard to the placement of reinsurance are defined by the unit carrying out the placement and the corresponding Executive Directors as well as the HDI Global Segment coordinator who are responsible. Moreover, the Reinsurance Department regularly reviews the effectiveness of the individual reinsurance programmes. This is done by preparing relevant individual reports and analyses and evaluating their results. The placement proposals take into account the volatility of the respective portfolio, highly exposed natural disaster business and the results from HDI Global Specialty SE's internal model.

In the case of a claim, HDI Global Specialty SE is relieved by its various proportional and non-proportional coverage.

C.1.3.2 Reinsurance covers of HDI Global Specialty SE

HDI Global Specialty SE reinsures almost the entire assumed business in the form of quota share reinsurance contracts with Group companies. For each portfolio, the major portion of the business written is ceded to Hannover Re and HDI Reinsurance (Ireland). The risks are usually ceded to the reinsurer as assumed. However, HDI Global Specialty SE usually receives a commission.

Parts of the assumed business of HDI Global Specialty SE are additionally protected by proportional and non-proportional coverage, both within and outside the Group. This applies, in particular, to the lines of business of motor insurance where partially unlimited insurance policies need to be issued, aviation where high limits are encountered as well, and property insurances which are particularly exposed to natural hazards.

The retrocession contracts placed by the Hannover Re Group also partially protect the business underwritten by HDI Global Specialty. In the case of a claim, HDI Global Specialty SE therefore receives relief from, e.g. the aviation programme of the Hannover Re Group. In addition, the business recorded by HDI Global Specialty SE is also covered by reinsurance contracts placed by HDI Global SE, e.g. the excess of loss for property insurance or transport business.

C.1.3.3 Reinsurance placement process

The Executive Board derives the risk budget for underwriting risks from the overall risk budget and sets it forth with binding effect in the limit and threshold value system. The utilisation of these limits is monitored with a traffic light system. On this basis, the risk appetite in actuarial practice is adequately specified in the underwriting guidelines. Then, reinsurance is arranged such that the risks on a net basis correspond to the requirements. Moreover, in view of the volatility of the assumed business, stabilising reinsurance solutions are purchased in individual cases.

C.1.3.4 Letters of credit

For cessions to reinsurers that only fulfil our security requirements to a limited extent, we agree clauses that grant HDI Global Specialty SE a letter of credit in the amount of the receivables.

C.2 Market risk

Market risks include equity, participation, interest rate, currency, real estate and infrastructure, spread, inflation and credit risks.

In view of the challenging capital market environment, the preservation of the value of our investments and the stability of our rate of return are of great importance. For this reason, HDI Global Specialty SE organises its portfolio according to the principles of a balanced risk/return ratio and broad diversification. Based on a low-risk investment mix, the investments reflect both currencies and maturities of our liabilities.

The following table shows the risk capital at a confidence level of 99.5% for the market risks from capital investments held by HDI Global Specialty SE and third parties.

Risk capital required for the market risks as calculated by using the internal capital model

Values in EUR thousand	2024	2023
Market risk	83,674	88,647

Although HDI Global Specialty SE expanded its business volume in the past year, the market risk decreased in the reporting period. This is primarily due to the reduction in currency risk as a result of improved asset liability matching.

In order to ensure that our investments retain their value, we continuously monitor compliance with a comprehensive early warning system. This system defines clear limits and thresholds as well as escalation paths for the market value fluctuations and realisation results from investments accumulated since the beginning of the year. They are clearly described in line with our risk appetite.

In addition, we perform stress tests. Here, the loss potentials are simulated for the fair values and on the basis of extreme events having already occurred or being fictitious.

Scenarios of the fair value development of the major capital investment classes

Values in EUR thousand	Scenario	Inventory change on fair value basis	
		2024	2023
Fixed-income securities	Increase in yields +50 basis points	-5,021	-4,526
	Increase in yields +100 basis points	-9,954	-8,979
	Decline in yields -50 basis points	5,110	4,602
	Decline in yields -100 basis points	10,313	9,284

The scenarios illustrate the low-risk capital investment mix of HDI Global Specialty SE, but also the increase in the capital investment portfolio.

In addition to the various stress tests, which estimate the loss potential under extreme market conditions, sensitivity and duration analyses and our Asset Liability Management (ALM) are further material risk management measures. In addition, duration bands are installed within which the portfolio is positioned in line with market expectations. The portfolio of fixed-income securities is exposed to the interest rate change risk. Falling market yields lead to increases in the market value and rising market yields to decreases in the fair value of the fixed-income security portfolio. In addition, the credit spread risk exists. The credit spread is the difference in interest rates between a high-risk bond and a risk-free bond with identical maturities. Changes in these risk premiums observable on the market lead to changes in the market value of the corresponding securities analogous to changes in pure market yields.

The market price risk is managed using a market value-based asset/liability approach, the Asset Liability Matching Value at Risk (ALM-VaR). The ALM VaR takes account of interest rate change and currency risks and makes the effects of a duration gap on the risk situation of the capital investments transparent.

We minimise interest rate and currency risks by matching payments from securities as closely as possible with forecast future payment obligations from our insurance contracts.

Due to the international insurance portfolio, the company regularly receives liquid funds in foreign currencies, which are offset by payment obligations in foreign currencies. Currency risks exist in particular when there is a currency imbalance between underwriting liabilities and assets. The installed measurement and monitoring mechanisms ensure a cautious, broadly diversified investment strategy. We reduce this risk by largely matching the currency distribution between the assets, equity and liabilities sides of the balance sheet. We regularly compare the liabilities per currency with the covering assets and optimise currency coverage by reallocating investments. In this respect, we take into account ancillary conditions, such as various accounting process requirements. Remaining currency surpluses are systematically quantified and monitored within the framework of economic modelling.

Our investments include credit risks resulting from the risk of default (interest and/or redemption) or changes in the credit quality (rating reduction) of the issuers of securities. Broad diversification is just as much of central importance as a creditworthiness assessment on the basis of the quality criteria laid down in the capital investment guidelines. We measure credit risks first by using the credit risk components customary in the market, in particular the probability of default and the possible amount of loss, considering any collateral as well as the ranking of the individual securities in terms of their effect.

Subsequently, we assess the credit risks first at the level of the individual securities (issues) and in further steps together at issuer level. To limit the counterparty credit risk, we define different limits at issuer or issue level as well as in the form of distinct rating ratios. Comprehensive risk reporting ensures prompt reporting to the functions entrusted with risk management.

Additionally, in order to monitor the credit and concentration risks, HDI Global Specialty SE uses the Credit Value at Risk (CVaR), which is calculated at 99.5%, across the entire portfolio and at the individual customer level. Risk-relevant information such as rating classifications and the seniority and maturity of capital investments are included in the calculation.

With the aim of further optimising its capital investment portfolio, HDI Global Specialty SE has invested in real estate and infrastructure funds. This is associated with the risk that actual fair values and yields deviate from the expected results and with a higher illiquidity compared to other investments.

The pension risk from inflation refers to the risk that pension obligations will increase due to an unexpected increase in inflation, necessitating unplanned additional reserving. The pension risk is moderate and within the risk appetite of HDI Global Specialty SE.

C.3 Credit risk

The credit risk or counterparty default risk consists of the risk of total or partial default by the counterparty and the associated payment default. This risk relates to agencies, claimsmanagers, brokers, policyholders, cedants and reinsurers.

The following table shows the risk capital at the 99.5% confidence level determined with the SIM for the credit risk of HDI Global Specialty SE.

Risk capital required for the credit risk as calculated by using the internal capital model

Values in EUR thousand	2024	2023
Credit risk	63,927	66,087

The decrease in counterparty default risk results from changes in risk factors in the course of the annual recalibration of the model.

Since the business assumed by us is reinsured to a major extent, the counterparty default risk in reinsurance is of special importance to us. In line with its role in the Group, HDI Global Specialty SE cedes the primary insurance risks predominantly to companies of the Talanx Group. In order to minimise the bad debt risk resulting from business ceded to third parties, our non-Group reinsurers are carefully selected and monitored from the point of view of credit quality. On the basis of this ongoing monitoring, the Ceded Reinsurance Department decides, if appropriate, measures for the collateralisation of receivables. Risk management procedures used within the Group network support this process by setting cession limits at the Hannover Re and HDI Group level for the individual reinsurers participating in the reinsurance programmes and determining the remaining free capacities for the short, medium and long-term business. Depending on the type and the expected run-off period of the reinsured business, also internal and external expert assessments (e.g. market information from brokers) are used for the selection of reinsurers in addition to the minimum ratings of the rating agencies Standard & Poor's and A. M. Best. Overall, reinsurance protects our capital, stabilises and optimises our results and allows us to take broader advantage of market opportunities, e.g. after a large loss event. Regular visits to our reinsurers and the exchange with specialised reinsurance brokers do not only give us a reliable market overview, but also enable us to quickly react to capacity changes. In particular, the probability of a default of counterparties without a rating is considered during quantification. As a result, the overall picture contains rather smaller fluctuations with greater effects on the required capital.

The bad debt risk with respect to companies of the Talanx Group is monitored on an ongoing basis with the help of the internal capital model and other qualitative and quantitative key figures.

Share of amounts recoverable from reinsurance contracts

Values in %	2024	2023
HDI/Talanx Group	41.43	36.41
Hannover Re Group	51.06	57.34

Credit risks arise from our relationships with brokers, managing general agencies and claims managers. Bad debt risks exist as a result of the possibility of a loss of the premium paid by the policyholder to the broker or managing general agency until it is passed on. A claims payment may be lost if the claims manager does not pass on the claims payment from HDI Global Specialty SE to the policyholder. We reduce these risks, for instance, by checking brokers, managing general agencies and claims managers for criteria, such as their professional liability insurance, payment behaviour and proper performance of contract.

The various key figure indicators for monitoring credit risks are anchored in the limit and threshold value system and are subject to the escalation process in the event that they are exceeded.

