



FWU Life Insurance Austria AG

Solvency and Financial Condition Report

2023 FINANCIAL REPORT

This is an English translation of the original report. In case of any unclear formulations the original German text will prevail.

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GLOSSARY AND LIST OF ABBREVIATIONS

Abbreviation	Meaning
AktG	Austrian Stock Corporation Act (Austrian legislation)
ALM, ALM risk	<p>Asset Liability Management or Asset Liability Matching</p> <p>The liabilities of an insurance company are offset by the assets, which should be invested in such a way that the liabilities can be met at all times. ALM risk refers to events that may result in liabilities developing differently to the associated assets, which in turn may put at risk the ability of obligations arising from insurance contracts to be fulfilled at all times.</p>
BCM	Business Continuity Management
bps	<p>Basis points:</p> <p>100 basis points equal one percent.</p>
CEO	Chief Executive Officer
Deposit liability	<p>Deposit liability refers to a balance sheet item in connection with collateral provided to cover insurance liabilities between the primary insurer and the reinsurer. In this case, the undertaking retaining the collateral provided (here: FWU Life Austria) reports a deposit liability and the undertaking granting the collateral reports a deposit asset.</p>
EIOPA	<p>European Insurance and Occupational Pensions Authority</p> <p>European Supervisory Authorities</p>
ESG	<p>Sustainability Factors:</p> <p>“E” Environment</p> <p>“S” Social</p> <p>“G” Governance</p>
ULI	Unit-linked life insurance
FMA	<p>Financial Market Authority.</p> <p>Supervisory authority for Austria’s financial market</p>
Fund offer	The fund offer refers to the volume of all investment funds available to invest savings premiums as part of insurance contracts at FWU Life Austria.
Fund universe	The fund universe relates to all funds of the current fund offer of FWU Life Austria, as well as any funds that used to be part of the fund offer of FWU Life Austria and continue to contain client assets of FWU Life Austria.
FWU Life Austria	FWU Life Insurance Austria AG
Prudent person principle	The so-called Prudent Person Principle is a collection of requirements that supervisory law imposes on insurance undertakings or their investment management. These requirements stipulate that insurance undertakings apply the prudent person principle when handling investments.

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Abbreviation	Meaning
OSN	<p>Overall solvency needs</p> <p>refers to the capital requirement to cover existing risks in the undertaking's own assessment, in contrast to regulatory assessment in SCR (see the glossary term below).</p> <p>Please refer to Section B.3.6 of this report regarding the method used to calculate the OSN.</p>
HR	<p>Human Resources,</p> <p>refers to the personnel department.</p>
IDD	<p>Insurance Distribution Directive,</p> <p>refers to the Insurance Distribution Directive (EU) 2016/97</p>
IFRS	<p>International Financial Reporting Standards IFRS</p> <p>refers to the international financial reporting standards for undertakings that, separated from national regulations, govern the presentation of internationally comparable annual and consolidated financial statements.</p>
ICS	<p>Internal control system</p>
IT	<p>Information Technology,</p> <p>refers either to the Information Technology itself, or to the technical department responsible for Information Technology.</p>
CSS	<p>Client service and sales department</p>
MbO or MBO	<p>Management by Objectives</p> <p>refers to the system at FWU Life Austria whereby its employees are motivated with the aid of targets that are linked to variable salary components.</p>
MCR	<p>Minimum Capital Requirement</p> <p>refers to the supervisory requirement of a minimum capital base for an insurance undertaking. This is determined based on supervisory regulations.</p>
MMA or Manager Meeting	<p>Manager Meeting Austria (MMA)</p> <p>refers to the extended Management Board meeting of FWU Life Austria taking place every month.</p>
ORSA	<p>Own risk and solvency assessment.</p> <p>The abbreviation ORSA refers to both the process of in-depth analysis of the risk profile and the assessment of the solvency situation, and the report of the results of this process.</p>
PPP	<p>Prudent Person Principle,</p> <p>(see above)</p>

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Abbreviation	Meaning
Risk-bearing capacity	<p>Risk-bearing capacity refers to the financial ability of an undertaking to bear risks itself. The risk-bearing capacity is derived by comparing the equity base of an undertaking with the result of an overall assessment of the risks of the undertaking. Consequently, the loss of equity that may occur as a result of the risks occurring serves as a measure of risk.</p> <p>The aim is to shape the capital base of the undertaking in such a way that the solvency of the undertaking is ensured even if risks occur. As a result, the risk capital requirements SCR, MCR and OSN must be covered by equity components; there are supervisory requirements concerning the nature and quality of these equity components.</p>
kEUR	<p>k EUR,</p> <p>(money) amounts in the following report and its appendices are given in thousands of euro with decimals rounded off. For readability, the numbers are divided by commas into groups of three digits each. E.g.: 12,123k EUR means “twelve million, one hundred and twenty-three thousand euro.”</p> <p>This formatting also means that all monetary sums are rounded to whole thousands.</p>
Key functions	<p>The key functions of FWU Life Austria are:</p> <p>the Compliance function, the Risk Management function, the Actuarial function and the Internal Audit department, as well as the Responsible Actuary, Money Laundering Officer and the Head of Investment.</p>
SCR	<p>Solvency Capital Requirement</p> <p>refers to the capital required under supervisory law to cover existing risks. The so-called standard formula is available to calculate the SCR, which can be used to value the standard risks of an insurance undertaking. Insurance undertakings have the option of developing and obtaining approval for their own so-called internal model and using it to calculate the SCR, instead of using the standard formula. FWU Life Austria does not use any such internal full or partial model.</p>
Solvency I Solvency II	<p>Solvency I and Solvency II refer to the “old” (until the end of 2015) and the “new” (from the start of 2016) set of supervisory rules within the framework of which, among others, solvency requirements and the rules to determine the solvency (or insolvency) of insurance undertakings are defined.</p>
Solvency balance sheet	<p>The solvency balance sheet of insurance undertakings is a market value balance sheet prepared in accordance with the provisions of the VAG. The solvency balance sheet forms the basis for measuring risk according to the so-called standard formula.</p>
Standard formula	<p>The standard formula is a method provided under supervisory law to value the standard risks of European insurance undertakings. This valuation is performed using a Value-at-Risk measure of basic own funds with a 99.5% confidence level over a period of one year.</p>

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Abbreviation	Meaning
UCITS	<p>Undertakings for Collective Investments in Transferable Securities is an international definition.</p> <p>In European law, these refer to investment funds which invest in legally defined types of securities and other financial instruments (security funds).</p>
UGB	Austrian Business Code (Austrian law)
RA	<p>Responsible Actuary.</p> <p>This is a role defined for insurance undertakings under supervisory law to fulfil legal duties, in particular to monitor the calculation of contributions and the determination of technical provisions.</p>
VAG	Insurance Supervision Act (Austrian law)
VAG balance sheet	The VAG balance sheet is a balance sheet prepared in accordance with the accounting requirements of the UGB and which, in the case of insurance undertakings, is subject to further requirements under the VAG.
AF	<p>Actuarial function.</p> <p>A monitoring function required for insurance undertakings under supervisory law.</p>

SUMMARY

This report on the solvency and financial position of FWU Life Insurance Austria AG (short: FWU Life Austria) relates to the 2023 financial year and the reporting date of December 31, 2023. The Management Board declares that the report has been compiled to the best of its knowledge and with the greatest possible care. The information presented in this report shows the financial situation, the satisfying solvency position and the appropriateness of the governance system of FWU Life Austria.

Section A.1 describes the business activities of FWU Life Austria: A key business area is the provision of unit-linked life insurance in Austria and Italy subject to regulatory supervision by the Austrian Financial Market Authority. FWU Life Austria is part of the FWU AG, Grünwald, group of companies, which indirectly holds 100% of the shares in FWU Life Austria and 75.1% of which, in turn, are held by Dr Manfred Josef Dirrheimer.

Section A.2 provides details of the actuarial result of the 2023 financial year under local accounting laws (VAG) amounting to 1,346k EUR (2022: 4,936k EUR). Section A.3 presents the investment results, with the majority of investments being in the unit-linked cover fund. The ULI investment result is presented as % of assets for unit-linked and index-linked contracts at year-end, and amounts to 7.8% (2022: -25.7%). The valuation result of unit-linked life insurance was positive in 2023.

Sections B.1 and B.2 set out the material parts of FWU Life Austria's governance system, in which not only the organizational structure and workflows of the management and monitoring functions are explained, but also the rules on compensation and the requirements stipulated by FWU Life Austria concerning the professional qualifications and personal reliability of its function holders. As an Austrian public limited company, FWU Life Austria is required to follow the two-tier board system, i.e. the management functions are performed separately (i) by a management body, the Management Board and (ii) by a supervisory body, the Supervisory Board. FWU Life Austria has identified other key functions in addition to the legally required key functions of Compliance, Risk Management, Actuarial and Internal Audit. These are: Responsible Actuary, Money Laundering Officer and Head of Investment.

A core part with regard to solvency considerations is the organization of risk management, which is explained in Section B.3. The risk management system of FWU Life Austria includes a risk-averse strategy, that specifies risk-strategic objectives, methods and processes for the identification, measurement, monitoring, control and reporting of risks as well as the integration of significant parts of the organizational structure in the risk management process. In particular, subsection B.3.6 provides insights into the business' own approach to risk valuation and details how this closely follows the standard formula for calculating capital requirements under supervisory law. The same subsection also refers to the undertaking's own requirement for risk-bearing capacity, which targets the SCR to be covered by 175% of the eligible own funds of the solvency balance sheet, which is above the regulatory requirement and fulfilled by FWU Life Austria.

Sections B.4, B.5 and B.6 contain further information concerning the monitoring system and the monitoring functions of FWU Life Austria.

Section B.7 deals with the outsourcing of critical or key operational functions and activities, with subsection B.7.2 in particular referring to service agreements that exist with other FWU companies. These contracts consist of the outsourcing of Customer and Sales Support, Accounting & Reporting, Human Resources, provision of IT services, Investment Management, Product Development, Marketing, Sales Support and Marketing. The company's outsourcing policy stipulates, among other things, that a qualified person is appointed as responsible for each outsourced aspect. This person will oversee the service provider's performance, reviewing and evaluating the results at least every six months.

Section C describes the risk profile of FWU Life Austria. Material risks stated here in connection with market risks are equity risk and currency risk, which have not significantly changed in the reporting period. Material risks stated here in connection with underwriting risks are cost risk and lapse risk, which have not significantly changed in the reporting period. Counterparty default risk is listed as material risk which did not change significantly in the financial year 2023. Operational risk can be found at the lower end of the material area which did not change significantly in the reporting period. Outside of the valuation scale of the standard formula, liquidity risk, reputational risk and strategy risk are

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stated as material risks and described. Finally, two risk scenarios are presented in section C.7 which display the solvency position of FWU Life Austria in a challenging market environment and how sustainability risks are classified from the perspective of FWU Life Austria. Furthermore, chapter C.7.4 deals with the conflict between Russia and Ukraine.

Section D presents and explains the assets and the liabilities of the solvency balance sheet. In particular, the assumptions and methods underlying specific items of the solvency balance sheet are explained. Given that the solvency balance sheet of FWU Life Austria has been derived from its VAG balance sheet, Section D contains comparisons of the two balance sheets so as to highlight the differences in valuation and presentation. The balance sheets themselves have been appended to this report. The process of preparing the solvency balance sheet of FWU Life Austria is explained in subsection D.5.1.

The balance sheet total of the VAG balance sheet comes to 913,057k EUR (2022: 918,040k EUR), most of which, i.e. 95% (2022: 96%), is attributable to the unit-linked cover fund. The assets of the solvency balance sheet amount to a total of 899,730k EUR (2022: 906,128k EUR); here, too, 97% (2022: 97%) relate to assets for unit-linked contracts. The liabilities of both balance sheets, 882,334k EUR (2022: 886,420k EUR) in the VAG balance sheet and 863,189k EUR (2022: 868,260k EUR) in the solvency balance sheet, are also dominated by the technical provisions for unit-linked life insurance, which amount to 98% (2022: 98%) in the VAG balance sheet and 99% (2022: 99%).

Finally, section E.1 deals with the company's own funds. These are also explained in connection with the VAG balance sheet, the own funds of which amount to 30,723k EUR (2022: 31,620k EUR). Revaluations amounting to 5,817k EUR (2022: 6,248k EUR) before considering prospective dividends, or 5,217k EUR (2022: 4,348k EUR) after accounting for prospective dividends, lead to the own funds of the solvency balance sheet, amounting to 35,940k EUR (2022: 35,968k EUR), and are fully classified as "Tier 1", which means that the own funds are fully eligible to cover MCR and SCR.

Section E.2 presents details regarding capital requirements under supervisory law. As of December 31, 2023, the Solvency Capital Requirement (SCR) came to 13,266k EUR (2022: 13,439k EUR) and the Minimum Capital Requirement (MCR) to 5,970k EUR (2022: 6,047k EUR). FWU Life Austria's SCR does not include any of the capital add-ons ordered by the supervisory authorities, and none of the company-specific parameters ordered by the supervisory authorities are used. Descriptions of the standard formula used to calculate the SCR refer to three potential simplifications: (i) simplified calculation of the capital requirement for lapse risk; (ii) simplified calculation of the capital requirement for cost risk; and (iii) simplified calculation of the risk mitigation effect. These simplifications are not used by FWU Life Austria. FWU Life Austria's calculations only use certain simplifications for immaterial areas. The breakdown of the SCR given in section E.2.1 into its modules and submodules makes the materiality of equities, currency, cost, counterparty default and lapse risk visible.

The SCR decreased by 1% during the reporting period, which represents an immaterial change.

The solvency ratio is presented in Section E.2.3 as of the reporting date, it stands at 270.9% (2022: 267.6%), which is an immaterial change.

The remaining Sections E.3 to E.6 do not contain any further explanations other than the fact that FWU Life Austria does not use an internal model and there is no non-compliance with the Minimum Capital Requirement or the Solvency Capital Requirement.

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A. BUSINESS ACTIVITY AND PERFORMANCE

A.1 BUSINESS ACTIVITY

A.1.1 Name and legal form of the undertaking

FWU Life Insurance Austria AG (short: FWU Life Austria) is a public limited company under Austrian law, with headquarters in Vienna and business address Rivergate, Rivergate, Handelskai 92, Gate 2, 4. OG, 1200 Wien. It is registered in the companies register of the Vienna Commercial Court under FN 149447 a.

A.1.2 Name and contact details of the supervisory authority responsible for the financial oversight of the undertaking

The supervisory authority responsible for overseeing FWU Life Austria is the Austrian Financial Market Authority based in Vienna at the address Otto-Wagner-Platz 5, 1090 Vienna. The website address is <https://www.fma.gv.at>.

A.1.3 Name and contact details of the external auditor of the undertaking's accounts

The auditor for the 2023 financial year was KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, based in Vienna at the address Porzellangasse 51, 1090 Vienna, registered in the companies register of the Vienna Commercial Court under FN 269873y. The website address is <https://home.kpmg.com/at/de/home.html>.

A.1.4 Details concerning the holders of qualified shareholdings in the undertaking

FWU Austria AG holds 100% of the shares in FWU Life Austria.

FWU Life Austria AG is a public limited company under Austrian law based in Vienna at the address Rivergate, Handelskai 92, Gate 2, 4th floor, 1200 Vienna, registered in the companies register of the Vienna Commercial Court under FN 237125 p.

Since January 29, 2016, FWU AG, Grünwald, has held 100% of the shares in FWU Austria AG.

FWU AG is a stock corporation under German law based in Grünwald at the address Bavariafilmpfad 7, 82031 Grünwald, registered in the commercial register of the Munich district court (Amtsgericht) under HRB 129417.

FWU AG is the joint group parent company of the FWU Group. 75.1% of the shares in FWU AG are held by Dr Manfred Josef Dirrheimer, Bavariafilmpfad 7, 82031 Grünwald (on his own behalf and on his own account), who is also the CEO of FWU AG. 10% of the shares in FWU AG are held by Management Forum International GmbH, which in turn is wholly owned by Dr Angela Sol Dirrheimer, Munich.

Management Forum International GmbH is a limited liability company under German law based in Munich at Bavariafilmpfad 7, 82031 Grünwald, registered in the commercial register at the Munich district court under HRB 82415.

The remaining shareholdings are not qualified shareholdings.

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The table below shows an overview of the direct and indirect holders of qualified shareholdings in FWU Life Austria:

Name and domicile of the holder	directly/indirectly involved	Stake in FWU Life Austria	Proportion of voting rights in FWU Life Austria
FWU Austria AG, Vienna	directly	100%	100%
FWU AG, Grünwald	indirectly (directly in FWU Austria AG)	100%	100%
Dr Manfred Josef Dirrheimer, Munich	indirectly (directly in FWU AG, Grünwald)	75.1%	75.1%
Management Forum International GmbH, Munich	indirectly (directly in FWU AG, Grünwald)	10%	10%
Dr Angela Sol Dirrheimer, Munich	indirectly (100% directly in Management Forum International GmbH)	10%	10%

A.1.5 Important affiliated undertakings

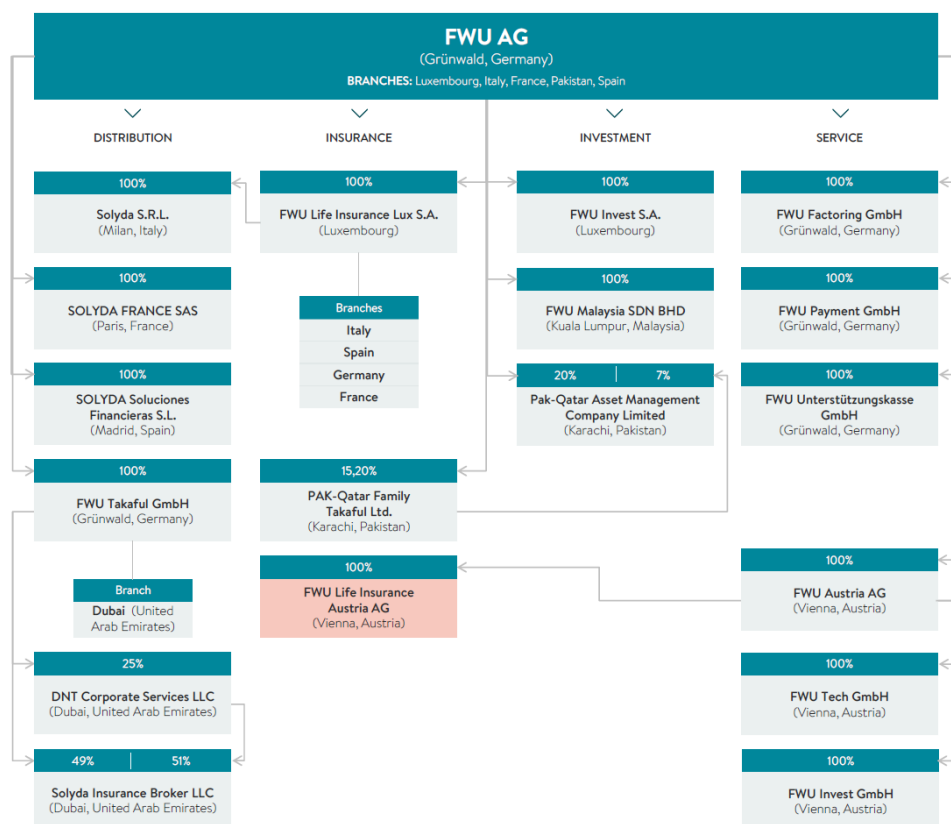
FWU Life Austria has no subsidiaries or shareholdings.

