MAPFRE | MIDDLESEA

Solvency and Financial Condition Report 31st December 2024

MAPFRE | MIDDLESEA

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Executive Summary

The Solvency and Financial Condition Report is aligned with the requirements of Directive 2009/138/EC (Solvency II Directive) and the Commission Delegated Regulation (EU) 2015/35.

Business and Performance

MAPFRE Middlesea p.l.c (also 'the Company' or 'MMS' used interchangeably through the document) is a composite insurance company with primary activities being underwriting of non-life and group life risk. It accepts risks on the following Solvency II lines of business:

- Medical expense insurance
- Income protection insurance
- Motor vehicle liability insurance
- Other Motor insurance
- Marine, Aviation and Transport insurance
- Fire and other damage to property insurance
- General liability insurance
- Assistance
- Miscellaneous financial loss
- Other life insurance

MMS does not underwrite any risks, which are situated outside Malta unless there is a specific Maltese interest.

MAPFRE Middlesea is a subsidiary of ***MAPFRE S.A.*** and forms part of the MAPFRE Group, composed of MAPFRE, S.A. and various companies operating in the insurance, asset management, property, investments, and services industries. Within the MAPFRE Group, a number of Corporate Functions exist which assist and oversee subsidiaries. The ultimate controlling company within the Group is FUNDACIÓN MAPFRE, a non-profit institution domiciled in Madrid at Paseo de Recoletos 23.

The insurance service result amounted to €12.3 million at 31st December 2024 (2023: €12.2 million). Net insurance finance expenses amounted to €0.6 million (2023: finance expense of €0.8 million) which, together with investment income and other revenue and other operating expenses, resulted in a profit before taxes of €10.5 million, up from the €9.9 million achieved in 2023.

During 2024, insurance revenue totalled €99.9 million (2023: €92.9 million), with total written premium increasing by 8.3%, driven particularly by Motor, Health, Property and Travel business. Motor increase came mainly through tariff increases to counter inflationary pressures.

MMS's net combined ratio at 86.4% shows a slight deterioration of 0.8 percentage points compared to the 85.6% of the previous year. Motor saw an improvement compared to the previous year as a result of the increase in tariff, lower frequency and a lower impact from large losses. Prior year claims saw an unfavourable net run-off in all lines of business other than Health and Property.

Internal expenses increased by 2.1% over the previous year, mainly driven by staff and IT costs, particularly amortisation of intangibles, with a lower impact from IFRS 17 related expenses which peaked during the transition period.

System of Governance

MMS's Governing bodies as at 31st December 2024 are set out below:

- Shareholders' Annual General Meeting
- Board of Directors
- Audit Committee

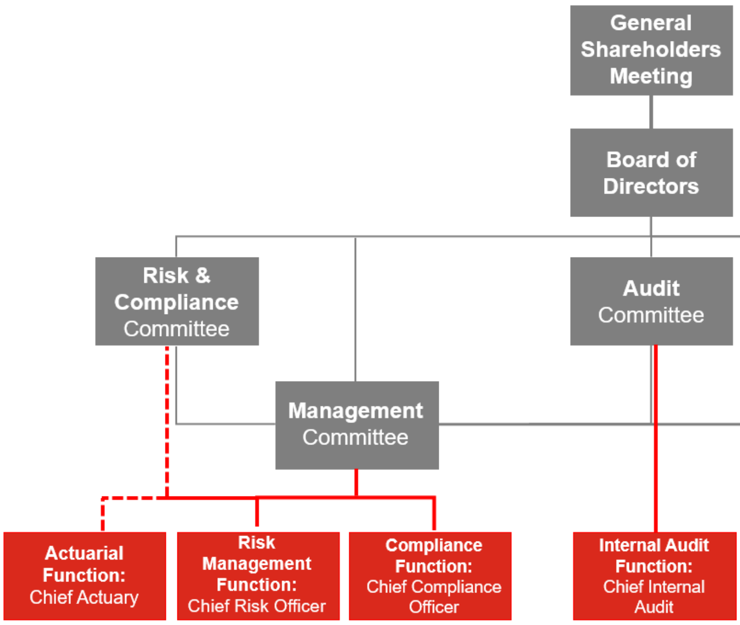
- Risk and Compliance Committee
- Investment Committee
- Remuneration Committee
- Management Committee

Additionally, the following committees supplement the list above:

- Security, Crisis and Resilience Committee
- Product Oversight Governance (POG) Committee
- Pricing and Reserving Committee
- MAPFRE Malta Steering Committee

MMS is also supervised by the EMEA Regional Management Committee, which is directly responsible for the supervision of the management of the Business Units in the region concerned, except for the reinsurance unit, and the promotion of all global and regional corporate projects.

MMS's organisational chart showing the main governing bodies and the Key Functions is set out below:



These governing bodies allow for the adequate strategic, commercial and operational management and allow MMS to provide an adequate and timely response to events that may arise at any level within the organisation and within its business and corporate environment.

In order to ensure that MMS's system of governance has an adequate structure, MMS has a number of policies that govern the key functions (Risk Management, Compliance, Internal Audit and Actuarial).

These policies help to ensure that the functions follow the requirements and are compliant with the lines of governance established by MMS and by the MAPFRE Group.

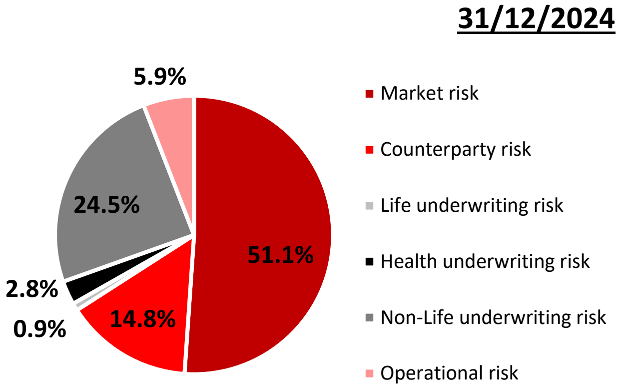
MMS's Board of Directors determines the policies and strategies for ensuring the effectiveness of the Risk Management System, for establishing the risk profile and tolerance limits, as well as for approving the main risk management strategies and policies within the risk management framework established by the MAPFRE Group. The three lines of defence model has been adopted as the Risk Management System.

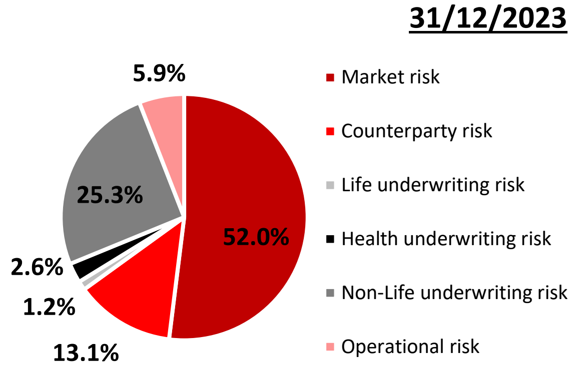
Within this framework, MMS has a structure composed of areas that, in their respective technical expertise, independently monitor the risks assumed.

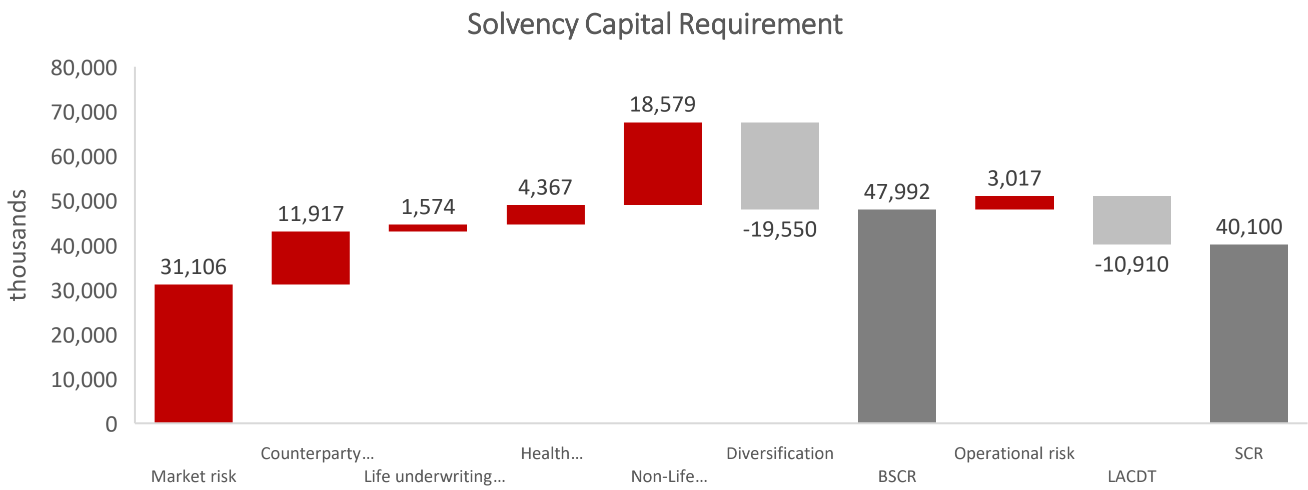
Risk profile

MMS calculates its Solvency Capital Requirement (hereinafter SCR) using the standard formula.

The following reflects the composition of MMS's risk profile based on the risks included under the standard formula methodology as well as the regulatory capital necessary for each risk:







Figures in thousand euro

MMS's risk profile is skewed towards market risk, due to MMS's strategic investment in MAPFRE MSV Life p.l.c (MMSV). This risk is followed by non-life underwriting risk and counterparty default risk.

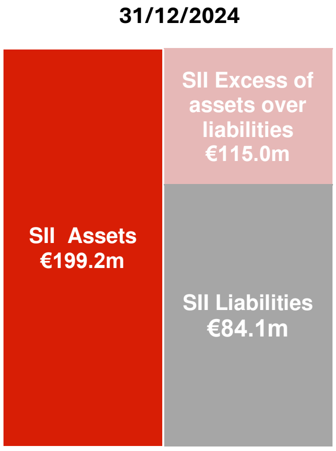
Other material risks which MMS is exposed to include those derived from regulatory changes, inflation and significant expenses rise, cyber risk, and natural and man-made catastrophes. Additionally, several emerging risks have been identified. The details of these risks are included in section C.6.

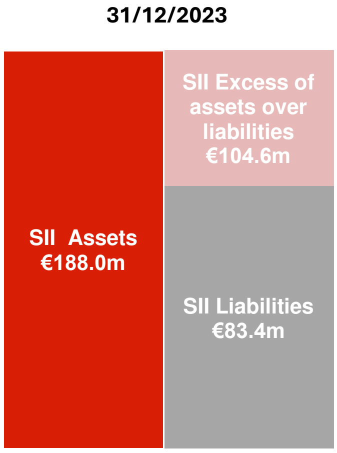
MMS also analyses the sensitivity of its solvency position with respect to certain severe but plausible events, the results of which show that MMS complies with regulatory capital requirements even under the considered adverse circumstances.

Valuation for solvency purposes

The Solvency II (SII) value of assets amounts to €199.2 million, whereas the accounting value (IFRS value) is equal to €173.3 million. The difference between Solvency II and MMS's accounting figures are explained by their different valuation approaches, mainly arising from intangible assets and reinsurance recoverables.

The Solvency II value of liabilities amounts to €84.1 million, whereas the IFRS value is equal to €88.9 million. The main difference between Solvency II value and the IFRS value arose from the different valuation criteria used for technical provisions.





Figures in thousand euro

The total excess of assets over liabilities for Solvency II purposes amounted to €115.0 million, which represented an increase of 36.2% over the IFRS value of equity. As at 31st December 2024 the total excess of assets over liabilities increased by €10.4 million compared with the end of last year.

There were no significant changes in valuation criteria for assets and liabilities in the year.

Capital Management

MMS has the appropriate structure and processes necessary to manage and oversee its own funds and has a policy and a medium-term capital management plan to maintain the solvency levels within the limits established by the legislation and by MMS's own risk appetite.

The following table provides a breakdown of MMS's solvency ratio or SCR coverage ratio.

	31/12/2024	31/12/2023
Solvency Capital Requirement (SCR)	40,100	37,406
Own funds eligible for SCR coverage	110,230	100,083
Solvency ratio (SCR coverage)	**274.9%**	**267.6%**

Figures in thousand euro

MMS's Solvency Capital Requirement amounted to €40.1 million. The SCR corresponds to the own funds that MMS must hold to limit the probability of bankruptcy to one case per 200, or that MMS is 99.5% confident to be able to meet its commitments to insurance beneficiaries during the following year.

As at 31st December 2024 the eligible own funds to cover the SCR amount to €110.2 million (2023: €100.1 million), of which €108.3 million (2023: €98.8 million) are classified as unrestricted Tier 1 and €1.9 million (2023: €1.3 million) are classified as Tier 3. Tier 1 capital has the characteristics set out in Article 93(1)(a) and (b) of Directive 2009/138/EC, fully paid up and available to absorb losses.

The solvency ratio amounts to 274.9% (267.6% in 2023) and reflects the proportion between eligible own funds and the SCR. It shows that MMS has a high capacity to absorb extraordinary losses arising from an adverse scenario and is within the Risk Appetite established for MMS and approved by its Board of Directors.

To calculate the solvency ratio, MMS has not used matching and volatility adjustments, or transitional measures for technical provisions provided by Solvency II regulations.

The Solvency II regulation also establishes a Minimum Capital Requirement (MCR), which is the minimum level of security under which financial resources must never fall. MMS's MCR amounted to €12.4 million and the eligible own funds to cover it are equal to €108.6 million, resulting in an MCR coverage ratio of 874.9%.

A. Business and Performance

The accounting information in this section follows from MMS's financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

A.1. Business

A.1.1. Company Businesses

MAPFRE Middlesea p.l.c. (also 'the Company' or 'MMS' used interchangeably throughout the document) is an insurance company specialising in the underwriting of non-life and group life business.

MMS underwrites risks, which are exclusively located in the Maltese territory.

The registered address is: MAPFRE Middlesea p.l.c.
Middlesea House
Floriana, Malta

MMS is a subsidiary of MAPFRE S.A. with registered address: MAPFRE S.A.
Carretera de Pozuelo 52
Majadahonda, Spain

and is part of the MAPFRE GROUP, composed of MAPFRE S.A. and various companies operating in insurance, asset management, property investments and service industries.

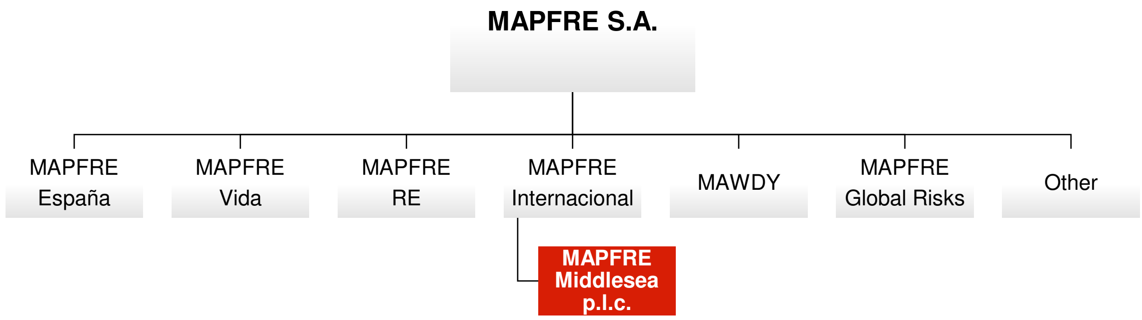
The ultimate controlling company within the Group is FUNDACIÓN MAPFRE, a non-profit institution domiciled in Madrid at Paseo de Recoletos 23 (Spain).

The following table shows the companies, which hold qualifying investments in MMS:

Name	Type of interest	Location	Percentage of ownership (*)
MAPFRE Internacional, S.A.	Limited liability	Spain	55.83%
Bank of Valletta p.l.c.	Limited liability	Malta	31.08%

(*) The ownership interest and voting rights are the same.

An organisational chart is presented below showing the position held by MMS within the simplified legal structure of the MAPFRE Group:



MMS is the parent company of a number of subsidiaries with main activities being insurance, financial and assistance services. Annex I to this report provides details of these companies.

MAPFRE Group presents a consolidated report for the Group and individual reports for the insurance and reinsurance companies belonging to the Group.

Supervision

The Malta Financial Services Authority (hereinafter 'MFSA') is responsible for the financial supervision of MMS. The MFSA is located at:

Triq l-Imdina, Zone 1
Central Business District
Birkirkara, CBD 1010

and its website is https://www.mfsa.mt/.

The Dirección General de Seguros y Fondos de Pensiones (DGSFP) is responsible for the financial supervision of the MAPFRE Group since, MAPFRE S.A. is located in Spain. The DGSFP is located at Paseo de la Castellana, 44, Madrid and its website is https://dgsfp.mineco.gob.es/

External Audit

On 25th March 2025, KPMG Malta issued an unqualified audit opinion on the individual and consolidated financial statements prepared MMS as at 31st December 2024.

KPMG Malta also reviews the Sections D "Valuation for solvency purposes" and E "Capital management" of the Solvency and Financial Condition Report.

KPMG Malta is located at:

Portico Building
Marina Street
Pieta', PTA 9044.

Lines of business

Although a composite insurer, MMS is primarily a general business insurer and accepts risks for the following lines of business:

- Medical expense insurance
- Income protection insurance
- Motor vehicle liability insurance
- Other motor insurance
- Marine, aviation, and transport insurance
- Fire and other damage to property insurance

- General liability insurance
- Assistance
- Miscellaneous Financial Loss
- Other life insurance

Geographic areas

MMS does not underwrite any risks, which are situated outside Malta unless there is a specific Maltese interest.