C.4 Liquidity risk

We define liquidity risk as the risk of not being able to fulfil our financial obligations when they fall due or of achieving lower returns, for example through short-term sales of securities in the capital investment. The liquidity risk consists of the refinancing risk (cash and cash equivalents required could not be procured at all or only at increased expenses) and the market liquidity risk (financial market transactions could only be concluded at a lower price than expected due to a lack of market liquidity). A key element of the liquidity management of our capital investments is the management of the maturities/currency structure of our capital investments on the basis of the planned payout profiles by currency from the technical underwriting obligations. The asset manager of HDI Global Specialty SE manages a short-term investment portfolio, controlled according to liquidity requirements, and a long-term investment portfolio, which is invested according to the objectives of HDI Global Specialty SE's strategic asset allocation. In addition, permanent liquidity management is carried out at the locations, which includes ongoing planning and close cooperation within HDI Global Specialty SE as well as with HDI Global SE. Beyond the foreseeable payouts, unexpected, extraordinarily high payouts, for example due to a catastrophe, could pose a liquidity risk, which is countered in the actuarial practice by so-called loss contributions from reinsurers. These measures effectively reduce the liquidity risk.

The "total amount of expected profit included in future premiums" required under Art. 295(5) of the Commission Delegated Regulation can be found in the template S.23.01.01, item R0790. We do not use this ratio for our liquidity management.

C.5 Operational risk

Operational risks include the risk of losses due to inadequate or faulty internal processes as well as employee-related, system-related or external incidents. In contrast to underwriting risks (e.g. reserve risk), which we consciously and controllably enter into in the course of our business activities, operational risks are inseparably linked with our business activities. Hence, the focus is on risk avoidance and reduction.

Risk capital required for operational risk calculated using the internal capital model

Values in EUR thousand	2024	2023
Operational risk	39,111	41,148

Operational risk, measured using the SIM, fell slightly in the reporting period.

Based on self-assessments, which we document in the regular risk reports, we continuously analyse and monitor the risk situation and define areas of action for improvement. For determining the capital tie-up in our internal model, we use the Self-Assessment of Operational Risks procedure, which enables us to describe future operational loss scenarios.

Within the overall framework of operational risks, we consider in particular business process risks (including data quality), compliance risks, outsourcing risks (including our sales channels), fraud risks, personnel risks, information and IT security risks and business interruption risks. Compliance risks, such as breaches of the General Data Protection Regulation and external fraud risks, are the most highly quantified operational risks.

Business process risks consist of the risk of inadequate or faulty internal processes which may arise, e.g. as a result of inadequate process organisation. HDI Global Specialty SE has established an Internal Control System and a Business Process Management System. Both set out the minimum requirements for the Company's process organisation and define clear responsibilities. Checks and controls, based on the HDI Global Specialty SE ICS, support the optimisation and control of risks (e.g. peer reviews, file reviews, power of attorney limits/personal signing authorities or 4/6-eye principle). By continuously optimising and automating our processes, and by standardising procedures, we reduce the risks in this area. The data quality is likewise a critical success factor. The HDI Global Specialty SE data management organisation has continued to pursue various initiatives to ensure and continuously improve data management.

The business interruption risk arises from hazards of a natural or human origin that represent a threat to or disruption of business operations. The primary objective in reducing the risks of business interruption is to return to normal operation as quickly as possible after a crisis, e.g. by implementing existing emergency plans. On the basis of internationally recognised standards, the essential framework conditions have been worked out, plans for the continuation and restoration of business activities have been developed, and also a crisis unit has been set up to serve as a temporary management body in the event of a crisis. The system is supplemented by exercises and tests.

Compliance risks primarily consist of the risk of violations of standards and requirements which can result in lawsuits or official proceedings with a not inconsiderable impairment of the business activities of HDI Global Specialty SE if they are not observed. Supervisory compliance, compliance with business principles, data protection and also antitrust and competition law compliance were defined as issues of particular relevance to compliance. The compliance risk

includes tax and legal risks. With the help of a sanction-screening software, parts of the underwriting portfolio of HDI Global Specialty SE as well as payment transactions are filtered by persons and companies that are subject to sanctions. If such persons or companies are discovered, appropriate measures are taken. The responsibilities within the compliance organisation are allocated and documented for all locations. Interfaces with risk management are established. Regular compliance training programmes supplement the range of tools available. Our compliance risk in the Delegated Authority business model is also monitored by a separate department. In line with the requirements of VAIT and to ensure compliance, HDI Global Specialty SE is continuing to expand its IT management department.

Fraud risks arise from the risk of intentional violations of laws or regulations by employees (internal fraud) and/or by external parties (external fraud). The internal control system and the line-independent audits of the internal audit function reduce such risks. The establishment and publicising of a whistleblower hotline is another form of monitoring at company level.

Outsourcing risks may result from the outsourcing of services and/or organisational units to third parties outside HDI Global Specialty SE. To limit the risk, there are binding regulations which, e.g. require a risk analysis be performed prior to significant outsourcing. Within the framework of such analysis, it is examined, among other things, which specific risks exist and whether outsourcing is possible at all. HDI Global Specialty SE benefits here from synergy effects and uniform Group standards through the purchase of services within the HDI/Talanx Group. The (important) Group-internal outsourcing actions to HDI AG, including the four key functions of internal audit function, compliance function, actuarial function and risk management function, are managed, controlled and monitored as part of the established outsourcing process. The annual review of the services provided and the associated risks by the Board of Directors enables additional monitoring of these functions. In particular, when insurance-specific activities are outsourced, risks are reduced by carefully selecting the agencies and claims managers, agreeing binding underwriting and loss adjustment guidelines and performing regular reviews, including on-site reviews. The clear allocations of responsibilities in the Delegated Authority Business underwriting and claims processing, the further development of the organisational structure and procedures, as well as the corresponding guidelines and processes, likewise lead to a reduction in risk. In the area of information technology, HDI Global Specialty SE is increasingly using the possibilities of the cloud to take advantage of the higher security standards, access to newer software and scalability offered by the providers. In line with the increasing use of the cloud and for the monitoring of outsourced IT functions within the Group and to external partners, HDI Global Specialty SE is further expanding its IT management department in order to manage the resulting outsourcing risk appropriately.

The functional and competitive capability of HDI Global Specialty SE is largely attributable to the competence and commitment of our employees. In order to reduce personnel risks, we pay particular attention to the qualifications, experience and motivation of our employees and promote them through personnel development and leadership work. Regular monitoring of fluctuation rates and other key personnel figures ensure that personnel risks are identified at an early stage and create scope for action. In addition, HDI Global Specialty SE mitigates the personnel risk through recruitment and hiring standards, annual performance appraisals, talent management and succession planning, and uses employee surveys to identify areas for improvement, which are then appropriately addressed.

Information technology risks and information security risks consist, among other things, of the risk of inadequate integrity, confidentiality or availability of IT systems and information. Essential issues for us include e.g. potential losses that could result from non-compliant processing of personal data or from the non-availability of our core systems. The IT risk is tending to increase due to the threat of cyber attacks. Ongoing improvements introduced across IT with regard to systems, IT risk management and the governance organisation ensure that the IT risk and the

threat of cyber attacks are countered appropriately. In view of the wide range of these risks, there are a variety of control and monitoring measures as well as organisational requirements, such as confidentiality agreements to be concluded with service providers. In addition, our employees are sensitised to such security risks through practical assistance, e.g. on the intranet, through training courses and employee information campaigns.

C.6 Other material risks

Other significant risks for HDI Global Specialty SE are mainly future risks (emerging risks), sustainability risks, systemic concentration risks, strategic risks and reputational risks.

C.6.1 Emerging risks

HDI Global Specialty SE defines emerging risks as risks whose hazard potential is not yet known with certainty and whose effects are difficult to assess. For example, cyber attacks or increasing uncertainty regarding political developments worldwide and in individual countries can lead to nervous markets and an increased potential for the emergence of systemic shocks. The spread of new technologies, medicines or materials can have knock-on effects that lead to damage that cannot be foreseen today. HDI Global Specialty SE participates in the survey of emerging risks in the Corporate & Specialty segment.

C.6.2 Strategic risks

Strategic risks arise from a possible mismatch between the corporate strategy of HDI Global Specialty SE and the constantly changing regulatory framework conditions of the environment. This imbalance may be caused, for instance, by wrong fundamental strategic decisions, inconsistent implementation of defined strategies and business plans or wrong allocation of resources. Therefore, we regularly review our corporate strategy and adjust our processes and derived guidelines as necessary. For the operational implementation of the strategic principles and objectives, we have defined success criteria and key figures that are decisive for the achievement of the respective objectives. The planning, formulation and management of strategic targets and measures are regularly dealt with at closed meetings and meetings of the Executive Board, so that an overall view of the company and the strategic risks is ensured.

C.6.3 Reputational risks

Reputational risks relate to the risk that the trust in our company of current and potential customers, business partners and employees, or the greater public and our shareholders, may be damaged. This risk can jeopardise the business basis of HDI Global Specialty SE. A good corporate reputation is therefore a basic prerequisite for our business. Reputational risks may arise from all business activities of HDI Global Specialty SE, but also of other market players. Reputational damage can be caused, for instance, by a loss of data that has become public or by a financial imbalance due to an underwriting risk. HDI Global Specialty SE is also particularly exposed to the fact that, as an industrial insurer, the economic activities of our customers are subject to changes in public perception. In addition to the risk identification procedures already described, we rely on a large number of different procedures to minimise risk. These include ensuring that HDI Global Specialty SE is embedded in the communication channels (e.g. guideline on crisis communication) of the HDI Group, which have been defined with binding effect. Furthermore, HDI Global Specialty SE is part of the HDI Group's professional public relations work and has at its disposal tried-and-tested processes for defined crisis scenarios, as well as our established business principles.

C.6.4 Sustainability risks

Sustainability risks are events or conditions in the environmental, social or corporate governance areas, the occurrence of which could have an actual or potential significant negative impact on the company's net assets, financial position and results of operations as well as its reputation. This includes climate-related risks in the form of physical risks and transition risks. For HDI Global Specialty SE, it is a meta risk and accordingly part of all other risk categories, in particular underwriting risks and market risk, but also reputational risk. As a result, the sustainability risk is taken into account when calculating the capital requirement for each individual risk category.