FWU Life Austria is part of the FWU Group with FWU AG, Grünwald, as the group parent company and, in this respect, affiliated with other group undertakings of the FWU Group both upstream and downstream. This can be seen in the organizational chart in Section A.1.6.

A.1.6 Detailed disclosures on the position of the undertaking within the legal structure of the Group

The FWU Group is an internationally operating financial services group dealing with the product design and market placement of innovative unit-linked life and pension insurance products. The Group sells conventional as well as sharia-compliant unit-linked life insurance products in Europe as well as in the Middle and Far East. The following organizational chart gives an overview of the Group:

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The FWU Group conducts insurance activities in Europe partly through FWU Life Insurance Lux S.A. domiciled in Luxembourg, in which FWU AG, Grünwald, holds a direct 100% stake, and partly through FWU Life Austria, since January 29, 2016, in which FWU AG, Grünwald, holds an indirect 100% stake. Specifically, FWU AG directly holds 100% of the shares in FWU Austria AG, and FWU Austria AG in turn directly holds 100% of the shares in FWU Life Austria, as well as 100% of the shares in FWU Invest GmbH and FWU Tech GmbH, respectively.

Outside Europe, the FWU Group operates investment companies in the field of takaful (sharia-compliant insurance products) and is therefore active in markets in Saudi Arabia, the United Arab Emirates, Pakistan and Malaysia.

Notwithstanding the connection due to the shareholding, the legal position of FWU Life Austria in the Group is characterized by contractual relationships within the Group. As such, FWU Life Austria is affiliated with other Group companies in particular via service agreements.

A.1.7 Key business areas and key regions

FWU Life Austria is authorized for the insurance classes “19 Life” and “21 Unit-linked and index-linked life insurance”. FWU Life Austria is also registered for service transactions in the following countries and authorized to operate in these countries: Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Romania, Slovakia, Spain, Sweden, and the United Kingdom. The key business area of FWU Life Austria is the provision of unit-linked life insurance in Austria and Italy. Since January 01, 2020 FWU Life Austria is conducting business in Italy by way of trade in services.

A.1.8 Key business transactions and events that had a material impact on the undertaking

After a year that was more than challenging for all market participants in 2022, which was characterized by the armed conflict between Russia and Ukraine and the resulting the international financial markets, developments on the financial markets in 2023 were much more encouraging again and the year ended on a positive note. The consequences of the armed conflict - in addition to the humanitarian catastrophe - continue to be clearly noticeable for

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everyone in the private sector (high energy prices, high inflation, etc.). However, at least the improved inflation data suggests that the central banks will be willing to lower interest rates in the coming months.

Despite these negative factors, FWU Life Austria was able to continue the successful path on the Italian market and launched a new product in the medium-term investment segment in mid-2023. Nevertheless, new business in 2023 showed an overall decline compared to the previous year.

In terms of customers' lapse behaviour, 2023 saw a return to the long-term lapse figures and the lapse rate therefore increased compared to the very low level in 2022. The further course of events will depend largely on developments on the capital markets and the consequences for customers due to accompanying factors such as high energy prices and high inflation.

Expenses and income were within the budgeted range and showed no abnormalities. The markets showed a positive performance in 2023.

Beyond this, there were no business transactions or events in the 2023 financial year that had a significant impact on the company.

A.2 ACTUARIAL PERFORMANCE

FWU Life Austria primarily performs its business of providing unit-linked life insurance in the Austrian retail market. Since January 01, 2020, unit-linked life insurance has also been sold in Italy. Currently, premium income from Italy accounts for approximately 20% of the earned premiums.

The actuarial result according to local financial reporting standards (VAG) amounts to 1,346k (2022: 4,936k EUR) and is presented in detail in the following table:

Technical account	2023 kEUR	2022 kEUR
1. Earned premiums	61,748	63,147
2. Investment income of technical business	6,633	10,627
3. Unrealised gains on investments acc. to Assets item C.	69,443	2,769
4. Other technical income	9,517	13,472
5. Claims incurred	-131,147	-118,910
6. Increase in technical provisions	-163	-73
7. Decrease in technical provisions	7,389	286,823
8. Expenses for performance-based premium refunds and/or profit participation	-19	-22
9. Expenses for insurance operations	-11,745	-15,312
10. Unrealised losses on investments acc. to Assets item C.	-3,675	-231,845
11. Other technical expenses	-6,634	-5,741
12. Underwriting result	1,346	4,936

Note on the table above: "acc. to Assets item C." refers to the VAG balance sheet (see appendix).

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The result has decreased by 3,589k EUR, and is therefore materially lower than the previous year's result (the materiality threshold here was taken to be 10% of the previous year's result, i.e. 494k EUR). The 2023 actuarial result is driven by the following effects:

- The written premiums (total account) have decreased by 1,872k EUR (2.7%) to 66,859k EUR, whereby the renewable premiums have declined by 1,945k EUR (2.9%) and the single premiums have increased by 73k EUR (13.2%).
- Underwriting expenses have decreased by 893k EUR to 61,242k EUR and amounted to 91.6% of earned premiums in 2023 (2022: 90.4%).
- The valuation result of unit-linked life insurance (for the account of policyholders) was positive in the 2023 financial year at 65,769k EUR (2022: negative at 229,076k EUR).
- The gross technical result excluding financial income increased by 7,381k EUR to 1,161k EUR compared to previous year. This is largely due to guarantee payments and the dissolution of the guarantee provision pursuant to § 11 (5) VU-RLV in the amount of 4,700k EUR, which is passed on in full to the reinsurer.
- Accordingly, the reinsurance balance changed from a ceding profit of 550k EUR in 2022 to a loss of 6,429k EUR in 2023.

The actuarial result for the Italian market according to local financial reporting standards (VAG) amounts to 1,656k EUR (2022: 798k EUR).

The valuation result is explained in detail in Section A.3 "Investment result".

A.3 INVESTMENT RESULT

The below items of the underwriting result (see explanation in Section A.2) represent gains and losses on investments:

	2023 kEUR	2022 kEUR
<i>Realised distributions relating to investments acc. to Assets item C.</i>	1,208	5,258
<i>Interest Charges (Bonds)</i>	15	45
Income from Other Capital Investments	1,223	5,303
Income from Appreciation	104	0
Profit from Disposal of Capital Investments	29	0
<i>Sales Commissions of Investment Companies</i>	5,152	5,676
<i>Interest Charges (Bank Accounts)</i>	129	1
Other Income from Capital Investments	5,281	5,677
Expenses for Asset Management	0	0
Depreciation of Investments	0	-309
Interest Expenses	-2	-3
Losses on Disposal of Capital Investment	0	-41

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	2023 kEUR	2022 kEUR
2. Investment income of technical business	6,633	10,627
3. Unrealised gains on investments acc. to Assets item C.	69,443	2,769
10. Unrealised losses on investments acc. to Assets item C.	-3,675	-231,845

Note on the table above: "acc. to Assets item C." refers to the VAG balance sheet (see appendix).

Investments are broken down into those for the account and risk of the policyholders (unit-linked investment) and those for the company's own account. Accordingly, the items above can be classified as follows:

A.3.1 Investments (except for unit-linked products)

Capital investment for own account consisted of 20,159k EUR (2022: 18,178k EUR) in deposits in the Classic cover fund dedicated bank accounts, 14,100k EUR (2022: 14,187k EUR) deposits on operating bank accounts and 4,896k EUR (2022: 5,199k EUR) in government bonds. As a result, the investment result of 273k EUR (2022: -308k EUR) relating to own investments is immaterial.

The table below shows this result as the total of five items from the table presented at the beginning of this Section (see page 14):

INVESTMENT INCOME from capital investments for own account	2023	2022
Interest Charges (Bonds)	15	45
Interest Charges (Bank Accounts)	129	1
Income from Appreciation	104	0
Profits on Disposal of Capital Investments	29	0
Depreciation of Investments	0	-309
Interest Expenses	-2	-3
Losses on Disposal of Capital Investment	10	-41
INVESTMENT INCOME from capital investments on own account	273	-308

A.3.2 Investments on account and at the risk of the policyholders

The cover fund of unit-linked life insurance comprises solely unit-linked investments. These were valued at the respective net asset value and, where necessary, the year-end exchange rate as per Solvency II and VAG. Up to 63% (2022: 63%) of the fund investments comprise investment solutions managed by FWU companies: Managed portfolios, navigator, FWU TOP umbrella funds and FWU Protection Funds (as a follow-on solution to the guarantee fund and for the new business), whereby FWU Life Austria and FWU Invest S.A. Luxembourg respectively take different roles (those of advisor, decision maker, executive). Furthermore, up to 37% of the fund investments (2022: 37%) consist of individual funds chosen by the insurance policy holder.

The table below shows the ULI valuation result as the total of three items from the table presented at the beginning of this Section (see page 14):

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INVESTMENT INCOME from unit-linked life insurance	2023	2022
Realised distributions relating to investments acc. to Assets item C. (Part of 2. Investment income of technical business)	1,208	5,258
3. Unrealised gains on investments acc. to Assets item C.	69,443	2,769
10. Unrealised losses on investments acc. to Assets item C.	-3,675	-231,845
ULI valuation result in kEUR	66,977	-223,818
ULI valuation result in % of assets for unit-linked and index-linked policies per end of year	7.8%	-25.7%

Note on the table above: "acc. to Assets item C." refers to the VAG balance sheet (see appendix).

The valuation result of unit-linked life insurance was positive in 2023.

The items in the table shown at the beginning of this Section (see page 14) not explained so far, i.e. the sales commissions of the investment companies in the position "Other income from investments" and "Expenses for asset management", are also related to the fund assets; however, they are part of FWU Life Austria's income and expenses. Some of the income generated by FWU Life Austria is, accordingly, dependent on unit value, meaning that it is exposed to a risk arising from falling asset values in the unit-linked cover fund. The risk valuations carried out as per the Solvency II standard formula show this risk as one of the material risks without, however, endangering the solvency position (see also Sections C.2 and E.2).

A.3.3 Miscellaneous

FWU Life Austria has no gains or losses recorded directly in the own funds, nor any securitisations.

A.4 DEVELOPMENT OF OTHER ACTIVITIES

As previous year, aside from underwriting and investment income and expenses, FWU Life Austria has no other material income and expenses.

As previous year FWU Life Austria has not concluded any leasing agreements.

A.5 OTHER DISCLOSURES

As regards Business Activity and Performance, Sections A.1 to A.4 fully comply with all content-related requirements applicable to this report.

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B. GOVERNANCE SYSTEM

B.1 GENERAL DISCLOSURES CONCERNING THE GOVERNANCE SYSTEM

B.1.1 Management and supervisory bodies (two-tier board system)

As an Austrian public limited company, FWU Life Austria is required to follow the two-tier board system, i.e. the management functions are performed separately (i) by a management body, the Management Board and (ii) by a supervisory body, the Supervisory Board.

The tasks, duties and responsibilities of the members of the Management Board and Supervisory Board follow from:

- The legal requirements
- The articles of association of FWU Life Austria
- The rules of procedure for the Management Board and Supervisory Board

B.1.2 Management Board

B.1.2.1 Composition

The Management Board of FWU Life Austria may consist of two or more members. As of December 31, 2023, the following members of the Management Board have been appointed:

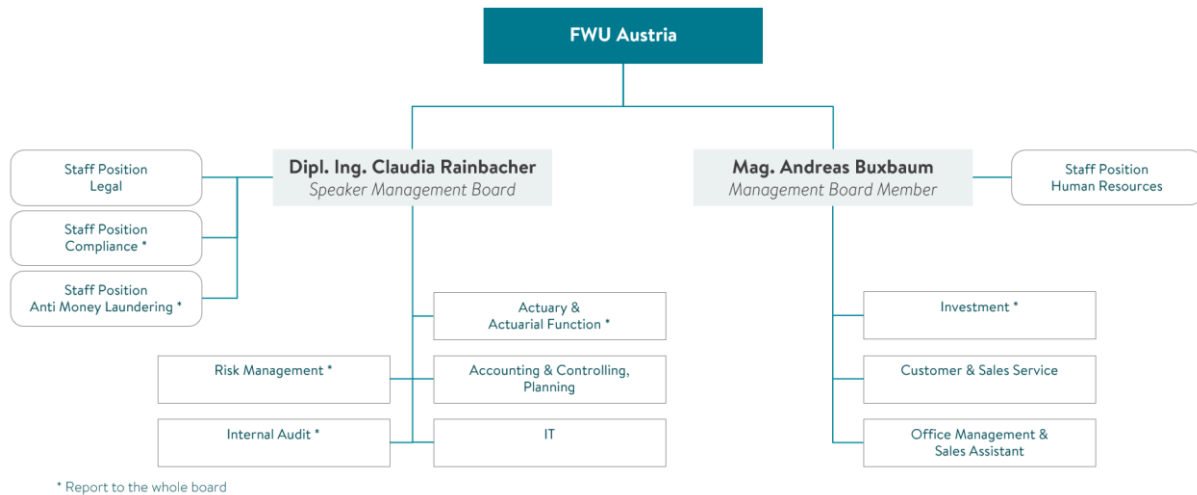
Name	Comments
Dipl.-Ing. Claudia Rainbacher	joint representation together with another member of the Management Board or with an authorized signatory (Prokurist) since April 16, 2018
Mag. Andreas Buxbaum	joint representation together with another member of the Management Board or with an authorized signatory (Prokurist) since August 15, 2022

Dipl.-Ing. Claudia Rainbacher was appointed Speaker of the Management Board as of August 15, 2022. In the event of a tie vote in a decision by the Management Board, the Management Board may request a decision by the annual general meeting. The Speaker of the Management Board is also responsible for the material coordination of the business areas of the Management Board. He has the right and the duty to ensure the implementation of the rules of procedure and consistency of management in the Management Board.

B.1.2.2 Management: overall Management Board and division of responsibilities

The rules of procedure of FWU Life Austria for the Management Board provide for a division of responsibilities in the Management Board concerning the business of the undertaking. Consequently, the responsibilities are (notwithstanding the agendas retained by the overall Management Board – see below) divided as follows as of December 31, 2023:

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Each member of the Management Board leads the portfolio assigned to them independently and on their own responsibility but is always required to subordinate the portfolio-related interests to the overall interests of FWU Life Austria. The distribution and assignment of fields of activity does not release any member of the Management Board from joint responsibility for the overall agendas of the Management Board. The Management Board members work together as colleagues. They inform each other about important measures and actions in their business areas.

The Management Board must ensure that an accounting and an internal control system are in place that meet the requirements of the company.

The rules of procedure for the Management Board define on which matters the Management Board shall always decide as a whole. These include, among others:

- Measures and transactions that are of exceptional importance to the company or which come with an exceptional economic risk such as, in particular, the creation and launch of a new product
- Matters for which approval from the Supervisory Board must be obtained
- Basic issues of organization, risk management and business policy, along with the investment-, financial and HR planning of the company
- Risk management decisions (decisions about the entering into and handling of material risks).

The following bodies/committees have been set up at FWU Life Austria:

- Manager Meeting Austria (MMA): the Management Board meets every month for an extended Management Board meeting in which all department leaders and staff positions of FWU Life Austria take part and in the course of which the Management Board may pass Management Board resolutions. The MMA may be convened for extraordinary meetings by the Speaker of the Management Board.
- Assumptions Committee: there is an Assumptions Committee that consists of the Speaker of the Management Board, the Financial Director and the Management Board member responsible for risk management, as well as the Responsible Actuary, the risk manager and the Actuarial function, and which meets twice a year. The task of the Assumptions Committee is to determine the model assumptions for calculation of technical provisions as per Solvency II for solvency calculations, business planning and the calculation of the embed-

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ded value. The Management Board may pass resolutions on the aforementioned topics within the Assumptions Committee.

- **Key Functions Committee:** a meeting of the key functions takes place twice a month, in which the Management Board and the key functions of FWU Life Austria take part. The purpose of the Key Functions Committee is to ensure a regular dialogue between the key functions and the Management Board. This ensures a regular exchange of information and ensures that all participants become aware of important topics in a timely fashion.
- **Investment Committee:** an Investment Committee meets every month in which the member of the Management Board responsible for investment, other members of the Management board, the Group Chief Investment Officer, employees of the Investment department if needed, the Compliance Officer, the Head of Customer- and Sales Service, the risk manager and if applicable, the keeper of the minutes take part. The purpose of the Investment Committee is to inform the Management Board about market events, the performance of investment strategies, current topics, upcoming changes in the managed portfolios and upcoming inclusion of funds in the range of FWU Life Austria funds. All investment decisions at Management Board level are made in the Investment Committee.
- **Product Oversight Committee:** the objective of the Product Testing Committee is monitoring of the product development process, implementation of the internal product approval procedure and continual product monitoring. The Product Testing Committee meets at least every six months. Additional meetings are called if required. The committee consists of the overall Management Board, the responsible actuary, the actuarial function, the Head of Actuary, the Head of Risk Management, the staff position Legal, the staff position Compliance, the Head of Customer- and Sales Service, the Head of Investment and the Sales Assistant.
- **Data Protection Committee:** In the event of a data breach the Data Protection Officer must inform the Data Protection Committee of the incident. The Data Protection Committee must agree and approve further action. The Data Protection Committee consists of a member of the Management Board, the Head of IT, the Data Protection Officer, an employee from the Legal department and the head of the department concerned.
- **Market Monitoring Committee:** As part of the POG (Product Oversight & Governance) process the Market Monitoring Committee takes place at least every month, in which the Head of Customer- and Sales Service, the Head of Sales, the and the Compliance function take part. The purpose of the Market Monitoring Committee is to identify grievances in sales and set measures to remedy abuses.

B.1.3 Supervisory Board

B.1.3.1 Composition

The Supervisory Board of FWU Life Austria must comprise a minimum of three and a maximum of twelve members (so-called shareholder representatives) elected by the general shareholders' meeting.

Moreover, the works council is entitled to send, from its circle of works council members, one employee representative to the Supervisory Board for every two shareholder representatives (principle of one-third parity of the so-called employee representatives in the Supervisory Board. If the number of the shareholder representatives is uneven, an additional employee representative is to be sent. The works council is not currently asserting this right.

As of December 31, 2023, the following have been appointed as members of the Supervisory Board:

Name	Role
Dr. Manfred J. Dirrheimer	Chairman (shareholders' representative)
Prof. Dr. Ernst Mohr	Deputy chairman (shareholders' representative)

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Name	Role
Dipl.-Bw. Thomas Doyle	Member (shareholders' representative)
Alexander Dirrheimer	Member (shareholders' representative)
Dr. Bernd Fröhler	Member (shareholders' representative)

The Supervisory Board may, from its ranks, form advisory and, unless otherwise stipulated by the law and the articles of association, decision-making committees. In the 2023 reporting year, the Supervisory Board did not form any committees.