During 2024, the MAPFRE SA Group's business activities have been developed through an organizational structure comprised of four Business Units (Insurance, Reinsurance, Global Risks and MAWDY), and five Regional Areas: IBERIA (Spain and Portugal), BRAZIL, LATAM South-Central (Argentina, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela, the Central American Subregion, and the Dominican Republic.), NORTH AMERICA (United States and Puerto Rico) and EMEA (Europe and Middle East) as well as Mexico as a strategic country. The Reinsurance and Global Risks Units are integrated into the legal company MAPFRE RE.

A.1.2. Events with material repercussions

The insurance service result amounted to €12.3 million at 31st December 2024 (2023: €12.2 million). Net insurance finance expenses amounted to €0.6 million (2023: finance expense of €0.8 million) which, together with investment income and other revenue and other operating expenses, resulted in a profit before taxes of €10.5 million, up from the €9.9 million achieved in 2023. Insurance revenue increased due to organic growth and tariff increases particularly in Motor and Health. Claim frequency in Motor improved whilst that of Health saw a deterioration. The impact of large losses was reduced compared to the previous year whilst a net unfavourable run-off was registered in the underlying claims data used in actuarial claims projection, compared to a significant favourable run-off the previous year including the closure of a number of high value large losses. The combined ratio thus saw a slight deterioration when compared to the previous year.

During 2024, insurance revenue totalled €99.9 million (2023: €92.9 million), with total written premium increasing by 8.3%, driven particularly by Motor, Health, Property and Travel business. Motor increase came mainly through tariff increases to counter inflationary pressures.

MMS's net combined ratio at 86.4% shows a slight deterioration of 0.8 percentage points compared to the 85.6% of the previous year. Motor saw an improvement compared to the previous year as a result of the increase in tariff, lower frequency and a lower impact from large losses. Prior year claims saw an unfavourable net run-off in all lines of business other than Health and Property.

Internal expenses increased by 2.1% over the previous year, mainly driven by staff and IT costs, particularly amortisation of intangibles, with a lower impact from IFRS 17 related expenses which peaked in the transition period.

The profit or loss account shows a net investment income of €2.6 million compared to the previous year's €1.9 million. A net dividend of €1.0 million was received from MAPFRE MSV Life p.l.c. during 2024 whilst in 2023 no dividends were received from the subsidiary.

A.2. Underwriting results

Below is a comparison of the quantitative information regarding the activity and underlying results for 2024 and 2023 by line of business.

	Line of Business for: non-Life insurance and reinsurance obligations (direct insurance and proportional accepted reinsurance)																		Total	
	Medical expense insurance		Income Protection insurance		Motor vehicle liability insurance		Other motor insurance		Marine, aviation and transport insurance		Fire and other damage to property insurance		General liability insurance		Assistance		Miscellaneous financial loss			
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Premiums written																				
Gross - Direct Business	18,038	16,705	1,162	1,145	21,848	20,731	27,144	23,774	2,945	3,106	20,058	17,982	7,262	6,639	3,266	2,913	14	6	101,736	93,000
Gross - Proportional reinsurance accepted		-		-		-		-		-		-		-		-			-	-
Gross - Non-proportional reinsurance accepted																				
Reinsurers' share	104	169	3	3	1,348	997	336	314	311	139	14,941	14,130	492	411	1	1	8	2	17,544	16,165
Net	17,934	16,536	1,159	1,142	20,500	19,734	26,808	23,459	2,634	2,967	5,117	3,852	6,770	6,228	3,265	2,912	5	4	84,192	76,835
Premiums earned																				
Gross - Direct Business	17,037	15,808	1,183	1,218	21,034	20,029	26,132	22,968	2,919	3,109	19,279	17,498	7,065	6,602	3,264	2,893	42	33	97,954	90,157
Gross - Proportional reinsurance accepted	-	-		-		-		-		-		-		-		-		-	-	-
Gross - Non-proportional reinsurance accepted																			-	-
Reinsurers' share	104	169	3	3	1,348	997	336	328	327	192	15,025	13,997	482	412	1	1	(25)	15	17,600	16,114
Net	16,934	15,639	1,180	1,215	19,685	19,031	25,796	22,640	2,592	2,917	4,254	3,501	6,582	6,189	3,264	2,892	66	17	80,354	74,043
Claims Incurred																				
Gross - Direct Business	8,456	6,789	582	401	11,555	11,454	8,670	6,557	1,931	(17)	4,201	3,906	1,496	(1,692)	2,282	1,693	-	-	39,172	29,092
Gross - Proportional reinsurance accepted	-	-																		-
Gross - Non-proportional reinsurance accepted																				-
Reinsurers' share	7	312	1	(21)	43	(991)	33	(567)	(2)	(959)	3,160	2,931	1	(2,215)	-	-			3,244	(1,509)
Net	8,448	6,477	580	422	11,511	12,445	8,637	7,125	1,933	942	1,041	975	1,495	523	2,282	1,693	-	-	35,929	30,601
Expenses incurred	6,742	7,217	687	899	8,404	8,339	9,636	8,747	1,061	1,257	2,078	1,511	2,765	2,564	1,328	1,003	14	5	32,715	31,544
Balance – other technical expenses/income																			-	-
Total technical expenses																			32,715	31,544

	Line of Business for: life insurance obligations			
	Other life insurance		Total	
	2024	2023	2024	2023
Premiums written				
Gross	1,910	2,727	1,910	2,727
Reinsurers' share	222	250	222	250
Net	1,688	2,476	1,688	2,476
Premiums earned				
Gross	1,968	2,712	1,968	2,712
Reinsurers' share	222	250	222	250
Net	1,746	2,462	1,746	2,462
Claims incurred				
Gross	777	1,286	777	1,286
Reinsurers' share	132	236	132	236
Net	645	1,050	645	1,050
Expenses incurred	570	747	570	747
Balance – other technical expenses/income			-	-
Total expenses			570	747
Total amount of surrenders	-	-	-	-

Figures in thousand euro

The preceding tables only present the columns to the lines of business in which MMS operates. These can be highlighted through the below points:

- MMS closed the year with gross written premiums amounting to €103.6 million (2023: €95.7 million), experiencing an increase of 8.3% over 2023.
- Total gross claims incurred amounted to €40.0 million (2023: €30.4 million), experiencing an increase of 31.5% over 2023.
- The profit after tax for 2024 stood at €7.1 million (2023: €6.7 million), showing an increase of 6.0% over 2023.

A.3. Investment performance

A.3.1. Information on income and expenses arising from investments

The following tables present quantitative information regarding income and expenses from investments:

Financial Income	2024	2023
INVESTMENT INCOME		
Investment properties	821	817
Income from the held-to-maturity portfolio	-	-
Income from the fair value through / available-for-sale portfolio	356	230
Income from the fair value through profit or loss portfolio	179	83
Dividend from Group companies	1,323	147
Other financial income	1	5
TOTAL INVESTMENT INCOME	**2,680**	**1,282**
REALISED AND UNREALISED GAINS		
Net realised gains	-	-
Investment properties	-	-
Held-to-maturity investment portfolio	-	-
Available-for-sale investment portfolio	-	-
Fair value through profit or loss portfolio investments	-	-
Other	-	-
Net unrealised gains	**-**	**-**
Increase in the fair value of the trading portfolio and profits from derivatives	71	795
Other	-	-
TOTAL GAINS	**71**	**795**
OTHER FINANCIAL INCOME FROM THE INSURANCE BUSINESS		
Gains on investments on behalf of policyholders bearing the investment risk	-	-
Gains on exchange	1	4
Other	-	-
TOTAL OTHER FINANCIAL INCOME FROM THE INSURANCE BUSINESS	**1**	**4**

TOTAL INCOME FROM THE INSURANCE BUSINESS	**2,752**	**2,081**
FINANCIAL INCOME FROM OTHER BUSINESSES	**-**	**-**
TOTAL FINANCIAL INCOME	**2,752**	**2,081**

Figures in thousand euro

Financial Expenses	2024	2023
INVESTMENT EXPENSES		
Investment properties	15	-
Expenses from the held-to-maturity portfolio:	-	-
Expenses from the available-for-sale portfolio:	-	-
Expenses from the trading portfolio:	-	-

Financial Expenses	2024	2023
Other financial expenses	136	104
TOTAL INVESTMENT EXPENSES	**151**	**104**
REALIZED AND UNREALIZED LOSSES		
Realized losses	**-**	**-**
Investment properties	-	-
Held-to-maturity investment portfolio	-	-
Available-for-sale investment portfolio	-	14
Fair value through profit or loss portfolio investments	-	-
Other	-	-
Unrealized losses	**-**	**-**
Decrease in the fair value of the trading portfolio and losses on derivatives	-	-
Other	-	-
TOTAL LOSSES	**-**	**14**
OTHER FINANCIAL EXPENSES FROM THE INSURANCE BUSINESS		
Losses on investments on behalf of policyholders bearing the investment risk	-	-
Losses on exchange	-	-
Other	-	-
TOTAL OTHER FINANCIAL EXPENSES FROM THE INSURANCE BUSINESS	**-**	**-**

TOTAL EXPENSES FROM THE INSURANCE BUSINESS	**151**	**118**
FINANCIAL EXPENSES FROM OTHER BUSINESSES	**-**	**-**
TOTAL FINANCIAL EXPENSES	**151**	**118**

TOTAL INCOME FROM THE INSURANCE BUSINESS	**2,752**	**2,081**
TOTAL EXPENSES FROM THE INSURANCE BUSINESS	**151**	**118**
FINANCIAL RESULT FROM THE INSURANCE BUSINESS	**2,601**	**1,963**
TOTAL FINANCIAL INCOME FROM OTHER BUSINESSES	**-**	**-**
TOTAL FINANCIAL EXPENSES FROM OTHER BUSINESSES	**-**	**-**
TOTAL FINANCIAL RESULT FROM OTHER BUSINESSES	**-**	**-**
TOTAL FINANCIAL RESULT	**2,601**	**1,963**

Figures in thousand euro

Total net investment income during the year amounted to €2.6 million (2023: €2.0 million). A gross dividend of €1.2 million was received from MMSV in 2024 compared to none in 2023.

Property income increased marginally as increased rental rates were mitigated by a slightly higher void factor. The revaluation of investment property saw a fair value loss of €0.2 million compared to a gain of €0.1 million in 2023.

Fair value through profit or loss equities had a positive performance with gains in fair value and increased dividends received.

During the year further funds were transferred to MAPFRE Inversión, the Group's Investment Management company and invested in Sovereign and Corporate Bonds all designated as Fair Value through other comprehensive income (FVOCI) investments, improving on effective interest income.

A.3.2. Information regarding losses and gains recognized under equity:

The following is the quantitative information regarding gains and losses arising from investments broken down by type of asset, and recognized directly in equity during 2024 and 2023:

Investments	Gains recognised in equity		Losses recognised in equity		Net difference	
	2024	2023	2024	2023	2024	2023
I. Investment properties	-	-	-	-	-	-
II. Financial investments	**164**	**298**	**-**	**-**	**164**	**298**
Available-for-sale portfolio(2022) /FVOCI(2023)	164	298	-	-	164	298
III. Investments in associates accounting for using the equity method	-	14	5	-	(5)	14
IV. Deposits established for accepted reinsurance	-	-	-	-	-	-
V. Other investments	-	-	-	-	-	-
Overall performance	164	312	5	-	159	312

Figures in thousand euro

Bonds remain the only asset classified as fair value through other comprehensive income on adoption of IFRS 9. Interest rates eased with bond prices regaining some lost ground though still mostly below par, the gains achieved in the year reflecting the price converging towards the par value as they approach maturity. Investment in new bonds also bought below par are expected to yield a better return than the older investments.

A.3.3. Information about asset securitization

MMS did not have any securitisation investments in this or the comparative year.

A.4. Performance of other activities

A.4.1 Other income and expenses in the non-technical account

During the year, MMS has recognized material income and expenses apart from those deriving from the insurance business and investments:

Other activities	2024	2023
Other income	-	-
Other expenses	3,764	3,432

Figures in thousand euro

Other expenses relate to administrative expenses which are allocated to shareholders and therefore to the non-technical account.

A.4.2 Lease Agreements

Finance leases

MMS has no financial leases in which it is the lessor.

Operating leases

MMS leases out commercial property to a number of tenants with current leases ranging from 1 year to 20 year to expiry with di fermo periods never exceeding 5 years.

On the other hand, MMS leases from third parties the premises from which it operates, and company cars used by management.

A.5. Any other information

There is no additional information that has not been included in the preceding sections.

B. System of Governance

B.1. General Information on the system of governance

The structure, composition, and functions of MMS's governing bodies are defined in the Institutional, Business, and Organisational Principles, and in the internal regulations regarding MAPFRE subsidiaries' Board of Directors, approved by the MAPFRE S.A. Board of Directors, together with its bylaws and the Regulations of the Board of Directors.

In addition to the structure of the Group, in which MMS is integrated, it has additional governing bodies which:

i) Allow for adequate strategic, commercial, and operational management of MMS;

ii) Enable MMS to appropriately respond in a timely manner to any issues which might arise throughout its different organisational levels and business and corporate environment, and;

iii) Are considered appropriate with regards to the nature, volume, and complexity of the risks inherent to its activity.

The policies derived from the Solvency II regulations are reviewed on an annual basis, although changes may be approved at any time when it is deemed appropriate.

B.1.1 System of Governance

The following outlines the main functions and responsibilities of MMS's governing bodies:

- **Shareholder's Annual General Meeting:** This is the highest governing body, as its decisions bind all shareholders. Both ordinary and extraordinary Annual General Meetings are called by the Board of Directors.

- **Board of Directors:** The body in charge of managing, administering, and representing the Company and has the ultimate decision-making and supervisory responsibility. It establishes the roles of the Management Committee and its Delegated Committees, designating its members, where necessary.

- **Audit Committee:** The main role of this committee is to assist the Board of Directors in discharging its responsibilities relating to accounting and financial reporting, ensuring adequate systems of internal control, and in managing its relationships with internal and external auditors.

- **Risk and Compliance Committee:** The main role of this committee is to assist the Board of Directors in providing leadership, direction, and oversight with regards to MMS's risk and regulatory policies and procedures related to risk management, regulatory compliance, anti-financial crime, and overall internal control framework.

- **Investment Committee:** The main role of this committee is to advise the Board of Directors on the main investment policies. This committee is responsible to secure the safety, yield and marketability of the investment portfolio, to oversee the management of the investment portfolio and ensure compliance with all policies, and report to the Board of Directors on the performance of the investment portfolio.

- **Remuneration Committee:** This committee is responsible for ensuring that the Company has coherent remuneration policies and practices which are observed, and which attract and retain executives and directors who can create value and support MMS's mission statement.

- **Management Committee:** This committee is the body responsible for directly supervising MMS's management and for promoting all its projects. It provides regular reports on its proposals, actions, and decisions to MMS's Board of Directors.

Additionally, as part of the system of governance, MMS has the following committees:

- **EMEA Regional Management Committee**, which is the body that directly supervises the management of the Business Units in the region, with the exception of the Reinsurance Unit (understood as MAPFRE RE, Compañía de Reaseguro, S.A. and its subsidiaries), as well as the promotion of all global and regional corporate projects.

- **Security, Crisis and Resilience Committee:** The main role of this management committee is to direct and provide oversight to the Security and Environment function within MMS.

- **Product Oversight Governance (POG) Committee:** This is a key decision-making body in terms of the Product Oversight and Governance Arrangements of the Company. In this respect, the POG Committee is responsible for the governance oversight related to development, approval, and launch of new products; development and approval of significant adaptations or alterations to existing products; and deciding on remedial action to be taken in terms of the POG Arrangements.

- **Pricing and Reserving Committee:** The main aim of this committee is to take necessary measures to improve performance and profitability of the company, to monitor and review the pricing of each line of business and to monitor the MMS claims' reserving methodologies.

- **MAPFRE Malta Steering Committee**: This is set up to oversee and manage the consolidated activity of the MAPFRE Group of companies in Malta including its liquidity and strategy, to ensure synergies between the Malta companies and to be the sole reference point for the EMEA Regional Committee.

MMS has a management model underpinned by control and supervision at all levels both locally and at corporate level. This allows a broad delegation of authority in the execution and development of the responsibilities assigned to each function, ensuring that material decisions are analysed in-depth by all the senior executive teams before and after their execution.

B.1.2. Key functions

In order to ensure that the governance system has an adequate structure, MMS has policies which regulate the key functions (Risk Management, Compliance, Internal Audit, and Actuarial). These policies ensure that the key functions follow the requirements defined by the regulator and that they are in accordance with the governance structures established by MMS and by the MAPFRE Group. MMS's Board of Directors approved the Actuarial, Risk Management, Compliance and Internal Audit policies which are subject to review on an annual basis. The last update of the aforementioned policies was on 30th September 2024.

Key functions will act with operational independence thereby ensuring that, in the exercise of their responsibilities, they are free from any undue or inappropriate influence, control, incompatibility or limitation whilst exercising their responsibilities. The key functions report to the Board of Directors which delegates the authority necessary to support its relevant committees and functions. The Board of Directors and/or the relevant committees receive reports regularly from the areas responsible at MMS. The information and advice provided to the Board of Directors by the key functions is detailed in their respective sections. The names of the parties responsible for the key functions have been communicated to the MFSA.

The key functions have the resources that are necessary to perform the functions assigned to them under their respective policies.

B.1.3. Relevant resolutions adopted by the General Meeting and the administrative body regarding the governance system

There were no significant changes to MMS's governance structure during 2024.

B.1.4. Remuneration

Remuneration paid to the members of MMS's governing bodies and employees is determined in accordance with current regulations and in the Company's Remuneration Policy which was approved by the Board of Directors and was last reviewed on 30th September 2024.