Sustainability risks are of particular importance to HDI Global Specialty SE, as our customer base includes carbon-intensive, CO₂-based industries. The impact of sustainability risks is characterised in different ways. For example, in the form of reputational risk, which results from bad press due to an alleged or actual violation of ESG criteria. This in turn can have an impact on the insurance business or the ability to recruit employees. However, it also takes the form of transition risk, which is pronounced in the specialised lines of business of shipping, aviation, energy and mining, while the financial lines are particularly affected by governance aspects. Within the underwriting risk, sustainability risks are also affected by the consequences of climate change and corresponding underwriting and pricing decisions. Sustainability also manifests itself in the form of Solvency II regulations (governance), codes of conduct for suppliers, fair compensation, compliance with sanction and licensing regulations, but also in the context of our own business operations, e.g. through the development and implementation of resource-saving measures (carbon neutrality).

The HDI Group has established a Responsible Underwriting Committee (RUC) and a Responsible Investment Committee (RIC). HDI Global Specialty SE follows the decisions of these committees. A Sustainability Coordination Group was set up within HDI Global Specialty SE to deal with sustainability issues and identify key areas for action. In addition, HDI Global Specialty SE is involved in Group-wide working groups together with the Corporate & Specialty division via a central interface, so that the decentralised development of topics within the companies can be continued from here. This ensures a standardised approach to the topic of sustainability within the HDI Group.

C.6.5 Systemic concentration risks

Systemic concentration risk, for instance geopolitical tensions or the rise in interest rates implemented by central banks, is the risk that an event or a series of events will affect several risks in our entire portfolio, i.e. underwriting risk, credit risk, market risk, liquidity risk and operational risk as well as other risk categories, i.e. systemic risk within the HDI Global Specialty SE portfolio. In its underwriting, HDI Global Specialty SE favours rather moderate sums insured with a large number of policyholders. Various initiatives have been continued under the heading of "derisking". These include the introduction of software for improved aggregate control, in order to achieve further optimisation of the portfolio. In particular the COVID-19 pandemic and the war in Ukraine highlight that there is potential for man-made catastrophe losses to accumulate across lines of business. HDI Global Specialty SE continues to balance its portfolio, and reducing US hurricane and Australian natural hazards exposure has been a first step.

C.7 Any other information

There are no other disclosures that have a material effect on the risk profile.

D. Valuation for solvency purposes

For the purpose of calculating eligible own funds, HDI Global Specialty SE values assets, equity and liabilities according to the provisions of Sections 74 ff. of the German Insurance Supervision Act (VAG).

Valuation for solvency purposes is generally based on the fair value (market value). To the extent IFRS values appropriately reflect the fair value, these values are applied.

Technical provisions according to Solvency II differ significantly from the concept of provisions under the German Commercial Code (HGB) both in terms of the structure and in terms of the calculations; cf. section D.2.

Presently, HDI Global Specialty SE does not use any adjustments to the interest rate term structures required by EIOPA and no transitional measures according to Sections 80, 82, 351 and 352 of the German Insurance Supervision Act (VAG).

There were no material changes in the reporting period.

General valuation principles

The valuation of assets and liabilities according to Solvency II is based on economic and market-consistent principles and takes into account inherent risks.

According to this concept, assets and liabilities are valued as follows:

- Assets should be valued at the amount for which they could be exchanged between knowledgeable, willing parties in an arm's length transaction.
- Liabilities should be valued at the amount for which they could be transferred or settled between knowledgeable, willing parties in an arm's length transaction.
- The time value of the money should be reflected, i.e. all cash flows are discounted.
- For the valuation of liabilities, no impairments are made to take into account the credit quality of the insurance undertaking.
- The valuation of assets and liabilities is based on the assumption that the company continues its business activities ("going concern assumption").
- Individual assets and liabilities are valued separately.
- Notions of materiality are applied. Missing or erroneous disclosures of items are regarded as material if they could affect, individually or together, the economic decisions of users.
- Simplifications may be applied if the method is appropriate regarding the nature, extent and complexity of the inherent risk.

The basis for determining the fair value of assets, equity and liabilities, except for technical provisions, is the valuation according to the international accounting process standards as adopted by the Commission according to the Regulation (EC) No 1606/2002. For instance, IFRS 13 serves as a guideline for fair value measurement.

The value of the technical provisions corresponds to the current amount that an insurance undertaking would have to pay if its insurance and reinsurance obligations were immediately transferred to another insurance or reinsurance undertaking. To this end, the technical provisions need to be calculated in a prudent, reliable, objective and market-consistent manner.

The value of the technical provisions corresponds, to a major extent, to the sum of a "best estimate" and a risk margin:

- The best estimate liability (BEL) is the present value of all underwriting cash flows.
- The risk margin is calculated using a cost-of-capital approach.

Only a small part of the cash flow from underwriting liabilities can be replicated by financial market products.

Valuation methods used must always comply with Articles 75 or 77 to 82 and 86 of the Directive 2009/138/EC.

Review of active markets

When assets are evaluated, a review is necessary whether a market is an active market or not. Only when a market is active, the fair value for determining the fair value of assets can be directly taken from these markets or derived from comparable assets traded there. If a market cannot be classified as active, the fair value must be determined using valuation models. Whether a market can be regarded as an active market depends on the nature of the financial instruments and local markets. However, at HDI Global Specialty SE they are based on the following defined input parameters:

- Business transactions occur with sufficient frequency and volume such that price information is always available
- The products traded on the market are homogeneous
- It is always possible to find buyers and sellers willing to enter into a contract
- Prices are available to the public

A market is no longer active if, due to the complete and longer-term withdrawal of buyers and/or sellers from the market, the market liquidity can no longer be determined. If the transactions demonstrably result exclusively from forced transactions, forced liquidations or emergency sales, this is likewise indicative of an inactive market; the same applies to high bid-ask spreads.

If the market is demonstrably no active market, we use valuation models for determining fair values. Refer to section D.4.

Note

Rounding differences of +/- one unit may occur in the following tables.

Solvency Balance Sheet as at 31 December 2024

On the following pages we disclose our solvency balance sheet as at 31 December 2024.

In the headings of the subchapters of "D.1 Assets" and "D.3 Other liabilities" we use the EIOPA item designations for improved readability and clear allocation of the subsections to the respective items in the solvency balance sheet.

Values in EUR thousand	Item	2024	2023
Assets			
Intangible assets	R0030	0	0
Deferred tax assets	R0040	149	43
Property, plant & equipment held for own use	R0060	12,952	7,691
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	808,247	663,892
Holdings in related undertakings, including participations	R0090	36,029	24,559
Bonds	R0130	710,849	585,174
Government bonds	R0140	419,520	287,736
Corporate bonds	R0150	283,027	297,438
Collateralised securities	R0170	8,303	0
Collective investment undertakings	R0180	45,624	48,013
Deposits other than cash equivalents	R0200	15,746	6,146
Loans and mortgages	R0230	31,025	12,644
Other loans and mortgages	R0260	31,025	12,644
Reinsurance recoverables from:	R0270	4,052,885	3,454,782
Non-life and health similar to non-life insurance	R0280	4,052,885	3,454,782
Non-life excluding health	R0290	3,990,410	3,423,744
Health insurance similar to non-life insurance	R0300	62,475	31,038
Deposits to cedants	R0350	26,411	25,217
Insurance and intermediaries receivables	R0360	376,130	272,908
Reinsurance receivables	R0370	152,982	0
Receivables (trade, not insurance)	R0380	31,403	28,161
Cash and cash equivalents	R0410	237,135	225,551
Any other assets, not elsewhere shown	R0420	130	93
Total assets	R0500	5,729,448	4,690,982

Values in EUR thousand	Item	2024	2023
Liabilities			
Technical provisions — non-life	R0510	4,383,442	3,729,804
Technical provisions — non-life (excluding health)	R0520	4,314,843	3,699,157
Best estimate	R0540	4,280,563	3,672,159
Risk margin	R0550	34,280	26,997
Technical provisions — health (similar to non-life)	R0560	68,599	30,648
Best estimate	R0580	67,294	29,986
Risk margin	R0590	1,305	662
Contingent liabilities	R0740	0	0
Provisions other than technical provisions	R0750	6,315	5,241
Pension benefit obligations	R0760	178	242
Deposits from reinsurers	R0770	130,146	103,306
Deferred tax liabilities	R0780	25,610	16,889
Financial liabilities other than debts owed to credit institutions	R0810	14,303	6,064

Insurance & intermediaries payables	R0820	365,560	44,505
Reinsurance payables	R0830	159,738	202,010
Payables (trade, not insurance)	R0840	24,216	14,676
Subordinated liabilities	R0850	73,100	70,953
Subordinated liabilities in BOF	R0870	73,100	70,953
Any other liabilities, not elsewhere shown	R0880	59,643	44,350
Total liabilities	R0900	5,242,253	4,238,040
Excess of assets over liabilities	R1000	487,196	452,942

D.1 Assets

D.1.1 Intangible assets R0030

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Intangible assets	0	0	0	0

According to the German Commercial Code (HGB), intangible assets are valued according to the acquisition cost principle at the lower of amortised cost or fair value according to the cost principle, taking into account write-downs.

According to the valuation rules under Solvency II, intangible assets are recognised as zero.

Valuation difference

Intangible assets are measured at zero, unless they can be sold individually and there is a fixed market price for them in an active market for identical or similar intangible assets.

D.1.2 Deferred tax assets R0040

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Deferred tax assets	149	0	43	0

If there are differences between the valuation bases of assets, liabilities and accrued and deferred items under commercial law and their tax valuation bases that are expected to reverse in subsequent financial years, the tax relief resulting therefrom can be recognised as deferred tax assets and a tax charge must be recognised as deferred tax liabilities in the commercial balance sheet. In the commercial balance sheet of HDI Global Specialty SE, no deferred tax assets are shown for an asset surplus as a result of exercising the option pursuant to Section 274(1), sentence 2 of the German Commercial Code (HGB).

The recognition and measurement of deferred tax assets in the solvency balance sheet are explained under the item "Deferred tax liabilities R0780".

Deferred tax assets mainly result from temporary differences in the balance sheet item Recoverables from reinsurance contracts R0270 and from recoverable deferred tax assets from tax loss carryforwards.

Deferred tax assets recognised from tax loss carryforwards at the Swedish branch in the amount of EUR 1,576 thousand and at the head office in the amount of EUR 12,265 thousand are to be classified as recoverable. The recoverability results from the respective existing tax liabilities from temporary differences in the same jurisdiction and furthermore on the basis of a five-year profit plan. Where the offsetting requirements were met, the deferred tax assets and deferred tax liabilities were offset in accordance with IAS 12.74.