Members of the Supervisory Board may not, at the same time, be members of the Management Board or permanently represent members of the Management Board of the company or its subsidiaries. Moreover, they may not conduct the business of the company as employees. Only in exceptional cases (insignificant here) is it possible for the Management Board or the company to be represented by members of the Supervisory Board.

B.1.3.2 Responsibility of the Supervisory Board

When performing its duties, the Supervisory Board is not subject to instructions. In particular, neither the general shareholders' meeting nor the shareholders may issue legally binding instructions to the Supervisory Board. The Supervisory Board essentially works closely with the Management Board in a trust-based relationship for the good of the company. The will of the Supervisory Board shall generally be formed in meetings (either in person or via video conferencing); if no member of the Supervisory Board is in disagreement, resolutions may also be passed in writing by means of circulars. The Supervisory Board must be convened four times a year (once a quarter). Further meetings are to be convened if this is required – particularly for the good the company.

The following is an overview of the Supervisory Board's duties:

B.1.3.3 Monitoring of the management

The Supervisory Board must monitor, oversee and supervise the entire management. It may require the Management Board to submit a report about the affairs of the company, including its relationships with any group company, at any time, as well as view the books, documents and assets (company's cash office, holdings of securities and goods) and inspect these. It shall agree on the audit contract with the external auditor and negotiate the latter's fee.

Monitoring shall relate to the leadership and management decisions of the Management Board (e.g. corporate planning, company coordination and management control, in particular also strategy, business plans and principles of corporate policy), i.e. not each individual management measure of daily business needs to be monitored.

Furthermore, the Supervisory Board must continuously monitor compliance with the provisions on professional qualifications and personal reliability of members of the Management Board and the Supervisory Board, the requirements of the governance system and the application of rules on compensation. If a member of the Supervisory Board becomes aware of any circumstances that may jeopardize compliance with these provisions, they must promptly inform the Supervisory Board thereof.

B.1.3.4 Transactions requiring approval and duties to cooperate of the Supervisory Board

Management measures cannot be transferred to the Supervisory Board, yet certain types of transactions may only be performed with its approval. This right of approval may be extended by the articles of association or the Supervisory Board itself, but not restricted.

B.1.3.5 Granting loans to members of the Management Board

A loan may only be granted to members of the Management Board and other executives of the company with the express approval of the Supervisory Board (Sec. 80 AktG). Such approval may be granted in advance, but for a period of no longer than three months.

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B.1.3.6 Duties to cooperate in case of capital measures

The Supervisory Board shall also be subject to duties to cooperate in the case of capital measures taken by the company.

B.1.3.7 Right to appoint members of the Management Board

The Management Board shall be appointed, dismissed and, if required, suspended by the Supervisory Board. The Supervisory Board shall appoint members of the Management Board for a maximum of five years and must also determine the suitability of the respective member of the Management Board, along with the latter's sufficient availability in terms of time and freedom from conflicts of interest.

The Supervisory Board may nominate a member of the Management Board as the Speaker of the Management Board.

The Supervisory Board may then, following the appointment of a member of the Management Board by the company, conclude the management contract. To this end, the Supervisory Board shall negotiate the compensation of the members of the Management Board, which must be commensurate with the duties and performance of the individual members of the Management Board, with the company's situation and with normal compensation levels, as well as setting long-term incentives to behave in a way to ensure the company's sustainable development (see Section B.1.7 for more details on compensation).

The Supervisory Board may only revoke the appointment of a member of the Management Board and the appointment as Speaker of the Management Board on important grounds (gross breach of duty, inability to manage the company's business properly, or a vote of no confidence at the general shareholders' meeting).

Furthermore, the Supervisory Board may release members of the Management Board from the non-competition clause. In general, members of the Management Board must not run a company nor accept certain supervisory board mandates or do business in the company's line of business (Sec. 79 AktG).

B.1.3.8 Involvement in accounting

The Supervisory Board has the following obligations / competencies in connection with accounting:

- Monitoring the accounting process and issuing recommendations or proposals with respect to ensuring the reliability of this process;
- Monitoring the audit of the financial statements, taking into account findings and conclusions in reports that are published by the regulatory authority for year-end auditors;
- Checking and monitoring the autonomy of the auditor;
- Making a proposal for the selection of the auditor as well as concluding the contract and arranging the fee;
- Right to receive the annual financial statements, the management report and, if applicable, a proposal for the appropriation of profit by the Management Board no later than five months after the balance sheet date;
- Right to receive the audit report of the auditor;
- Auditing the annual financial statements, management report and, if applicable, the proposal for the appropriation of profit within two months of submission by the Management Board;
- Reporting to the general shareholders' meeting; in the process, the Supervisory Board must provide information as to how and the extent to which it audited the management of the company during the financial year, and whether these audits led to material objections after the final result;
- Approval of the annual financial statements by the Supervisory Board; the Supervisory Board and the Management Board may also opt for these to be approved by the general shareholders' meeting.

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B.1.3.9 Specific duties under insurance supervision law

The Supervisory Board must, on an ongoing basis, monitor compliance with the provisions on professional qualifications and personal reliability of members of the Management Board and the Supervisory Board, the requirements of the governance system and the application of rules on compensation. The Supervisory Board must also monitor the effectiveness of the internal control system, the Internal Audit department and the risk management system, as well as audit the report on the company's solvency and financial position.

B.1.4 Main duties and responsibilities of the key functions

FWU Life Austria has identified other key functions in addition to the legally required key functions of Compliance, Risk Management, Actuarial and Internal Audit.

- Responsible Actuary
- Money Laundering Officer
- Head of Investment

B.1.4.1 Compliance function

The main duties of Compliance are to advise the Management Board concerning compliance with regulations applicable to policy-based insurance operations, assess the possible effects of changes in the legal environment on the activities of FWU Life Austria, as well as to identify and assess the risk associated with non-compliance with legal regulations.

- The main duties include, among others: preparing and complying with the compliance audit plan including a compliance risk analysis;
- Assessing the appropriateness of the measures taken by FWU Life Austria to prevent non-compliance;
- Helping to prepare, check and review regularly occurring workflows, as well as compliance-relevant instructions, guidelines and manuals;
- Providing advice and support when evaluating the legality of (new) products;
- Monitoring, advising and supporting on matters concerning compliance with supervisory stipulations, regulations, circulars and decisions of the FMA and guidelines of EIOPA.

B.1.4.2 Risk Management function

The main duties of the Risk Management function are:

- Providing support to the management and other functions to effectively handle the risk management system
- Developing a risk strategy and an appropriate risk management policy
- Developing appropriate methods and processes that support the identification, measurement, evaluation, monitoring and management of actual and potential risks
- Monitoring compliance with these methods and processes
- Developing an appropriate risk reporting system

B.1.4.3 Actuarial function

The main duties of the Actuarial function as regards technical provisions in the solvency balance sheet are:

- Coordinating and monitoring calculations

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- Safeguarding the appropriateness of the methods used and the underlying models, as well as the assumptions made
- Assessing the sufficiency and quality of the underlying data
- Comparing the best estimates with past values
- Informing the Management Board about the reliability and appropriateness of the calculation

The main duties of the Actuarial function as regards the underwriting and reinsurance policy:

- Making a statement on the general policy on underwriting and acceptance
- Making a statement on the appropriateness of the reinsurance agreements

The main duties of the Actuarial function as regards the risk management system are:

- Being involved in effectively implementing the risk management system, in particular when assessing the company's own risk and solvency assessment

B.1.4.4 Internal Audit function

The main duties of the Internal Audit department include, among others:

- Auditing the entire business operations in respect of compliance with all relevant laws, regulations and decisions
- Auditing observance of and compliance with internal insurance instructions and orders
- Auditing the compliance of business policy and its effects, checking the appropriateness of the company's organizational structure, and auditing the proportionality of the use of resources and target achievement, taking into account the profitability and efficiency of the organization, procedures and the use of resources
- Auditing the proper administration and accounting system, the internal control system and the functionality of the risk management system, as well as the compliance organization
- Making recommendations and proposing measures to the Management Board as well as monitoring the implementation thereof

B.1.4.5 Responsible Actuary

The main duties of the Responsible Actuary include, among others:

- Product calculation and preparing actuarial principles
- Ensuring compliance with actuarial principles and the profit plan
- Safeguarding management of the life insurance portfolios
- Providing expert advice and support to the business areas, including when developing, maintaining and servicing corresponding IT programmes
- Audit opinion of the actuary acc. to VAG.

B.1.4.6 Money Laundering Officer

The main duties of the Money Laundering Officer include, among others:

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- Ensuring compliance with due diligence obligations to combat money laundering and the financing of terrorism
- Audit internal notifications of suspicion and report suspected cases to the relevant authorities
- Preparing and holding employee training courses
- Preparing and regularly updating the company-specific risk analysis pursuant to the FMA's circular on a risk-oriented approach to prevent money laundering and the financing of terrorism
- Regular inspection activities by means of samples

B.1.4.7 Head of Investment

The Investment department is a specialist department in the company. Given the importance attached by the company to investing, the Head of the Investment department (short: Head of Investment) has been deemed a key function. The main duties of the Head of Investment include, among others:

- Managing the investment department in accordance with the prudent person principle
- Implementing and carrying out local investment processes of the front, mid and back office
- Responsibility for monitoring and managing investment products
- Further developing and maintaining existing investment solutions
- Continuously observing and analysing capital markets, and monitoring competitors

B.1.5 Necessary powers, resources and operational autonomy of the key functions

B.1.5.1 Compliance function

Regulations on Compliance and its position within the company can be found in the internal Compliance Policy, which was adopted by the overall Management Board of FWU Life Austria. The Compliance function is independent and autonomous from lines of instruction when performing its duties, working in the best interests and to preserve the integrity of FWU Life Austria. The Compliance function is to be involved in all material corporate workflows and processes from the very beginning. The Compliance function must be granted access to all information required to perform its duties. It has an unrestricted right to obtain information, as well as inspect and access all rooms, documents, records, audio recordings, IT systems, personnel details and any other information required to investigate compliance-relevant matters.

The Head of the Compliance function shall have a deputy in the event of the former's absence. If, against expectations, both individuals are away for an extended period of time, the Management Board shall promptly decide on the further course of action. The Compliance function can, if needed, receive support from its deputy, and therefore has sufficient resources to fulfil its duties.

B.1.5.2 Risk Management function

Regulations on the Risk Management function and its position within the company can be found in the internal guidelines on risk management, the internal control system and the company's own assessment of risk and solvency, which were adopted by the overall Management Board of FWU Life Austria. These guidelines contain numerous provisions assigning tasks and powers to the Head of Risk Management and the ICS officer, which are required to be able to determine the company's overall risk situation, as well as to further develop the company's risk management system and internal control system. In order for the Risk Management function to be able to meet its monitoring duties, it must be given access to documentation relating to the organizational structure and workflows in a timely fashion. "A timely fashion" means a period of time that does not delay the monitoring process to such an extent that the reasonableness of the monitoring needs to be called into question. Moreover, immediate notification obligations exist con-

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cerning claims and newly identified or growing risks so as to ensure that the Risk Management function is always informed about the current situation.

The Head of the Risk Management function shall have a deputy in the event of the former's absence. If – against expectations – both individuals are away for an extended period of time, the Management Board shall decide on the further course of action. Peak loads are compensated by intra-group or external support at short notice, on an ad-hoc basis. Therefore, the Risk Management function has sufficient resources to fulfil its duties.

The operational autonomy of the Risk Management function is ensured in that it is clearly functionally separated from the operational specialist departments.

B.1.5.3 Actuarial function

Regulations on the Actuarial function (AF) and its position within the company can be found in the internal AF Policy, which was adopted by the overall Management Board of FWU Life Austria. This policy contains numerous provisions assigning tasks and powers to the Head of AF, which are required to be able to perform the monitoring and reporting duties of the AF. In order for the AF to be able to meet its monitoring duties, it must be given access to documentation relating to the organizational structure and workflows in a timely fashion. "A timely fashion" means a period of time that does not delay the monitoring process to such an extent that the reasonableness of the monitoring needs to be called into question. In particular, the Actuarial department is responsible for providing the AF, upon request, with all documentation pertaining to the calculating of technical provisions, and to grant AF access to the calculations. Moreover, the Actuarial department has a notification duty in case of changes planned and made to the calculation methods.

The Head of AF shall have a deputy in the event of the former's absence. If – against expectations – both individuals are away for an extended period of time, the Management Board shall decide on the further course of action. Peak loads are compensated by intra-group or external support at short notice, on an ad-hoc basis. Therefore, the AF has sufficient resources to fulfil its duties. The Head of AF and her deputy are members of the Actuarial department. In order to prevent conflicts of interest and self-monitoring, internal controls are established.

The AF reports directly, in an independent role, to the member of the Management Board responsible for that department.

B.1.5.4 Internal Audit function

Regulations on Internal Audit and its position within the company can be found in the internal guidelines for Internal Audit, which were adopted by the overall Management Board of FWU Life Austria. Internal Audit must perform its tasks independently and autonomously (in particular independent of any processes) and is not subject to any instructions by the Management Board or the management. Similarly, individuals employed in Internal Audit must not be given any tasks that may compromise their independence. Internal Audit has comprehensive and unrestricted information rights to perform its tasks. Internal Audit must be provided with all necessary information and documentation as well as given access to all business and operational processes of the insurance company. The Internal Audit function has been outsourced to Ernst & Young Management Consulting GmbH and has sufficient resources to be able to perform the function.

B.1.5.5 Responsible Actuary

Regulations concerning the Responsible Actuary (RA) and his/her position within the company can be found in the law on insurance supervision VAG Sec. 114-116. The legislative text sets out the tasks of the RA and contains numerous provisions assigning corresponding powers for the RA to perform his/her tasks. This includes, in particular, the obligation of the Management Board to provide the RA with all the information required to fulfil his tasks. The responsible actuary is independent and independent in the execution of his duties and is not subject to any instructions from the Management Board.

The RA shall have a deputy in the event of the former's absence. If – against expectations – both individuals are away for an extended period of time, the Management Board shall decide on the further course of action. The RA is supported by the actuarial department and therefore has sufficient resources available to fulfil his duties.

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B.1.5.6 Money Laundering Officer

Regulations concerning the Money Laundering Officer and his/her position within the company can be found in the internal guidelines on the prevention of money laundering and the financing of terrorism, which were adopted by the overall Management Board of FWU Life Austria. The Money Laundering Officer is in particular entitled and obliged to obtain information from the employees, inspect files and documents as well as issue instructions, where necessary, to prevent money laundering and the financing of terrorism. Any refusal must be justified in writing by the respective employee and the Management Board informed in writing at the request of the Money Laundering Officer. The Anti Money Laundering Officer is independent and independent in the execution of his duties and reports directly to the Management Board.

The Money Laundering Officer shall have a deputy in the event of the former's absence. If – against expectations – both individuals are away for an extended period of time, the Management Board shall decide on the further course of action. This provision of resources is sufficient to fulfil the duties of the function.

B.1.5.7 Head of Investment

The Head of Investment is not autonomous from lines of instruction nor independent when fulfilling his/her duties in the company. He/she acts under the management of a responsible member of the Management Board and accompanied by the Investment Committee, in which investment-relevant decisions are made at Management Board level. The Head of Investment acts in accordance with the internal Investment and Asset Liability Management Policy, which was adopted by the overall Management Board of FWU Life Austria. This sets out, among other things, the implementation of the prudent person principle, compliance with which is required under the law on insurance supervision (VAG). In addition, coordination with or inspection by the Accounting and the Actuarial departments is required in certain processes. Funds are selected and monitored in accordance with internal regulations free from any influence outside the company, i.e. a due diligence inspection, in the best interests of the policyholders.

The Head of the Investment department shall have a deputy in the event of the former's absence. If – against expectations – both individuals are away for an extended period of time, the Management Board shall decide on the further course of action. The Head of the Investment department is supported by multiple employees and therefore has sufficient resources available to fulfil his duties.

B.1.6 Reporting and giving advice to the Management Board and Supervisory Board by the key functions

B.1.6.1 Compliance function

In the course of regular reporting activities, the Compliance function submits a written report to the Management Board four times a year and, in urgent cases, on an ad-hoc basis. A monthly verbal report is also made in the course of the monthly extended Management Board meeting (Manager Meeting), which is attended by the Management Board, staff positions and all heads of department of FWU Life Austria. In addition, the Compliance function submits a verbal report during the bi-monthly key function meeting, which is attended by the Management Board and all heads of department of FWU Life Austria.

B.1.6.2 Risk Management function

In the course of regular reporting activities, the Risk Management function submits a written report to the Management Board as part of the monthly Manager Meeting and four times a year to the Supervisory Board (indirectly via the Management Board). In addition to the regular reporting, there is an immediate reporting system in place for when it is determined that individual risks or claims exceed certain predefined materiality thresholds. Further information about the monitoring and reporting of risks and claims can be found in Section B.3.5 on the risk management process. In addition, the Risk Management function submits a verbal report during the bi-monthly key function meeting.

The Risk Management Function is also responsible for qualitative external reporting pursuant to Solvency II, and helps the Management Board to prepare the ORSA report (details on the ORSA report can be found in Section B.3.6).

B.1.6.3 Actuarial function

The Actuarial function prepares a written report once a year, which is to be submitted to the Management Board. In addition, the Actuarial function submits a verbal report during the bi-monthly key function meeting.

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B.1.6.4 Internal Audit function

Internal Audit submits a summarized report four times a year to the overall Management Board about audit findings from all audits performed during the reporting period, highlighting material shortcomings, dangers and risks. The content of the audit plan, along with material findings and recommendations on the basis of audits carried out are presented every quarter to the Chairman of the Supervisory Board during Supervisory Board meetings. The Chairman of the Supervisory Board is also personally informed in advance by email about material findings and recommendations, as well as the status of audits performed by Internal Audit.

In addition, Internal Audit submits a verbal report during the bi-monthly key function meeting.

Internal Audit promptly informs all members of the Management Board in writing if it believes that the continued existence, development or functional ability of the insurance company is at risk or materially impaired.

B.1.6.5 Responsible Actuary

The Responsible Actuary (RA) must submit a written report to the Management Board once a year on observations made when performing his/her duties in the preceding financial year. FWU Life Austria must submit the report to the FMA promptly but no later than five months after the end of the financial year. If the RA finds in the course of performing his/her duties that rates are not prepared and calculations of actuarial principles not calculated in accordance with the applicable provisions/principles, or that the continuous fulfilment of obligations arising out of insurance policies is at risk, he/she must promptly inform the Management Board thereof.

In addition, the RA submits a verbal report during the bi-monthly key function meeting, which is attended by the Management Board and all heads of department of FWU Life Austria.

B.1.6.6 Money Laundering Officer

The Money Laundering Officer must report directly to the Management Board in writing once a year and on a case-by-case basis. In addition, the Money Laundering Officer submits a verbal report during the bi-monthly key function meeting.