The main scope of the Remuneration policy is to establish adequate remuneration, which is based on the post or position, as well as performance, and to instil motivation to achieve the objectives in line with MMS's strategy. At the same time, the policy also aims to foster effective risk management, making it unattractive to assume risks that exceed MMS's tolerance level and to avoid conflict of interest. The main principles of the Remuneration policy are the below:

- Based on the position/job, it includes measures to avoid any conflicts of interest that may arise.
- It takes into account merit, technical knowledge, professional skills and performance.
- Non-discrimination on grounds of sex, race or ideology, and equal pay for jobs of equal value.
- Transparency, being well known by all affected parties.
- Flexible in structure and adaptable to different groups and market circumstances.
- Adequate proportion of fixed and variable components, avoiding excessive reliance on variable components.
- Aligned with MMS's strategy as well as its risk profiles, objectives, risk-management practices, and interests. In this regard, the risks to be considered by MMS will include long-term sustainability risks (environmental, social and governance).
- Market competitiveness.

Based on the aforementioned policy, employee remuneration is comprised of five items: fixed remuneration, variable remuneration/incentives, recognition programs, social benefits and in-kind benefits.

The remuneration system for Directors has the following characteristics:

- Transparent reporting in the remuneration paid to Directors.
- It provides an incentive to reward dedication, qualifications, and responsibility, without constituting an obstacle to the duty of loyalty.
- It consists of a fixed amount for membership on the Board of Directors and, as appropriate, the Steering and Delegated Committees, which may be higher for people with positions on the Board or who hold the position of Chairman of the Delegated Committees. This remuneration may be supplemented by non-monetary compensation such as life insurance in the event of death, health insurance, bonuses on products marketed by MAPFRE Group companies and others in line with those established in general for the company's employees.
- It does not include variable components or those linked to share value.
- Directors are reimbursed for traveling expenses and other costs undertaken in order to attend company meetings or in the performance of their responsibilities.

The remuneration system for the senior executives is based on the following criteria:

- It is established in accordance with the functions, level of responsibility and professional profile, based on the criteria for the MAPFRE Group senior executives.

- Balanced ratio between fixed and variable components of remuneration and long-term performance orientation.
- Senior executives may not receive the remuneration assigned to the Directors for their status as such.
- It is configured with a medium and long-term vision, which promotes their performance in strategic terms, in addition to the achievement of short-term and long-term results.
- It is consistent with the strategy, interests and long-term sustainability of the Entity and its Group.
- It takes into account market trends and faces these trends with the strategic approach of the Company, being effective for attracting and retaining the best professionals.

Executive directors, in their capacity as members of the Group's management team, are beneficiaries of (i) defined contribution pension commitments to cover retirement, permanent disability and death contingencies, commitments externalised through life insurance and (ii) certain social benefits and allowances established for MMS's senior management. The conditions of contribution and consolidation of the economic rights in their favour and social benefits and allowances are detailed in their respective contracts. Additionally, executive directors, like the rest of MMS's employees, are beneficiaries of the MAPFRE Employment System Pension Plan, savings insurance and mixed savings insurance, and social benefits and other benefits. The main characteristics are included in the Collective Agreement of MAPFRE Grupo Asegurador.

B.1.5 Additional information

In the normal course of business operations, a number of transactions took place between MMS and its parent company. These transactions related to sales of insurance contracts and other services and purchases of products and services.

B.2. Fit and proper requirements

MMS's Aptitude and Integrity Policy was approved by the Board of Directors and was last reviewed on 30th September 2024. This policy establishes the applicable Key Personnel requirements, as follows:

- They should have the appropriate qualifications, know-how, and expertise to ensure that the Company is professionally managed and supervised.

- The expertise and experience of Key Personnel will include academically acquired knowledge as well as the experience in the development of functions in other companies similar to those that are going to be developed and the respective individual responsibilities assigned.

Likewise, MMS's Board of Directors must have:

- Collectively: the appropriate qualifications, experience, and knowledge in at least the following areas such as insurance and financial markets, strategies and business models, system of governance, financial and actuarial analyses and regulatory framework.

- Individually: training and experience appropriate to the professional profile, specifically in the insurance and financial services area, with practical experience acquired from previous positions held during a sufficient period of time.

Key Personnel and, where applicable, Outsourced Personnel must have proven personal, professional, and commercial honourability based on trustworthy information on their personal and professional conduct and their reputation, covering any criminal, financial, and supervisory aspects considered pertinent.

When outsourcing a key function, the Company will adopt all necessary measures to ensure that the responsible persons to perform the outsourced function meet the applicable aptitude and good repute requirements.

Company Designation Procedures

Parties proposed for executing Key Personnel roles requiring notification to Supervisory Authorities must provide a truthful and complete statement regarding their personal, professional, or business endeavours. Locally this is based on the personal questionnaire requirements stipulated by the regulator.

The aforementioned parties must ensure that their statements are continually updated, and must communicate any relevant changes in their situations, and participate in regular updates when required to do so by the Company's governing body, including the re-evaluation of any fit and proper requirements.

B.3. Risk management system, including the self-assessment of risk and solvency

B.3.1 Governance framework

The Risk Management System is integrated into MMS's organisational structure according to the three lines of defence model described in section B.4.1 of this report, so that all the organisation's employees are assigned responsibilities for compliance with the control objectives.

The Board of Directors of MMS is ultimately responsible for ensuring the Risk Management System effectiveness and for determining the Company's risk profile and tolerance limits. Further to this, the Board of Directors is also responsible for approving the Risk Management Strategies and policies within the Risk Management Framework.

In order to perform its Risk Management System function, the Board of Directors of MMS is supported by the Risk and Compliance Committee.

The Corporate Risk Office provides oversight and monitors all aspects related to the management of risks within all MAPFRE subsidiaries. This is done by setting group guidelines, policies, tolerance, and reporting structures.

MMS's Risk Management Function facilitates the application of the Risk Management System. In the development of its functions, it coordinates the strategies, processes, and procedures necessary to continuously identify, measure, monitor, manage and report on the present or emerging risks to which the Company may be exposed to, as well as their interdependencies.

MMS's Risk Management Function reports to the Risk and Compliance Committee (and the Board of Directors) any risk exposures, taking into account their interdependencies, and compliance with established limits, including the Own Risk Assessment.

B.3.2 Risk management objectives, policies, and processes

The main objectives of the Risk Management System are the following:

- To promote a solid culture and an effective system of risk management.
- To ensure that risk analysis is part of the decision-making process.
- To preserve MMS's financial solvency and strength contributing to the Group's positioning as a trusted global insurer.

The Risk Management System is based on the integrated management of every business process, and on the adaptation of risk levels in the established strategic objectives.

To implement an effective risk management approach, MMS has formulated a set of Risk Management policies, also in line with Solvency II requirements. One of these policies is the Risk Management Policy, which serves as a framework for the management of risks and, in turn, for the development of policies regarding specific risks.

Each policy aims to:

- Set general guidelines, basic principles, and a general action framework for the type of risk concerned, ensuring coherent application in the Company.
- Assign responsibilities, strategies, processes and the reporting procedures required to identify, measure, monitor, manage and report the risks included within their scope.
- Establish reporting structures and communication channels for the business area responsible for the risk.

In the Risk Appetite Policy, approved by the Board of Directors, the Company establishes the level of risk that it is willing to assume in order to carry out its business objectives without relevant deviations, even in adverse situations. This level, articulated in its limits and sub-limits by type of risk, configures the Entity's risk appetite and is established in the Risk Appetite Policy and in the specific risk policies, which detail the risk assessment process established, as well as the metrics established for this purpose.

In order to guarantee compliance with said limits, the capital is generally established on an estimated basis based on the budgets for the following year, and it is reviewed periodically throughout the year based on the evolution of risks.

For the metrics that quantify the Company's aggregate risks, tolerance levels are established and risk exposure is monitored through a measurement scale based on the distance of the risk level from its maximum limit: (i) green zone: risk that can be assumed and maintained without restrictions; (ii) amber zone: risk that has reached a level of exposure sufficient to cause large potential losses and requires monitoring and control measures; and iii) red zone: risk that exceeds the maximum acceptable tolerance for the Company and requires the immediate adoption of control and mitigation measures to bring it back below that limit. The Governing Bodies of MMS receive information regarding the quantification of the main risks to which MMS is exposed to and the capital resources available to confront them, as well as information regarding compliance with Risk Appetite limits and other specific risk policies.

The Board of Directors decides the actions to be taken with respect to identified risks and is immediately informed of any risks that:

- Exceed the established risk limits, due to its development.
- Could lead to losses that are equal to or higher than the established risk limits; or
- May put compliance with the solvency requirements or continuity of operation of the Company at risk.

A breakdown of the processes for the identification, measurement, management, monitoring, and reporting of risks, by type, is set out below:

Type of Risk	Measurement and management	Monitoring and reporting
Underwriting risk Covers the following risks: - Premium risk - Reserve risk - Catastrophic risk - Reinsurance Mitigation	Standard formula	Quarterly
Market risk Covers the following risks: - Interest rate - Equity - Property - Spread - Concentration - Currency	Standard formula	Quarterly
Credit Risk Reflects any possible losses arising from unexpected default by counterparties and debtors	Standard formula	Quarterly
Operational risk Risk of possible losses deriving from the inadequacy or malfunction of internal processes, personnel or systems, or from external events	Standard Formula	Quarterly
	Dynamic qualitative analysis of the risks using processes (Riskm@p)	Annual

Type of Risk	Measurement and management	Monitoring and reporting
(excluding the risks deriving from strategic decisions and reputational risks)	Recognition and monitoring of operational risk events	Continuous
Liquidity Risk Risk that MMS might not be able to realise its investments and other assets in order to meet its financial commitments at maturity	Liquidity position Liquidity indicators	Ongoing Monthly
Compliance risk Risk of losses due to legal/regulatory penalties or reputation losses arising from the failure to comply with laws and regulations, or with applicable administrative requirements.	Monitoring and recognition of significant events	Ongoing
	Compliance Management Framework	Ongoing
Strategic and Corporate Governance Risk Covers the following risks: - Business ethics and good corporate governance - Organisational structure - Alliances, mergers, and acquisitions - Market competition	Application of MAPFRE Group's Institutional, Business, and Organizational Principles.	Ongoing
	Strategy Meetings	Quarterly

All of the calculations derived from the standard formula are updated when there is a material change in the risk profile. The Board of Directors is regularly informed of the risks to which MMS is exposed to.

B.3.3 Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment (hereinafter ORSA) is an integrated process in MMS's Risk Management System. The ORSA is a mechanism, which identifies, measures, monitors, manages, and reports any short or long-term risks identified by the Company throughout the period reflected in the strategic plan. It is also used to measure the sufficiency of capital resources based on the understanding of the actual solvency needs. Based on these objectives, it includes all the significant and potential sources of risk the Company faces and facilitates the taking of initiatives for their management and mitigation.

The Risk Office is responsible for the ORSA report preparation, submission of a draft report to the Board of Directors for approval and coordinates the various contributions made by the areas or departments involved in the process.

The ORSA report is prepared annually, unless an extraordinary event occurs which could impact MMS's risk profile or solvency position. In this case, MMS would be required to undergo an additional self-assessment (Extraordinary ORSA) and update the sections affected by changes in the risk profile and go through the same approval process.

The ORSA process is coordinated with the strategic planning process, forms an integral part of the business strategy and is taken into account in the strategic decision making in such a way as to guarantee the relationship between business strategy and global solvency levels. To this end, the ORSA process: i) considers the results of the procedures for identifying material and emerging risks, and risk control; and ii) develops projections of global solvency needs and stress tests that may pose a risk to the achievement of the Company's strategic or solvency objectives. The Corporate Risk Office coordinates stress tests to check the level of losses arising from the risks to which the Group may be exposed to. The Risk Office of MMS carries out the stress tests it deems appropriate for MMS's business.

The Risk Office also carries out capital management activities, and verifies:

- The adequate classification of the eligible capital in accordance with the applicable regulations.

- The feasibility of distributable dividends for continuous compliance with the Solvency Capital Requirement.

- Continuous compliance with eligible capital in projections.

- Amounts and deadlines for the various eligible capital items capable of absorbing losses.

The Risk Office is responsible for the preparation and submission for approval by the Company's Board of Directors of the Medium-Term Capital Management Plan, encompassing the results from projections included in the ORSA.

Section E 1.1 of this report includes more detailed information on capital management.

B.4. Internal Control System

B.4.1. Internal Control

MMS has an Internal Control Policy which is approved and reviewed annually by the Board of Directors. This policy establishes the actions, which must be developed in order to maintain an optimal and effective Internal Control System.

The implementation of the Internal Control System in MAPFRE has been based on the broad and exhaustive application of the COSO[1] standard. According to COSO, there is a direct relationship between the objectives that the company expects to achieve, the components of the internal control system (which represent what the organisation needs to achieve the objectives), and its organisational structure (operating units, legal companies, etc.).

MMS's Internal Control System involves all personnel, irrespective of their position within the organisation who collectively contribute to provide reasonable assurance on the achievement of the Company's objectives, mainly regarding:

- Operational objectives: effectiveness and efficiency of operations, differentiating insurance operations (mainly underwriting, claims, reinsurance, and investments) from the support operations and functions (human resources, administration, commercial, legal, IT, etc.).
- Reporting objectives: reliability of information (financial and non-financial, both internal and external) regarding its accuracy, timeliness, or transparency, among others.
- Compliance objectives: compliance with applicable laws and regulations.

The Internal Control System is integrated into the organisational structure under the three lines of defence model, by assigning responsibilities and ensuring compliance with the internal control objectives. According to this model, there is:

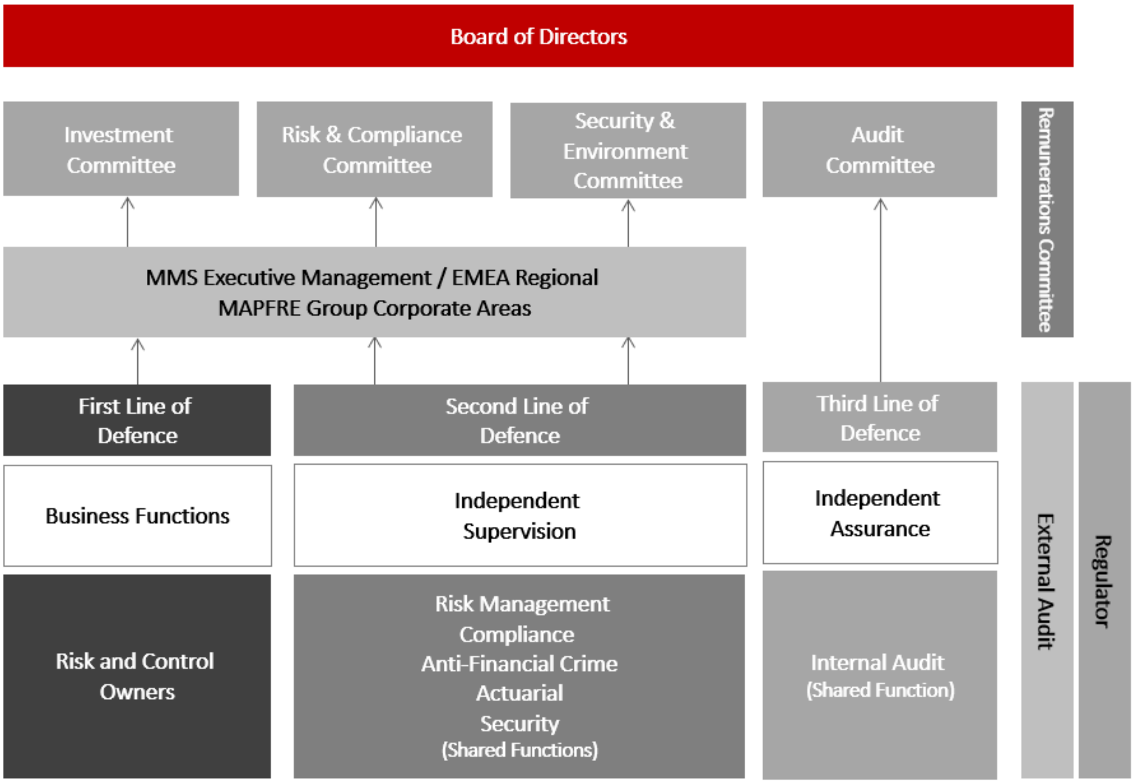
1. The first line of defence consists of employees, management, and the business, operational and supporting areas that are responsible for maintaining effective control of activities carried out as an inherent part of their day-to-day work. Therefore, these units are responsible to manage the risks, design and apply the control mechanisms that are necessary to mitigate the risks associated with the processes that they carry out and to ensure that they do not exceed established limits.

   The front-line areas have reference models and operational management models that detail, in the internal control dimension, the responsibilities assigned to them in the various risk control procedures.

2. The second line of defence is made up of the key functions, i.e. Risk Management, Compliance and Actuarial functions, as well as other assurance functions such as Anti-Financial Crime and Security, all providing an independent assurance that the internal control system is present and functioning.

3. The third line of defence is made up by Internal Audit, which provides an independent assessment of the appropriateness, and effectiveness of the Internal Control System, and communicates potential deficiencies timely to the parties responsible for taking the corrective measures, including executives and governing bodies, as appropriate.

[1] Committee of Sponsoring Organisations of the Treadway Commission



MMS's Internal Control System is integrated and organised around five components: Control Environment, Risk Assessment, Control Activities, Information and Communication and Supervision Activities, and consists of mechanisms and controls that are present in all activities of the organisation, being fully integrated into its organisational structure.

B.4.2. Compliance Function

The Compliance Function has the objective to enable MMS to operate within the framework of regulatory compliance, in order to achieve a global compliance environment. For this purpose, it assumes the responsibility of advising the Board of Directors on compliance with the laws, regulations and administrative provisions that affect MMS and also compliance with internal regulations. It also performs an identification and assessment of the impact of any changes in the legal environment affecting MMS's operations and the identification and assessment of non-compliance risk.

The structure of MMS's Compliance Function is established based on the specific applicable regulatory requirements, as well as the principle of proportionality related to its business volume, and the nature and complexity of the risks accepted by the Company.

MMS employs its own strategy for implementing and carrying out the Function, in accordance with the reference criteria shared by the Corporate Compliance Office.