D.1.3 Property, plant & equipment held for own use R0060

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Property, plant & equipment held for own use	12,952	1,748	7,691	1,823

Under German commercial law, operating and office equipment is basically valued at acquisition or production cost less scheduled and, if applicable, unscheduled write-downs. Low-value fixed assets are fully depreciated in the year of acquisition. With regard to operating and office equipment, the valuation in the solvency balance sheet is considered to be identical to the valuation basis in the annual financial statements under commercial law. For reasons of materiality no revaluation is performed.

The increase in operating and office equipment compared to the prior year is due to the newly concluded rental agreements in the foreign branches.

Valuation difference

The difference of EUR 11,204 thousand between the valuations recognised in the solvency balance sheet and the annual financial statements under commercial law is due to the fact that Solvency II follows the approach under IFRS 16, according to which rental agreements with a term of more than 12 months must be recognised in the balance sheet.

D.1.4 Property (other than for own use) R0080

HDI Global Specialty SE has not recognised any real estate according to Solvency II or the HGB in the balance sheet.

D.1.5 Holdings in related undertakings, including participations R0090

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Holdings in related undertakings, including participations	36,029	123,139	24,559	103,147

Under Solvency II, participations are fundamentally valued at their fair values. If fair values are not available, the "adjusted equity method" can be used to determine the value according to Delegated Acts Solvency II, Article 12.

Participations and shares in affiliated companies are recognised in the balance sheet according to Section 255(1) of the German Commercial Code (HGB) at acquisition costs less any write-downs to a lower fair value according to Section 341b(1), sentence 2 of the German Commercial Code (HGB) in conjunction with Section 253(3), sentence 5 of the German Commercial Code (HGB).

The change in holdings in related undertakings, including participations, results from the acquisition and disposal of shares in affiliated companies and participations.

Valuation difference

The difference between the valuation bases in the solvency balance sheet and the annual financial statements under commercial law amounting to EUR 87,110 thousand mainly results from the application of the "adjusted equity method". The participation value results from the recognition of the excess of assets over liabilities of the respective companies.

D.1.6 Equities R0100

HDI Global Specialty SE does not hold any shares and equities and has not recognised any values in accordance with Solvency II and the German Commercial Code (HGB).

D.1.7 Bonds R0130

Government bonds, corporate bonds, structured products and secured bonds are basically valued on the basis of listed prices in active markets. If no price quotations are publicly available or if the markets from which they originate are not classified as active, the respective items are valued theoretically.

Market quotations are obtained from selected price service agencies, trading information systems or intermediaries (brokers) considered to be reliable. The potential price sources available are ranked by using a hierarchy. As a rule, quotations of price service agencies have the highest priority and those of intermediaries the lowest priority. There may be exceptions, e.g. for selected market segment/currency combinations.

A hierarchy of price types is used independently of the trading venue. The price type "bid" has the highest priority. If this price type is not available, the price types "traded" and "close" are used in the second and third place.

To the extent there are no market quotations for bonds without special structural features, the present value method is used as the valuation method; cf. "D.4 Alternative valuation methods".

All methods and specifications used are reviewed for their up-to-dateness and appropriateness at least once a year, and are adjusted if necessary.

For 91% of the holdings reported here publicly available prices are available and 9% are valued according to the present value method.

D.1.7.1 Government bonds R0140

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Government bonds	419,520	415,206	287,736	287,068

Under Solvency II, investments from the following balance sheet items according to the HGB are allocated to this item:

- Bearer bonds and other fixed-income securities and
- Promissory notes.

For valuation, refer to the elaboration under "D.1.7 R0130 – Bonds".

Valuation difference

The difference between the Solvency II value of these portfolios and their value in the HGB financial statements as at the reporting date totalled EUR 4,314 thousand.

Here, EUR 1,623 thousand are attributable to hidden reserves from the different valuation bases and EUR 2,690 thousand to the different reporting of interest accruals. Under Solvency II, this is added to the fair value (dirty value), whereas according to the German Commercial Code (HGB) the accrued interest is allocated to a balance sheet item outside of the capital investments – the accruals and deferrals.

D.1.7.2 Corporate bonds R0150

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Corporate bonds	283,027	283,935	297,438	308,594

Under Solvency II, investments from the following balance sheet items according to the HGB are allocated to this item:

- Bearer bonds and other fixed-income securities
- Registered bonds and
- Promissory notes and loans

For valuation, refer to the elaboration under "D.1.7 R0130 – Bonds".

Valuation difference

The difference between the Solvency II value of these portfolios and their value in financial statements which conform to the German Commercial Code (HGB) as at the reporting date totalled EUR -908 thousand.

Here, EUR -3,477 thousand is attributable to hidden charges from the different valuation bases and EUR 2,569 thousand to the different recognition of accrued interest. Under Solvency II, this is added to the fair value (dirty value), whereas according to the German Commercial Code (HGB) accrued interest is allocated to a balance sheet item outside of the capital investments – the accruals and deferrals.

D.1.8 Collateralised securities R0170

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Collateralised securities	8,303	8,135	0	0

This item contains various types of collateralised securities. These include asset backed securities (ABS), mortgage backed securities (MBS), commercial mortgage backed securities (CMBS), collateralised debt obligations (CDO), collateralised loan obligations (CLO) and collateralised mortgage obligations (CMO). This does not include mortgage bonds and other

German covered bonds that are subject to special legal regulations. These are included under bonds.

For valuation, refer to the elaboration under "D.1.X R0170 – collateralised securities".

Valuation difference

The difference between the Solvency II value of these portfolios and their value in the financial statements which conform to the German Commercial Code (HGB) as at the reporting date totalled EUR 168 thousand.

Here, EUR 69 thousand are attributable to hidden reserves from the different valuation bases and EUR 99 thousand to the different reporting of interest accruals. Under Solvency II, this is added to the fair value (dirty value), whereas according to the German Commercial Code (HGB) accrued interest is allocated to a balance sheet item outside of the capital investments – the accruals and deferrals.

D.1.9 Collective Investments Undertakings R0180

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Collective investments undertakings	45,624	46,138	48,012	46,842

This item includes shares in infrastructure and real estate funds as well as other capital investments. Valuation is based on the market price, which corresponds to the fair value under IFRS according to IAS 39. Basically, the fair values are determined using a German discounted cash flow method.

Funds are assessed in the balance sheet according to Section 255(1) of the German Commercial Code (HGB) at acquisition cost less, in case of permanent impairment, any write-downs to a lower fair value according to Section 341b(1), sentence 2 of the German Commercial Code (HGB) in conjunction with Section 253(3), sentence 5 of the German Commercial Code (HGB).

Valuation difference

The difference between the Solvency II value of these portfolios and their value in the financial statements which conform to the German Commercial Code (HGB) as at the reporting date totalled EUR -514 thousand.

These are attributable to hidden reserves from the different valuation bases. Under Solvency II, these are added to the fair value (dirty value), while under German Commercial Code (HGB) the reserves are allocated to a separate balance sheet item within the capital investments.

D.1.10 Deposits other than cash equivalents R0200

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Deposits other than cash equivalents	15,746	15,735	6,146	6,139

Deposits are valued at their nominal values.

Valuation difference

The difference between the Solvency II value of these holdings and their value in the financial statements which conform to the German Commercial Code (HGB) as at the reporting date totals EUR 11 thousand.

The difference is attributable to the different reporting of the accrued interest. According to the German Commercial Code (HGB), accrued interest is allocated to deferred income while under Solvency II it is allocated to the respective balance sheet item (dirty value).

D.1.11 Other loans and mortgages R0260

	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Values in EUR thousand				
Other loans and mortgages	31,025	30,516	12,644	12,038

This item includes mortgage, land and annuity receivables as well as other loans.

Other loans relate to registered bonds, promissory notes receivable and loans and advances to affiliated companies. The information in chapter "D.1.7 R0130 – Bonds" also applies in this regard.

Valuation difference

The difference between the Solvency II value of these holdings and their value in the financial statements which conform to the German Commercial Code (HGB) as at the reporting date totals EUR 509 thousand.

Here, EUR 429 thousand is attributable to hidden charges from the different valuation bases and EUR 938 thousand to the different recognition of accrued interest. Under Solvency II, this is added to the fair value (dirty value), whereas according to the German Commercial Code (HGB) accrued interest is allocated to a balance sheet item outside of the capital investments – the accruals and deferrals.

D.1.12 Recoverables from reinsurance contracts R0270

	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Values in EUR thousand				
Non-life insurance	4,052,885	5,892,927	3,454,782	5,090,049

The amounts recoverable from reinsurance contracts are valued under Solvency II in the same way as the valuation of the best estimate liability of the technical provisions, cf. chapter D.2.1 (Property/casualty reinsurance). To the extent a claim exists against the reinsurer, an adjustment is made for the reinsurer's default risk. This adjustment only applies if the recoverable amount (per counterparty) is positive.

According to the HGB, the amounts recoverable from reinsurance contracts are calculated on the basis of reinsurance contracts.

Valuation difference

To a major extent, the valuation differences between the German Commercial Code (HGB) and Solvency II result from the discounting of expected future cash flows and the consideration of future premium cash flows under Solvency II.

The valuation differences apply analogously to the differences in the valuation of the best estimate liability; refer to chapter "D.2.1.4 Reconciliation with other provisions" (Property/casualty reinsurance).

D.1.13 Deposits to cedants R0350

	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Values in EUR thousand				
Deposits to cedants	26,411	26,411	25,217	25,217

The accounting for deposits to cedants is determined in accordance with Section 13 of the German Regulation on the Accounting of Insurers (RechVersV). The netting of deposits to cedants with other liabilities to the ceding insurer is prohibited.

Deposits to cedants and deposits from reinsurers are to be shown in the economic valuation. The netting of deposits to cedants with the technical provisions is not permitted.

Valuation difference

There are no differences.

D.1.14 Insurance and intermediaries receivables R0360

	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Values in EUR thousand				
Insurance and intermediaries receivables	376,130	1,689,797	272,908	1,517,379

In accordance with Solvency II, receivables must be evaluated at the expected present value of future cash flows. Moreover, the default risk of the counterparty must be considered in the valuation.