B.1.6.7 Head of Investment

The Head of Investment reports to the Management Board during the monthly Investment Committee, during the semi-annual Product Oversight Committee and during the monthly extended Management Board meeting (Manager Meeting). In addition, he/she submits a verbal report during the bi-monthly key function meeting.

B.1.7 Compensation

B.1.7.1 Principle:

The compensation policy and practices of FWU Life Austria are defined, implemented and maintained in accordance with the business and risk management strategy of the Austrian FWU companies, their risk profiles, objectives and risk management practices, as well as the long-term interests and long-term performance of the FWU companies as a whole.

B.1.7.2 Management Board compensation

The Management Board compensation at FWU Life Austria is detailed in the rules of procedure of the Supervisory Board.

The rules on Management Board compensation are based on all applicable VAG/Solvency II provisions as well as on Sec. 78 AktG pertaining to the compensation of members of the Management Board.

The Supervisory Board ensures that the total compensation of members of the Management Board (salaries, profit shares, expenses, insurance fees, commissions and ancillary benefits of any kind) are commensurate with the duties of the individual members of the Management Board and the company's situation. This also applies analogously to pensions, survivors' pay and other related benefits.

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The fixed part of the Management Board compensation is designed to be of an appropriate, industry-standard and current level without the variable component so as to ensure economic independence of the members of the Management Board from the variable component of their compensation.

Variable compensation components for members of the Management Board must be commensurate with the performance of the individual members of the Management Board, with the company's situation and with current compensation levels, as well as setting long-term incentives to act in a way to ensure the company's sustainable development. Every effort must be made to ensure that failure is not rewarded.

B.1.7.3 Supervisory Board compensation

The Supervisory Board compensation at FWU Life Austria is detailed in the rules of procedure of the Supervisory Board.

The rules on Supervisory Board compensation are based on all applicable VAG/Solvency II provisions as well as on Sec. 98 AktG pertaining to the compensation of members of the Supervisory Board.

Members of the Supervisory Board from outside of the Group (shareholder representatives) are entitled to compensation commensurate with their duties and the situation of the company. Members of the Supervisory Board from within the group, including Employee Representatives, do not have any claim to compensation for their work on the Supervisory Board.

No variable compensation is foreseen for members of the Supervisory Board.

No severance payments are foreseen for members of the Supervisory Board when they leave.

B.1.7.4 Other employees

The applicable collective bargaining agreement serves as a basis to determine the salaries of employees. External benchmark data from objective sources (e.g. external consultants, salary comparisons) are additionally drawn on. The amount of the maximum annual salary adjustment should be based on external benchmarks, the consumer price index, adjustments to the applicable collective bargaining agreement, and the economic situation of the company. Individual increases for employees will be influenced by observations of the respective function and the employees' overall performance. Salary increases will be agreed in advance with the FWU Group and the Management Board during planning.

Aside from severance payments as a result of applicable legal regulations, in particular labor law regulations to safeguard the employee's statutory claim to severance pay or other claims, it is the policy of FWU Life Austria not to contractually agree on any severance payments for employees in the event of leaving the company, and not to make any actual voluntary severance payments when an employee leaves. Exceptions are possible in justified cases if the payment will provide a benefit for the company. Care should be taken to ensure that failure is not rewarded when making severance payments.

B.1.7.5 Variable compensation

Fixed and variable compensation components are balanced and commensurate with each other. The variable part of the compensation amount for employees may not exceed 35% of gross annual salary. The fixed part constitutes a sufficiently large part of the overall compensation to avoid that the recipient of the compensation is overly dependent on the variable component of the compensation; at the same time, the company is able to apply a fully flexible bonus policy. This also includes the possibility of not paying out any of the variable compensation component in the event of targets being missed or insufficiently met. There is no minimum level for target achievement, with 0% also being possible. Market benchmarking ensures that the balance is fair and comparable to the market average.

The variable portion of the compensation is the subject of individual agreements, which correspond to the aforementioned principles (see also B.1.7.2 "Management Board compensation" above).

To the extent that performance-based variable compensation components are paid, the total amount of the variable compensation is based on a combination of the evaluation of the individual's performance and the business area

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concerned on the one hand, and the overall result of the company or the Group to which the company belongs on the other. When evaluating the individual's performance, both financial and non-financial criteria are considered. The individual success criteria are fixed in personalised target agreements, and belong to the following four areas: customers, internal processes, organizational learning processes and risk management.

The variable compensation is specified by an MBO system applicable as standard to employees of FWU Life Austria.

The bonus is calculated on a cumulative basis, consisting of achieving company targets (50% weighting) and achieving individual / team targets (also 50% weighting). This means that targets may be met up to 100% (cap).

When measuring the individual's performance forming the basis of the variable compensation, a downward correction – taking into account the company's risk profile and capital costs – is to be made for exposure to current and future risks.

The variable part of the compensation of employees in the Risk Management, Compliance, Internal Audit and Actuarial functions is independent of the performance of the operational units and areas subject to their supervision.

The issue of shares or share options as part of variable compensation is not provided either for the Management Board, Supervisory Board and members of key functions, nor for other employees.

B.1.8 Additional pension or early retirement regulations for the members of the Management Board, Supervisory Board or other holders of key functions

Several members of the management, as well as a number of holders of key functions, but not the members of the Supervisory Board (shareholders' representatives), participate in the corporate pension scheme of the Austrian FWU companies.

The respective company pays a certain amount into a pension fund for the beneficiaries. The contractual relationship exists directly between the beneficiary and the pension fund, and the benefit will be available to the beneficiary after leaving in the form of a subsequent pension or lump sum – up to a certain amount.

The amount paid in is calculated on the basis of an agreed percentage of the employee's gross annual salary. There is a maximum percentage that is paid in from the tenth year of service. Until this time, the percentage rises every year in a straight line. The cut-off date to calculate the amount on the basis of the years of service and the gross annual salary is 1 May of each year. Payment is made once a year for the entire year.

There is a one year waiting period before being able to join the scheme. This means that the beneficiary must already have been employed at the company for twelve months on 1 May.

B.1.9 Information about material transactions in the reporting period with shareholders, members of the Management Board and Supervisory Board

There were no material transactions with shareholders, members of the Management Board or Supervisory Board during the reporting period.

B.1.10 Material changes to the governance system in the reporting period

There were no significant changes to the governance system in the 2023 financial year.

B.1.11 Assessment of the appropriateness of the governance system against the backdrop of the nature, scope and complexity of the risks inherent to the business activity

The business model of FWU Life Austria is limited to unit-linked life insurance and its organization has been tailored to fit this. The risk strategy leans towards minimizing the risks inherent to the business and avoiding other risks as far as possible. The risk profile does not reveal any complex risks or ones that are unusual for the industry. Against this backdrop, FWU Life Austria believes its governance system to be appropriate.

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The management board internally revises the appropriateness and effectiveness of the governance system on an annual basis. The governance report for financial year 2023 concluded that the governance system is appropriate and efficient.

B.2 REQUIREMENTS OF PROFESSIONAL QUALIFICATION AND PERSONAL RELIABILITY

B.2.1 Fit & Proper policy

FWU Life Austria has drawn up an internal Fit & Proper policy, which was adopted by the overall Management Board. The core of this policy is that the holders of key functions should have the skills and knowledge required to perform the tasks of the respective key function, and that they demonstrate personal reliability in respect of their personal honesty and professional integrity, including all criminal, financial and supervisory aspects. The internal Fit & Proper policy defines corresponding rules for the recruitment procedure, for the further training procedure and for the first and subsequent fit & proper reviews.

B.2.1.1 Recruitment procedure

The appointment of key functions requires a clear and specific description of the duties to be performed, as well as the personal and professional requirements, set out in the form of a job description. This is to be signed by the Head of HR and the responsible member of the Management Board.

The HR department generally has overall responsibility for the recruitment process. It is responsible for advertising, managing the process, pre-sorting the applicants, establish initial contact with the applicants and organizing the interview, as well as requesting and filing all documentation. Selection is made by the HR department and the head of the specialist department or function. In the case of all responsible holders of key functions, the responsible member of the Management Board of FWU Life Austria is to be involved in the selection decision. Appointment to the holder of a key function is made by a Management Board resolution.

Only the Supervisory Board is responsible for appointing members of the Management Board.

B.2.1.2 Further training measures

In the annual employee appraisals between key functions and the responsible manager, both the quality and quantity of the performance is assessed and, if necessary, further training measures defined. Holders of key functions are, however, obliged to attend specialized further training events every year. Persons involved in insurance sales, either directly or in a management role, must complete 15 hours of further training each year. Proof of further training is to be submitted to the HR department, which files this proof.

B.2.1.3 Subsequent fit & proper test

Under certain conditions, such as a change in the requirements of the respective key functions, revocation of academic qualifications or doubts concerning fitness or properness, another review of the fit & proper requirements will be required. If the fit & proper requirements are no longer met, Compliance and the responsible member of the Management Board must be promptly informed. If the individual in question is a member of the Management Board, the other members of the Management Board and the Supervisory Board must be informed. If the fit & proper requirements are no longer met, Compliance must immediately notify the FMA.

The police clearance certificate (criminal record certificate or similar evidence from non-EU countries) will be requested again every five years.

B.2.2 Requirements of the skills, knowledge and expertise of the members of the Management Board and key functions

B.2.2.1 Members of the Management Board

Comprehensive requirements set out under company and supervisory law already apply to the qualification of Management Board members of insurance undertakings. The aim of these requirements is, among other things, to ensure an adequate range of qualification, knowledge and relevant experience in the Management Board. As a result, any assessment determining whether members of the Management Board are professionally qualified must consider the respective tasks assigned to the individual members.

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At least two members of the Management Board must have sufficient knowledge and experience in the insurance business, as well as managerial experience; this is generally to be assumed if at least three years of managerial experience can be demonstrated at an insurance or reinsurance company of a similar size and business type. At least one member of the Management Board must be fluent in German. The members of the Management Board who have authoritative responsibility for the sale of insurance products must have the relevant knowledge and skills required.

In addition, each member of the Management Board is subject to a statutory fit & proper test by the FMA upon appointment.

B.2.2.2 Holders of key functions

Holders of key functions have to meet specific requirements that are matched to the duties of the respective key function; these mainly include completion of appropriate university training or relevant specialised training, as well as a minimum of professional experience in banking or the insurance sector.

B.2.3 Assessment of professional qualifications and personal reliability

In order to assess the professional qualification and personal reliability of members of the Management Board, Supervisory Board and holders of key functions, the following documents are required:

- Current and complete CV
- Evidence of the successful completion of professional training, school and university certificates
- Current criminal record certificate or similar evidence from non-EU countries
- Current references
- Details of related parties employed at an FWU company
- Details of current secondary activities to rule out conflicts of interest and ensure availability of time including details of other management, supervisory board, administrative board or advisory board mandates at other companies.

Before a candidate can be appointed to the Management Board, not only does the suitability of the candidate him/herself need to be checked, but also if the new appointment meets the legal criteria in the overall Management Board.

B.3 RISK MANAGEMENT SYSTEM INCLUDING THE COMPANY'S OWN RISK AND SOLVENCY ASSESSMENT

B.3.1 Core elements of the risk management system

The risk management system of FWU Life Austria includes

- a risk strategy defining risk strategy objectives,
- methods and processes for identification, measurement, monitoring, control and reporting of risks,
- and the involvement of material parts of the organizational structure into risk management processes.

These core elements of the risk management system are dealt with in the following subsections B.3.2 to B.3.6.

B.3.2 Risk strategy

FWU Life Austria's risk strategy is one of an essentially risk-averse attitude. The risk appetite "avoid" or "neutral" is used for all risk categories, and for none "aspire". FWU Life Austria is neutral when it comes to risks that are unavoidable due to the business model, e.g. part of the market risks that could affect the fund volumes in the cover fund. Neutral is also its attitude to risks avoidance of which conflicts with the avoidance of another risk.

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The first part of FWU Life Austria's risk strategy states the following, general objectives for risk management, among others:

- FWU Life Austria considers the risk categories normally considered in the insurance industry, and strives for completeness in this context.
- FWU Life Austria endeavours to have a complete risk management process so as to ensure the appropriate identification, measurement, monitoring, management and controlling of risks, as well as risk reporting.
- FWU Life Austria endeavours to further develop the ORSA process (B.3.6) and maintain the previous orientation on the standard formula.

The second part of FWU Life Austria's risk strategy defines the following objectives and measures of risk management in respect of the current business strategy:

Regarding the growth strategy, further development of new business in Italy and efficient portfolio management are aspired. The risk strategy objective is to maintain the conscious and cautious way in which risks are handled.

New business planning is included in the business planning process. This synchronizes with the ORSA process to the extent that the ORSA future projections are made along the business plan scenario. This means that the risk drivers, with the help of which the future projects are made in the ORSA, contain information about the planned new business.

Regarding client loyalty, high client satisfaction and high service quality are aspired. To ensure an equally high service quality for Italian customers, FWU Life Insurance Luxembourg S.A. is serving Italian customers of FWU Life Austria through their Italian branch. The risk strategy objective is to take account of client interests when assessing risks. One measure is the effect of the risk event on the reputation of FWU Life Austria among clients when assessing operational risks. Another measure includes complaint management, continuously monitoring the number of complaints and regularly performing a root cause analysis.

To stabilize the business plan, opportunities to take over the management of third-party portfolios are considered. The risk strategy objective is to maintain the satisfying solvency position. These opportunities are accompanied by risk analyses to identify potential risks and their effects on the solvency position of FWU Life Austria. Currently, there are no such opportunities and thus not included in the business planning.

Regarding digitalisation, cost efficiency and cost discipline, the risk strategy objective involves avoiding costly claims. Risk mitigating measures here are the tools and processes of risk management, claims management and the internal control system, as well as continuous cost controlling.

FWU Life Austria promotes sustainable and resource-saving processes in its operations, pays attention to the social concerns of its employees, and fulfils its mission to enable investment in sustainable economic activities and projects as part of its products. FWU Life Austria has a mature corporate governance system, including a compliance function, to ensure sustainable action and compliance with all legal requirements relating to sustainability issues. The issue of sustainability should also be considered in all investment decisions. The product range is to be expanded to include sustainable products while avoiding greenwashing in order to prevent reputational damage. Sustainability risks in day-to-day operations arising from the failure to comply with sustainability factors are identified and managed as part of the regular risk inventory.

B.3.3 Roles and responsibilities in the risk management system

The risk management system comprises subject areas and responsibilities that include all units included in the organizational set up. The following units are in any case relevant to risk management, to which the following tasks fall as part of risk management:

- The Management Board in its entirety decides on fundamental questions of organization and risk management. It makes decisions about the entering into and handling of material risks.

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- The Risk Management function is responsible for the implementation and further development of the risk management system, the risk management process and risk reporting.
- The Actuarial department is responsible for the business model. This means that the calculations for technical provisions (best estimate liability), the supervisory capital requirements MCR and SCR and other analytical calculations required for risk management are performed in the Actuarial department. The solvency balance sheet (market value balance sheet), which is important for risk management, is also compiled in the Actuarial department with support from Accounting. These tasks are supervised by the actuarial function.
- The Controlling department is responsible for the business planning process, the results of which form the basis for the future observations of risk management, but which must also consider the findings from the risk management processes as an input.
- The heads of the specialist departments are responsible for the operational processes of the company, the associated operational risks and the corresponding controls and measures to manage these risks.

The following bodies/committees also exist which are relevant for risk management:

- The Management Board and the heads of the specialist departments and staff positions, including the head of Risk Management, meet once a month in the Manager Meeting to exchange information and pass Management Board resolutions.
- The key functions committee serves to ensure the regular exchange of information between the Management Board and key functions. Key functions include the so-called governance functions of Risk Management, Compliance, Actuarial function and Internal Audit, as well as the other key functions of Responsible Actuary, Money Laundering Officer and Head of the Investment department. The key functions committee meets every two months.
- The Assumptions Committee serves as a semi-annual forum for the discussion and approval of model assumptions for planning and solvency calculations, as well as requirements for scenario analyses as part of the ORSA process (B.3.6). ORSA refers to the annual analysis and assessment of the overall risk situation, usually performed once a year. The overall Management Board is represented in the Assumptions Committee.
- The Investment Committee meets every month and serves as a forum to discuss and decide on issues pertaining to investments and investment processes. Investment-related Management Board decisions may be made in the Investment Committee.
- The Product Oversight Committee meets at least every six months. Its objectives are the monitoring of the product development process, the implementation of the internal product release procedure and continuous product monitoring.

Participation in the committees described above ensures that the head of Risk Management has access to all material managerial and monitoring units through which information regularly flows in both directions.

The Management Board has a duty to report to the Supervisory Board. Moreover, the Supervisory Board may turn to the head of Risk Management at any time to obtain information directly.

B.3.4 Risk measures and risk horizon

A distinction is made between four groups of risks when measuring risk:

1. Risks that can be appropriately valued using the so-called standard formula are quantified as per the standard formula. The standard formula is a method provided under supervisory law to value the standard risks of European insurance undertakings. This valuation is performed using a Value-at-Risk measure of basic own funds with a 99.5% confidence level over a period of one year.

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2. Risks that are not appropriately valued by the standard formula or are not even included in the standard formula are valued in accordance with the requirements for calculating the Solvency Capital Requirement, as defined in Sec. 3 VAG and Article 101 para. 3 of Framework Directive 2009/138/EC. This means that valuation is also performed here using a Value-at-Risk measure of basic own funds with a 99.5% confidence level over a period of one year.
3. Risks that are difficult to quantify, i.e. strategy, reputational and liquidity risks, are described and valued in a qualitative form at the very least.
4. Operational risks are also valued as a whole using the standard formula, but individually identified operational risks are valued according to a special method, the aim of which is to obtain, for each identified operational individual risk, a comparable measured value which can be used to order the risks and to which materiality thresholds, reporting obligations and immediate reporting obligations can be attached. This measured value is a number ranging from 0 to 48 points, which takes equal account of financial and non-financial external and internal effects. This valuation is completed by stating the estimated financial impact in euros and the probability of occurrence as a percentage. Each identified operational risk is assessed both before and after the impact of the implemented controls.

The risk valuation horizon is one year, both for the Value-at-Risk method and for the expert estimates when measuring individual operational risks. Observations as part of future projections, as performed in the ORSA process (B.3.6) cover the planning horizon (currently four years). The modelled cash flows, which underlie the required present value calculations, cover a period of 75 years, enabling fundamental observations going beyond the planning horizon.

B.3.5 Risk management process

The risk management process of FWU Life Austria comprises the following (sub-)processes.

B.3.5.1 Perform risk analysis

The term risk analysis can refer both to the analysis of an individual risk and to the analysis of the effects of a situation on the overall risk situation of the company. Risk analyses may be performed as required if, for instance, a new risk has been identified or a certain situation should be reviewed to determine its risk relevance.