B.5. Internal audit function

MMS's governance structure is based on the three lines of defence model, with the Internal Audit Function being the third line of defence. This function provides an independent opinion in respect of the appropriateness and effectiveness of the Internal Control System, as well as other elements of the System of Governance. Its main function is to strengthen governance, risk management and control processes. Internal Audit contributes to the overall stability and sustainability of the organization by providing reasonable assurance on its operational efficiency, reliability of its reports, compliance with laws and/or regulations, safeguarding of assets and its ethical culture.

In ensuring the principle of independence, MMS's Internal Audit Unit (IAU) reports to the Audit Committee, a board delegated committee. The Internal Audit Policy and bylaws updated and approved by the Board of Directors annually, establishes functions, and attributes of the MMS Internal Audit Unit. It also includes the rights and obligations of MMS's Internal Auditors as well as their Code of Ethics, which sets out the rules of conduct of the auditors based on integrity and honourability, objectivity, confidentiality, and competence.

The Group's Internal Audit Policy is a formal document that defines the purpose, mandate, authority and independence of Internal Audit. The Internal Audit Charter establishes the responsibility and position of the Internal Audit activity within the organization, including the nature of the Internal Audit Director's functional relationship with the Board or Audit Committee; authorizes his or her access to records, personnel and assets relevant to the performance of the work; and defines the scope of Internal Audit activities.

Additionally, one of the objectives of this document is to communicate the main activities of internal audit, treatment of audit reports and its recommendations, and any other general circumstances related to internal audit activities, which must be exclusively carried out by MMS's Internal Audit Unit.

The policy and bylaws are reviewed at least annually. All changes that are made in these revisions are approved by the corresponding MMS governing bodies.

B.6. Actuarial Function

The MMS Actuarial function is responsible for preparing mathematical, actuarial, statistical and financial calculations. These allow the Company to determine prices and technical provisions. Additionally, the Actuarial Function participates in risk modelling which is used as a basis for the calculation of MMS's capital requirements in close collaboration with the Risk Office.

MMS's Chief Actuary who was appointed by the Board of Directors, is the maximum authority and ultimate responsibility for the Actuarial Unit and ensures the compliance with the applicable Solvency II aspects, among other things.

MMS's Chief Actuary reports to both the hierarchical superior in the Company and, functionally, to the Corporate Actuarial Office. The Actuarial Function for MMS falls within the MAPFRE Malta Actuarial Unit, a shared function with MMSV. The Corporate Actuarial Office sets the general principles and guidelines, which take into account the best statistical and actuarial practices within the MAPFRE Group, in order to coordinate and unify the Group's actuarial calculations.

The Corporate Actuarial Office ensures compliance with the general actuarial calculation principles and guidelines, promoting corrective actions in cases in which irregularities are detected, or when the general guidelines established by the Area have not been followed.

Considering the above, the Corporate Actuarial Office supports the Actuarial function as required, by collaborating in order to fulfil their corresponding individual unit responsibilities.

B.7. Outsourcing

MMS's Outsourcing Policy was approved by MMS's Board of Directors and was last reviewed on 30th September 2024. The policy is in line with the Group Outsourcing Policy approved by the MAPFRE S.A. Board, establishing the general principles, tasks, processes, and the assignment of responsibilities in the event of the outsourcing of a critical or important function and/or activity. In addition to the Outsourcing policy the Board of Directors of MMS reviewed the Cloud Outsourcing Policy on 30th September 2024.

The basic principle established by the Outsourcing Policy is that the Company will continue to have full responsibility for meeting all obligations arising from the functions or activities susceptible to being outsourced, in the same manner as if they were to be performed internally.

It is to be noted that no Key Functions were outsourced during 2024.

B.8. Any other information

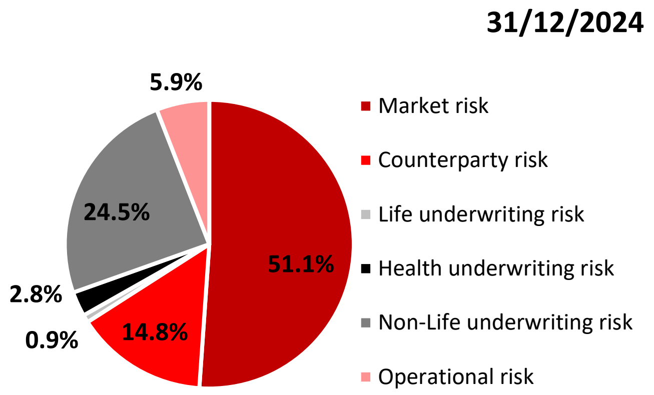
There is no additional information that has not been included in the preceding sections.

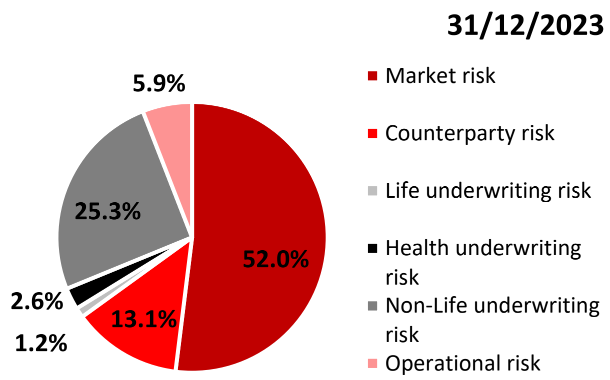
C. Risk profile

MMS calculates its Solvency Capital Requirement (SCR) using the standard formula as explained in Section E.2. The standard formula is considered an appropriate risk management tool for determining the Company's risk exposure, as it recognises the capital charge corresponding to the key risks (such as underwriting risk, market risk, counterparty default risk and operational risk).

As explained in sections C.4 and C.6, the exposure to other risks not included in the standard formula SCR (such as liquidity risk) is not considered significant, as MMS has effective measures in place for the management and mitigation of such risks.

The following charts show the composition of MMS's SCR based on the risks included under the standard formula methodology as at 31st December 2024 and 2023. Further information on the SCR calculation can be found in Section E.2. of this report:





From the above, it can be observed that MMS's risk profile mainly comprises of market risk (due to MMS's strategic investment in MAPFRE MSV Life p.l.c.), representing 51.1% of the total SCR. This risk is followed by non-life underwriting risk and counterparty default risk (24.5% and 14.8% of the total SCR respectively).

The relative share of market risk and non-life underwriting risk slightly decreased in 2024, while the relative share of counterparty default risk increased, resulting mainly from an increase in deposits on banks and higher exposure to reinsurers. However, in absolute terms, market risk increased resulting mainly from an increase in the MMSV participation value. Further information is available in section E.2.1.

In 2024, there have been no significant changes with respect to the measures used to assess MMS's main risks.

Other material risks to which MMS is exposed to include those derived from regulatory changes, inflation and significant expenses rise, cyber risk and natural or man-made catastrophes. Additional information on these risks is provided in Section C.6.

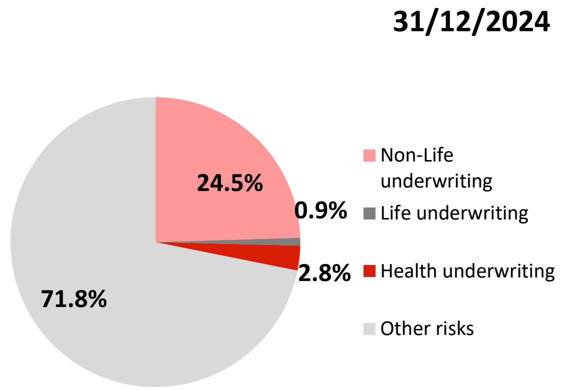
A description of the main risk categories, the exposure to the risks, their management and mitigation techniques, and possible concentrations are indicated below.

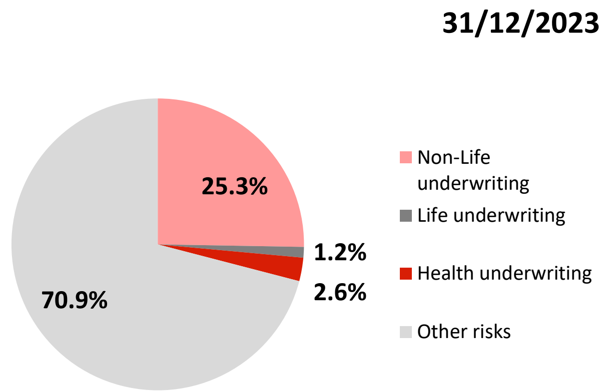
C.1. Underwriting risk

Underwriting risk is the risk of loss or adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions.

Exposure

As at 31st December 2024, underwriting risk represents 28.2% of all of the risk modules included in the SCR. The following charts present details by module and any changes when compared to the previous year:





Management and mitigation techniques

MMS minimises underwriting risk through the following measures:

- **The establishment of policies, limits, and exclusions in underwriting risk**:

The various insurance products sold by MMS outline the cover provided and are all subject to terms, conditions, limitations and exclusions. These are generally subject to domestic and international market standards and practices, and also reflect the reinsurance agreements entered into. Notwithstanding, MMS's Underwriting Policy establishes the insurance products that can be sold or written by MMS. Furthermore, the internal Underwriting Guidelines provide further detail in assisting the Underwriting and Commercial teams on the prudent acceptance or otherwise of a risk, thus controlling and reducing undesired Underwriting Risk.

- **Setting of a sufficient premium**:

MMS gives importance to premium sufficiency, which is supported by actuarial calculations.

- **Adequate allocation of the technical provisions**:

Claims handling and the sufficiency of technical provisions, are basic principles of insurance management. IFRS Technical provisions are calculated by MMS's Finance department with the involvement of the Actuarial Unit. These are audited by the independent auditor's actuaries. The establishment of technical provisions is regulated by a specific Group Policy, adopted by MMS. The best estimate liabilities calculations are performed by the Actuarial Unit and submitted to the Corporate Actuarial Office.

- **Use of Reinsurance**:

The Technical department of MMS is responsible for correctly identifying the appropriate level of risk transfer for its previously defined risk limits, and for defining/designing the types of reinsurance agreements based on its risk profile and appetite, with help from the MAPFRE RE technical advisors.

Once its reinsurance needs have been defined, MMS communicates them to MAPFRE RE to jointly plan the optimal structure and conditions for ceding contracts.

As at 31st December 2024, MMS had ceded 17.1% of its premiums and 11.0% of its Solvency II technical provisions[2] to reinsurance.

The appropriateness of the reinsurance management procedures is revised and updated at least annually.

The Actuarial Function issues an annual report expressing its opinion of the underwriting policy, the sufficiency of the rates and the technical provisions, as well as the sufficiency of reinsurance arrangements.

Concentration

MMS's insurance risk is highly diversified through the different products offered. MMS is currently writing business in Malta but also has passporting rights to provide services in several countries outside Malta. However, MMS does not actively write business outside of Malta. It only provides cover to Maltese customers with overseas interests. Hence, MMS is largely exposed to insurance risk in one geographical area.

MMS applies acceptance limits, which allow it to control the degree of concentration of insurance risk. MMS employs reinsurance contracts to reduce insurance risk arising from the concentration or accumulation of risks exceeding maximum acceptable limits. This is also facilitated by the purchase of reinsurance on a risk-by-risk basis.

The highest exposures to underwriting risk arise from natural and man-made catastrophes. To mitigate catastrophe risk, specific reinsurance coverage is purchased, to manage MMS's net retained exposure. This is reviewed at least on an annual basis and the terms purchased is based on a technical analysis of possible different scenarios, carried out by MAPFRE RE, the Group's reinsurance business unit. MMS management carry out validation of the terms offered by MAPFRE RE, and these are then approved by the Board of Directors.

Transfer of risk to special-purpose entities

MMS does not transfer underwriting risk to special-purpose entities.

[2] Including Risk Margin

C.2. Market Risk

Market risk is the risk of loss or adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities, and financial instruments.

Exposure

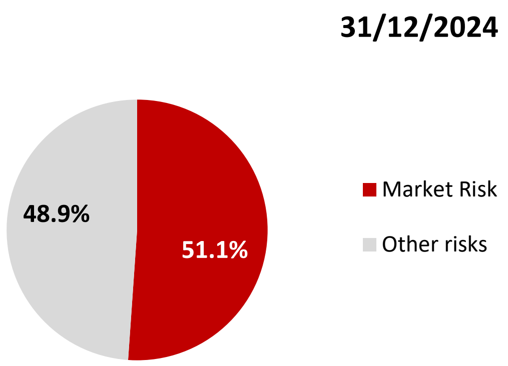
The following is a breakdown of MMS's investments by asset category[3]:

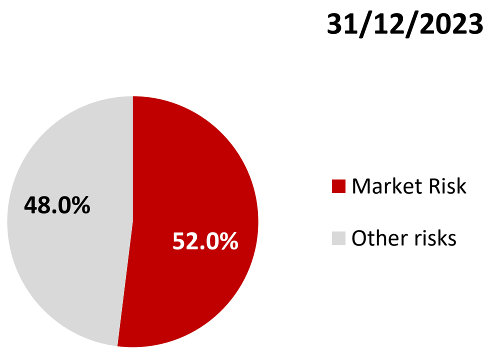
Investments	Investments at 31/12/2024	(%) Investments	Investments at 31/12/2023	(%) Investments
Property investments	**13,709**	**9.0%**	**13,806**	**9.8%**
Financial investments	**138,321**	**91.0%**	**127,093**	**90.2%**
Strategic participations	116,601	76.7%	108,741	77.2%
Fixed income	16,528	10.9%	13,931	9.9%
Equity	2,692	1.8%	2,421	1.7%
Mutual funds	-	-	-	-
Holdings in related companies	-	-	-	-
Deposits other than cash equivalents	2,500	1.6%	2,000	1.4%
Hedging derivatives	-	-	-	-
Other investments	-	-	-	-
Total	**152,030**	**100%**	**140,900**	**100%**

Figures in thousand euros

As at 31st December 2024, 76.7% of total investments relates to strategic participations, listed in Annex I. The main exposure pertains to MMS's investment in MAPFRE MSV Life p.l.c., representing 95.7% of the strategic participations. Furthermore, 10.9% of the investments were fixed income securities, of which 54.5% correspond to Government bonds.

As at 31st December 2024, market risk represents 51.1% of all of risk modules included in the SCR. The changes compared to last year are presented in the following charts:





Management and mitigation techniques

MMS mitigates its exposure to market risk by means of a prudent investment policy, characterised by investment-grade fixed-income securities and the establishment of general and specific exposure limits.

[3] After look-through of Collective Investment Schemes

These limits are established in the Investment Plan, which is approved by the Board of Directors and is reviewed on an annual basis.

MMS's investment portfolio assumes a degree of market risk, in accordance with the following:

- Modified duration is the variable aspect of the management of interest rate risk, and is conditioned by the limits established in the MMS's Investment Plan and the Asset and Liability Management (ALM) policy approved by the Board of Directors.

- Spread and concentration risks are mitigated by the high proportion of fixed-income securities with investment-grade and through issuer diversification.

- Equity investments are subject to the maximum limit of the investment portfolio and issuer limits.

- Strategic equity risk is managed through MMS ability to exercise control in terms of strategic direction, policy framework and operational structure of its main subsidiary, MMSV. MMS has the right to select, appoint and remove the key management personnel of MMSV and approve its business plan and capital expenditure.

- Currency risk is minimised through currency matching with respect to the currencies in which the assets and liabilities are denominated.

- Property risk is monitored, and it is ensured that the risks lie within the investment policy for property investments.

Concentration

For market risk, MMS applies the limits established in the Investment Plan, which ensures sufficient diversification by issuer, country and activity sectors.

MAPFRE MSV Life p.l.c. is the most important strategic investment held by MMS whilst MMS's property investment allocation is mainly concentrated in a single exposure.

C.3. Credit Risk

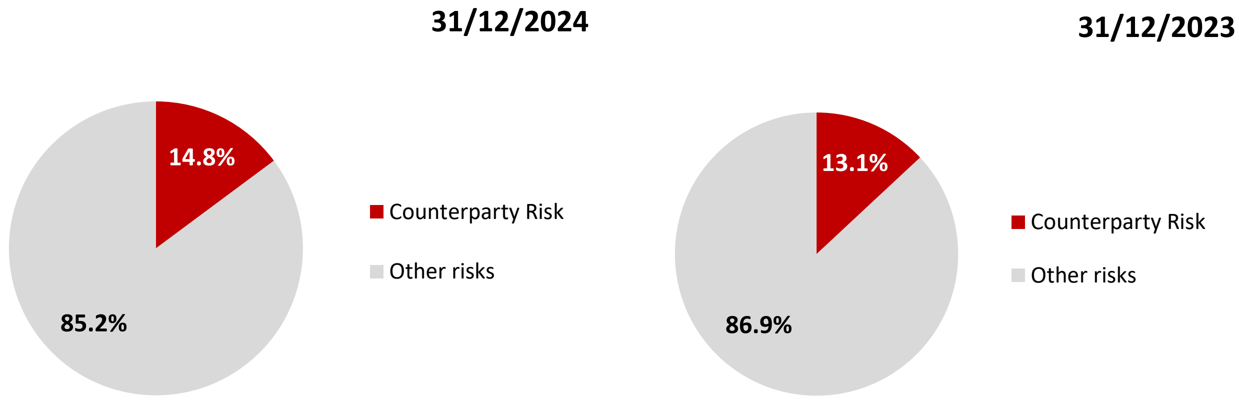
Credit risk is the risk of loss or adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties, and any debtors to which insurance and reinsurance undertakings are exposed to, in the form of counterparty default risk, or spread risk, or market risk concentrations.