According to the German Commercial Code (HGB), insurance and intermediaries receivables are recognised at their nominal amounts.

Valuation difference

In accordance with Solvency II, an estimated portion of the future cash flows was included in the technical provisions for insurance policies, resulting in a different valuation basis compared to the German Commercial Code (HGB).

D.1.15 Reinsurance receivables R0370

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Reinsurance receivables	152,982	0	0	0

In accordance with Solvency II, receivables must be evaluated at the expected present value of future cash flows. Under Solvency II, the portion of reinsurance receivables that includes future cash flows is included in the technical provisions for insurance policies. The remaining portion of reinsurance receivables is not discounted for reasons of materiality.

Receivables are generally recognised at their full nominal amount in accordance with German Commercial Code (HGB). If a doubtful credit rating of the debtor is indicated, the receivable is written down to the recoverable amount.

Valuation difference

In accordance with Solvency II, an estimated portion of the future cash flows was included in the technical provisions for insurance policies, resulting in a different valuation basis compared to the German Commercial Code (HGB).

D.1.16 Receivables (trade, not insurance) R0380

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Receivables (trade, not insurance)	31,403	31,413	28,161	28,061

According to Solvency II, receivables are to be valued at the expected present value of future cash flows, i.e. they are discounted using the interest rate applicable under Solvency II. Moreover, the default risk of the counterparty must be considered in the valuation. Both are omitted for reasons of simplification.

Receivables are recognised at their nominal amount according to the German Commercial Code (HGB). Impairment losses are made for default risks.

Valuation difference

Receivables (trade, not insurance) are not revalued according to Solvency II. The difference between the items in the solvency balance sheet and in the annual financial statements under commercial law results from reclassifications.

D.1.17 Cash and cash equivalents R0410

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Cash and cash equivalents	237,135	237,135	225,551	225,551

Cash and cash equivalents comprise deposits, cash at banks and cash on hand. Nominal amounts are recognised both under Solvency II and the HGB.

Valuation difference

There are no differences.

D.1.18 Any other assets, not elsewhere shown R0420

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Any other assets, not elsewhere shown	130	6,438	93	4,627

Other assets must be measured at fair value according to Solvency II. According to the German Commercial Code (HGB), they are measured at amortised cost.

Valuation difference

The difference between the items in the solvency balance sheet and in the annual financial statements under commercial law amounting to EUR -6,308 thousand mainly results from accrued interest on investments which must be shown separately according to the German Commercial Code (HGB).

D.2 Technical provisions

The technical provisions (hereinafter referred to as technical provisions/TP) are calculated under Solvency II as the sum of the best estimator (hereinafter referred to as best estimate liability/BEL) and the risk margin (RM).

TP are valued using risk-free EIOPA interest rate term structures. No matching or volatility adjustment is carried out. Temporary adjustments to the risk-free interest structure within the meaning of Article 308c of Directive 2009/138/EC are not carried out either.

Nor is a temporary deduction pursuant to Article 308d of the Directive 2009/138/EC applied.

The approach of calculating the TP as a whole is currently not applied.

Under Solvency II, all contracts must be valued over their entire terms (ultimate view regarding the contract boundaries).

In general, a contract boundary is reached according to Solvency II if (at least) one of the following criteria applies:

- The policyholder/insurer is unilaterally entitled to terminate the contract at this time.
- The insurer is unilaterally entitled at this time to refuse premiums paid under this contract.

- The insurer is unilaterally entitled at this time to enforce price adjustments such that, subsequently, the premiums adequately reflect the risks assumed.

The contract portfolio held by HDI Global Specialty SE predominantly consists of one-year insurance contracts.

Best Estimate Liability (BEL)

The calculation of the BEL is based on projections of the cash flows that represent all future incoming and outgoing payments. The cash flows include premiums, commissions, claims and expenses, among other things. Best estimate assumptions are used in this respect. The costs include all contract-related costs as well as expenses attributable to ongoing operations.

There are no financial options and guarantees (FOGs) in the insurance and reinsurance business of HDI Global Specialty SE.

The projections are generated separately for incoming and outgoing business. Here, the same valuation principles, methods and assumptions are applied.

Risk Margin (RM)

For the calculation of the risk margin for the entire portfolio of insurance and reinsurance obligations, HDI Global Specialty SE uses a capital costs approach according to Article 37(1) of Commission Delegated Regulation (EU) 2015/35.

A factor of 6% is applied as the cost-of-capital rate, and the solvency capital (SCR) required under Solvency II as the required capital, which is determined using HDI Global Specialty SE's internal model and projected to the future. The allocation to the business fields reflects the respective contribution to the solvency capital ratio (SCR) (Article 37).

D.2.1 Technical provisions for insurance policies for non-life insurance

D.2.1.1 Quantitative information on technical provisions

Net underwriting provisions of HDI Global Specialty SE by lines of business

Values in EUR thousand, year-end 2024

Business field	BEL	RM	VR (YE2024)	VR (YE2023)
General liability insurance	202,802	1,099	203,9	183,155
Income protection insurance	4,725	1,305	6,030	-479
Fire and other damage to property insurance	37,197	17,625	54,849	32,205
Motor third-party liability insurance	-461	390	-71	2,245
Credit and suretyship insurance	-24,311	1,321	-22,990	-17,614
Legal expenses insurance	5,233	9	5,242	5,244
Marine, aviation and transport insurance	51,697	9,837	61,534	54,629
Other motor insurance	15,902	888	16,790	13,470
Insurance against miscellaneous financial losses	1,803	2,503	4,306	2,051
Other insurance	384	584	967	116
Total	294,972	35,585	330,557	275,023

The above table depicts an overview of the net underwriting provisions of HDI Global Specialty SE. "Other insurance" comprises the lines of business of workers' compensation insurance, medical expense insurance and assistance.

D.2.1.2 Valuation of the Technical Provisions of property/casualty primary insurance and property/casualty reinsurance

Bases

For calculating the BEL under Solvency II, the company's business is divided into homogeneous risk groups such that the type, scope and complexity of the business are appropriately considered.

Basically, there are no differences between the individual lines of business regarding the Solvency II valuation approach and, hence, the following valuation methods apply to all lines of business.

Methods

The BEL valuation is based on an estimate of future cash flows. All incoming and outgoing payments anticipated for the future from existing business need to be included under due consideration of their fair value. The BEL is shown broken down by provisions for premiums and claims outstanding.

The provision for premiums relates to loss events after the valuation date and, thus, comprises all loss, premium, commission and cost payment flows that can be allocated to unearned business, under due consideration of their fair value.

In contrast, the provisions for claims outstanding relate to loss events until the valuation date and, thus, comprises all loss, premium, commission and cost payment flows that can be allocated to earned business, under due consideration of their fair value.

The Solvency II calculations for determining all relevant cash flows for the provisions for premiums and claims outstanding represent the best estimated value. First, the BEL is

calculated on a gross basis. The cash flows for premiums, commissions, claims and expenses are modelled separately. A holistic view is adopted in the sense of the contractual relationships entered into, which projects all cash flows at their final status within the contractual boundaries. The result is the BEL as the sum of the discounted cash flows. The resulting BEL is aggregated from the contract level to the lines of business required under Solvency II.

The division into lines of business for non-life insurance obligations is as follows:

- Medical expense insurance
- Income protection insurance
- Workers' compensation insurance
- Motor third-party liability insurance
- Other motor insurance
- Marine, aviation and transport insurance
- Fire and other damage to property insurance
- General liability insurance
- Credit and suretyship insurance
- Legal expenses insurance
- Assistance
- Miscellaneous financial loss

Assumptions

For the calculation of the BEL, run-off patterns and estimated ultimate loss ratios on the homogeneous segments are used. They are determined using run-off triangles by means of recognised actuarial methods, which are generated from current and quality-assured data.

Then, the cash flows are discounted using the risk-free interest rate term structure specified by EIOPA and are translated into the reporting currency at a fixed exchange rate on the reporting date.

Overall, the valuation principles, methods and assumptions used ensure that the determination of the BEL adequately reflects the nature, extent and complexity of the underlying risks.

Reinsurance recoverables

Basically, the amounts recoverable from reinsurance contracts are valued in the same way as the (gross) underwriting provisions.

Recoverables from reinsurance

Values in EUR thousand

Business field	RR (YE2024)	RR (YE2023)
General liability insurance	1,981,871	1,695,170
Income protection insurance	61,531	30,402
Fire and other damage to property insurance	666,964	660,892
Motor third-party liability insurance	26,807	32,904
Credit and suretyship insurance	74,834	45,184
Legal expenses insurance	109,320	86,097
Marine, aviation and transport insurance	951,320	744,608
Other motor insurance	125,374	107,524
Insurance against miscellaneous financial losses	51,154	49,768
Other insurance	3,709	2,233
Total	4,052,885	3,454,782

The amounts recoverable from reinsurance contracts are adjusted for anticipated losses resulting from counterparty default. This adjustment is determined separately and is based on the assessment of the probability of default per counterparty – whether due to insolvency or in a legal case – as well as the resulting average loss in the event of default.

According to the HGB, the amounts recoverable from reinsurance contracts are calculated on the basis of reinsurance contracts. Impairment losses are made for default risks.

Funds withheld by ceding companies are not shown separately in the technical provisions but on the Solvency II balance sheet.

The valuation differences between the valuation according to the German Commercial Code (HGB) and Solvency II apply analogously to the differences in the valuation of the best estimate liability – see chapter D.2.1.4.

D.2.1.3 Level of uncertainty

The economic valuation of loss reserves involves a certain degree of uncertainty. It results from the fact that the actual payment dates of the future cash flows as well as the actual final loss amount are unknown and reinsurers may default. This uncertainty is regularly monitored by various assessments.

Apart from internal quality assurance and validation, external actuarial and auditing firms provide additional quality assurance and review services for the actuarial calculations used to determine the appropriateness of the loss reserve.

In the context of segmentation and acceptance, it is ensured on this basis that the economic value of the provisions is determined in a prudent, reliable and objective manner within the meaning of Section 75 of the German Insurance Supervision Act (VAG). The nature and complexity of the insurance business and inherent reserve risks and uncertainties of data are taken into account.

In order to include any possible default of the reinsurers, an adjustment for the counterparty default risk is determined based on the rating of the reinsurers.

The risk margin allocated to the different lines of business can be regarded as an indicator of the uncertainty inherent in the business.