B.3.5.2 Perform risk inventory

This process involves identifying all risks the company is or may be faced with, analysing them, assessing them, determining risk management, and recording in writing the important information obtained from these activities. This also includes sustainability risks, i.e. risks arising from the failure to comply with sustainability factors. To this end, operational work processes are examined for sustainability factors as well as for any failure to comply with such factors and, if necessary, controls are implemented to safeguard the identified sustainability factors. A full risk inventory is taken at least once a year.

B.3.5.3 Monitor and report risks

Monitoring and reporting activities are divided into several components, the basis of which is defining limits according to which current valuations can be compared. Such limits exist both for the overall risk situation, represented by the calculated risk capital requirement, and for selected risks or their indicators. Indicators include measured values that can be easily monitored and that are closely connected to the risk that should actually be monitored. If such indicators breach the predefined limits, counter-measures are required. Comparative figures also exist to value the individual risks, which are key for determining the materiality level of the respective risk. FWU Life Austria has four materiality levels (low, medium, high and material).

Risk indicators are monitored every month. The materiality level of a risk is determined every time the risk is valued, i.e. at least once a year as part of the annual risk inventory. Risks included in the so-called standard formula are valued and classified four times a year at the end of each quarter.

Risks that occur and result in losses are monitored within the scope of claims management. Claims that exceed a defined minimum threshold are investigated to identify their causes and effects. If necessary, measures are taken to

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rectify losses and/or to avoid further similar losses. During the analysis, the question is asked as to whether the claim can be assigned to a known risk or whether a previously unknown risk exists.

A report on the risk situation is provided to the overall Management Board once a month in the Manager Meeting, where the head of the risk function presents a risk update based on currently available data about risks, risk indicators and claims. The Supervisory Board is informed four times a year about material circumstances from the area of risk management during the Supervisory Board meetings.

In addition to this, there are various immediate reporting obligations to department heads, responsible members of the Management Board or the overall Management Board if it is found that individual risks or claims exceed specific predefined materiality thresholds.

B.3.6 ORSA process and the company's risk and solvency assessment

ORSA stands for "own risk and solvency assessment" and involves the company assessing its own risk situation and risk-bearing capacity. To this end, during the ORSA process, the risk situation is analysed, the required risk capital valued and the coverage thereof with own funds presented. In doing so, both the supervisory capital requirement SCR and the company's own view OSN must be addressed. The analyses relate both to a current cut-off date and to the future mapped out by the business planning. Uncertainties in this future are highlighted through stress scenarios and sensitivity analyses.

FWU Life Austria has internal ORSA guidelines which govern the process workflow, methods and responsibilities. These guidelines were agreed by the overall Management Board. They will be reviewed annually to ensure they are up to date. Any changes in content must be approved in turn by the overall Management Board. The findings of an ORSA will be set out in an ORSA report, which will also be published by the overall Management Board. The ORSA report serves to inform every individual involved in actually managing the company, as well as the supervisory authorities, about the risk and solvency situation of the company.

The ORSA process essentially consists of the following phases:

- a preparation phase, in which the implementation will be planned, among other things;
- a risk inventory to determine all quantifiable and unquantifiable risks to which the undertaking is exposed, or could be exposed in the planning period;
- verification of the applicability of the standard formula;
- verification of the completeness of the undertaking's OSN approach (including approval by the Management Board);
- a definitions phase, in which the definitions of stress scenarios, underwriting and financial assumptions and similar are established (including approval by the Management Board);
- a calculation phase, in which additional numerical data will be produced (balance sheets and capital requirements for the base scenario and all stress scenarios, sensitivities, future projections);
- an analysis phase, in which the results are examined and interpreted;
- a report preparation stage (including approval by the Management Board), also involving communication of the results and conclusions both within the undertaking and to the supervisory authorities.

The regular ORSA process is performed once a year. The ORSA reporting date is June 30 of the respective calendar year – in line with the planning cycle. Outside of this annual rhythm, a so-called ad-hoc ORSA may also be performed if this becomes necessary due to a material change in the risk profile. One ORSA process was conducted in the 2023 financial year. Further details are given in Section C.7.

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The Supervisory Capital Requirement SCR is calculated with the aid of the so-called standard formula, a valuation method defined by supervisory law. FWU Life Austria has chosen the standard formula as the starting point for the company's own risk assessment, i.e. calculating the so-called OSN. The ORSA checks whether the standard formula deals with all of the company's risks, and whether individual risks are appropriately valued in the standard formula. To this end, the ORSA process includes a risk inventory and an appropriateness test of the standard formula. If material risks are identified here that do not appear to be appropriately considered in the standard formula for the determination of the OSN, or material risks that are deemed quantifiable, but are not considered in the standard formula, then the standard formula is to be correspondingly modified and/or expanded. This will produce a formula similar to the standard formula, which will then be used to calculate the OSN.

This focus on the standard formula is a risk strategy decision. FWU Life Austria chose the procedure described above to determine the OSN against the backdrop of its risk profile.

The ORSA process also provides a consideration of sustainability risks, in particular climate risks. To this end, scenarios were developed to determine how progressive climate change would affect the development of the portfolio and the solvency balance sheet of FWU Life Austria. Additionally, in order to obtain an assessment of the extent to which the investments are exposed to the transition risk, the investments were analysed in relation to climate-relevant sectors. These climate-relevant portions of the investments were examined using a scenario-based analysis in order to obtain a quantitative assessment of the transition risk.

Pursuant to the provisions of the capital requirements MCR, SCR and OSN, which represent the loss of own funds that may arise in the event that risks occur, it is evaluated whether the risk-bearing capacity of the company, i.e. the amount of available own funds, is sufficient to be able to carry such losses. The risk-bearing capacity of FWU Life Austria is subject to an internal requirement which requires coverage of 115%, i.e. surplus coverage of 15%, the aim of which is to ensure that 100% coverage of the regulatory SCR is given at all times. Another internal requirement is that the owner of the Austrian FWU companies, FWU AG, Grünwald, targets coverage of the regulatory SCR of at least 175%.

The interaction between capital management and risk management is mainly determined by the undertaking's dividend policy; own funds that are not required to cover risk capital requirements or to finance ongoing operations and which are also sufficiently liquid are distributed to the shareholder FWU Austria AG in the form of dividends (see also Sections E.1.1 and E.1.2.1).

B.4 INTERNAL CONTROL SYSTEM

B.4.1 Scope of the internal control system

A fully comprehensive internal control system comprises a management system and a surveillance system.

The management system comprises the company's internal policies, work instructions, process documentation, rules of procedure for bodies, organizational charts and job descriptions, etc., the task of which is to organize company activities in a legally compliant, effective, efficient, targeted and reliable manner. The management system exists through the organizational structure and process organization of the company, and is set out in its documentation.

The internal surveillance system serves to monitor compliance with the regulations of the internal management system. It is comprised of several parts:

Organizational security measures are preventive measures that are firmly established in the organizational framework of the processes, such as the separation of functions, access rights to IT systems, payment guidelines, and the like.

Process-based checks are manual or automated measures integrated into the workflows that are intended to prevent or uncover errors, such as manual target/actual comparisons, four-eye principle of control or plausibility tests in IT systems; it is mostly this part of the surveillance system that is meant when referring to the ICS.

Process-independent surveillance measures are not integrated in a process workflow, taking place regardless of whether a process is currently being performed or not. They are usually performed by so-called monitoring func-

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tions. These functions check and assess process-independent structures and activities. FWU Life Austria has set up a Compliance function including a Sales function, a Risk Management function, an Actuarial function, a Money Laundering Officer, a Data Protection Officer, an Information Security Officer, an Outsourcing Officer, a Product Oversight Committee, a Market Monitoring Committee and an Internal Audit function. Internal Audit occupies a special position here because it is not specialized in a specific topic or company area and because it also monitors the structure and activities of the other internal monitoring functions. In a broader sense, the external auditor and the Supervisory Board are also seen as monitoring functions of the ICS.

FWU Life Austria has an internal ICS policy, which was approved by the overall Management Board. This policy defines the responsibilities and minimum content for the documentation of the organizational structure and process organization, as well as the requirements for process documentation. It sets out the rules on internal company publication and accessibility of the documentation. It lists a range of organizational security measures that must be implemented as a part of the organizational structure and process organization, such as the separation of functions, identification of conflicts of interest, establishment of escalation paths, and reporting systems at all company levels. It regulates the procedures to identify, implement, monitor and assess checks. It also names the existing monitoring functions (listed above).

B.4.2 Roles and responsibilities in the internal control system

FWU Life Austria has given responsibility for the ICS to the Head of the Risk Management function. As mentioned above in B.4.1, there are several monitoring functions, the heads of which have material responsibility for monitoring the structures and activities of the company. The individual, process-based checks and measures come under the responsibility of the respective heads of the specialist department and function in whose areas of responsibility the respective processes are performed. Similarly, the numerous documentation obligations (organizational charts, policies, work instructions, etc.) are distributed throughout the entire company. The ICS officer is responsible for the overview, e.g. the inventory of material processes and the control inventory, as well as for the annual ICS report to the Management Board.

B.4.3 Compliance function

The Compliance function has a special significance from the perspective of the ICS, because compliance with legal regulations is of crucial importance to a supervised company, and non-compliance with these may have far-reaching consequences. In short, the Compliance function is a monitoring function the core duty of which is to ensure compliance with the regulations applicable to the field of policy-based insurance. This comprises – loosely speaking – monitoring, consulting and supporting the entire organization as regards compliance with supervisory and other regulations, as well as assessing the appropriateness of the corresponding measures taken by the company. The Compliance function represents, functionally, a separate unit not subject to instructions, reporting directly to the Management Board. When the IDD came into force, the Compliance function took over the duties of the Sales function. These duties involve ensuring proper implementation of internal guidelines and procedures concerning sales-related fit & proper requirements and further training requirements, as well as the corresponding documentation.

The Compliance function is mentioned at several points in this report, and correspondingly described in the context of the topic dealt with at the respective point. Its main duties are set out in B.1.4.1. Its powers, resources and operational autonomy are described in B.1.5.1. Its reporting duties as well as its interfaces with other functions, bodies/committees and the Management Board are detailed in B.1.6.1. The skills, knowledge and expertise required of the Head of Compliance are listed in B.2.2.2. Its role within the risk management system is mentioned in B.3.3.

B.5 FUNCTION OF INTERNAL AUDIT

B.5.1 Implementation of Internal Audit within the company

The Internal Audit function of FWU Life Austria has been outsourced to Ernst & Young Management Consulting GmbH since January 1, 2016. Internal Audit reports directly to the Management Board and is not subject to instructions. Internal Audit is a monitoring function and is tasked with checking the legality, correctness and appropriateness of the business and operations of FWU Life Austria. Furthermore, Internal Audit must check the effectiveness of the ICS processes.

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Internal Audit is mentioned at several points in this report, and correspondingly described in the context of the topic dealt with at the respective point. Its main duties are set out in B.1.4.4. Its powers, resources and operational autonomy are described in B.1.5.4. Its reporting duties as well as its interfaces with other functions, bodies/committees and the Management Board are detailed in B.1.6.4. The skills, knowledge and expertise required of the Internal Audit function are listed in B.2.2.2. Its role within the risk management system is mentioned in B.3.3. Its role as a monitoring function within the internal control system is outlined in B.4.1.

B.5.2 Guaranteeing the objectivity and independence of Internal Audit

In the internal policy for Internal Audit, which was approved by the overall Management Board of FWU Life Austria and brought to the attention of all employees of FWU Life Austria, fundamental regulations on objectivity and independence have been defined.

Outsourcing to an external service provider (see B.5.1) serves to increase objectivity and independence. An Outsourcing Officer has been appointed for the outsourcing, whose task it is to monitor and assess the quality of the service provided on a regular and case-by-case basis.

B.6 ACTUARIAL FUNCTION

In short, the Actuarial function (AF) is a monitoring function the core task of which is to oversee the calculation of the technical provisions of the solvency balance sheet. This comprises – loosely speaking – the methods, the tools, the complex process and the calculation result itself. The Head of AF and his/her deputy are vested by members of the Actuarial department. A procedure for the validation of calculation methods and results prevents self-monitoring by the AF and potential conflicts of interest: Close cooperation between the AF and the responsible member of the Management Board preserves the operational autonomy of the AF and enables direct reporting to the Management Board. At the same time, it ensures that the activities of the AF are monitored at Management Board level.

The AF is mentioned at several points in this report, and correspondingly described in the context of the topic dealt with at the respective point. Its main duties are set out in B.1.4.3. Its powers, resources and operational autonomy are described in B.1.5.3. Its reporting duties as well as its interfaces with other functions, bodies/committees and the Management Board are detailed in B.1.6.3. The skills, knowledge and expertise required of the Head of the Actuarial Function are listed in B.2.2.2. Its role within the risk management system is mentioned in B.3.3. Its role as a monitoring function within the internal control system is outlined in B.4.1.

B.7 OUTSOURCING

B.7.1 Outsourcing policy and the outsourcing of critical or important operational functions / activities

The term outsourcing refers both to outsourcing to external service providers as well as the intra-Group outsourcing of processes, services or activities (e.g. of operational areas, sub-processes and/or functions). For outsourcing in the regulatory sense (see next paragraph), FWU Life Austria applies internal rules and a corresponding outsourcing policy, an overview of which is given in this section (B.7.1.1 to B.7.1.6).

All outsourcing is considered as outsourcing in the regulatory sense, except for the following exceptions:

- Services that are not to be provided by the insurance undertaking itself; or
- Leasing of personnel provided that the temporary workers are integrated in the operational organization of the insurance undertaking; or
- Outsourcing of processes, services or activities that are not connected with the insurance business; or
- Outsourcing if the duration of the outsourcing is less than six months; or
- Outsourcing of services that are minor importance only.

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B.7.1.1 Requirements in respect of VAG and FMA

FWU Life Austria observes the requirements of VAG that insurance undertakings that outsource functions or business activities to service providers remain responsible for the fulfilment of all supervisory requirements. Moreover, in case of outsourcing, FWU Life Austria ensures that

- the service provider works together with the FMA;
- FWU Life Austria itself, its auditors and the FMA have effective access to the data of the service provider concerning the outsourced functions or business activities;
- The FMA has effective access to the business premises of the service provider; and
- The service provider offers a sufficient guarantee for the legal and secure use of data, and complies with data protection obligations.

B.7.1.2 Notification and approval of outsourcing

FWU Life Austria promptly notifies the FMA of any contracts that result in the outsourcing of critical or important operational functions or activities before they are outsourced. Such outsourcing must be approved in advance by the FMA if the service provider is not an insurance or a reinsurance undertaking.

FWU Life Austria does not outsource critical or important operational functions or activities if the outsourcing would

- materially impact the quality of the governance system of FWU Life Austria;
- excessively increase operational risk;
- impact the monitoring of compliance with regulations applicable to policy-based insurance operations by the FMA or by FWU Life Austria; or
- endanger the permanent and flawless performance of services to the policyholders and beneficiaries.

B.7.1.3 Difference between important and simple outsourcing

In cases that constitute outsourcing under supervisory law, FWU Life Austria always checks and documents whether they constitute outsourcing of an important function or activity ("important outsourcing") or not ("simple outsourcing"). The criterion here is whether the function or activity to be outsourced is indispensable to the company's activity as, without this function or activity, it would not be in the position to provide its services to the policyholders or meet the supervisory requirements. The managerial duties of the Management Board and the function of the Outsourcing Officer must never be outsourced.

B.7.1.4 Decision on outsourcing

Taking into account the aforementioned content-based checking criteria, the Management Board of FWU Life Austria will decide if a function or activity is outsourced and, in the case of a service that has already been outsourced, whether the service provider may subcontract this out. The following additional persons must also be involved at least, in addition to the Management Board, during every instance of outsourcing at FWU Life Austria:

- The overall Management Board must appoint an Outsourcing Officer for each outsourcing activity by means of a Management Board resolution. The Outsourcing Officer must be a qualified individual who monitors the outsourcing, i.e. He/she must check the services rendered by the service provider at least twice a year, and assess the results of his/her checks (target/actual comparison). Basically, the Outsourcing Officer must obtain at least two offers from service providers and subject these to a due diligence test according to defined criteria.
- The risk manager is to be involved in the outsourcing process by the Outsourcing Officer: the Outsourcing Officer must inform the risk manager about the planned outsourcing at the very beginning of the selection process. Before carrying out the outsourcing, the risk manager must finally perform a risk analysis.

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- Legal & Compliance is also to be involved in the outsourcing process by the Outsourcing Officer: Legal & Compliance is responsible for drawing up and checking the contracts. In doing so, it must ensure that the contract complies with legal regulations, in particular supervisory provisions (notably VAG and Article 274 of Delegated Regulation (EU) 2015/35). In order to be able to suitably monitor the service quality, service level agreements should be agreed. Moreover, it is ensured that the service provider is also obliged in the outsourcing contracts to comply with the respectively applicable internal policies of FWU.

B.7.1.5 Inadequate services and exit procedure

If the Outsourcing Officer identifies shortcomings, he/she must promptly notify the Management Board, the risk manager, and Legal & Compliance. In the event that the service provider for important outsourced tasks delivers inadequate services, the Outsourcing Officer must take prompt measures described as “exit procedure” in the internal Outsourcing policy. Inadequacies that make it necessary to start the exit procedure include non-compliance with internal policies or instructions of FWU Life Austria.

B.7.1.6 Intra-Group outsourcing

Outsourcing within the Group is generally handled in the same way as external outsourcing. However, in the case of intra-Group outsourcing, the due diligence process may be restricted because FWU Life Austria is more familiar with an intra-Group service provider than with an external service provider due to the close relationship.

B.7.2 Existing outsourcing contracts

The following outsourcing contracts existed in the 2023 financial year and at the time this report was prepared:

- FWU Austria AG currently provides, on the basis of a service agreement, the company functions outsourced to it of Client and Sales Service, Accounting & Reporting, Human Resources, Legal, IT Maintenance, Investment Management, Receivables Management, Main Office & Reception, Office Management, Product Development, Marketing, Sales Support and Sales to FWU Life Austria. This constitutes outsourcing under supervisory law in any case. The service provider has its registered office in Austria. Insofar as these outsourced areas relate to the Italian business line, some of the outsourced activities are performed by the sub-service providers FWU AG, based in Germany, and FWU Life Insurance Lux S.A., based in Luxembourg.
- FWU Tech GmbH, in turn, provides IT services to FWU Austria AG and FWU Life Austria via service agreements. The service provider has its registered office in Austria.
- FWU AG provides IT services to FWU Austria AG and FWU Life Austria via an IT services contract. The service provider has its registered office in Germany.
- Since January 1, 2016, the Internal Audit function has been outsourced to Ernst & Young Management Consulting GmbH. The service provider has its registered office in Austria.

B.8 OTHER DISCLOSURES

As regards Governance System, Sections B.1 to B.7 fully comply with all content-related requirements applicable to this report.

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C. RISK PROFILE

C.1 UNDERWRITING RISK

C.1.1 Description of the underwriting risk of FWU Life Austria

Underwriting risks include biometric risks as well as lapse and cost risk.