Credit Risk is included under the SCR Standard Formula calculation as:

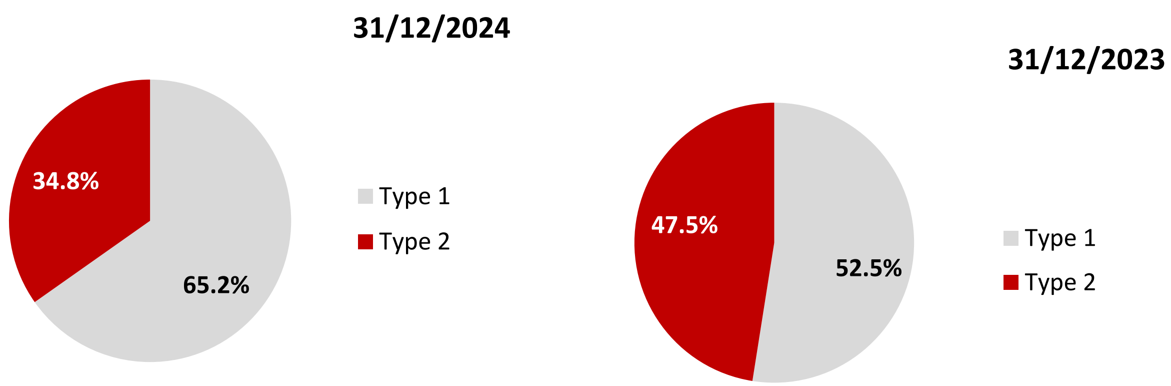
- Spread and concentration risk under the Market Risk module (section C.2 of the report).
- Counterparty default risk is broken down into two types of exposures:
  - Type 1 exposures: which include, among others, reinsurance contracts, swaps and cash at bank where a credit rating is usually available for the counterparty.
  - Type 2 exposures: which includes intermediaries' receivables and policyholders debtors, among others.

Exposure

Counterparty default risk at 31st December 2024 represents 14.8% of all of the risk modules included in the SCR.



The following charts show the solvency capital requirement results for the two types of exposures:



Type 1 counterparty default risk exposure increased to 65.2% in 2024 mainly due to an increase in cash and cash equivalents and an increase in reinsurance exposure.

Management and mitigation techniques

MMS's Credit Risk Management Policy establishes exposure limits according to the counterparty's credit rating, as well as a system of identification, measurement, vigilance, management and mitigation, as well as of monitoring and notifying the exposure to this risk.

MMS's strategy with regards to reinsurance is to cede business to reinsurers of proven financial capacity. Generally, MMS uses entities having a credit rating of at least "High" (credit quality step of 2). The MAPFRE Group Security Committee monitors exposure to reinsurance counterparties.

The main principles, which are taken into consideration when purchasing reinsurance and/or implementing other risk mitigation techniques within MMS are:

- Optimisation of capital consumption.
- Optimisation of conditions.
- Solvency of the counterparties.
- Effective transferability of risk.
- Suitability of the risk transfer level.

Concentration

The highest concentration in relation to cash exposure is to Bank of Valletta, while the highest concentration in relation to reinsurance is to reinsurers within the MAPFRE Group.

The financial strength of MMS's two main counterparties i.e. Bank of Valletta and the MAPFRE Group means that the credit risk stemming from these positions remains low. Exposures to intermediaries is not concentrated in a single exposure but spread across a number of intermediaries.

The strong financial credentials of both Bank of Valletta and the MAPFRE Group are very important in times of financial stress stemming from economic and geopolitical factors which contribute to market volatility.

C.4. Liquidity Risk

Liquidity risk is the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.

Exposure

Liquidity risk is not included in the SCR Standard Formula calculation.

Exposure to liquidity risk is considered to be low taking into account the expected inflows and outflows of cash flows and the prudent investment strategy established in the Investment Policy.

In extreme events, liquidity risk is minimised through the use of reinsurance as a risk mitigation technique to reduce the potential impact arising from a concentration of underwriting risk.

Management and mitigation techniques

MMS has a Liquidity Risk Management Policy and an Asset and Liability Management Policy, which together represent the framework of reference for handling liquidity risk. The Liquidity Risk Management Policy is based on maintaining sufficient cash balances, other high-quality liquid assets, availability of credit lines and expected cash inflows to comfortably cover the commitments arising from MMS's obligations towards its policyholders and creditors at maturity.

As at 31st December 2024, the cash and cash equivalents balance amounted to €11.4 million (2023: €8.8 million). MMS also held €2.5 million placed in 91-day local Treasury Bills. These represent 42.0% of total financial investments and cash balances[4].

Additionally, the majority of fixed-income investments have investment-grade ratings and are traded on organised financial markets, which provide comfort with respect to the ability to crystallise assets to cover any commitment arising from MMS's obligations. MMS is confident that its liquidity position will enable it to withstand any liquidity pressures.

Concentration

No liquidity risk concentrations have been identified.

Expected profits included in future premiums

The calculation of best estimate of the technical provisions considers the gross expected profits from future premiums (as a reduction in the best estimate when positive, or a higher value in case of expected losses). As at 31st December 2024, the amount of these expected profits totalled €1.9 million.

[4] Excluding strategic participations

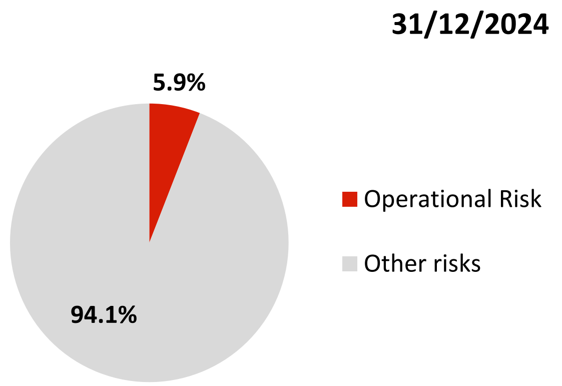
C.5. Operational Risk

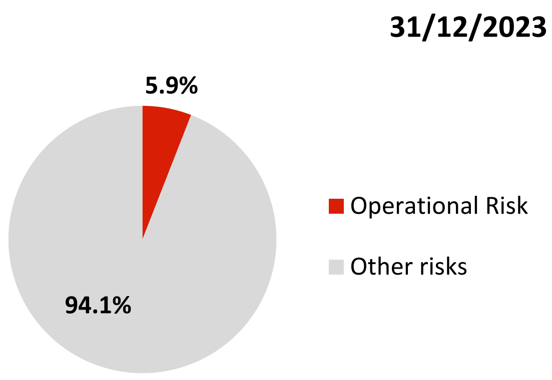
Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

Operational risks are both quantitative and qualitative in nature. In this regard, MMS measures the quantitative aspect through the calculation of the standard formula. On the other hand, the qualitative aspect is evaluated through various risk assessments as described below.

Exposure

As at 31st December 2024, operational risk represents 5.9% of all of the risk modules included in the SCR.





Management and mitigation techniques

The operational risk management model established is based on a qualitative dynamic analysis of processes, so that the managers of each area/department can identify and evaluate the potential risks affecting both the core business and support processes.

The analysis encompasses the self-assessment of risks, documentation of internal control handbooks identifying controls associated to risks, evaluations on controls effectiveness, and the use of corrective measures established to mitigate/reduce risks and/or improve the control environment.

Concentration

No risk concentrations have been identified in relation to operational risk, except for the dependency on the Core IT Systems. A prolonged unavailability of these systems could have a negative impact on operations, but this possibility is considered remote, since there are proven mechanisms of business continuity that would mitigate the risk.

C.6. Other material risks

In addition to the quantitative treatment of Solvency II risks, and as part of the annual risk identification process, at the beginning of each year the Risk Office promotes among the main areas or departments the identification of material risks that may affect the progress of the Company throughout the period covered by its business plan, as well as the emerging risks that both the insurance industry and MMS may face in the longer term (5-10 years).

C.6.1 Material risks

Top risks that have been identified at the beginning of 2025 as risks that the Company faces in the period covered in its business plan and that could significantly affect the company results:

Regulatory changes

The risk associated with regulatory changes has intensified due to the increasing diversity, scope, and complexity of new and changing regulations being introduced across regulatory bodies. The simultaneous implementation of these changes' places significant pressure on the company's expertise, resources, and costs, requiring continuous adaptation to maintain compliance. Failure to effectively manage these demands could result in delays, increased compliance costs, operational disruptions, or potential regulatory penalties. Additionally, regulatory uncertainty and evolving interpretations of existing laws further contribute to the complexity of compliance efforts, increasing the risk of non-compliance across different business areas.

To address these challenges, the company remains committed to continuously enhancing its regulatory risk management framework and compliance strategies. The Compliance function plays a vital role in overseeing and managing regulatory processes within its designated scope, as outlined in the Compliance Function Policy. Its key responsibilities include monitoring legislative and regulatory developments, assessing their impact on the company's operations, and ensuring proactive adaptation to regulatory changes. This involves engaging with regulatory authorities, industry groups, and internal stakeholders to stay informed about upcoming regulatory changes, providing timely guidance, and coordinating the necessary actions for compliance. Additionally, the company invests in training, technology, and process improvements to strengthen its ability to respond to regulatory changes, reducing the risk of non-compliance and ensuring alignment with increasing legal and regulatory expectations.

Inflation and significant expenses rise

The probability and impact of rising expenses are considered medium-high due to a combination of economic uncertainties and internal cost pressures. While inflation has been declining, the potential removal of government energy subsidies in Malta could not only increase operational costs of the company but drive prices higher, increasing the cost of goods, services, and wages. This may put pressure on household and business budgets, affecting consumer spending and the affordability of insurance. Global supply chain disruptions, geopolitical events, and regulatory changes could also lead to sudden inflationary spikes, adding further financial risks.

To manage these risks, the company has incorporated a cost optimisation initiative within its strategic plan to enhance efficiency and reduce operational expenses. Measures include process automation, system upgrades, and improved resource allocation to lower per-policy and claims handling costs. The company also closely monitors inflation trends, adjusting pricing strategies as needed to mitigate financial volatility. Diversification in investment and underwriting strategies helps provide stability against inflation-driven risks. Additionally, ongoing engagement with policymakers and industry groups ensures the company remains agile in responding to regulatory and economic changes. Through these efforts, the company aims to safeguard profitability while maintaining competitive pricing and high service standards.

Cyber risk

Cyber risk remains high due to the increasing frequency and sophistication of cyberattacks, heightened regulatory requirements, and the growing reliance on digital infrastructure. A successful breach could result in financial losses, reputational damage, operational disruptions, and regulatory penalties. The emergence of AI-driven threats, advanced phishing techniques, and ransomware attacks further increases the risk, making cybersecurity a critical concern. As cybercriminals continue to evolve their tactics, the company must remain vigilant in protecting sensitive data and ensuring system integrity.

To manage this risk, the company implements daily monitoring through the Corporate Security Office (CSO), continuous investment in security controls, and regular vulnerability assessments conducted by the Group and addressed locally. Proactive measures include strengthening security protocols, enhancing employee cybersecurity awareness through training programs, and conducting regular risk assessments to identify and mitigate potential threats. By maintaining a robust cybersecurity framework, the company aims to enhance protection, ensure regulatory compliance, and safeguard long-term operational resilience against evolving cyber threats.

Natural or man-made catastrophes

The risk of natural or man-made catastrophes remains a factor from the previous year due to the continued presence of key contributing factors. Events such as extreme weather, natural disasters, industrial accidents, or large-scale disruptions pose significant threats to operational stability and financial performance. While the company is actively allocating resources to support resilience efforts, ongoing investment in risk mitigation remains essential. The Group Sustainability Area is playing a critical role in strengthening leadership, fostering collaboration, and working with specialised consultants to enhance preparedness and response strategies.

To effectively manage these risks, the company utilizes established risk management frameworks, including scenario analysis, and stress testing. These tools provide valuable insights into potential exposures, improve resilience, and ensure the company can withstand and adapt to evolving risk conditions. By continuously refining its risk assessment methodologies and response strategies, the company aims to enhance its ability to mitigate the impact of catastrophic events and safeguard long-term operational sustainability.

C.6.2. Emerging risks

Emerging risks are expected or possible risks, or changes in the current risk profile due to future events whose impacts are unknown or subject to great uncertainty. Although both the solvency position and the Company's Internal Control and Risk Management Systems are solid, considering that the risk landscape is constantly evolving, it is important: i) to identify the factors that both the insurance industry and the Company may face in the long-term (5-10 years); ii) to know the degree of preparation with which it is counted; and iii) to be able to adapt reaching the objectives and the success in business results.

The main emerging risks identified in 2025 are listed below:

1. **Long-Term Concerns of ESG Regulation and Climate Risks**

   Both life and non-life insurance will face increasing challenges due to climate change and environmental risks over the next 5 to 10 years. In non-life insurance, extreme weather events are becoming more frequent and severe, posing a greater financial and social impact. Current infrastructure and urbanization have not yet been tested against these intensifying disasters, creating uncertainty around future claims exposure. The travel insurance sector may also be affected, as disrupted services from climate-related events could lead to higher claims and reduced demand. Additionally, the lack of alignment between US and EU approaches to ESG regulation may impact competition, creating challenges in risk pricing and underwriting strategies. As climate risks continue to evolve, insurers will need to enhance their risk models, adjust pricing strategies, and strengthen ESG integration to remain competitive and financially resilient.

2. **Adapting Insurance Policies to Economic Changes and Healthcare Accessibility**

Both life and non-life insurance will be impacted by economic and social changes over the next 5 to 10 years. The increasing strain on the public health system may lead to a rise in private healthcare claims, affecting health insurance costs and profitability. At the same time, this challenge presents an opportunity for insurers to promote private medical insurance as an alternative to public healthcare. These trends will require the Company to adapt its product offerings, pricing strategies, and underwriting models to align with evolving customer needs and healthcare accessibility.

3. **Challenges in Underwriting and Claims: The Impact of Electric Vehicles and New Technologies**

Non-life insurance will face emerging risks from new technologies over the next 5 to 10 years. The increased use of battery-powered devices and electric vehicles raises the risk of fire incidents in residential buildings and car parks, creating potential challenges for underwriting and claims management. The introduction of driverless vehicles may lead to policy interpretation issues, as liability frameworks evolve to accommodate new risks not currently covered. Similarly, autonomous bus projects bring unknown exposures that could impact both underwriting and risk assessment. As technology advances, the need to adapt policies, refine risk models, and collaborate with regulators to ensure adequate coverage for these evolving threats will increase.

4. **Technology Risks**

Both life and non-life insurance will be impacted by the increasing frequency of cyber threats and data breaches, making strong cybersecurity measures essential. Customer expectations are also shifting, with greater demand for digital services and personalised products. The rise of AI presents additional risks, including liability concerns and ethical considerations, while geopolitical instability could further disrupt market stability. Additionally, data quality and collection remain critical challenges, affecting technical analysis and decision-making. To remain competitive, the Company must invest in advanced data analytics, enhance cybersecurity resilience, and adopt flexible strategies to navigate these evolving risks.

C.7. Any other information

C.7.1. Sensitivity analysis of significant risks

MMS performs sensitivity analyses of the solvency ratio involving certain macroeconomic variables, including:

- An increase/decrease in interest rates
- Appreciation of the euro
- Decrease in the valuation of the equities
- Increase in the spread of corporate and sovereign exposures.

The sensitivity of the solvency ratio to the changes in these variables is shown below:

	31/12/2024	Percentage points Change
Solvency Ratio (SR)	274.9%	
SR In the event of a 100 basis point increase in the interest rate	277.8%	+2.86 p.p.
SR In the event of a 100 basis point decrease in the interest rate	262.6%	-12.31 p.p.
SR in the event of a 10% appreciation of the euro	274.5%	-0.43 p.p.
SR In the event of a 25% decrease in equities	267.4%	-7.47 p.p.
SR In the event of a 50 basis point increase in corporate spreads	274.1%	-0.81 p.p.
SR In the event of a 50 basis point increase in corporate and sovereign spreads	272.8%	-2.05 p.p.

p.p. percentage points

The outcome of these sensitivities shows that MMS will continue to comply with the solvency capital requirements in the scenarios assessed.

The method applied to obtain results consisted of:

- Establishing a benchmark based on the balance sheet, solvency capital required (SCR) and the solvency ratio at a determined date.
- Based on this cut-off point, select the initial variables that would be affected by the application of the stress assumptions that have been defined for the various tests or scenarios.
- Determining the final effect on MMS's solvency based on new values for the variables in question.

C.7.2. Other issues

Off-balance-sheet positions

There are no significant exposures to the above risks arising from off-balance sheet positions.

D. Valuation for solvency purposes

D.1. Assets

The following are the main differences between the measurement of assets under Solvency II ("Solvency II Value") and IFRS 17 ("Accounting value") as at 31st December 2024.

It is important to note that the balance sheet presented is in-line with the Solvency II regulations, and therefore, it was necessary to re-classify data included under certain headings in the financial statements to different headings as presented under "Accounting value" in the table below:

Assets	Solvency II Value 2024	Accounting Value 2024
Goodwill		-
Deferred acquisition costs		-
Intangible assets	-	10,574
Deferred tax assets	1,890	1,248
Pension benefit surplus	-	-
Property, plant & equipment held for own use	5,679	5,679
Investments (other than assets held for index-linked and unit-linked contracts)	152,029	110,411
Property (other than for own use)	13,709	13,712
Holdings in related undertakings	116,601	77,613
Equities	1,659	1,659
Equities - listed	1,659	1,659
Equities - unlisted	-	-
Bonds	16,407	16,273
Government Bonds	8,980	8,946
Corporate Bonds	7,427	7,327
Structured notes		
Collateralized securities		
Collective Investments Undertakings	1,154	1,154
Derivatives	-	-
Deposits other than cash equivalents	2,500	-
Other investments	-	-
Assets held for index-linked and unit-linked contracts and other collective investment schemes	-	-
Loans and mortgages	-	-
Loans on policies	-	-
Loans and mortgages to individuals	-	-
Other loans and mortgages	-	-
Reinsurance recoverables from:	7,619	11,815
Non-life and health similar to non-life	7,619	11,815
Non-life, excluding health	7,736	11,801
Health similar to non-life	(116)	14
Life and health similar to life, excluding health and index-linked and unit-linked and other collective investment schemes	-	-
Health similar to life	-	-
Life, excluding health and index-linked and unit-linked and other collective investment schemes	-	-
Life index-linked and unit-linked and other collective investment schemes	-	-
Deposits to cedants/Deposits for Accepted Reinsurance	-	-
Insurance and intermediaries receivables	18,278	17,596
Reinsurance receivables	289	-
Receivables (trade, not insurance)	850	850
Own shares (held directly)	-	-

Assets	Solvency II Value 2024	Accounting Value 2024
Amounts due in respect of own funds items or initial fund called up but not yet paid in	-	-
Cash and cash equivalents	11,408	13,908
Any other assets, not elsewhere shown	1,114	1,247
TOTAL ASSETS	**199,156**	**173,327**

Figures in thousand euro

Below are the explanations of the key asset valuation differences in the table above.