The calculation of the risk margin involves uncertainty resulting from the value of the solvency capital requirement and the projection of the future development of the solvency capital requirement. The solvency capital requirement is calculated using HDI Global Specialty SE's internal model. The assumptions on the projection of the future development of the solvency capital requirement are coordinated within the company and subject to an external audit by the auditing company as part of the solvency balance sheet.

D.2.1.4 Reconciliation with other provisions

This chapter depicts the reconciliation of the technical provisions for insurance policies before the amounts recoverable from reinsurance contracts from the German Commercial Code (HGB) to Solvency II as at 31 December 2024.

Major revaluation effects

Values in EUR thousand	2024	2023
Net underwriting provisions for non-life insurance in accordance with the German Commercial Code (HGB)	934,174	821,686
Loss and loss adjustment expense reserve in accordance with the German Commercial Code (HGB) including claims equalisation reserve and similar provisions	579,238	516,477
Unearned premium reserve	354,936	305,209
Total revaluation effect from HGB to Solvency II	-603,617	-546,663
Revaluation of equalisation reserve	-85,342	-110,248
Reclassification of receivables from and liabilities to insurers and intermediaries as well as reinsurers	0	0
Revaluation to the economic final loss perspective	-503,661	-423,527
Discounting of cash flows under Solvency II	-50,199	-40,548
Risk margin approach under Solvency II	35,585	27,659
Technical provisions for insurance policies for non-life insurance in accordance with Solvency II	330,557	275,023

Since the valuation methodology for technical provisions is identical for all lines of business, revaluation effects are not allocated to the Solvency II business fields.

Solvency II does not include the equalisation reserve, which serves as a technical provision according to the German Commercial Code (HGB) to stabilise the result by reconciliation of fluctuations over time.

Instead, a risk margin is formed under Solvency II. It serves to cover the expenses of providing own funds in the amount of the future Solvency Capital Requirement required for covering the insurance obligations until the end of their term.

Furthermore, there may be differences in the valuation and accounting of contracts under Solvency II and the German Commercial Code (HGB), e.g. due to a different interpretation of the contract boundaries.

For reasons of prudence, HDI Global Specialty SE has refrained from considering cash flows from insurance obligations having already been underwritten as at the valuation date but the liability period of which does not commence until after the valuation date. On the other hand, the realisation principle applies to the valuation of the technical provisions according to the German

Commercial Code (HGB), where only profits that have already been realised may be recognised in the balance sheet. Hence, there is no temporal delimitation under Solvency II, such as that for unearned premium reserves under the German Commercial Code (HGB).

Another material valuation difference is that under Solvency II the cash flows are discounted using a risk-free interest rate, whereas under the German Commercial Code (HGB) it is usually only pension reserves that are discounted.

D.3 Other liabilities

D.3.1 Other technical provisions R0730

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Other technical provisions	0	85,342	0	110,248

Other technical provisions under the German Commercial Code (HGB) include the equalisation reserve and similar provisions.

In the financial statements under commercial law, the claims equalisation reserve must be formed according to Section 341 of the German Commercial Code (HGB). Solvency II does not provide for the formation of an equalisation reserve. This results in a difference of EUR -85,342 thousand in other technical provisions for insurance policies.

D.3.2 Contingent liabilities R0740

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Contingent liabilities	0	0	0	0

The contingent liability must be recognised in the balance sheet in accordance with Solvency II pursuant to Article 11 of Commission Delegated Regulation (EU) 2015/35.

HDI Global Specialty SE has no contingent liabilities as at 31 December 2024.

D.3.3 Provisions other than technical provisions R0750

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Provisions other than technical provisions	6,315	6,740	5,241	5,779

The following items are shown under non-technical provisions in the solvency balance sheet:

- Holiday and overtime pay
- Bonus payments and anniversary benefits

In the solvency balance sheet, the fair value is recognised as determined according to the provisions of IAS 37.

Under commercial law, miscellaneous other provisions are formed in the amount of the settlement amount required on the basis of reasonable commercial assessment.

Valuation difference

The difference of EUR -424 thousand between the solvency balance sheet and the annual financial statements under commercial law is due to the different discounting of share awards and the anniversary provision.

D.3.4 Pension benefit obligations R0760

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Pension benefit obligations	178	79	242	88

In the solvency balance sheet, the pension benefit obligations are valued in the same way as the valuation in accordance with IAS 19 "Employee Benefits" using the projected unit credit method, which is described in chapter "D.4. Alternative valuation methods".

According to the German Commercial Code (HGB), the pension benefit obligations are recognised at the level of the settlement amount required based on reasonable assessment. They are discounted at the average interest rate of the past ten years published by Deutsche Bundesbank according to the Provisions Discounting Regulation (RückAbzinsVO) at 1.90% with an assumed remaining term of 15 years. The pension provisions are calculated using the projected unit credit method. A salary trend of 3.50% and a pension trend of 2.14% are assumed. Fluctuation probabilities are determined separately depending on age and gender. The benefit adjustment due to profit participation from reinsurance policies was taken into account in the amount of 0.0%. The calculations are based on the "2018G mortality tables", which have been strengthened in line with the risk development observed in the portfolio. The pension provisions for non-securitised employee-financed commitments were calculated using the projected unit credit method, unless the benefits are covered by reinsurance. For reinsured benefits, the settlement amount corresponds to the fair value of the actuarial reserve of the life insurance contract plus profit participation. For securities-based employee-financed commitments, the settlement amount corresponds to the fair value of the security.

Valuation difference

The difference between the valuation bases in the solvency balance sheet and in the annual financial statements under commercial law amounting to EUR 99 thousand results, in particular, from the different interest rates used for discounting. According to Solvency II, a lower interest rate is applied, which leads to a higher valuation basis of the valued pension benefit obligations.

D.3.5 Deposits from reinsurers R0770

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Deposits from reinsurers	130,146	130,146	103,306	103,306

The accounting of deposits from reinsurers is defined in accordance with Section 33 of the German Regulation on the Accounting of Insurers (RechVersV). The netting of deposits from reinsurers with other liabilities toward the reinsurer and receivables to the reinsurer is prohibited.

Deposits to cedants and deposits from reinsurers are to be shown in the economic valuation. The netting of deposits from reinsurers with the technical provisions is not permitted.

Valuation difference

There are no differences.

D.3.6 Deferred tax liabilities R0780

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Deferred taxes	25,610	0	16,889	0

No deferred tax liabilities are recognised in the annual financial statements under commercial law of HDI Global Specialty SE due to an overall asset surplus.

A deferred tax liability of EUR 25,610 thousand is recognised in the solvency balance sheet. The deferred taxes shown in the solvency balance sheet are basically determined in two steps.

In the first step, deferred taxes are determined on the basis of the valuation differences between the IFRS balance sheet and the tax balance sheet. Deferred tax assets or deferred tax liabilities are recognised in the balance sheet according to IAS 12 (taxes on income). Deferred tax assets or liabilities arise to the extent asset or liability items are to be recognised at a lower or higher amount in the IFRS balance sheet compared to the tax balance sheet and these differences will be reversed in the future (temporary differences). As a rule, temporary differences result from valuation differences between the tax balance sheet and the IFRS balance sheet.

Moreover, deferred tax assets are recognised for tax loss carryforwards and tax credits. Impairment losses are recognised in respect of deferred tax assets as soon as it does no longer seem possible to realise the deferred tax assets in the future. Deferred taxes are measured at

the ratified tax rates of the respective country that have become applicable or approved by the reporting date.

In the second step, deferred taxes are determined on the basis of the valuation differences between the solvency balance sheet and IFRS. In line with IAS 12, no discounting is made in the solvency balance sheet when valuing deferred taxes.

The results of these two steps are the deferred taxes on the basis of the valuation differences between the tax balance sheet and the solvency balance sheet.

When calculating deferred taxes, the calculation steps described above took into account the individual branch tax rates anticipated in view of the development of national tax law at the time of reduction of the differences. Tax rate changes already planned or announced are taken into account.

For checking the recoverability of deferred tax assets, it is first examined whether there are sufficient deferred tax liabilities. Moreover, recoverability is checked according to the management's five-year earnings planning.

Deferred taxes are calculated separately for each branch, which is independent for tax purposes, and netted if the offsetting requirements are met.

Deferred tax liabilities mainly result from temporary differences in subordinated liabilities and the Technical provisions – non-life insurance R0510. Regarding the composition of the "Technical provisions" we refer to the comments made under item D.2.1.

D.3.7 Financial liabilities other than debts owed to credit institutions R0810

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Financial liabilities other than debts owed to credit institutions	14,303	0	6,064	167

Liabilities are stated at settlement amounts under commercial law.

According to Solvency II, liabilities are to be valued at the expected present value of future cash flows. For reasons of materiality no discounting is performed.

Valuation difference

One difference between the valuations in the solvency balance sheet and the annual financial statements under commercial law results from the fact that Solvency II follows the approach under IFRS 16, according to which rental obligations with a term of more than 12 months must be recognised in the balance sheet.

D.3.8 Insurance & intermediaries payables R0820

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Insurance & intermediaries payables	365,560	4,285	44,505	44,505

Liabilities are stated at settlement amounts under commercial law.

According to Solvency II, liabilities are to be valued at the expected present value of future cash flows. The portion of insurance and intermediaries payables that contains future premium cash flows must be recognised in the technical provisions for insurance policies.

Valuation difference

In accordance with Solvency II, an estimated portion of future premium cash flows was included in the technical provisions for insurance policies, resulting in a different valuation basis.

D.3.9 Reinsurance payables R0830

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Reinsurance payables	159,738	1,387,960	202,010	1,197,979

Liabilities are stated at settlement amounts under commercial law.

In accordance with Solvency II, liabilities must be measured at the expected present value of future cash flows. Under Solvency II, the portion of reinsurance payables that includes future premium flows is included in the technical provisions for insurance policies. The remaining portion of reinsurance payables is not discounted for reasons of materiality.

Valuation difference

In accordance with Solvency II, an estimated portion of future cash flows was included in the technical provisions for insurance policies, resulting in a lower valuation basis.

D.3.10 Payables (trade, not insurance) R0840

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Payables (trade, not insurance)	24,216	24,216	14,676	14,676

Liabilities are stated at settlement amounts under commercial law.