Biometric risks:

Biometric risks include mortality risk, longevity risk, occupational disability risk and catastrophe risk, i.e. risks for the insured individuals that may trigger benefit payments by the insurer. The risk for FWU Life Austria is that the number and amount of claims may deviate from the assumptions of the actuarial principles applied, and the risk premiums collected may not be enough to finance actual insurance benefits.

These biometric risks are assumed in the insurance policies, but largely reinsured. These contracts cover mortality and occupational disability risks. FWU Life Austria closed its occupational disability additional insurance cover to new business from December 21, 2012. The associated reinsurance contract was closed to further new business as of the end of 2015. All reinsurance contracts are regularly reviewed, and internal rules and quality criteria exist for any potential selection of new reinsurers.

The risk profit does not represent an intended source of profit for FWU Life Austria. The parts of the portfolio that would be relevant for longevity and occupational disability risk are immaterial. Biometric risks do not constitute a material risk overall for FWU Life Austria.

Lapse and expense risk:

However, underwriting risks also comprise lapse and expense risks. These are both material for FWU Life Austria. Lapses would reduce proceeds from the portfolio. Unplanned cost increases would increase the planned expenses. Both risks therefore pose a risk to future profits and thus the own funds of the market value balance sheet.

Avoiding repurchases and premium payment releases is therefore a top priority, which is also reflected in individual actions, implemented processes and in regular lapse reporting. In addition to this, high-quality portfolio management and high service availability is intended to win over clients and client managers. Nevertheless, a decline in the lapse rate for the part of the portfolio with an expiry guarantee is unfavourable for FWU Life Austria. This risk is taken into account in the lapse risk.

The insurance portfolio is well-diversified. Risk concentrations with respect to several parameters, i.e. age, gender, level of life insurance cover, degree of underwriting applied at inception of the cover and geographical location, etc., do not exist.

C.1.2 Valuing the underwriting risk

The underwriting risk is valued using the corresponding module of the standard formula, and came to 8,348k EUR as of December 31, 2023, after considering the correlation between its sub-risks (2022: 8,458k EUR).

C.1.3 Material changes in underwriting risk during the reporting period

C.1.4 The underwriting risk has not changed significantly in the reporting period (the materiality threshold here was taken to be 10% of the diversified SCR on December 31, 2022, i.e. 1,344k EUR). Sensitivities of material underwriting risks

To assess sensitivities of certain risk modules, stress scenarios have been developed to analyse the impact of changes in certain parameters on these risk modules as well as on the overall solvency position. Thus, as part of the ORSA process (B.3.6), it was investigated in 2023 how sensitively the valuation of lapse risk responds to changes in the assumptions made concerning clients' lapse behaviour:

- if the assumptions about expected lapse behaviour increase by 20%, then the lapse risk decreases by 5.6%, the solvency ratio increases by 14.6%-points;

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- and if the assumptions about expected lapse behaviour decrease by 20%, then the lapse risk increases by 5.3%, the solvency ratio decreases by 17.2%-points.

The expense risk was investigated to determine its sensitivity to assumptions made about administrative expenses:

- if the assumptions about future administrative expenses increase by 10%, then the expense risk increases by 10.0%, the solvency ratio decreases by 21.8%-points;
- and if the assumptions about future administrative expenses fall by 10%, then the expense risk decreases by 10.0%, the solvency ratio increases by 18.1%-points.

C.2 MARKET RISK

C.2.1 Description of the market risks of FWU Life Austria

Market risk is composed of its sub-risks, i.e. share price risk, currency risk, interest change risk, spread risk and concentration risk. The following description of the forms of these market risks at FWU Life Austria is preceded by a short explanation of the composition of the assets of FWU Life Austria, including information about how FWU Life Austria implements the prudent person principle as formulated in the Insurance Supervision Act VAG.

FWU Life Austria is an insurance company dealing solely with unit-linked life insurance (ULI). This means that the majority of assets is composed of UCITS funds, i.e. investment funds that invest in legally defined types of securities and other financial instruments, and is dedicated to the unit-linked cover fund. A very small share of the assets – mainly to cover claims – is dedicated to the classic cover fund. The company's own assets constitute another relatively small share compared to the unit-linked cover fund. (A detailed presentation of the corresponding euro figures is set out in Section D.1.2).

The distribution of the assets of the unit-linked cover fund is based on the insurance products chosen by the policyholders and the investments contained therein.

This means that the policyholders themselves determine either the funds in which their premiums should be invested, or if they should be invested in the investment solutions of FWU Life Austria. Concentrations in the unit-linked cover fund are avoided by the broad diversification of the fund universe of FWU Life Austria.

In the unit-linked business, asset liability matching (ALM) is ensured in that the insurance undertaking is obliged to buy fund units in line with the stipulations selected by the policyholder for his/her contract. The technical provisions are therefore based on the same market values as the unit-linked cover fund, which means that they change cyclically in line with the cover fund, or that there are no countercyclical movements as a result of differences in duration between the cover fund and the provision that would need to be separately observed.

The bank accounts dedicated to the unit-linked cover fund ensure that the unit-linked cover fund requirement is covered on a permanent basis despite any potential temporary shifts when trading funds.

Technical provisions outside of the unit-linked cover fund are covered in the classic cover fund in compliance with internal regulations, that mainly restrict coverage to (i) company and government bonds (including bonds of Austrian Laender) from the European Economic Area and the OECD, (ii) UCITS funds that only invest in government bonds (including bonds of Austrian Laender) from the European Economic Area and the OECD, and (iii) bank deposits. In addition to this, the provisions of the current Insurance Undertakings Investment Regulation (VU-KAV) apply.

Asset liability management in the classic cover fund is focused mainly, concerning the classic cover requirement, on short-term liabilities, i.e. claims to be paid. It is therefore not necessary to cover a longer duration. However, the past shows that, while the level of the classic cover requirement fluctuates, in reality it never falls below 5,000k EUR, meaning that it is justifiable to cover part of this requirement with longer-term bonds. The other part is covered by bank deposits, the amount of which contains sufficient surplus cover so as to balance out fluctuations in the cover requirement. Exact matching is not required.

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Since 2018, FWU Life Austria offers new and existing clients a ULI guarantee product with a guarantee component secured not by the use of external guarantee funds, but by a guarantee borne by the insurance company itself.

The market risk due to undertaking the internal guarantee, if the fund values become too low, is hedged by a reinsurance solution. If required, an additional guarantee provision, covered by the classic cover fund, provides further security. The effects of reinsurance are taken into account in the monthly accounting in accordance with local regulations, calculated in the quarterly Solvency II reports and in the calculations for the company's own risk and solvency assessment, and assessed in the context of external and internal reporting.

The company's own investments are held in securities from issuers with a high credit rating, which are as secure as possible, or as bank deposits.

There is an internal requirement that only government bonds of the issuer Republic of Austria denominated in EUR and bank accounts may be used for coverage. Furthermore, it should be noted that sustainability features of a bond are neither an exclusion criterion nor a criterion to be fulfilled in the selection process.

This results in the following risk situation for FWU Life Austria:

There is no ALM risk.

The investments in the cover fund dependent on interest changes and spreads barely have a sufficient influence on the income of the company to present material risks to FWU Life Austria. The spread risk is classified by FWU Life Austria as immaterial.

The bonds held outside the unit-linked cover fund during the reporting period do not constitute a material market risk for FWU Life Austria.

However, market risks also comprise share price and currency risks. Exchange rate losses and currency weaknesses would reduce the volume of the cover fund, i.e. reduce the basis for future, fund value-dependent revenue. This would have a negative impact on the own funds of the market value balance sheet. Correspondingly, these two market risks are material for FWU Life Austria.

The dependency of FWU Life Austria's revenue on the amount of the managed assets and thus on the fluctuations of share prices and foreign exchange rates has been consciously selected, but also only intentionally relates to part of the revenue. The other part depends on the premiums and is thus independent of such fluctuations.

C.2.2 Valuing the market risk

The market risk is valued using the corresponding module of the standard formula and came to 6,319k EUR as of December 31, 2023, after considering the correlation between its sub-risks (2022: 6,411k EUR).

The interest risk, which is negligible in size when valued using the standard formula, is valued in a different way to the standard formula in the company's own risk assessment (OSN, see also B.3.6) by adapting the interest stress to the risk profile of FWU Life Austria. By turning the interest curve, the interest change risk had a much higher value, but it remained below the materiality threshold even after this increase.

C.2.3 Material changes in market risks during the reporting period

FWU Life Austria's market risk has not changed significantly in the reporting period (the materiality threshold here was taken to be 10% of the diversified SCR on December 31, 2022, i.e. 1,344k EUR).

C.2.4 Sensitivities of material market risks

To assess sensitivities of certain risk modules, stress scenarios have been developed to analyse the impact of changes in certain parameters on these risk modules as well as on the overall solvency position. Thus, as part of the ORSA process (B.3.6), it was investigated in 2023 how sensitively the valuation of equity risk responds to changes in the unit linked cover fund:

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- if the unit linked cover fund increases by 10% (this corresponds to an increase in value of the contained equities by 13.7%), then the equity risk also increases by 9.9%, the solvency ratio decreases by 20.2%-points;
- if the unit linked cover fund decreases by 10% (this corresponds to a decrease in value of the contained equities by 13.7%), then the equity risk also decreases by 9.6%, the solvency ratio increases by 18.7%-points.

C.3 CREDIT RISK

C.3.1 Description of the credit risk of FWU Life Austria

Credit risk normally comprises spread risk, concentration risk and counterparty default risk. FWU Life Austria aligns itself with the structure of the Solvency II standard formula, assigning spread and concentration risk to the market risks, see C.2.1.

FWU Life Austria's counterparty default risk is based on the following counterparties, i.e. the reinsurer (reinsurance of biometric risks, reinsurance regarding the cession of the acquisition cost premiums in order to cover the cash requirements and reinsurance of internal capital guarantee), banks (operational accounts, cover fund accounts, securities accounts), sales partners (recipients of refundable commissions) and affiliated companies (reimbursement of expenses).

FWU Life Austria diversifies the risk from reinsurance by dividing it among several different reinsurers, in order to limit the concentration risk. The selected reinsurers and banks have a high credit rating, which is checked regularly. Premium and benefit payments between FWU Life Austria and the reinsurers are also subject to regular controls. The actual effectiveness of such controls is regularly evaluated as part of a control assessment.

Collateral concepts were developed for the recipients of commissions, such as the retention of lapse reserves, the provision of bank guarantees or the conclusion of credit default insurance. Monitoring processes for commission-related transactions and an efficient claims management system, which kicks in in the event of commission reclaims, have been implemented.

Receivables from affiliated companies in connection with the reinsured guarantee solution are mainly accompanied by hedging measures; the smaller, unsecured portion is subject to the counterparty default risk. These hedging measures were designed in such a way that their effectiveness cannot expire tacitly or without the knowledge of FWU Life Austria. The cash-flows resulting from the hedge in the event of liquidation would in turn be subject to standard controls, the effectiveness of which is regularly assessed.

C.3.2 Valuing the credit risk

Spread risk and concentration risk are assessed as sub-risks of the market risk (see C.2.2). The counterparty default risk is valued using a dedicated module of the standard formula, and came to 3,274k EUR as of December 31, 2023, after considering the correlation between its sub-risks (2022: 3,551k EUR).

After the end of the reporting period of the previous year's report, SFCR 2022, there was an immaterial change in April 2023 in the counterparty default risk as of December 31, 2022, as a result of which it changed from 3,483k EUR, as reported in SFCR 2022, to 3,551k EUR.

C.3.3 Material changes in credit risk during the reporting period

The counterparty default risk has not changed materially in the reporting period (the materiality threshold here was taken to be 10% of the diversified SCR on December 31, 2022, i.e. 1,344k EUR).

C.3.4 Sensitivity of counterparty default risk

In the ORSA process (B.3.6), the credit quality steps of all counterparties were lowered by one notch as part of a stress scenario, resulting in a 104.7% increase in counterparty default risk.

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C.4 LIQUIDITY RISK

C.4.1 Description of the liquidity risk of FWU Life Austria

The liquidity risk refers to the risk that the company is no longer able to meet its financial obligations when they fall due. Given its key importance, liquidity risk is seen as a material risk for FWU Life Austria. However, 95% of the company's portfolio comprise policies with ongoing premium payments. The continuous premiums and the existing liquidity buffer are sufficient to cover the ongoing expenses, benefit payments and forming of provisions. Payment flows are continuously monitored and planned in a forward-looking way.

Insurance undertakings are required by the Insurance Supervision Act VAG to comply with the prudent person principle. This also includes the liquidity of investments. In order to minimize the liquidity risk when trading funds, care is taken to ensure that the funds offered can be bought and sold on a daily basis. This ensures the company is able to meet any orders initiated by clients, e.g. fund switches or terminations, at any time without being exposed to liquidity risk.

If fund companies restrict or cease to issue unit certificates, the fund in question will be removed from the fund offer. Permanent monitoring by the investment department makes it possible to appropriately manage any trading restrictions in the existing fund assets.

In the case of closed funds, there is no liquidity risk for FWU Life Austria, as this risk is borne by the clients. Normally, funds which are paid out to the clients are successively liquidated or reinvested in other funds in the case of existing contracts.

Any shortfalls occurring when funds are restructured are balanced out on the cover fund accounts using liquid funds. The level of this buffer must be able to balance out the maximum possible shortfall at all times, and amounts to at least 6,000k EUR.

In order to be able to have access to sufficient liquid funds to meet payment obligations at any time outside the cover fund, a minimum level of liquidity to be held was defined and set at 2,000k EUR. This amount is continually monitored and adjusted as required.

C.4.2 Valuing liquidity risk

Aside from the two buffers stated above (C.4.1), the liquidity risk is not quantitatively valued.

C.4.3 Material changes in liquidity risk during the reporting period

There were no material changes in liquidity risk during the reporting period.

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

Pursuant to the requirement of Delegated Regulation (EU) 2015/35, Article 295 (5) with regard to liquidity risk, the total amount of the expected profit included in future premiums is calculated in accordance with Article 260 (2).

As of December 31, 2023, this value amounts to -9,678k EUR. Given that the EPIFP is negative, this means that the expected profit would be higher than the originally expected profit, assuming that all future premium payments are not received. This is due to the fact that FWU Life Austria's cost model assumes that the management of policies requiring premiums causes higher expense than managing ones that have no premiums.

C.4.5 Sensitivity of liquidity risk

Since the liquidity risk is not assessed quantitatively, no sensitivity of the liquidity risk was examined in 2023.

C.5 OPERATIONAL RISK

C.5.1 Description of the operational risk of FWU Life Austria

FWU Life Austria classifies IT system risks, personnel risks and process risks as operational risks. This category also includes legal risks and the business interruption risk.

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Management processes are accompanied by an internal control system (see Section B.4) and by a process to identify and manage individual operational risks including claims management (see Section B.3.5). Concentration of functions on individual persons is avoided as far as possible or accompanied by measures to avoid conflicts of interest and head monopolies.

Within the framework of the existing BCM, pandemic contingency plans exist, which make it possible to continue business operations largely without a physical presence on the premises of FWU Life Austria. Personal customer contact directly on the premises of FWU Life Austria is not absolutely necessary and is also not planned in the sales/business model. Following the end of the pandemic situation caused by the Covid-19 virus, a mobile working agreement was rolled out, which entitles employees to work at least two days per week from an external workplace.

C.5.2 Valuing the operational risk

The financial valuation of operational risk as a whole is performed by the corresponding module of the standard formula. As of December 31, 2023, it amounted to 1,805k EUR (2022: 1,864k EUR) and is therefore close to FWU Life Austria's materiality threshold.

The methods to value individual operational risks by means of a points system is explained in Section B.3.4, no. 4.

C.5.3 Material changes in operational risk during the reporting period

The operational risk has not changed materially in the reporting period (the materiality threshold here was taken to be 10% of the diversified SCR on December 31, 2022, i.e. 1,344k EUR).

C.5.4 Sensitivities of operational risk

Due to the methods according to which the standard formula values operational risk, the level of the latter depends on the underlying cost parameters and responds to the same extent as this assumption.

C.6 OTHER MATERIAL RISKS

Other risks not mentioned up to now in this report and considered relevant by FWU Life Austria are reputational risk and strategy risk.

C.6.1 Description of the reputational risk of FWU Life Austria

Reputational risk is the risk of potential damage to the reputation of the company as a result of being perceived negatively by the general public. Given its key importance for business success, reputational risk is seen as a material risk for FWU Life Austria. Consequently, the company's reputation is carefully cultivated among clients, sales partners, the media and supervisory authorities. Client friendliness and high service standards, qualitatively impeccable investment solutions and a complaints management system focused on client satisfaction are prerequisites here, along with an open, confidence-building approach to dealings with representatives of supervisory authorities. The company's reputation as a good employer to its employees is also considered. FWU Life Austria sees no concentration risk in the area of reputational risk.

C.6.2 Valuing the reputational risk of FWU Life Austria

At FWU Life Austria, reputational risk is not recorded and valued as a separate risk with its own checks or measures, but rather as a sub-aspect of lapse risk and operational risk. FWU Life Austria assumes that reputational losses would have an effect on the lapse rate. As a result, the financial damage caused by reputational losses is seen as part of the lapse risk and the measures to reduce lapses implicitly deal with maintaining the good reputation of the company. In order to record reputational risk from a non-financial perspective as well, possible reputational damage is considered when measuring all individual operational risks. In doing so, potentially negative perceptions by clients, the media and supervisory authorities are valued using a points system. This points system or the method to value operational risks has already been mentioned in Section B.3.4, no. 4.

C.6.3 Material changes in reputational risk during the reporting period

There were no material changes in reputational risk during the reporting period.

C.6.4 Sensitivity of reputational risk

Since the reputational risk is not assessed quantitatively, no sensitivity of the reputational risk was examined in 2023.

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C.6.5 Description of the strategy risk of FWU Life Austria

Strategy risk refers to risks that arise from mistakes in the strategic planning, erroneous business decisions, inadequate implementation of strategic decisions and the inability to adapt to changes in the company's environment. Given its key importance for business success, strategy risk is seen as a material risk for FWU Life Austria. The current strategic orientation and associated strategic measures are outlined below:

The change in company owner to the FWU Group in 2016 led to an immediate change in strategy away from only maintaining existing portfolios without any material new business to the resumption of new business. At the same time, the integration of FWU Life Austria into the business model of the FWU Group is being pursued with the aim of harnessing synergies.

The integration of FWU Life Austria into the structures and services of the FWU Group is to be continued and planned to be implemented until mid-2025.

There are – strategic – risks that the new business initiative is not enough to prevent portfolio erosion, and the integration of FWU Life Austria into the FWU Group may not result in the expected cost efficiency.

These are strategic risks that are monitored by means of the usual key figures on portfolio size and administrative costs as part of internal reporting. The internal reporting system is defined by internal, written guidelines, rules of procedure and work instructions and, depending on the report, provides decision-makers with information on a daily, weekly, monthly, quarterly or annual basis. To ensure the effectiveness of the reporting system, the actual performance of reporting duties is subject to various monitoring procedures, such as internal and external audits.