Intangible assets

Under IFRS, intangible assets are measured at cost less their accumulated amortisation and where applicable, possible impairment. MMS mainly recognises computer software as intangible assets. Computer software mainly represents amounts capitalised relating to the development of MMS's IT system by related companies forming part of the MAPFRE Group.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use to the specific software. These costs are amortised using the straight-line method over their useful lives, not exceeding a period of seven years.

Under Solvency II, an intangible asset other than goodwill is only recognised at a value not equal to zero if it can be sold separately and the undertaking can demonstrate the existence of a market value for the same or similar assets. MMS considers that computer software does not meet the conditions established in the Solvency II regulations for market value recognition, and therefore is reported as a zero value.

Deferred tax assets

Under IFRS, deferred taxes are calculated on all temporary differences using a principal tax rate of 35%, with the exception of investment property and freehold and other property, for which deferred income taxes may be calculated using a principal tax rate of 8% or 10% of the carrying amount. MMS recognised a net deferred tax liability on its closing IFRS balance sheet at a carrying amount of €1.3 million.

Deferred taxes are measured under Solvency II as the amounts reported in the audited financial statements as adjusted by the tax impact (at different applicable rates) on the difference between the values assigned to assets and liabilities for solvency purposes, and their carrying values as recognised in the financial statements and valued for tax purposes. MMS recognised a net deferred tax asset on the Solvency II balance sheet of €1.9 million.

The differences between the Solvency II and Accounting value of the deferred tax assets mainly arose due to the different valuation criteria used for the following items:

- Intangible assets
- Participations
- Reinsurance recoverables
- Insurance and intermediaries receivables
- Reinsurance receivables
- Technical provisions
- Reinsurance payables

Due to the nature of the deferred tax assets held by MMS, there are no specific expiration dates for them.

Investments (other than assets held for index-linked and unit-linked contracts)

All investments must be measured at fair value on the Solvency II balance sheet, regardless of the accounting portfolio under which they are classified. The determination of fair value is performed by following the same procedures and methodology used for determining fair value based on IFRS 13 "Fair Value Measurement".

IFRS 13 defines fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In a fair value valuation, the transaction should take place in the asset or liability's main market, and where this does not exist, in the most advantageous market, using valuation techniques that are appropriate for the circumstances and for which there is sufficient information available, maximising the use of relevant observable input and minimising the use of unobservable input.

In order to increase the coherence and comparability of the fair value measurements, IFRS 13 establishes a fair value hierarchy making it possible to classify the valuation technique variables used to determine fair value in three different levels:

Level 1 corresponds to unadjusted quoted prices on active markets;

Level 2 uses observable input (either prices quoted in active markets for instruments similar to the one being assessed, or other assessment techniques in which all the significant variables are based on observable market data); and

Level 3 uses specific references for each case, although assets included in this level are generally not relevant.

Although not all assets and liabilities may have available observable market transactions or information, the objective of a fair value appraisal is always the same: estimate the price for an orderly transaction for selling or transferring the liability between market participants at the valuation date in present market conditions.

Under "Investments", based on the Solvency II balance sheet, the following investments valuation differences apply:

- ***Holdings in related undertakings***

  Holdings in related companies are either subsidiaries or companies in which there is an investment that can be considered to represent a dominant or significant influence in the business.

  Wherever possible, investments in related companies are measured at their listed prices on active markets as regards the Solvency II balance sheet. However, due to the absence of quoted prices on active markets, the assets were valued using the adjusted equity method, considering the solvency valuation specifics indicated for each holding or subsidiary.

  Under IFRS, investments in subsidiaries are valued at cost less impairment, which differs from Solvency II criteria.

  Due to the difference in valuation criteria, an increase of €39.0 million was recorded for these investments on the Solvency II balance sheet when compared to the IFRS balance sheet.

- ***Bonds***

  Under IFRS, accrued interest for bonds is accounted for as "Any other assets, not elsewhere shown", whilst the Solvency II value of the bonds is equal to the market value.

- ***Deposits other than cash equivalents***

  Under Solvency II, short term deposits are classified under "Deposits other than cash equivalents", whilst under IFRS these are classified under "cash and cash equivalents".

Reinsurance recoverables

The calculation of the reinsurance recoverables is in line with the calculation of technical provisions for direct insurance, which means that these amounts must be recognised at their best estimate, also considering the timing difference between collection and direct payments, as well as the expected losses from the counterparty default.

When determining the recoverable value of the amounts of reinsurance arising from amounts considered in technical provisions, MMS takes into account the following:

- The expected value of potential reinsurance default based on creditworthiness and the time horizon of expected payment patterns.
- Expected reinsurance collection patterns based on past experience.

For reinsurance recoverables extending beyond the established payment period outlined in reinsurance contracts in force, a renewal of current contractual terms is considered, with no substantial modification in contracted cost or coverage.

The classification among the different lines of business and the development of reinsurance claims are based on the assumptions made for gross technical provisions.

The value of the potential recovery of reinsurance arising as a result of technical provisions for direct insurance is directly linked to estimates and projections for future cash flows which might be subject to a number of factors of uncertainly, which are mainly the following:

- Direct insurance and reinsurance claims, which are linked to reinsurance contracts.
- The ability to meet the reinsurer's future payment commitments.
- Reinsurance payment pattern.

Under IFRS, technical reserves for cessions to reinsurers are calculated in accordance with the reinsurance contracts entered into as applied to the gross technical provisions

Insurance and intermediaries receivables

Under IFRS, receivables from intermediaries are deemed to be arising out of a business contract and therefore measured under IFRS 9 recorded at amortised cost net of expected credit loss. Receivables from insured are measured under IFRS17 and netted off with Insurance contract liabilities as per contract group to which they pertain,

Under Solvency II, balances included under insurance and intermediaries' receivables mainly relate to premiums due net of commissions that are either not past their payment date or past their payment date net of any impairment provision against them. The collection of such amounts has not been included in the cash flows for the calculation of technical provisions.

Reinsurance receivables

Under Solvency II, Reinsurance receivables mainly include the amount receivable from reinsurers by way of claim recoveries on claims paid by the Company. The collection of such amounts has not been included in the cash flows for the calculation of technical provisions.

Under IFRS, these balances are considered under the Reinsurance contract assets.

Any other assets, not elsewhere shown

The difference between the IFRS value and the Solvency II value of €0.13 million relates to the accrued interest of bonds, which under IFRS is accounted for “Any other assets, not elsewhere shown”.

D.2. Technical provisions

Following are the main differences between the valuation of technical provisions under Solvency II and IFRS-17:

Technical provisions	Solvency II Value 2024	Accounting Value 2024
Technical provisions - Non-Life	68,909	72,232
Technical provisions - Non-Life (excluding health)	60,474	64,637
Technical provisions calculated as a whole	-	
Best Estimate	57,505	
Risk margin	2,969	
Technical provisions - health (similar to Non-Life)	8,435	7,595
Technical provisions calculated as a whole	-	
Best Estimate	8,219	
Risk margin	216	
Technical provisions - Life (excluding index-linked and unit-linked)	653	736
Technical provisions - health (similar to Life)	-	-
Technical provisions calculated as a whole	-	
Best Estimate	-	
Risk margin	-	
Technical provisions - Life (excluding health and index-linked and unit-linked)	653	736
Technical provisions calculated as a whole	-	
Best Estimate	565	
Risk margin	88	
Technical provisions - index-linked and unit-linked	-	-
Technical provisions calculated as a whole	-	
Best Estimate	-	
Risk margin	-	
Other technical provisions	-	-
TOTAL TECHNICAL PROVISIONS	**69,561**	**72,968**

Figures in thousand euro

In general terms, the main difference between both valuations is the criteria framework under which each regulation falls. While under Solvency II, technical provisions are measured using market economic criteria, for financial statements, technical provisions are calculated based on accounting standards. The Solvency II Directive stipulates that the value of technical provisions shall be equal to the sum of the best estimate and the risk margin.

The movement between Non-Life IFRS and Solvency II technical provisions is as follows:

	€000s
Insurance contract liabilities and reinsurance contract assets	**61,152**
Less Group Life component	(737)
Add back Deferred acquisition cost component	12,014
Insurance and Reinsurance balances	(2,648)
IFRS17 Technical Provisions (Net)	**69,782**
Risk Adjustment	(711)
Non-performance Risk	(79)
Loss component	(186)
Add back Discounting LIC	1,298
IFRS17 Technical Provisions without RA and NPR (Net)	**70,104**
Elimination of margin for prudence	-
Elimination of 100% UPR (net of RI)	(39,893)
Future premiums – unincepted contracts	888
Net premium provision – claims component only on in-force business and future premiums	21,690
Additional expenses	7,469
Events not in data	153
Discounting (Claims and Premiums)	(2,327)
Risk Margin	3,185
Any other Adjustments	21
Solvency II Technical Provisions (Net)	**61,289**

The following are the qualitative explanations of the valuation differences when using Solvency II criteria and those used during the preparation of the financial statements.

D.2.1. Best estimate and risk margin

Best estimate

The Best Estimate of Liabilities (BEL) in the Non-life and Health similar to Non-Life businesses are calculated separately for the claims provision and premium provision.

a) Claims provision

The claims provision is based on the following principles:

- Taking into account all claims, which have incurred prior to the valuation date, regardless of whether they have been reported or not.
- It is calculated as the present value of expected future cash flows associated with the commitments. Projected cash flows include payments for services and related expenses (claims and investment management).
- Should there be any commitments transferred to a counterparty, the recoverable amounts are adjusted to factor in the expected losses due to default of the counterparty.
- The best estimate considers the time value of money based on the consideration of the claim inflows and outflows.

- From a methodological point of view, it is determined as the final cost of claims and effective payments made, net of their potential recovery or collection.

IFRS 17 has introduced greater alignment between the Solvency II claims provision and the Accounting liability for incurred claims. Large losses have been valued as at 31st December 2024 using estimation techniques where credible data volume allows appropriate use of actuarial standard techniques.

The best estimate for claims provisions calculated based on Solvency II criteria present the following similarities and differences with respect to those calculated based on financial statement requirements:

Similarities

- Solvency II and IFRS 17 require that the claims provision, including large losses, is reported on a best estimate basis. Estimation techniques are used where there is sufficient data. Where data volumes are too low or risks insufficiently homogeneous, case estimates are used. The use of case estimates applies only to certain large losses.

- Both standards require the allowance for the risk of non-recoverability of reinsurance cash-flows.

- The consideration of all expected future cash-flow sources is included in the estimations under both methodologies. The present value of estimated future cash flows is calculated using the risk-free yield curve as at 31st December 2024.

- Thus, the Solvency II gross of reinsurance claims provision is equal to the gross liability for incurred claims before addition of the risk adjustment.

Differences

- The counterparty default risk adjustment to reinsurance recoverable amounts is calculated using prescribed factors set out in the Solvency II regulations. Separate, internally derived factors are determined to derive the adjustment to the accounting cash-flows.

b) Premium provision

The premium provision is based on the following principles:

- It relates to future claims, or those which take place subsequent to the valuation date, within the remaining claim coverage period.
- It is calculated as the present value of expected cash flows associated with the current portfolio, in accordance with contractual limits.
- Projected cash flows include payments for services and related expenses (administration, acquisition, claim management, and investment management).
- Should there be any commitments transferred to a counterparty, the recoverable amounts are adjusted to contemplate the expected losses arising from non-payment.
- The best estimate takes into account the time value of money of expected future cash flows, which are based on an analysis of claim inflows and outflows.

The calculation of this provision is comprised of the flows corresponding to two portfolios:

- Current portfolio, which consists of the following items:
    - Expected claims. The loss ratio method is used to calculate the present value of expected benefit payments which is explained below:

    - Loss ratio method: the expected claims arising from applying an ultimate loss ratio to unearned premium reserves (gross of acquisition expenses).
    - Events Not in Data (ENIDs) are also considered. ENIDs are events where the Company has no experience of their likely impact, but which may happen in the future. MMS has identified such possible losses and estimated the cover limits and the probability of such events occurring. The estimated impact was calculated on a gross basis and also net of potential reinsurance recovery. The allowance for ENIDs has been derived as a factor which is applied to the earned premium.
  - Expense attributable to the current portfolio: acquisition expenses (without commissions), administration, claims management expenses, as well as other technical expenses.
- Future business, which includes the following:
  - Premiums for policies which have not yet been renewed but include MMS's commitments to renewal terms. This calculation includes allowance for the future behaviour of policyholders through the application of an estimated lapse ratio.
  - Expected loss ratio relating to future premiums, using the same methods indicated for the current portfolio.
  - Expenses attributable to future premiums (charged expense-to-premium ratio applied to future premiums): acquisition expenses (including fees), administration, chargeable to benefits, investment expenses, as well as other technical expenses.

Under IFRS, this provision is recognised under the liability of remaining coverage, which is calculated on a policy-by-policy basis, reflecting the premium rate on a pro-rata temporary basis for the unearned period of such policies to which a loss component is added for group of contracts deemed to be onerous from initial recognition or become onerous thereafter. This provision supplements the unearned premiums reserve with an amount by which the future contractual cash flows arising from such reserve exceed the same reserve where applicable.

Contractual boundaries

When calculating the best estimate under Solvency II, the contractual boundaries must be taken into account in order to consider future premiums arising from commitments in force. Depending on the margins on product premiums, the inclusion of the limits of the contract will generate an increase in the best estimate (if the contracts are not profitable) or a reduction in the same (if they are profitable).

The obligations arising from the contract, including those which relate to the insurance/reinsurance company's unilateral right to renew or increase its limits and the corresponding premiums are included, except for:

- Commitments provided by the Company after the date on which it has the unilateral right to:
  - Cancel the contract.
  - Reject premiums payable under the contract.
  - Modify the premiums or benefits to which it is bound by virtue of the contract, so that the premiums clearly reflect the risks.
- All obligations which do not correspond to premiums already paid, unless the policyholder may be forced to pay future premiums, provided the contract:
  - Does not establish an indemnity for a specified uncertain event which may adversely affect the reinsured party.

- Does not include a financial guarantee for the benefits.

The premium provision calculated based on Solvency II criteria present the following differences with respect to those calculated based on IFRS:

- The application of the concept of contractual limits, which involves the consideration of future business. Under IFRS, future premiums must be taken into account only if included in the corresponding technical note.
- The consideration of all cash flow sources. In general, under Solvency II, the premium provision for profitable products included in a portfolio in force is less than the liability for remaining coverage reflected in the financial statements. In cases of premium insufficiency, the premium provision is comparable to the provision for unearned premiums plus the provision for current risks (without taking the discount effect into account). For future business, the Solvency II premium provision for profitable products will be negative.
- The counterparty default risk adjustment to recoverable reinsurance amounts.
- The financial discount of cash flows.

Risk margin

The risk margin is conceptually equivalent to the cost of supplying eligible own funds and the SCR necessary to support insurance commitments during their entire period of validity and until they are definitively settled. The interest rate used in determining the cost of supplying the amount of eligible own funds is known as the cost-of-capital rate. MMS uses the 6% rate prescribed by Solvency II regulations.

The method for calculating risk margin may be expressed as follows:

$$RM = CoC * \sum \frac{SCR_t}{(1 + r_{t+1})^{t+1}}$$

- RM: risk margin.
- CoC: the cost-of-capital rate which is taken as 6%.
- SCR_t: Solvency capital requirement after t years. This solvency capital requirement will be that capital necessary to meet insurance and reinsurance obligations for their effective period, with said capital reflecting underwriting risk, residual market risk where material, counterparty default risk with regards to reinsurance treaties and operational risk. The SCR is calculated according to the standard formula and calibrated at the 99.5% confidence level over a 1-year time horizon.
- r_{t+1}: basic risk-free interest rate for the maturity of t+1 years.

There are a number of simplified methods to calculate risk margin:

- Level 1: explains how to approximate underwriting, counterparty, and market risks.
- Level 2: this is based on the assumption that the future solvency capital requirement will be proportional to the "best estimate" of technical provisions during the year in question.
- Level 3: this consists of using the modified duration of liabilities to calculate the current and future solvency capital requirement in one single step.
- Level 4: calculates the risk margin as a percentage of the best estimate of technical provisions net of reinsurance.

MMS calculates the risk margin using Level 2 simplification.

The Financial Statements require that a risk adjustment is added to the liability for incurred claims. The risk adjustment is derived from the Solvency Capital Requirement components allowing for the lower accounting confidence levels of 65% and 85% for non-life and life business respectively.

Actuarial methods and assumptions used when calculating technical provisions

The main actuarial technique used by MMS when calculating technical provisions under Solvency II falls under generally accepted actuarial practice making use of deterministic methods for calculating the ultimate loss ratio based on a selection of factors to develop frequencies and average costs.

MMS considers that the methods used are appropriate.

The following two key assumptions are used:

- Economic assumptions, which are compared against available financial and macroeconomic indicators which mainly include:
  - Interest rate structure.
  - Exchange rates.
  - Market trends and financial variables including allowance for future claim inflation where significant.
- Non-economic assumptions, which are mainly obtained from generally available data based on MMS's and/or the MAPFRE Group's past experience, or external sector/market sources:
  - Realistic administration, investment, acquisition, etc. expenses that will be incurred throughout the duration of the contracts.
  - Lapse rates.
  - The frequency and severity of claims based on past data.
  - Legislative changes.