According to Solvency II, liabilities are to be valued at the expected present value of future cash flows. For reasons of materiality, no discounting is made.

The increase in payables (trade, not insurance) is mainly due to the increase in tax provisions. In addition, the taxable income in the premiums subject to insurance tax has risen.

Valuation difference

There are no differences.

D.3.11 Subordinated liabilities in BOF R0870

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Subordinated liabilities in BOF	73,100	84,167	70,953	84,000

Subordinated liabilities represent financial contractual obligations subordinated to all other loan payables and obligations. Lenders have subordinated rights compared to all other outside creditors. In particular in the event of insolvency, the subordinated capital has subordinate claims to the other debt capital. Under Solvency II, subordinated liabilities can be classified as basic own funds.

The economic valuation for the solvency balance sheet can be derived from the fair value approach according to IAS[°]39, with adjustments due to changes in own credit quality not being considered under Solvency II.

Valuation difference

According to Solvency II, liabilities – including subordinated liabilities – are to be valued at the expected net present value of future cash flows and are discounted as a matter of principle. Under commercial law, liabilities are stated at settlement amounts and are undiscounted. This resulted in valuation differences totalling EUR -11,067 thousand.

D.3.12 Any other liabilities, not elsewhere shown R0880

Values in EUR thousand	2024		2023	
	Solvency II value	Value in HGB financial statements	Solvency II value	Value in HGB financial statements
Any other liabilities, not elsewhere shown	59,643	59,643	44,350	44,350

According to Solvency II, liabilities are to be valued at the expected present value of future cash flows. For reasons of materiality, no discounting is made. Liabilities are stated at settlement amounts under commercial law.

Valuation difference

There are no significant differences.

D.4 Alternative methods for valuation

The valuation principles according to Solvency II are applied. In addition to the general valuation principles, the following valuation hierarchy is applied to the recognition and measurement of assets and other liabilities.

- A. As a standard valuation method, the market prices observable on active markets are used. The use of exchange prices should be based on the criteria for an active market as defined in the International Accounting Standards.
- B. If no exchange prices on active markets are available for the measurement of the assets, equity and liabilities, exchange prices of similar assets, equity and liabilities are used. Adjustments are made to reflect the differences.

- C. In cases where the criteria for the use of exchange prices are not met, alternative valuation methods are used (other than those described under point 2). If alternative valuation methods are used, they should be based, to the extent possible, on market data and contain as few company-specific influencing factors as possible.

HDI Global Specialty SE applies alternative valuation methods to several balance sheet items, which are explained in more detail below:

D.4.1 Projected unit credit method

This method is used for calculating pension benefit obligations. They are calculated according to actuarial principles and are based on the commitments made by HDI Global Specialty SE for retirement, disability and widow's pensions. The commitments are based on the duration of employment with the company and the amount of salary. They are exclusively defined benefit plans. The valuation is based on the anticipated future salary development of the pension beneficiaries. The benefit claims are discounted using the capital market interest rate for securities with the best credit quality.

D.4.2 Fair value determination for unlisted assets

To determine the fair values of assets that are not listed on a stock exchange or the relevant markets of which are considered to be inactive at the date of valuation (refer to section D "Review of active markets"), we alternatively use the valuation models and methods described below. They represent the current and recognised methods for the respective assets on the market and are used to determine a market price despite non-available valuations of active markets.

Alternative valuation methods for unlisted assets

Financial instruments	Input parameters	Valuation models/methods
Unlisted bonds	Interest rate term structures	Present value method
Unlisted participations	Acquisition costs, cash flows, EBIT multiples, carrying amount if applicable	German discounted cash flow method, DCF method, multiple approaches

The overwhelming majority of portfolios valued by applying alternative valuation methods is measured on the basis of the present value method. It is a largely assumption-free method in which the future payments of the securities are discounted using suitable interest rate term structures. These interest rate term structures are derived from appropriate market data observable on public markets. The interest rates used for discounting consist of a maturity-dependent basic component (derived from the risk-free interest rate) and an issuer and issue-specific risk premium to take account of spread, migration and default risks. In very general terms, this approach is based on the generally accepted assumption in the market that price differences for securities that are comparable in terms of risk, maturity and credit quality and listed in transparent markets essentially result from issue-specific characteristics and lower liquidity and are therefore rather insignificant in terms of their influence on the fair value.

The use of models involves various model risks that can lead to valuation uncertainty:

- Modelling risk (appropriateness and suitability of the model)
- Data quality risk (incomplete or outdated data for model calibration or parameterisation)
- Risk in the validity of assumptions and estimates
- Risks in model implementation

The model risks are limited by a process of regular validation in which a systematic, quantitative and qualitative review of the appropriateness of the valuation models and procedures is performed. Moreover, the model results (for items that are mainly valued using alternative valuation methods) are continuously checked for plausibility as part of daily quality assurance processes.

D.5 Any other information

There are no other disclosures that have a material impact on the valuation for solvency purposes.

E. Capital management

E.1 Own funds

E.1.1 Management of own funds

Capital management processes include a classification of all own-funds items in terms of Solvency II tiering requirements, whether they are basic own funds or ancillary own funds and how effectively they are available. The results of these processes are taken into account for the ORSA process and also included in the medium-term capital plan.

HDI Global Specialty SE holds a subordinated loan from HDI Global SE, which is recognised as tier 2 basic own funds.

HDI Global Specialty SE's internal model (SIM) is used to assess both the quantitatively measurable individual risks and the overall risk position. The assumptions and calculation methods used to determine the risk-bearing capacity of the company are recorded in the documentation of the risk model and in regular reports. For the determination of the Solvency Capital Requirement and the Minimum Capital Requirement, HDI Global Specialty SE also uses the SIM.

E.1.2 Tiering

The classification of own funds in terms of their ability to offset losses are a key component of the regulatory equity capital requirements according to Solvency II. In this context, the individual own-funds items are allocated to one of the three quality classes ("tiers") according to certain criteria.

The quality level of tier 1 own-funds items is the highest since they are permanently available. They demonstrably offset losses, both in ongoing business operations and in the event of liquidation. Tier 2 generally refers to basic own funds and ancillary own funds which have the capacity to absorb losses in the event of the liquidation of the company. Tier 3 includes the net tax claims and other items, unless they can be allocated to tier 2.

In the reporting year, HDI Global Specialty SE did not hold any ancillary own funds requiring regulatory approval. There are no own-funds items in quality class 3 as at 31 December 2024.

E.1.3 Basic own funds

The following table depicts the composition of the basic own funds that are available:

Composition of basic own funds

Values in EUR thousand	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Subscribed capital	121,600	121,600	–	–	–
Capital reserve	153,072	153,072	–	–	–
Reconciliation reserve	212,524	212,524	–	–	–
Subordinated own funds	73,100	–	–	73,100	–
Net amount deferred taxes, active	–	–	–	–	–
Total	560,296	487,196	–	73,100	–

The different quality classes are subject to the legal limitations on the ability to absorb losses. Against this background, the available basic own funds may not be fully available to cover the

overall risk position of HDI Global Specialty SE. The share of basic own funds which can be used to cover the overall risk position according to SCR and MCR is hereinafter referred to as eligible own funds.

Available versus eligible own funds

Values in EUR thousand	2024	2023
Available own-funds items	560,296	523,895
Eligible own funds SCR	560,296	523,895
Eligible own funds MCR	500,943	465,493

As a result of the Solvency Capital Requirements (SCR) and Minimum Capital Requirement (MCR) rules and the resulting eligibility rules, available own funds are reduced. As eligible own funds for the SCR, a maximum of 50% of the SCR is allocated for tier 2. If the value in tier 2 is below this limit, the total value will be recognised. For the MCR, 20% of the MCR in tier 2 are recognised.

The basic own funds of HDI Global Specialty SE can be derived from the German Commercial Code (HGB) equity capital. To this end, the HGB equity capital is adjusted for recognition and valuation differences and supplemented by deferred tax effects between the two accounting standards.

Reconciliation of German Commercial Code (HGB) equity capital to Solvency II own funds

Values in EUR thousand	2024	2023
Equity (HGB)	284,334	249,949
Recognition and valuation differences between Solvency II and HGB:	202,861	202,993
Equalisation reserve	85,342	110,248
Intangible fixed assets	0	0
Fixed-income securities and other investments	-72,328	-87,292
Underwriting assets and equity and liabilities (incl. receivables and liabilities from the insurance business)	224,538	187,914
Subordinated loans	11,067	13,047
Other non-underwriting assets, equity and liabilities	-20,296	-4,079
Deferred taxes on tax differences between Solvency II and HGB	-25,462	-16,845
Excess of assets over liabilities (Solvency II)	487,196	452,942

E.1.3.1 Subscribed capital

The paid-in ordinary share capital is the highest-quality own fund that can be relied upon to compensate for losses in the ongoing business operations.

Ordinary share capital

Values in EUR thousand	2024	2023
Ordinary share capital	121,600	121,600
Total	121,600	121,600

The ordinary share capital of HDI Global Specialty SE amounts to EUR 121,600 thousand as at the reporting date. The equities are fully paid in. The ordinary share capital is divided into 95,000,000 no-par value registered shares with voting rights and dividend rights. Each equity grants the same voting right and dividend entitlement. As at the reporting date, the company held no treasury equities.

No new equities were issued during the reporting period.

E.1.3.2 Reconciliation reserve

The Solvency II reconciliation reserve as a component of tier 1 (unrestricted) is allocated to the basic own funds. It mainly consists of the excess of assets over liabilities, adjusted for the subscribed capital and the capital reserves.

Reconciliation reserve

Values in EUR thousand	2024	2023
Reconciliation reserve	212,524	178,270
Total	212,524	178,270

The reconciliation reserve includes reserves (in particular retained earnings). It also contains the differences between the balance sheet valuation in accordance with the German Commercial Code (HGB) and the valuation in accordance with Directive 2009/138/EC.

As at the reporting date, the reconciliation reserve amounted to EUR 212,524 thousand.

The reconciliation reserve increased by EUR 34,253 thousand in the reporting period. The increase is mainly attributable to the different balance sheet valuation in the German Commercial Code (HGB) and Solvency II.

E.1.3.3 Subordinated own funds

As at the reporting date, HDI Global Specialty SE had one subordinated loan in the portfolio which meets the criteria for tier 2 subordinated liabilities under Solvency II.