C.6.6 Valuing the strategy risk of FWU Life Austria

The strategy risk was considered as part of the ORSA process (B.3.6) by developing risk scenarios and applying them to the future projections of the business plan. Further details about this aspect are contained in Section C.7. Investigations showed that the equity base of the solvency balance sheet is sufficient to be able to ensure the solvency of the company across the planning horizon.

C.6.7 Material changes in strategy risk during the reporting period

There were no changes in strategy risk during the reporting period.

C.6.8 Sensitivity of strategy risk

Since the strategy risk is not assessed quantitatively, no sensitivity of the strategy risk was examined in 2023.

C.7 OTHER DISCLOSURES

C.7.1 Stress Scenarios

As part of the ORSA process (B.3.6) not only the sensitivities of individual risks were examined (as set out in Sections C.1.4, C.2.4 and C.5.4), but also the effects of stress scenarios on the overall risk situation. In contrast to the sensitivity analyses mentioned above, which aim at determining the sensitivity of the risks to the change of individual assumptions, the stress scenarios serve to identify the impact of combined events on the risk-bearing capacity, i.e. the overall risk and the own funds. These scenarios are discussed below in subsections C.7.1.1 and C.7.1.2.

C.7.1.1 Economic Downturn Scenario

From the perspective of economic and political developments in the previous year, a scenario was devised to understand the reactions of the financial markets and customers to economic and/or political turbulence. This scenario begins with an immediate drop of 10% in the value of equities and a further loss of value of 20% in the following year. After the second shock, equities markets are expected to recover by 7.2% p.a. for three years. Market values then largely increase in line with the risk-free interest structure.

The scenario does not include a currency shock, as the main exposure of FWU Life Austria in terms of foreign currencies is in US dollars. If the euro weakened against the US dollar as a result of a crisis in the Eurozone, this would not place any stress on FWU Life Austria.

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The risk-free interest curve in this scenario is shifted downwards by 100 bps.

The scenario assumes an immediate lapse wave of 3% of the portfolio and 6 months later another lapse wave of 2% of the portfolio. After this, lapse behaviour will develop as originally assumed in the business plan.

In addition, it assumes a deterioration of one tier in the ratings of the company's counter partners in the first two years. After this the ratings increase again to the original level.

In addition, it is assumed that the new business will drop by 40% in the first year and by a further 20% in the following year. After this the new business will develop as planned.

The results of the scenario analysis show an initial decrease of 4.7% in the own funds on the solvency balance sheet and a simultaneous increase of 20.8% in the solvency capital requirement. The reaction of the SCR essentially consists of an increase in the counterparty default risk due to its sensitivity to rating fluctuations. As a result of the decrease in own funds and the increase in the capital requirement, the solvency ratio consequently decreases from 258.7% to 200.7%.

The initial shock has the biggest impact on the solvency ratio. At the end of 2024 the solvency ratio decreases but still remains above 175%, the internal threshold to the amber sector. At this point of time the underlying stress has developed to its full extent. In 2025 the ratings are assumed to recover causing a significant decrease of the SCR. The increase of the solvency ratio from end 2025 until the end of the planning horizon is due to increasing own funds. This increase is caused by the assumed recovery period and new business taking effect.

C.7.1.2 Reverse stress test

The reverse stress test represents a possible scenario which would result in the company no longer being able to meet the risk capital requirement as per Solvency II. This means that the assumptions of the reverse stress test should stress the company to such an extent that the coverage ratio falls just short of 100%. In the frame of the ORSA process (B.3.6), the following scenario was chosen as a reverse stress test.

The scenario begins with a drop of 15% in the value of equities.

The risk-free interest curve in this scenario is shifted downwards by 150 bps.

The scenario assumes a lapse wave of 4% of the portfolio.

The planned expenses were increased by 10%.

In addition, it assumes a deterioration of two notches in the ratings of the company's counterparties.

The result shows a coverage ratio of 85.7%, which means the strong stress assumptions of this scenario fulfils the purpose of the Reverse Stress Test. The SCR of this scenario shows a similar but stronger reaction as the capital requirement of the scenario of economic and political turbulence after the initial shock, see C.7.1. The additional expense shock further increases the SCR.

C.7.2 Disclosure pursuant to §186 BörseG 2018

As an institutional investor, FWU Life Austria is subject to the obligation to publish the following information pursuant to §178 Z 2 lit. a BörseG 2018 in conjunction with §186 BörseG 2018:

To the main elements of the investment strategy:

FWU Life Austria offers insurance products in Austria exclusively in the form of unit-linked life insurance. Here, the net premiums paid in by customers within the framework of an insurance product are invested by FWU Life Austria in investment funds in accordance with the customers' wishes. The investment funds are allocated to the individual life insurance contracts of customers on a value basis. This ensures that the claims of or liabilities to customers arising from an insurance contract are always covered in compliance with the applicable legal provisions. FWU Life Austria

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does not pursue an investment strategy that goes beyond the objective of the described coverage of insurance customers' assets.

Within the framework of their insurance products, the customers of FWU Life Austria have the possibility to choose from a pool of individual funds or managed strategies, the investments linked to their life insurance policies. Direct investment (e.g. equities or bonds) in individual securities or liquid assets is not possible. When investing in investment funds, investments in shares may be made indirectly. The managed strategies differ in their risk propensity and are intended to be invested in equity funds with varying weightings depending on the strategy.

Regarding sustainability, the presence or absence of sustainability features is generally not an exclusion criterion for fund selection. However, sustainability features are mandatory if the fund is based on a product designed by FWU Life Austria as sustainable and for this reason special sustainability features have to be fulfilled.

Regarding the agreements with asset managers:

FWU Life Austria cooperates (directly or via settlement platforms) exclusively with renowned investment companies when investing in investment funds. FWU Life Austria invests exclusively in investment funds that are managed by these fund companies. The investment funds are managed in accordance with the respective conditions set out in the individual fund prospectuses. Agreements with indefinite terms have been concluded with the fund companies (or settlement platforms) (section 186 (3) in conjunction with section 186 (2) no. 5 BörseG 2018). However, the agreements do not include a separate fee for the management of the investment funds, and FWU Life Austria has no influence on the investment policy of the investment funds:

- No incentives have been created in agreements with asset managers to adjust their investment strategy or investment decision to the profile and maturities of the liabilities of FWU Life Austria (section 186 (3) in conjunction with section 186 (2) 1 BörseG 2018).
- Similarly, no incentives have been created in agreements with asset managers that these investment decisions are based on assessments of the medium- to long-term development of the financial and non-financial performance of companies in which investments are to be made, and that they are invested in these companies in order to improve their performance in the medium- to long-term (Article 186 (3) in conjunction with Article 186 (2) 2 BörseG 2018).
- Furthermore, no provisions were made in agreements on how the method and the relevant period for assessing the performance of asset managers and the remuneration for asset management services correspond to the profile and term of liabilities, in particular long-term liabilities, of the FWU Life Austria and how these take into account the long-term overall performance (§186 para. 3 in conjunction with § 186 para. 2 no. 3 Stock Exchange Act 2018).
- Furthermore, no agreements have been made for the monitoring of portfolio turnover costs, nor have portfolio turnover bands been defined (section 186 (3) in conjunction with section 186 (2) no. 4 BörseG 2018).

C.7.3 Sustainability risks

C.7.3.1 Compliance to sustainability regulations

As society is increasingly faced not only with terrifying predictions but also with actual catastrophic consequences of climate change, resource depletion and other sustainability-related issues, urgent action is needed, also by the financial sector. In relation to the term “sustainable finance” new regulatory acts have been published and additional regulation is on its way. The so called “sustainability factors” have been introduced globally, addressing

- “E” environmental matters,
- “S” social and employee matters as well as respect for human rights, and
- “G” governance matters like anti-corruption and anti-bribery matters.

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The sustainability factors are shortly denoted as “ESG”.

In order to ensure compliance with all new sustainability regulations throughout the whole FWU Group, an ESG group project was set up, the responsibility for which has subsequently been transferred to a line function of the FWU Group. This line function brings together the key and monitoring functions of the local FWU Group companies at a central level and now also coordinates the local ESG initiatives. Through that, the risk of being or becoming uncompliant with sustainability regulation is mitigated.

C.7.3.2 Sustainability risk at FWU Life Austria

Insurance companies are required to disclose specific information regarding their approaches to the integration of sustainability risks into their risk profiles and the consideration of adverse sustainability impacts. FWU Life Austria takes the following definition of “sustainability risk” as a basis:

Sustainability risk means an event or a condition regarding sustainability factors that, if it occurs, could cause an actual or a potential negative impact on

- the value of the investment or on the value of the liability, or
- the financial or income situation, the solvency position, or the reputation of the company,

where sustainability factors mean environmental matters, social and employee matters and respect for human rights, as well as anti-corruption and anti-bribery matters.

According to the Paris Agreement of the United Nations that sets out a global framework to avoid dangerous climate change and aims to strengthen countries’ ability to deal with the impacts of climate change and support them in their efforts, there are several targets to pay attention to sustainability factors. On one hand, these targets could be failed, hence climate protection will be failed leading to climate change risk as part of sustainability risk. On the other hand, some events related to sustainability factors – not only the climate related ones – might occur, which could have a negative impact on investments and liabilities and/or the solvency position of the company. Thus, sustainability risk is comprised of many risk categories, climate change risk being only one of them.

Going more into detail, certain sustainability factors can be assigned to either environmental, social or governance matters. This enables a matching of sustainability risks with well-known risk categories within the existing risk management system:

- Failing targets assigned to social and governance sustainability factors can trigger personnel risk, reputational risk, compliance risk as well as strategy risk.
- Regarding environmental matters, failing targets to sustainability factors could lead to several potential triggers for physical risks as well as for transitional risks, which together make up climate change risk. Thus, climate change risk is only one of many parts contained in sustainability risk which might lead to market risk, expense risk, lapse risk or a decline in new business.

This means, sustainability risks including climate change risk are already implicitly covered by well-known risk categories and there is no need for introducing an own risk category. Nevertheless, sustainability factors are recognized as risk drivers for certain risks in FWU Life Austria’s risk profile.

To take account of social and political developments in this area, FWU is preparing to integrate the topic of sustainability holistically into all investment decisions in the future.

C.7.4 Russia-Ukraine crisis

FWU Life Austria has no relevant portfolio of Russian or Ukrainian customers (citizenship or place of residence). The market focus of FWU Life Austria has also not been in the geopolitically relevant crisis regions (RU/UA). Therefore, there are no direct effects of the sanctions against RU/UA on the company.

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However, indirect economic effects of the conflict can be seen throughout Europe and at FWU Life Austria as well, in particular the development of the capital markets and possibly also changes in lapse behaviour. Overall, a fund review as of December 31, 2023 shows a direct exposure of 3,000k EUR (or 0.04% of FWU Life Austria's total assets under management) to Russia and Ukraine. In line with the nature of unit-linked life insurance, the investment risk of these investment funds is borne by the customer.

Since the beginning of the Russia-Ukraine conflict in 2022, three funds from the fund universe of FWU Life Austria have been affected by a trading suspension. FWU customers are invested in these funds as part of the free fund selection. No fund prices are published for these funds on a daily basis, nor are purchases or sales possible.

The fund companies of two of the funds suspended from trading carried out a split in 2023. This means that the liquid assets were separated from the illiquid assets into two separate funds. The fund containing the liquid assets is tradable; the fund containing the illiquid assets is still excluded from fund trading.

The further development of this conflict and its effects on the solvency and financial position of FWU Life Austria are monitored and evaluated on an ongoing basis.

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D. VALUATION FOR SOLVENCY PURPOSES

D.1 ASSETS

D.1.1 Principles, methods and main assumptions for the valuation for solvency purposes

The principles, methods and main assumptions for the valuation for solvency purposes did not change in the 2023 reporting period. FWU Life Austria also values assets on the solvency balance sheet with the value from the VAG balance sheet (with the exception of bonds and amounts recoverable from reinsurance contracts). Therefore, there are no sources of uncertainty in the estimates. The uncertainties in the estimates of the amounts recoverable from reinsurance contracts are discussed in further detail in Section D.2.1.6.2.

The FWU Life Austria portfolio consists of fund units (for the unit-linked business), bank deposits and Austrian government bonds. Bank deposits were recognized under VAG and Solvency II at the exposure value as of December 31, 2023. Fund units were valued at the net asset value and, where necessary, at the exchange rate as of December 31, 2023.

The bonds portfolio is limited to Austrian government bonds. These bonds are characterized by their high liquidity and availability at all times at market prices. Under Solvency II, they are valued at these market prices obtained from the company's principal bank. For the VAG balance sheet, valuation is either at cost of acquisition or the lower market value on the cut-off date. FWU Life Austria always holds the bonds until final maturity.

Both the valuation and the presentation of items from the (ceded) reinsurance business of FWU Life Austria differ between Solvency II and VAG. Attention is drawn to the differences in presentation at the corresponding points below. The valuation of reinsurance items under Solvency II is described in Section D.2.1.6 ("Reinsurance").

Further explanations on the fact that certain balance sheet items or certain assets included in balance sheet items are valued at the value from the VAG balance sheet in the solvency balance sheet, too, are given in Section D.5.1 "Other Disclosures on Assets and liabilities".

D.1.2 Quantitative and qualitative explanation of the material differences between assets in the VAG balance sheet and the solvency balance sheet

D.1.2.1 Classic cover fund

The classic cover fund is made up as follows:

	SII item	Solvency II (carrying amount) kEUR	VAG item	VAG (carrying amount) kEUR	Difference kEUR
CLASSIC COVER FUND					
Classic cover fund investments	R0070	25,163	B.+E.	25,066	97
Investments (excluding assets for unit-linked and index-linked policies)	R0130	5,004	-	4,905	97
- Government bonds including interest	R0140	5,004	-	-	-
- Government bonds	-	-	B.I.2.	4,896	-
- Pro rata interest	-	-	E.	10	-
Credit balances with banks	R0200	20,159	Part of F.II.	20,159	0

Note on the table above: the columns "SII item" and VAG item" show references to the solvency balance sheet (see Reporting Template S.02.01.02 in the appendix) and the VAG balance sheet (also in the appendix).

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Valuation under VAG is made at amortised cost, while market values are used under Solvency II. As of December 31, 2023, the carrying value and market value of the bonds do not correlate. In the solvency balance sheet, the market value of the bonds is supplemented by pro rata interest, while in the VAG balance sheet the carrying value of the bonds and pro rata interest are stated separately.

Comparison with the previous year (table below) shows an increase of approximately 7.6% in the classic cover fund, which is considered immaterial.

CLASSIC COVER FUND 2023 vs 2022	SII item	2023 Solvency II (carrying amount) kEUR	SII item	2022 Solvency II (carrying amount) kEUR	Difference kEUR
Classic cover fund investments	R0070	25,163	R0070	23,387	1,776
Investments (excluding assets for unit-linked and index-linked policies)	R0130	5,004	R0130	5,209	-205
- Government bonds including interest	R0140	5,004	R0140	5,209	-205
Credit balances with banks	R0200	20,159	R0200	18,178	1,981

D.1.2.2 Unit-linked and index-linked cover fund

This cover fund comprises solely unit-linked investments. These were valued at the respective net asset value and, where necessary, the year-end exchange rate as per Solvency II and VAG. Up to 63% (2022: 63%) of the fund investments comprise investment solutions managed by FWU companies: Managed portfolios, navigator, FWU TOP umbrella funds and FWU Protection Funds (as a follow-on solution to the guarantee fund and for the new business), whereby FWU Life Austria and FWU Invest S.A. Luxembourg respectively take different roles (those of advisor, decision maker, executive). Furthermore, up to 37% of the fund investments (2022: 37%) consist of individual funds chosen by the insurance policy holder.

The unit-linked cover fund is made up as follows:

UNIT-LINKED COVER FUND	SII item	Solvency II kEUR	VAG item	VAG kEUR	Share %
Investments of unit-linked life insurance	R0220	870,064	C.	870,064	100%
Credit balances with banks	Part of R0220	9,018	Part of C.	9,018	1%
Assets for unit-linked and index-linked policies	Part of R0220	861,046	Part of C.	861,046	99%

Note on the table above: the columns "SII item" and VAG item" show references to the solvency balance sheet (see Reporting Template S.02.01.02 in the appendix) and the VAG balance sheet (also in the appendix).

Comparison with the previous year (table below) shows a decrease of approx. 1% in the unit-linked cover fund, which is considered immaterial:

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UNIT-LINKED COVER FUND 2023 vs 2022	SII item	2023 Solvency II kEUR	SII item	2022 Solvency II kEUR	Difference kEUR
Investments of unit-linked life insurance	R0220	870,064	R0220	877,866	-7,803
Credit balances with banks	Part of R0220	9,018	Part of R0220	8,583	435
Assets for unit-linked and index-linked policies	Part of R0220	861,046	Part of R0220	869,283	-8,238

D.1.2.3 Reinsurance recoverables from reinsurance contracts

The reinsurers' share of the technical provisions in the VAG balance sheet is replaced by the modelled cash flow balance of the reinsurance business in the solvency balance sheet, and is presented in the table below as part of the reinsurance recoverables from reinsurance contracts on the assets side instead of the liabilities side. The calculation of the modelled cash flow balance is explained in more detail in Section D.2.1.6.2.

REINSURANCE	SII item	2023 Solvency II kEUR	VAG item	2022 Solvency II kEUR	Difference kEUR
Reinsurance recoverables from reinsurance contracts from:	R0270	-13,117	-	113	-13,230
- Life insurance contracts, unit-linked and index-linked	R0340	-13,117	-	-	-
- Unearned premium reserves, reinsurers' share	-	-	Liabilities B.I.2	1	-
- Provision for claims outstanding, reinsurers' share	-	-	Liabilities B.III.2	112	-

Note on the table above: the columns "SII item" and VAG item" show references to the solvency balance sheet (see Reporting Template S.02.01.02 in the appendix) and the VAG balance sheet (also in the appendix).

The comparison with the previous year (table below) shows a material change in recoverable amounts from reinsurance contracts. The material change is a result from the following context: Due to the portfolio development the expected guarantee premiums have reduced. The expected guarantee payments have reduced to a greater extent, because the markets performed better than expected towards the end of 2023. In total reinsurance receivables from guarantee reinsurance have changed from -11,492k EUR to -13,054k EUR.

REINSURANCE 2023 vs 2022	SII item	2023 Solvency II kEUR	SII item	2022 Solvency II kEUR	Difference kEUR
Reinsurance recoverables from reinsurance contracts from:	R0270	-13,117	R0270	-11,558	-1,559
- Life insurance contracts, unit-linked and index-linked	R0340	-13,117	R0340	-11,558	-1,559

D.1.2.4 Other assets

Other assets were also valued at their carrying amount both for Solvency II and in the VAG balance sheet. Please also refer to explanations in Section D.5.1 "Other Disclosures regarding Assets and liabilities":

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OTHER ASSETS	SII item	Solvency II kEUR	VAG item	VAG kEUR
Deferred tax claims	R0040	0	H.	308
Insurance and intermediaries receivables	R0360	76	D.I.	76
Reinsurance receivables	R0370	1	D.II.	1
Receivables (trade, not insurance)	R0380	3,047	D.III.	3,047
Cash and cash equivalents	R0410	14,100	-	-
- Current deposits at credit institutes and cash on hand, excluding bank balances allocated to the traditional cover fund	-	-	F.II.	14,100
Other assets not reported under another item	R0420	396		-
- Prepayments and accrued income	-	-	G.	396

Note on the table above: the columns "SII item" and VAG item" show references to the solvency balance sheet (see Reporting Template S.02.01.02 in the appendix) and the VAG balance sheet (also in the appendix).