For Life Insurance:

The following two key assumptions are used:

- Economic assumptions, which are compared against available financial and macroeconomic indicators which mainly include:
  - Interest rate structure broken down by the currencies in which the commitments are denominated.
  - Exchange rates.
  - Market trends and financial variables.
- Non-economic assumptions, which are mainly obtained from generally available data based on MMS and/or the MAPFRE Group's past experience, or external sector/market sources:
  - Realistic administration, investment, acquisition, etc. expenses that will be incurred throughout the duration of the contracts.
  - Mortality.

Also, it is worth noting that under the IFRS 17 standard, in line with Solvency II, management actions and policyholder behaviour are also included when calculating technical provisions, whereby companies may establish a comprehensive plan covering future decisions considering the necessary time frame to calculate their best estimates, including a probability analysis of when policyholders might exercise certain rights included in their insurance policies.

Following generally accepted actuarial practice, MMS employs an effective actuarial methodology which combines the appropriateness and consistency of the underlying methods and models used, as well as the assumptions used in these calculations.

Degree of uncertainty associated with the amount of technical provisions

The value of the technical provisions is directly linked to estimates and projections for future cash flows which might be subject to a number of factors of uncertainty. The key elements of uncertainty are:

- The probability that the obligation will materialize with regard to future cash flows including the likelihood of a policy renewing or lapsing mid-term.
- The timing of the claim.
- Potential amount of future cash flows which depend on claim size, inflation rate, court judgement etc.
- Claim frequency, which depends on the propensity to claim.
- The risk-free interest rate.
- Other external influences.

These factors are generally estimated based on expert opinions within the area or market data, and their calculation and impact on the technical provisions are duly documented and processed.

The liabilities are discounted using the risk-free discount rates published by EIOPA.

D.2.2. Measures designed for managing long-term guarantees

MMS does not make use of any long-term guarantee measures.

D.2.2.a. Matching adjustment

MMS does not make use of any matching adjustment.

D.2.2.b. Volatility adjustment

MMS does not make use of any volatility adjustment.

D.2.2.c. Transitional measure on the risk-free interest rates

MMS does not make use of any transitional measures on the risk-free interest rates.

D.2.2.d. Transitional measure for technical provisions

MMS does not make use of any transitional measures on technical provisions.

D.2.3. Significant changes in the assumptions used when calculating technical provisions

MMS did not make any further changes with regards to the assumptions used to calculate technical provisions when compared to the previous reporting period.

D.2.4. Other technical provisions

MMS does not have any other technical provisions.

D.3. Other Liabilities

Following are the main difference between the measurement of other liabilities under Solvency II and IFRS-17:

Other Liabilities	Solvency II Value 2024	Accounting Value 2024
Total technical provisions	**69,561**	**72,968**
Contingent liabilities	-	-
Provisions other than technical provisions	-	-
Pension benefit obligations	889	889
Deposits from reinsurers	-	-
Deferred tax liabilities	-	2,565
Derivatives	-	-
Debts owed to credit institutions	-	-
Financial liabilities other than debt owed to credit institutions	1,694	1,694
Insurance & intermediaries payables	211	-
Reinsurance payables	1,216	-
Payables (trade, not insurance)	4,809	4,809
Subordinated liabilities	-	-
Subordinated liabilities not in basic own funds	-	-
Subordinated liabilities included in basic own funds	-	-
Any other liabilities, not elsewhere shown	5,744	5,955
TOTAL LIABILITIES	**84,125**	**88,885**
EXCESS OF ASSETS OVER LIABILITIES	**115,030**	**84,442**

Figures in thousand euros

Deferred tax liabilities

As mentioned earlier, MMS recognised a net deferred tax liability on its closing IFRS balance sheet at a carrying amount of €1.3 million. MMS recognised a deferred tax asset on the Solvency II balance sheet at €1.9 million, resulting from the offsetting of deferred taxes and liabilities since taxes are paid to the same tax authority.

Insurance and intermediaries payables

Under IFRS 17, Insurance and intermediaries payables are classified under “Any other liabilities, not elsewhere shown”.

Reinsurance payables

Under Solvency II, Reinsurance payables mainly include amounts payable to reinsurers by way of ceded premiums less commission and claim recoveries on claims paid by the Company. The payment of such amounts has not been included in the cash flows for the calculation of technical provisions.

Under IFRS, the payment of these amounts has been included under Reinsurance contract assets.

D.4. Alternative methods for valuation

MMS's investment property is valued at appraisal value, determined by external, independent and qualified architects.

D.5. Any other information

There have been no signification changes in the Solvency II valuation criteria for assets and liabilities during the year.

Finance and operating leases

Finance and operating leases are described in Section A.4.2 of this report.

D.6. Annexes

A) Assets

Template S.02.01.02 detailing quantitative asset disclosures as at 31st December 2024:

Assets (*)	Solvency II Value 2024	Solvency II Value 2023
Intangible assets	-	-
Deferred tax assets	1,890	1,251
Pension benefit surplus	-	-
Property, plant & equipment held for own use	5,679	5,718
Investments (other than assets held for index-linked and unit-linked contracts)	152,029	140,900
Property (other than for own use)	13,709	13,806
Holdings in related undertakings, including participations	116,601	108,741
Equities	1,659	1,427
Equities — listed	1,659	1,427
Equities — unlisted	-	-
Bonds	16,407	13,867
Government Bonds	8,980	7,232
Corporate Bonds	7,427	6,634
Structured notes	-	-
Collateralised securities	-	-
Collective Investments Undertakings	1,154	1,059
Derivatives	-	-
Deposits other than cash equivalents	2,500	2,000
Other investments	-	-
Assets held for index-linked and unit-linked contracts	-	-
Loans and mortgages	-	-
Loans on policies	-	-
Loans and mortgages to individuals	-	-
Other loans and mortgages	-	-
Reinsurance recoverables from:	7,619	9,117
Non-Life and health similar to non-life	7,619	9,117
Non-Life excluding health	7,736	9,176
Health similar to non-life	(116)	(59)
Life and health similar to life, excluding health and index-linked and unit-linked	-	-
Health similar to life	-	-
Life excluding health and index-linked and unit-linked	-	-
Life index-linked and unit-linked	-	-
Deposits to cedants	-	-
Insurance and intermediaries receivables	18,278	19,721
Reinsurance receivables	289	287
Receivables (trade, not insurance)	850	591

Assets (*)	Solvency II Value 2024	Solvency II Value 2023
Own shares (held directly)	-	-
Amounts due in respect of own fund items or initial fund called but not yet paid in	-	-
Cash and cash equivalents	11,408	8,780
Any other assets, not elsewhere shown	1,114	1,661
Total assets	**199,156**	**188,026**

Figures in thousand euro

B) Technical provisions

B.1 Template S.02.01.02 detailing quantitative technical provisions at 31st December 2024:

Liabilities (*)	Solvency II Value 2024	Solvency II Value 2023
Technical provisions — non-life	**68,909**	**67,404**
Technical provisions — non-life (excluding health)	60,473	60,763
Technical provisions calculated as a whole	-	-
Best Estimate	57,505	58,856
Risk margin	2,969	1,907
Technical provisions — health (similar to non-life)	8,435	6,641
Technical provisions calculated as a whole	-	-
Best Estimate	8,219	6,468
Risk margin	216	173
Technical provisions — life (excluding index-linked and unit-linked)	**653**	**1,289**
Technical provisions — health (similar to life)	-	-
Technical provisions calculated as a whole	-	-
Best Estimate	-	-
Risk margin	-	-
Technical provisions — life (excluding health and index-linked and unit-linked)	653	1,289
Technical provisions calculated as a whole	-	-
Best Estimate	565	1,181
Risk margin	88	107
Technical provisions — index-linked and unit-linked	**-**	**-**
Technical provisions calculated as a whole	-	-
Best Estimate	-	-
Risk margin	-	-

Figures in thousand euro

Life and Non-Life technical provisions by line of business as at 31st December 2024 are shown below. Columns corresponding to lines of business in which MMS does not operate have been omitted.

B.2 Templates **S.12.01.02** and **S.17.01.02** detailing Life and Non-Life technical provisions by line of business at 31st December 2024.

B.2.1 Template **S.12.01.02** – Life and Health SLT Technical Provisions as at 31st December 2024

	Other life insurance			Total (Life other than health insurance, incl. Unit-Linked)
		Contracts without options and guarantees	Contracts with options or guarantees	
Technical provisions calculated as a whole	-			-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	-			-
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate		**565**	**-**	**565**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re — total		565	-	565
Risk Margin	**88**			**88**
Technical provisions — total	**653**			**653**

Figures in thousand euro

B.2.2 Template **S.17.01.02** – Life and Health SLT Technical Provisions as at 31st December 2024

	Direct business and accepted proportional reinsurance									Total Non-Life obligation
	Medical expense insurance	Income Protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation, and transport insurance	Fire and other damage to property insurance	General liability insurance	Assistance	Miscellaneous financial loss	
Technical provisions calculated as a whole	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM										
Best Estimate										
Premium provisions										
Gross	6,088	255	8,869	6,723	864	5,022	1,018	317	4	29,159
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	(108)	(23)	(1,077)	(76)	(127)	1,532	(113)	(23)	-	(15)
Net Best Estimate of Premium Provisions	6,195	278	9,946	6,799	991	3,490	1,130	339	4	29,175
Claims provisions										
Gross	1,226	651	15,748	7,809	1,128	4,075	5,078	850	-	36,565
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	14	1	4,238	10	0	2,893	479	0	-	7,635
Net Best Estimate of Claims Provisions	1,212	650	11,510	7,799	1,128	1,182	4,599	850	-	28,930
Total Best estimate — gross	7,313	906	24,617	14,532	1,993	9,097	6,096	1,166	4	65,724
Total Best estimate — net	7,407	928	21,456	14,599	2,120	4,672	5,730	1,189	4	58,105
Risk margin	212	4	982	737	138	673	335	100	3	3,185
Technical provisions — total										
Technical provisions — total	7,525	910	25,599	15,269	2,131	9,770	6,431	1,266	7	68,909
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	(94)	(22)	3,161	(66)	(127)	4,425	366	(23)	-	7,619
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	7,619	932	22,438	15,336	2,258	5,345	6,065	1,289	7	61,289

Figures in thousand euro

B.3 Template **S.19.01.21** – Non-Life insurance claims

The following template reflects the estimate made by MMS of the cost of claims (those paid and provisions for claims in accordance with the Solvency II valuation principles), as well as how the estimate evolves over time.

Gross Claims Paid (non-cumulative)													
Development year													
Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
Prior											188	188	188
N - 9	11,613	8,733	419	1,161	250	190	14	296	171	118		118	22,964
N - 8	15,121	10,181	1,858	627	777	175	103	44	8			8	28,894
N - 7	17,885	9,426	2,460	1,891	1,435	167	297	123				123	33,683
N - 6	18,707	9,787	2,164	965	493	6,246	878					878	39,241
N - 5	21,555	11,366	3,548	3,884	1,110	344						344	41,807
N - 4	17,104	8,793	975	547	217							217	27,635
N - 3	17,760	10,149	1,414	739								739	30,062
N - 2	21,240	11,146	2,001									2,001	34,387
N - 1	23,051	11,650										11,650	34,701
N	25,488											25,488	25,488
											Total	**41,753**	**319,049**

Figures in thousand euro

Gross undiscounted Best Estimate Claims Provisions

Year	0	1	2	3	4	5	6	7	8	9	10 & +
Prior											257
N - 9	-	3,656	4,957	3,583	3,265	3,257	88	44	277	439	
N - 8	17,270	3,656	3,373	2,440	1,770	-35	417	-237	603		
N - 7	18,926	6,218	6,333	4,779	943	1,777	271	724			
N - 6	21,329	11,865	10,490	3,460	1,556	1,158	1,108				
N - 5	18,382	9,888	3,246	4,768	662	1,382					
N - 4	12,499	9,064	1,464	3,318	2,425						
N - 3	31,221	8,354	1,231	3,086							
N - 2	33,744	5,594	3,563								
N - 1	27,208	6,485									
N	18,167										

	Year-end (discounted data)
Prior	199
N-9	355
N-8	500
N-7	614
N-6	963
N-5	1,229
N-4	2,205
N-3	2,869
N-2	3,383
N-1	6,280
N	17,967
Total	36,565

Figures in thousand euro

C) Other liabilities

Template S.02.01.02 detailing quantitative disclosures of other liabilities at 31st December 2024:

Liabilities	Solvency II Value	Solvency II Value
	2024	2023
Contingent liabilities	-	-
Provisions other than technical provisions	-	-
Pension benefit obligations	889	923
Deposits from reinsurers	-	-
Deferred tax liabilities	-	-
Derivatives	-	-
Debts owed to credit institutions	-	-
Financial liabilities other than debts owed to credit institutions	1,694	1,575
Insurance & intermediaries payables	211	260
Reinsurance payables	1,216	924
Payables (trade, not insurance)	4,809	5,024
Subordinated liabilities	-	-
Subordinated liabilities not in basic own funds	-	-
Subordinated liabilities included in basic own funds	-	-
Any other liabilities, not elsewhere shown	5,744	6,045
Total liabilities	**84,125**	**83,443**
Excess of assets over liabilities	**115,030**	**104,583**

Figures in thousand euro

E. Capital Management

MMS has the appropriate structure and processes for the management and monitoring of its own funds, with a medium-term capital management plan and solvency levels within the limits established in the regulations and in its Risk Appetite policy.

E.1. Own funds

E.1.1. Own funds objectives, policies and management processes

The main objectives to manage and monitor MMS's own funds and capital are the following:

- Ensure that eligible capital continually meets applicable regulatory requirements and Risk Appetite.
- Ensure that the projected eligible capital continuously meets the applicable requirements throughout the period covered.
- Ensure that MMS has a medium-term Capital Management Plan.
- Capital management will take into account the results from the Own Risk and Solvency Assessment (ORSA), as well as the conclusions reached during that process.
- Within the framework of the medium-term Capital Management Plan, should it be deemed necessary to obtain new resources, the newly-issued capital instruments should be assessed to determine that they meet the conditions for inclusion within the desired eligible capital quality level.

Should the eligible capital be insufficient at any time during the period under consideration in the three-year projections, the Risk Office should propose future management measures to be taken into account in order to i) rectify this shortfall and ii) maintain solvency margins by the applicable regulations and Risk Appetite Policy.

The medium-term Capital Management Plan prepared by the Risk Management Function must at least take into account the following:

- Compliance with applicable solvency regulations throughout the projection period, taking into consideration any known future changes to regulations while maintaining solvency margins aligned with those established in the Risk Appetite Policy.
- All eligible capital instruments envisaged.
- Refunds, both contractual on the due date and those which it is possible to make on request before maturity, relating to elements of eligible capital.
- The results of the ORSA projections.
- Foreseeable dividends and their impact on eligible capital. MMS has carried out an analysis to justify that the distribution of dividends does not compromise the financial or solvency situation or the protection of the interests of policyholders and insured and is carried out in accordance with the recommendations of supervisors in the matter.

During 2024, there have not been any significant changes in the objectives, policies and processes used to manage own funds.

E.1.2 Structure, amount, and quality of own funds

The following reflects the structure, amount and quality of own funds, as well as the MMS's coverage ratios:

- Solvency ratio, which is the ratio of Eligible own funds to the SCR.
- Ratio of Eligible own funds to MCR.

	Total		Tier 1–unrestricted		Tier 1 – restricted		Tier 2		Tier 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Commission Delegated Regulation (EU) 2015/35										
Ordinary share capital (gross of own shares)	19,320	19,320	19,320	19,320			-	-		
Share premium account related to ordinary share capital	688	688	688	688			-	-		
Initial funds, members' contributions or the equivalent basic own — fund item for mutual and mutual-type undertakings	-	-	-	-			-	-		
Subordinated mutual member accounts	-	-			-	-	-	-	-	-
Surplus funds	-	-	-	-						
Preference shares	-	-			-	-	-	-	-	-
Share premium account related to preference shares	-	-			-	-	-	-	-	-
Reconciliation reserve	88,332	78,824	88,332	78,824						
Subordinated liabilities	-	-			-	-	-	-	-	-
An amount equal to the value of net deferred tax assets	1,890	1,251							1,890	1,251
Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds										
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-	-								
Deductions										
Deductions for participations in financial and credit institutionsº	-	-	-	-	-	-	-	-		
Total basic own funds after deductions	**110,230**	**100,083**	**108,340**	**98,832**	**-**	**-**	**-**	**-**	**1,890**	**1,251**

Figures in thousand euro

	Total		Tier 1–unrestricted		Tier 1 – restricted		Tier 2		Tier 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Ancillary own funds										
Unpaid and uncalled ordinary share capital callable on demand	-	-					-	-		
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual — type undertakings, callable on demand	-	-					-	-		
Unpaid and uncalled preference shares callable on demand	-	-					-	-	-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-	-					-	-	-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-	-					-	-		
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-	-					-	-	-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-	-					-	-		
Supplementary members calls — other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-	-					-	-	-	-
Other ancillary own funds	-	-					-	-	-	-
Total ancillary own funds	**-**	**-**					-	**-**	**-**	-
Available and eligible own funds										
Total available own funds to meet the SCR	110,230	100,083	108,340	98,832	-	-	-	-	1,890	1,251
Total available own funds to meet the MCR	108,340	98,832	108,340	98,832	-	-	-	-		
Total eligible own funds to meet the SCR	110,230	100,083	108,340	98,832	-	-	-	-	1,890	1,251
Total eligible own funds to meet the MCR	108,340	98,832	108,340	98,832	-	-	-	-		
SCR	40,100	37,406								
MCR	12,383	11,909								

	Total		Tier 1–unrestricted		Tier 1 – restricted		Tier 2		Tier 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Ratio of Eligible own funds to SCR	274.9%	267.6%								
Ratio of Eligible own funds to MCR	874.9%	829.9%								

Figures in thousand euro

	Total	
	2024	2023
Reconciliation reserve		
Excess of assets over liabilities	115,030	104,583
Own shares (held directly and indirectly)	-	-
Foreseeable dividends, distributions and charges	4,800	4,500
Other basic own fund items	21,898	21,259
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-	-
Reconciliation reserve	**88,332**	**78,824**
Expected profits		
Expected profits included in future premiums (EPIFP) — Life business	-	-
Expected profits included in future premiums (EPIFP) — Non- life business	1,924	1,147
Total Expected profits included in future premiums (EPIFP)	**1,924**	**1,147**

Figures in thousand euro

Amount of eligible own funds to meet the SCR, classified by tiers

MMS has €110.2 million of eligible own funds as at 31st December 2024 (€100.1 million at 31st December 2023).