Subordinated own funds

Values in EUR thousand	2024	2023
Subordinated loans	73,100	70,953
Total	73,100	70,953

To strengthen its own funds, HDI Global has granted a subordinated loan totalling EUR 84,000 thousand in accordance with the applicable regulatory provisions. The loan is fully paid into the account of HDI Global Specialty SE.

The remaining term of the subordinated loan is 18 years as at the reporting date. The fixed interest rate of 2.34% ends after 8 years.

E.1.3.4 Capital reserve

The capital reserves pursuant to Section 272(2) No. 4 of the German Commercial Code (HGB) remains unchanged at EUR 153,072 thousand.

Capital reserve

Values in EUR thousand	2024	2023
Capital reserve	153,072	153,072
Total	153,072	153,072

E.2 Solvency Capital Requirement and Minimum Capital Requirement

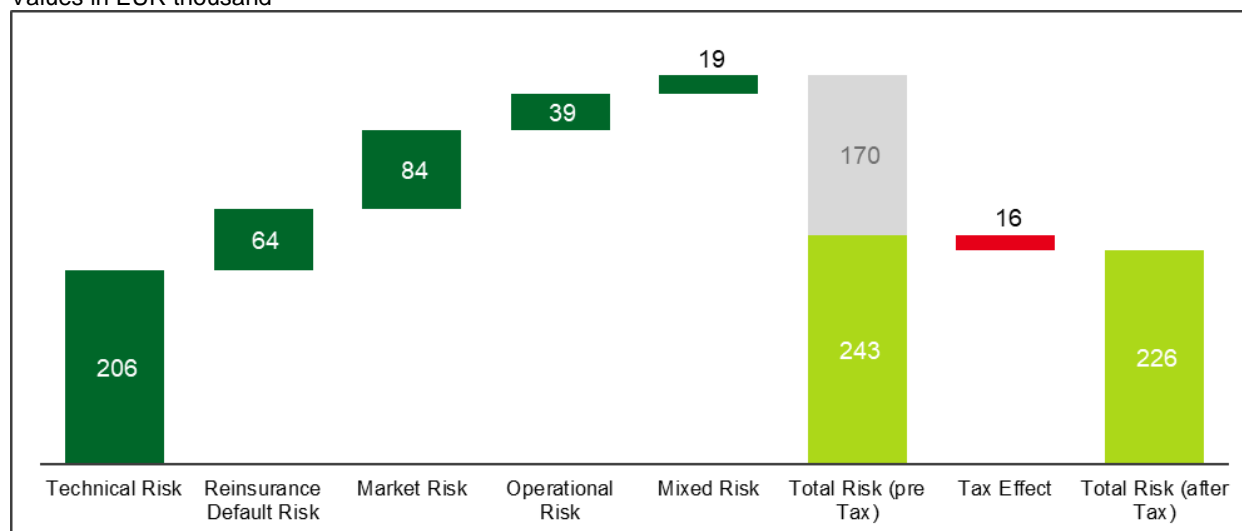
E.2.1 Solvency Capital Requirement

E.2.1.1 Solvency Capital Requirement by risk category

The total amount of the regulatory Solvency Capital Requirement for HDI Global Specialty SE is shown below. This total amount is broken down by various risk categories. These categories are the main risk categories calculated according to the internal capital model of HDI Global Specialty SE.

Solvency capital requirement – breakdown according to risk categories

Values in EUR thousand



The total amount of the SCR net of tax increased by 17.0% in the reporting period compared to the SCR calculated according to the internal capital model at the end of 2024. Various effects can be observed in the individual risk categories, which are explained below.

In the underwriting risk, both the premium and reserve risk are increasing, mainly due to business growth and to a lesser extent due to the rising average retention.

The decrease in counterparty default risk results from changes in risk factors in the course of the annual recalibration of the model. Market risk is falling, primarily due to the decline in exchange rate risk. This decline is due to improved asset liability matching. The increase in risk from participation investments is due to volume effects from Danae.

The operational risk decreases slightly as a result of the recalibration.

The tax effect increases slightly due to higher earnings expectations in the internal model.

Solvency capital requirement according to the internal capital model – breakdown according to risk categories

Values in EUR thousand

Solvency capital requirement	2024	2023
Underwriting risk	206,308	158,319
Underwriting risk – premium risk	79,455	71,275
Underwriting risk – reserve risk	148,296	110,756
Market risk	83,674	88,647
Counterparty default risk	63,927	66,087
Operational risk	39,111	41,148
Diversification	150,299	146,800
Overall risk (before taxes)	242,721	207,400
Deferred tax	19,334	14,007
Overall risk (net of tax)	226,295	193,393

In the calculation of the minimum capital requirement, weighted volumes of premiums written and technical provisions for insurance policies – in each case net after reinsurance – are used.

The table below shows the current solvency capital requirement and the minimum capital requirement, as well as the corresponding eligible own funds. They are subject to the so-called tiering restrictions under Solvency II. In addition, the ratio of eligible own funds to the respective capital requirement is shown.

Ratio of available own funds to the minimum and solvency capital requirement

Values in EUR thousand/percent	SCR	MCR
Eligible own funds	560,296	487,196
SCR/MCR	226,295	68,739
Ratio of eligible own funds to SCR/MCR	248%	709%

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

Germany has opted not to allow the use of a duration-based sub-module for equity risk. HDI Global Specialty SE thus does not use a duration-based sub-module for the equity risk.

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

HDI Global Specialty SE confirms that the standard formula conservatively reflects the risk profile, whereas the internal capital model of HDI Global Specialty SE, which is used for corporate management and risk management, covers all material and quantifiable risks and operational activities. Therefore, the Internal Model enables an appropriate representation of the risk profile of HDI Global Specialty SE.

The Solvency II solvency capital requirement has therefore been measured using the internal model since the approval of the internal capital model as at 30 September 2020.

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

Both the solvency and the minimum capital requirements were complied with at all times during the period under review.

E.6 Any other information

There are no other disclosures that have a material effect on capital management.

Glossary of abbreviations and terms

AAM: Ampega Asset Management GmbH, Cologne

ALM: Asset Liability Management

ALM-VaR: Asset Liability Matching Value at Risk

BaFin: German Federal Financial Supervisory Authority

BAC: Board Audit Committee

Best Estimate: Best estimator, without safety margins

BEL: Best Estimate Liability, best estimate of technical provisions, without safety margins

BEX: Executive Board

BOD: Board of Directors

BRC: Board Actuarial, Risk & Compliance Committee

CEO: Chief Executive Officer

CInO: Chief Innovation Officer

CFO: Chief Financial Officer

CMO: Chief Marketing Officer

COO: Chief Operating Officer

CRO: Chief Risk Officer

CVaR: Credit Value at Risk

DCF: Discounted cash flows

DVO: Commission Delegated Regulation (EU) 2015/35 of 10 October 2014

EBIT: Earnings before interest and taxes, operating profit/loss

EIOPA: European Insurance and Occupational Pensions Authority

EPIFP: Expected Profit included in Future Premiums

ESG: Environment, Social, Governance

EU: European Union

EUR: Euro (currency)

EEA: European Economic Area

FISG: Act to strengthen financial market integrity

FOG: Financial Options and Guarantees

GBP: Group Performance Bonus

GmbH: Limited liability company

GuV: Statement of income

Hannover Re: Hannover Rück SE, Hannover

HDI: HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover

HDI Global Specialty SE: HDI Global Specialty SE, Hannover

HGB: German Commercial Code

HGS: HDI Global Specialty SE, Hannover

HR GA: Hannover Re, Group Auditing Division

IAS: International Accounting Standards

IFRS: International Financial Reporting Standards

ICS: Internal Control System

MCR: Minimum Capital Requirement

M&A: Mergers & Acquisitions

NAV: Net Asset Value

LOC: Letter of Credit

ORSA: Own Risk and Solvency Assessment

RechVersV: German Regulation on the Accounting of Insurers (*Versicherungsunternehmens-Rechnungslegungsverordnung*)

Risk appetite: Indicates how much risk a company is prepared to take in order to achieve the corporate goals. The indication of the risk appetite is an important component of the risk strategy.

RM: Risk margin

RSR: Regular Supervisory Report

RückAbzinsVO: Regulation on the Discounting of Provisions

SAOR: Self-Assessment of Operational Risks

SCR: Solvency Capital Requirement

SE: Societas Europaea

SFCR: Solvency and Financial Condition Report

SIM: Specialty Internal Model – internal capital model of HGS

SPB: Specialty Performance Bonus

Talanx: Talanx AG, Hannover

TP: Technical Provisions

TX GA: HDI AG, Group Auditing

UK: United Kingdom

USA: United States of America

VAG: German Insurance Supervision Act (*Versicherungsaufsichtsgesetz*)

VaR: Value at risk; risk measure

AF: Actuarial Function

WpHG: German Securities Trading Act (*Wertpapierhandelsgesetz*)

WpÜG: German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*)

Disclosure forms to be published

In the Notes, all reporting forms are listed that must be published in the solvency and financial condition report in accordance with Commission Delegated Regulation (EU) 2023/895 of 4 April 2023. These templates include:

- Balance sheet (S.02.01.02)
- Premiums, claims and expenses by country (S.04.05.21)
- Premiums, claims and expenses by line of business (S.05.01.02)
- Non-life Technical provisions (S.17.01.02)
- Non-life Insurance Claims Information (S.19.01.21)
- Impact of long term guarantees and transitional measures (S.22.01.21)
- Own funds (S.23.01.01)
- Solvency Capital Requirement – for undertakings using an internal model (partial or full) (S.25.05.21)
- Minimum Capital Requirement – only life or only non-life insurance or reinsurance activity (S.28.01.01)

HDI Global Specialty SE does not apply transitional measures, volatility adjustment and matching adjustment. Hence, the disclosure template "S.22.01.21 Effects of long-term guarantees and transitional measures" is not prepared by HDI Global Specialty SE.

The diversification effect between the main risk categories in chapters C and E differs from the effect shown in QRT S.25.05 due to the inclusion of the "Other risk" category. These are risks that cannot be clearly allocated to the main risk categories but contain risks from these categories. In order to avoid mismanagement, this category is therefore not separated in regular reporting.