As stipulated in the Solvency II regulations, own funds are classified as either basic or ancillary. They are also classified by Tiers (1, 2 or 3) depending on the characteristics determining their availability to absorb losses.

As at 31st December 2024, the unrestricted basic Tier 1 own funds of MMS totalled €108.3 million (€98.8 million at 31st December 2023). These own funds have the maximum capacity to absorb losses as they meet the requirements of permanence, subordination and sufficient duration, and they consist of:

- Ordinary share capital.
- Share premium related to ordinary share capital.
- Reconciliation reserve, which mainly reflects the movements in the assets and liabilities during the period. This potentially could be the most volatile element within the eligible own funds. However, asset-liability management helps to reduce this volatility as can be observed under Section C.7.1. Sensitivity analysis of significant risks.

In addition, MMS also has basic Tier 3 own funds totaling €1.9 million as at 31st December 2024 (€1.3 million as at 31st December 2023) corresponding to the net deferred tax asset.

All of the own funds of MMS are basic own funds. There are no limitations on their eligibility to cover the Solvency Capital Requirements and they have the maximum availability for absorbing losses.

None of the own fund items required supervisory approval.

The tables included at the beginning of the section indicate the structure, amount and quality of the own funds and include the items considered to determine the reconciliation reserve based on the excess of assets for absorbing losses.

Solvency Capital Requirements (SCR)

The Solvency Capital Requirement (SCR) corresponds to the own funds that MMS must hold to limit the probability of bankruptcy to one case per 200-year event, or that MMS is 99.5% confident to meet its commitments to insurance beneficiaries and policyholders during the following year.

As stipulated in the Solvency II Directive, all the unrestricted basic Tier 1 own funds and Tier 3 own funds are eligible to cover the SCR.

The solvency ratio stands at 274.9% (267.6% in 2023) and determines the relationship between eligible own funds and the SCR calculated using the standard formula. This shows MMS's high capacity to absorb extraordinary losses deriving from a 1 in 200-year event. This ratio falls within the Risk Appetite established and approved by the Board of Directors.

Minimum Capital Requirement (MCR)

Minimum Capital Requirement (MCR) is the capital amount set as the minimum-security level under which financial resources should never fall. Therefore, it is the minimum amount of basic eligible own funds before which policyholders and beneficiaries are exposed to an unacceptable level of risk, should MMS continue with its business.

All the basic unrestricted Tier 1 own funds are eligible to cover the MCR. Since Tier 3 own funds do not have adequate availability in order to absorb losses in case it is necessary, these are not available and eligible to cover the MCR. MMS therefore has €1.9 million in available own funds that are not eligible to cover the MCR.

The ratio of eligible own funds to the MCR amounts to 874.9% (2023: 829.9%).

No additional solvency ratios to the ones included in template S.23.02 (i.e. SCR and MCR) are disclosed by MMS.

Difference between Equity in the financial statements and Excess of assets over liabilities for Solvency II purposes

When valuing assets and liabilities for the purposes of Solvency II, different criteria are used from those used when preparing the financial statements. The above criteria differences lead to differences between the equity stated in the financial statements and excess of assets over liabilities for Solvency II purposes.

As at 31st December 2024 the excess of assets over liabilities for Solvency II purposes amounted €115.0, while equity in the financial statements totaled €84.4 million.

The main adjustments that arise from the reconciliation of equity in the financial statements and own funds under Solvency II may be observed below:

	2024	2023
Equity (statutory accounts)	**84,443**	**81,670**
Difference in valuation of assets	**29,386**	**21,866**
Intangible assets	(10,574)	(10,392)
Participations	38,990	31,125
Insurance and intermediaries' receivables	681	846
Reinsurance receivables	289	287
Difference in valuation of liabilities	**1,201**	**1,046**
Net Technical provisions	(790)	(468)
Deferred taxes	3,207	2,438
Reinsurance payables	(1,216)	(924)
Excess of assets over liabilities (Solvency II Value)	**115,030**	**104,582**

Figures in thousand euro

The quantitative and qualitative explanations are provided in Sections D.1 Assets, D.2 Technical Provisions and D.3 Other liabilities, in this report.

E.1.3. Information regarding deferred taxes

Deferred tax assets on the Solvency II balance sheet amount to €1.9 million, which mainly result from the following items:

- Intangible assets
- Participations
- Net technical provisions
- Insurance and intermediaries' receivables and payables
- Reinsurance receivables and payables

MMS has carried out a recoverability test of the deferred tax assets, and it has recognised €1.9 million of deferred tax assets in the own funds following the availability of probable future taxable profits.

The projections of future benefits are consistent with the assumptions used in the calculation of the best estimate of technical provisions. MMS defined hypotheses for the new business, regarding loss ratios, administrative expense ratios, acquisition expense ratios and the transfer of risks to reinsurance, among others.

Additionally, MMS has considered:

- The volume of sales from the new business, which is consistent with that defined in the business plan.
- The return on investments is equal to the implicit return in the risk-free interest rate curve.

E.1.4. Other information

Essential items in the reconciliation reserve

The reconciliation reserve includes the component of own funds potentially considered as the most volatile; changes therein are determined by MMS's asset and liability management.

In the tables included at the beginning of the section, the structure, amount and quality of the own funds are indicated, together with the items that have been considered in determining the reconciliation reserve. This is based on the amount of the excess of assets over liabilities for the purpose of Solvency II, with the amount of this excess reaching €115.0 million.

To determine the Reconciliation reserve the following items have been deducted**:**

- Foreseeable dividends, amounting to €4.8 million.

- Other items of Basic own funds for an amount of €21.9 million, which are considered as independent items from own funds (ordinary share capital and share premium account, surplus funds and non-controlling shareholdings).

Items deducted from own funds

MMS did not deduct any items from the own funds.

Own Funds issued and instruments redeemed

MMS did not issue or surrender any own fund instruments during 2024.

Transitional measures

MMS did not consider any basic own-fund items subject to the transitional measures referred to in Article 308b(9) and 308b(10) of Directive 2009/138/EC to be applicable.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

E.2.1. Solvency Capital Requirement amounts and valuation methods

The following shows the SCR broken down by risk modules and calculated using the standard formula

	Gross solvency capital requirement		Company-specific parameters	Simplifications
	2024	2023		
Market risk	31,106	29,281		
Counterparty default risk	11,917	10,015		
Life underwriting risk	1,574	1,966		Life mortality risk, Life expense risk, Life catastrophe risk
Health underwriting risk	4,367	3,889		
Non-Life underwriting risk	18,579	17,817		
Diversification	(19,550)	(18,259)		
Intangible assets risk	-	-		
Basic Solvency Capital Requirement	**47,992**	**44,709**		

Figures in thousand euro

Calculation of the Solvency Capital Requirement	Amount	
	2024	2023
Operational Risk	3,017	2,814
Loss-absorbing capacity of technical provisions	-	-
Loss-absorbing capacity of deferred taxes	(10,910)	(10,117)
Capital requirement for businesses operated in accordance with Article 4 of Directive 2003/41/EC	-	-
Solvency Capital Requirement excluding capital add-on	**40,100**	**37,406**
Capital add-on already set	-	-
of which, capital add-ons already set – Article 37 (1) Type a	-	-
of which, capital add-ons already set – Article 37 (1) Type b	-	-
of which, capital add-ons already set – Article 37 (1) Type c	-	-
of which, capital add-ons already set – Article 37 (1) Type d	-	-
Solvency capital requirement	**40,100**	**37,406**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	-	-
Total amount of the Notional Solvency Capital Requirement for remaining part	-	-
Total amount of the Notional Solvency Capital Requirement for ring-fenced funds	-	-
Total amount of notional Solvency Capital Requirement for matching adjustment portfolios	-	-
Diversification effects due to Ring-Fenced Funds notional SCR for article 304	-	-

Figures in thousand euro

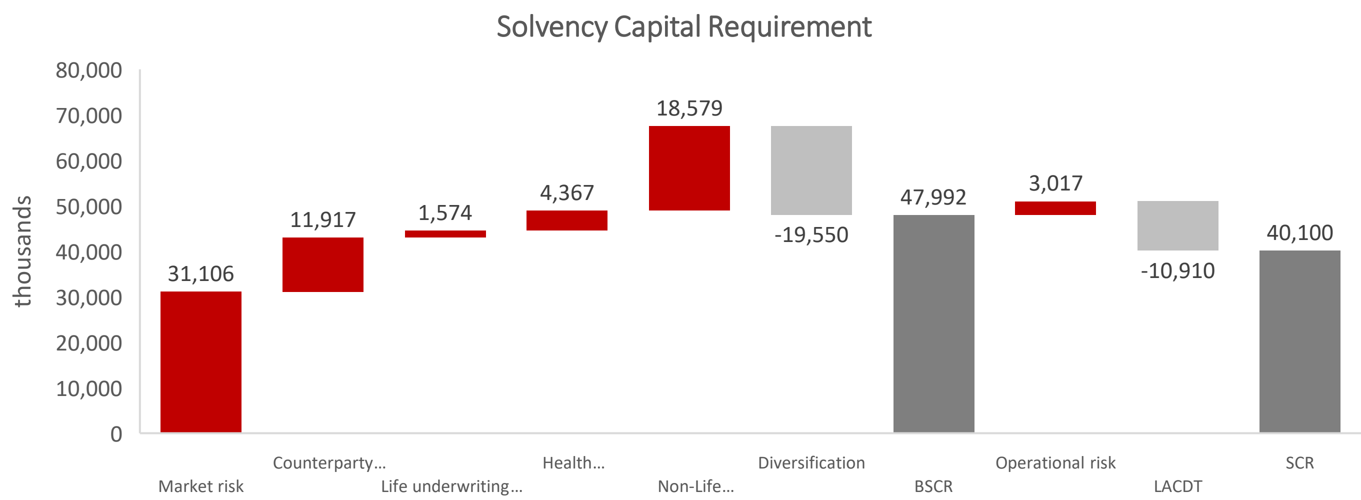
Approach to tax rate	Yes/No	
	2024	2023
Approach based on average tax rate	1-Yes	1-Yes

Calculation of loss absorbing capacity of deferred taxes	LAC DT	
	2024	2023
DTA		
DTA carry forward		
DTA due to deductible temporary differences		
DTL		
LAC DT	(10,910)	(10,117)
LAC DT justified by reversion of deferred tax liabilities	-	-
LAC DT justified by reference to probable future taxable economic profit	(10,910)	(10,117)
LAC DT justified by carry back, current year	-	-
LAC DT justified by carry back, future year	-	-
Maximum LAC DT	-	-

Figures in thousand euro

MMS does not make use of any undertaking-specific parameters and does not have any capital add-on requirements.

The composition of the SCR is set out below; more descriptive information is provided in Section C of this report:



As at 31st December 2024, MMS's total SCR amount was €40.1 million. As at 31st December 2023, it was equal to €37.4 million and the increase is mainly due to an increase in market risk SCR and an increase in counterparty default risk SCR.

To calculate the SCR, MMS used the following simplifications:

- For Life underwriting risk, MMS uses the simplified calculation for the solvency capital requirement for its life business for life mortality risk, life expense risk and life catastrophe risk in accordance with Articles 91, 94 and 96 of the Commission Delegated Regulation 2015/35 respectively.

- For Counterparty default risk, to calculate the risk-mitigating effect on underwriting risk of a reinsurance arrangement, MMS makes use of the simplified calculation of the mitigating effect in accordance with Article 107 of the Commission Delegated Regulation 2015/35.

These simplifications are considered appropriate to the nature, volume and complexity of the associated risks.

There is no capacity to absorb losses through technical provisions. The loss absorbing capacity of deferred taxes totalled €10.9 million (2023: €10.1 million). The assessment of the recoverability of the LACDT factors in the latest approved budget numbers.

As at 31st December 2024, MMS's total MCR amount was €12.4 million (2023: €11.9 million).

The following table shows MMS's MCR and the different components of its calculation, which for the different lines of business are:

- Net (of reinsurance/SPV) best estimate, for life and non-life insurance obligations.
- Net (of reinsurance) written premiums in the last 12 months, for non-life insurance obligations.
- Total capital at risk, net (of reinsurance/SPV) for life insurance obligations.

Linear formula component for non-life insurance and reinsurance obligations (*)	2024	2023
MCR(NL) Result	11,654	10,984

	2024		2023	
	Net (of reinsurance/SPV) best estimate and technical provisions calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and technical provisions calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	7,407	17,934	5,588	16,536
Income protection insurance and proportional reinsurance	928	1,159	939	1,142
Workers' compensation insurance and proportional reinsurance	-	-	-	-
Motor vehicle liability insurance and proportional reinsurance	21,456	20,500	23,271	19,734
Other motor insurance and proportional reinsurance	14,599	26,808	14,324	23,459
Marine, aviation and transport insurance and proportional reinsurance	2,120	2,634	1,742	2,967
Fire and other damage to property insurance and proportional reinsurance	4,672	5,117	4,063	3,852
General liability insurance and proportional reinsurance	5,730	6,770	5,305	6,228
Credit and suretyship insurance and proportional reinsurance	-	-	-	-
Legal expenses insurance and proportional reinsurance	-	-	-	-
Assistance and proportional reinsurance	1,189	3,265	795	2,912
Miscellaneous financial loss insurance and proportional reinsurance	4	5	6	4
Non-proportional health reinsurance	-	-	-	-
Non-proportional casualty reinsurance	-	-	-	-
Non-proportional marine, aviation and transport reinsurance	-	-	-	-
Non-proportional property reinsurance	-	-	175	-

Figures in thousand euro

Linear formula component for life insurance and reinsurance obligations	2024	2023
MCR(L) Result	729	925

	Net (of reinsurance/SPV) and technical provisions calculated as a whole	Net (of reinsurance/special-purpose entities) total capital at risk	Net (of reinsurance/SPV) and technical provisions calculated as a whole	Net (of reinsurance/special-purpose entities) total capital at risk
Obligations with profit participation – guaranteed benefits	-		-	
Obligations with profit participation – future discretionary benefits	-		-	
Index-linked and unit-linked insurance obligations	-		-	
Other life (re)insurance and health (re)insurance obligations	565		1,181	
Total capital at risk for all life (re)insurance obligations		1,024,235		1,285,383

Overall MCR calculation	2024	2023
Linear MCR	12,383	11,909
SCR	40,100	37,406
MCR cap	18,045	16,833
MCR floor	10,025	9,351
Combined MCR	12,383	11,909
Absolute floor of the MCR	8,000	8,000

Minimum Capital Requirement	**12,383**	**11,909**

Figures in thousand euro

Notional non-life and life MCR calculation	2024		2023	
	Non-Life activities	Life activities	Non-Life activities	Life activities
Notional linear MCR	11,654	729	10,984	925
Notional SCR excluding add-on (annual or latest calculation)	37,740	2,360	34,501	2,904
Notional MCR cap	16,983	1,062	15,526	1,307
Notional MCR floor	9,435	590	8,625	726
Notional Combined MCR	11,654	729	10,984	925
Absolute floor of the notional MCR	4,000	4,000	4,000	4,000
Notional MCR	11,654	4,000	10,984	4,000

Figures in thousand euro

The MCR is the level of capital that guarantees a minimum level of security below which the number of financial resources should never fall and has a value of €12.4 million. The notional combined MCR is equal to €11.7 million for Non-Life activities and €0.7 million for life activities. The linear MCR was obtained by applying the factors relating to the data used in the calculation, which are included in the above tables. The combined MCR is equal to €12.4 million and is the result of applying the maximum and minimum limits to the linear MCR.

Since the combined MCR is higher than the MCR's absolute floor, the amount of the combined MCR is considered to be the Minimum Capital Requirement i.e. the amount of €12.4 million.

E.2.2. Information regarding the Solvency Capital Requirement and the Minimum Required Capital with regard to the loss-absorbing capacity of deferred taxes

MMS has carried out a recoverability test on the deferred tax assets that arise after an instantaneous loss of an amount that is equal to the SCR[5]. MMS has considered probable future taxable profits of €53.3 million up until 2027.

The projections of future profits are consistent with the assumptions used in the calculation of the best estimate of technical provisions and with MMS's business plans. MMS defined assumptions regarding loss ratios, administrative expense ratios, acquisition expense ratios and the ceded business to reinsurers, among others.

[5] The amount of SCR is defined in accordance with paragraph 1 of Article 207 of the Delegated Regulation (EU) 2015/35

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

MMS does not use the duration-based equity risk sub-module set out in Article 304 of the Directive 2009/138/EC for the calculation of its solvency capital requirement.

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

MMS does not make use of internal models in its Solvency calculations but follows the Solvency II standard formula

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

As at 31st December 2024, MMS had a good solvency position and was compliant at all times with the MCR and SCR during the reporting period. Therefore, it was considered unnecessary to adopt any other action or corrective measure.

E.6. Any other information

MMS management is regularly monitoring the impact of the current market fluctuations having regard to the solvency position of the company.

Annex I

The following table presents MMS's subsidiaries as at year-end 2024:

Name of company	Percentage of shares
Euro Globe Holdings Limited[6]	100%
Euromed Risk Solutions Limited[7]	100%
BEE Insurance Management Limited	100%
MAPFRE MSV Life plc	50%
Church Wharf Properties Limited	50%

[6] Struck off on 6th March 2025
[7] Held indirectly through BEE Insurance Management Ltd