The comparison with the previous year (table below) shows that items of the other assets, namely the insurance and intermediaries receivables, the reinsurance receivables as well as the receivables (trade, not insurance) changed materially, by more than 10%. The residual term of the receivables is less than one year.

OTHER ASSETS 2023 vs 2022	SII item	2023 Solvency II kEUR	SII item	2022 Solvency II kEUR
Deferred tax claims	R0040	0	R0040	0
Insurance and intermediaries receivables	R0360	76	R0360	87
Reinsurance receivables	R0370	1	R0370	59
Receivables (trade, not insurance)	R0380	3,047	R0380	1,673
Cash and cash equivalents	R0410	14,100	R0410	14,187
- Current deposits at credit institutes and cash on hand, excluding bank balances allocated to the traditional cover fund	-	-	-	-
Other assets not reported under another item	R0420	396	R0420	427
- Prepayments and accrued income	-	-	-	-

Remark concerning deferred tax claims:

With effect from 2005, a group and tax compensation agreement was concluded as part of group taxation, within which FWU Life Austria is a group member.

In 2023, deferred tax assets decreased by 46k EUR to 308k EUR. Deferred taxes relate to temporary valuation differences between company law and tax law. The tax rate is 23%. The different valuation approach arises both from the technical and the other provisions.

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In the solvency balance sheet, deferred tax claims and deferred tax liabilities are netted and reported under other liabilities, see Section D.3. The different valuation approach in the solvency balance sheet arises mainly from the technical provisions and the reinsurance recoverables from reinsurance contracts.

There are no unused tax credits or unused tax losses in the solvency balance sheet for which deferred tax liabilities have not been recognized in the balance sheet.

D.2 TECHNICAL PROVISIONS

D.2.1 Principles, methods and main assumptions for the valuation for solvency purposes

D.2.1.1 Technical provisions as per VAG

Technical provisions in the annual financial statements prepared in accordance with VAG were calculated pursuant to the provisions of VAG Sec. 150 to 153. Such provisions are to be formed so as to guarantee the permanent satisfiability of obligations arising out of insurance policies. The principle of prudence is to be considered during valuation.

The technical provisions of FWU Life Austria in the VAG balance sheet largely consist of technical provisions for unit-linked life insurance. In addition, so-called retained technical provisions are formed, which are composed of the provision for claims outstanding, the premium reserve for non-unit-linked life insurance, the premiums brought forward, the provision for performance-based premium refunds and other technical provisions.

D.2.1.2 Technical provisions as per Solvency II

Technical provisions in the solvency balance sheet consist of the Best Estimate (Sec. 160 VAG) and the Risk Margin (Sec. 161 VAG). The best estimate liability, based on projections of future payment flows, is founded on actuarial and statistical methods. It must be made on the basis of current and credible information as well as realistic assumptions.

A feature of the best estimate liability is that it is based on risk-free capital market scenarios. The risk margin adds a risk share that values the required capital costs for holding risk capital corresponding to the risk.

Further explanations and details concerning the best estimate liability and the risk margin of FWU Life Austria are provided below.

D.2.1.3 Best estimate liability – method

The best estimate liability is determined by projecting and measuring future payment flows over the term of each individual policy. The valued payment flows comprise the contractually agreed benefits plus the additional costs, less revenue from contributions and portfolio commissions from the investment companies (rebates) expected in the future.

Expected future expenses and income also include cash flows for reinsurance to finance acquisition costs.

Future contributions (and associated benefits) do not take into account any future index adjustments of premiums.

Projections are made at policy level.

Insurance products do not contain any guaranteed pension promises or interest guarantees, but rather an expiry guarantee on a percentage of the net invested capital, after deduction of all costs and fees. This is why the fair value of the options and guarantees contained in the insurance policies is assessed.

For a few, immaterial business areas, the premium reserves in the VAG balance sheet are included in the technical provisions of the solvency balance sheet. This concerns, for instance, the rarely included occupational disability additional insurance and the pension payment phase, which is almost never chosen by clients.

FWU Life Austria does not claim any temporary deduction according to Article 308d of Directive 2009/138/EC in its technical provisions.

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D.2.1.4 Best estimate liability – main assumptions

When determining the realistic assumptions which underpin the calculation of the best estimate liability, past values are drawn on, to the extent these are available and plausible, as well as expert opinions, provided this seemed to be appropriate. The assumptions are subject to a regular review and approval process by the Assumptions Committee (cf. Section B.1.2.2).

The main assumptions are:

D.2.1.4.1 *Interest curve*

The basis for determining the results is the risk-free interest curve published by EIOPA. For the valuation of internal capital guarantees, a variety of possible capital market scenarios are also taken into account in the valuation. FWU Life Austria does not apply the following transitional measures:

- Matching adjustment to the relevant risk-free interest curve according to Article 77b of Framework Directive 2009/138/EC;
- Volatility adjustment to the relevant risk-free interest curve according to Article 77d of Framework Directive 2009/138/EC;
- Temporary adjustment of the relevant risk-free interest curve according to Article 308c of Framework Directive 2009/138/EC.

D.2.1.4.2 *Lapse*

Values from previous years were taken for lapse probabilities, to the extent that the data basis appears credible. In all other cases, expert opinions were obtained.

The following separate lapse rates are modelled, depending on the contract year:

- Repurchase rates for contracts with continuous premium payments
- Premium release rates for contracts with continuous premium payments
- Repurchase rates for contracts with premium releases
- Repurchase rates for contracts with one-time premium payments

There are also separate rates for partial withdrawals, depending on the fund value.

For the Italian market, own lapse rates are used.

D.2.1.4.3 *Future index adjustment of premiums*

Future index adjustments of premiums are not shown in the model.

D.2.1.4.4 *Mortality*

Assumptions concerning mortality were set by means of expert opinions. Past values were considered here to the extent that these were considered credible.

The most important assumptions, separated by product generation, are as follows, with the abbreviation ÖSt standing for “Österreichische Sterbetafel” (Austrian Mortality Table) and Ita standing for “Italienische Sterbetafel” (Italian Mortality Table):

- Product generation “Invest”: 65% ÖSt 1980/82
- Product generation “Plan”: 100% ÖSt 1980/82

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- Product generations “Konzept”, “Smart Dolphin”, “Navigator” (sold by the end of 2006): 80% ÖSt 1990/92
- All product generations sold between January 1, 2007, and December 20, 2012: 90% ÖSt 2000/02
- All product generations sold from December 21, 2012: 90% ÖSt 2000/02 Unisex (the ÖSt 2000/02 Unisex mortality table is based on the ÖSt 2000/02 mortality table published by Statistik Austria, and is calculated as a mix of 75% male and 25% female mortality rates. The 75% male/25% female gender mix results from past values based on FWU Life Austria’s policy portfolio.)
- Product generation “Forward Quant TCC” and “Forward Quant UL”: 100% ÖSt 2010/12 Unisex (The mortality table ÖSt 2010/12 Unisex is based on the mortality table ÖSt 2010/12 published by Statistik Austria and is calculated as a mixture of 75% male and 25% female mortality rates. The gender mix of 75% male and 25% female is based on experience based on the contract portfolio of FWU Life Austria).
- Product generation “Forward Quant UL” sold from January 01, 2021 as well as product generation “Forward Dynam”: 100% Ita 2018 Unisex (The mortality table is based on the mortality table Ita 2018 published by Istat – Istituto Nazionale di Statistica and is calculated as a mixture of 100% male and 0% female mortality rates. The gender mix of 100% male and 0% female is based on an expert estimate in accordance with the reinsurer Hannover Re.)

These mortality assumptions are used both to calculate the risk premium shares as well as for the modelling of future mortality cases. This means that the model is based on a mortality risk result of 0. It is a fact that the mortality risk result has always been slightly positive as far back as 2008.

The pension phase has not been modelled due to the low number of policies that currently exist and due to the low probability of being paid out as a pension. The portfolio only included 29 policies with ongoing pension payments as of December 31, 2023 (2022: 32 policies).

D.2.1.4.5 Probabilities of disability

Occupational disability insurance is not currently modelled. The reinsurer is liable for the entire payment in case of a claim, excluding a deductible of EUR 700 per policy per year. As of December 31, 2023, around 0.84% (2022: 1.00%) of the portfolio included an occupational disability additional insurance.

D.2.1.4.6 Costs

In the business year 2018 FWU Life Austria restarted the new business. For this purpose the undertaking went through a change and shifted some resources. The focus of the undertaking changed towards the reopening of the new business which is also reflected by the cost modelling. The assumptions of the cost budget for 2024 et seq. are based on a current analysis of the cost split. I.e. the method for modelling future costs remains unchanged compared with the previous year, but the cost assumptions (unit cost rate, premium dependent components) were adjusted according to the latest budget plan 2024 et seq., which was prepared taking into account reasonable inflation assumptions.

D.2.1.4.7 Portfolio commissions from the investment companies (rebates)

It is assumed that the currently valid rebate rates will remain unchanged over the projection period.

D.2.1.5 Risk margin – method

The starting values of all relevant SCR modules (standard formula modules to value risks and sub-risks) are perpetuated until the end of the projection in proportion to the selected risk drivers. Parameters are selected to serve as risk drivers which are easy to deduce from the projected payment flows and which are in close causal connection with the corresponding SCR module and its result.

The following table shows the relevant SCR modules and the risk drivers used:

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SCR MODULE	Risk driver
Lapse risk	Best Estimate Liability incl. TVOG plus Reinsurance Recoverables for Guarantee
Cost risk	Present value of inflated costs
Mortality risk	Risk total (basis for calculating the risk premium)
Longevity risk	Risk total (basis for calculating the risk premium)
Disability risk	Risk total (basis for calculating the risk premium)
Disaster risk	Risk total (basis for calculating the risk premium)
Operational risk	Costs
Default risk reinsurance	Provision for the unit-linked business

All calculations use the same assumptions that underlie the calculation of the best estimate liability.

The value of the SCR modules is estimated in this way for each projection year. The SCR modules are then aggregated with the correlation matrices of the standard formula. The future SCR values calculated in this way give rise to the risk margin with the aid of the formula (cost-of-capital approach) from Article 37 of Delegated Regulation (EU) 2015/35 using a cost-of-capital rate of 6% of Article 39 of the same regulation.

Market risks are not taken into account. It is assumed that these can be fully hedged.

The method used is essentially an implementation of “method 1” as described in Guideline 63 of the EIOPA guidelines on the valuation of technical provisions, EIOPA BoS-14/166. The required assessments are not seen as material, especially for the largest risks such as lapse.

D.2.1.6 Reinsurance

D.2.1.6.1 Description of existing reinsurance contracts

FWU Life Austria has ceded reinsurance contracts with the three prominent reinsurers.

The first contract covers mortality risk and is based on a risk basis.

The second contract for occupational disability risk is based on continuous contributions (reinsurance on an original basis) and is hedged via a deposit liability.

The occupational disability additional insurance rate was not switched to unisex. This means that no new business has been possible since December 21, 2012. The associated reinsurance contract was closed to further new business as of the end of 2015.

The third contract serves to hedge the market risk resulting from the capital guarantees to policyholders.

The fourth contract serves to prefinance the acquisition costs and covers the lapse risk of the acquisition cost premium as well as part of the mortality risk.

D.2.1.6.2 Consideration of reinsurance in the solvency balance sheet

The projection model used for assessment under Solvency II also controls the regulations applicable to reinsurance contracts covering mortality risks. The cost of the corresponding risk check assumed by the reinsurer upon the in-

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struction of FWU Life Austria is not part of the actual mortality reinsurance result, but is represented in the best estimate liability.

The reinsurance contract covering occupational disability risks is not model-based, as the occupational disability insurance itself is not modelled due to a lack of materiality.

The projection model also controls the regulations applicable to reinsurance contracts hedging the market risk resulting from capital guarantees to policyholders. The reinsurance cash flows are calculated and assessed taking into account a variety of market scenarios.

The present value of actual reinsurance cash flows is reported under reinsurance recoverables on the assets side of the balance sheet according to Solvency II requirements.

Finally, the projection model also controls the regulations applicable to reinsurance contracts to prefinance the acquisition costs. Due to the limited risk transfer, this reinsurance contract is not presented as part of the reinsurance receivable on the assets side of the balance sheet, but as part of the Best Estimate (see D.2.1.3).

D.2.2 Degree of uncertainty as regards the amount of technical provisions

The amount of technical provisions depends on uncertainties which may arise from:

- missing or erroneous data (see D.2.2.1)
- modelling mistakes or simplifications (see D.2.2.2)
- and determining assumptions (see D.2.2.3).

D.2.2.1 Uncertainty from data

Technical provisions may be impaired by missing or erroneous data. This may be data that are kept in the portfolio management systems or which are extracted from these (or other systems).

In accordance with the company's internal policy on the quality and standard of data, the data were checked for appropriateness, completeness and accuracy. Accordingly, the data quality is suitable for ensuring reliable results of the Solvency II calculation.

D.2.2.2 Uncertainty from the models used

The projection and valuation models used are subject to a strict governance process, and they are subject here to careful internal and external checks. All results are subject to a careful review process. Accordingly, the models are assessed as suitable for ensuring reliable results of the Solvency II calculation.

D.2.2.3 Uncertainties in the assumptions made

As stipulated in Section D.2.1.4, assumptions are based on past values, to the extent that these are available and plausible, and otherwise on expert opinions.

In accordance with the strict governance process, the proposed assumptions are subject to internal quality controls. They were approved by the Assumptions Committee (a Management Board committee, see B.1.2.2) on January 25, 2024.

There is a general risk that future development will deviate from the assumptions, such as e.g. the actual mortality from the assumptions of Austrian mortality tables (see Section D.2.1.4.4), or the actual clients' lapse behaviour from the corresponding assumptions (see Section D.2.1.4.2). It is, however, assumed that the process of setting assumptions and obtaining approval does not involve any systematic distortions.

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D.2.3 Quantitative and qualitative explanation of the material differences between technical provisions in the VAG balance sheet and the solvency balance sheet

D.2.3.1 Value of technical provisions by business area

The following summary shows the technical provisions as of December 31, 2023:

TECHNICAL PROVISIONS	SII item	Solvency II kEUR	VAG item	VAG kEUR	Differ- ence kEUR
Technical provisions – unit-linked and index-linked insurance	R0690	851,935	-	872,798	-20,863
- Retained technical provisions	-	-	B.	11,791	-
- plus reinsurers' share of unearned premium reserves	-	-	B.I.2	1	-
- plus reinsurers' share of the provisions for claims outstanding	-	-	B.III.2	112	-
- Technical provisions – unit-linked life insurance	-	-	C.	860,894	-
- Best estimate liability	R0710	848,180	-	-	-
- Risk margin	R0720	3,755	-	-	-

Note on the table above: the columns "SII item" and VAG item" show references to the solvency balance sheet (see Reporting Template S.02.01.02 in the appendix) and the VAG balance sheet (also in the appendix).

The best estimate of 848,180k EUR also includes the retained technical provisions. As the retained technical provisions in the VAG balance sheet were determined in accordance with the principle of prudence, the value from the tax balance sheet is used for the fair value analysis under Solvency II for these provisions and included in the best estimate.

Comparison with the previous year (table below) shows a decrease of approx. 1% in the unit-linked cover fund, which is considered immaterial. Due to the change in the counterparty default risk as of December 31, 2022, mentioned in section C.3.2, the figures shown here for the previous year differ insignificantly from those in the SFCR 2022:

TECHNICAL PROVISIONS 2023 vs 2022	SII item	2023 Solvency II kEUR	SII item	2022 Solvency II kEUR	Difference kEUR
Technical provisions – unit-linked and index-linked insurance	R0690	851,935	R0690	857,785	-5,851
- Best estimate liability	R0710	848,180	R0710	853,915	-5,735
- Risk margin	R0720	3,755	R0720	3,870	-115

All of the figures listed above do not take account of any tax liabilities.

D.2.3.2 Explanations of the differences between the solvency balance sheet and the VAG balance sheet

The main differences between the technical provisions in the solvency balance sheet and the VAG balance sheet are as follows:

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D.2.3.2.1 Unit-linked insurance

Technical provisions under Solvency II are calculated on the basis of projections using realistic assumptions. As a result, profits implicitly expected in the future are accounted for, which reduces the provisions.

The premium reserve in the VAG balance sheet consists of the currently available fund value that is assigned to the insurance policy. Future profits are not recorded here.

Since the introduction of an internal capital guarantee on the net invested capital on contract expiry, the technical provisions also include the fair value of the options and guarantees. The fair value of the options and guarantees is calculated taking into account a variety of possible capital market scenarios (stochastic calculations).

Due to the fair value approach under Solvency II, the retained technical provisions in the VAG balance sheet are recognized at the value from the tax balance sheet and included in the best estimate.

D.2.3.2.2 Risk margin

Taking the risk margin into account in the solvency balance sheet of FWU Life Austria means that the difference between the technical provision in the solvency balance sheet and the premium reserve in the VAG balance sheet becomes lower.

D.2.3.2.3 Reinsurance

The presentation in the table in Section D.2.3.1 is intended to highlight that the retained technical provisions in the VAG balance sheet are added again to the reinsurance shares before the comparison with the technical provisions in the solvency balance sheet was made.

The valuation of reinsurance under Solvency II was explained in Section D.2.1.6. Reinsurance in the solvency balance sheet was described in Section D.2.1.6.2.

D.3 OTHER LIABILITIES

The principles, methods and main assumptions for the valuation for solvency purposes did not change in the 2023 reporting period. FWU Life Austria records other liabilities in the solvency balance sheet at the same value as in the VAG balance sheet. Therefore, there are no sources of uncertainty in the estimates.

Liabilities in the balance sheet include

- Technical provisions
- Other liabilities

Information concerning the valuation of other liabilities of FWU Life Austria in the annual financial statements as of December 31, 2023, are listed below; they make up a total of 1.3% (2022: 1.2%) of the total of the solvency balance sheet.

OTHER LIABILITIES	SII item	Solvency II kEUR	VAG item	VAG kEUR
Provisions other than technical provisions	R0750	2,684	D.	2,684
- Non-technical provisions: Other provisions	-	-	D.IV.	2,684
Deposit liabilities (arising from reinsurance provided)	R0770	49	E.	49
- Deposit liabilities arising from reinsurance ceded	-	-	E.	49
Deferred tax liabilities	R0780	1,606	-	-

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OTHER LIABILITIES	SII item	Solvency II kEUR	VAG item	VAG kEUR
Insurance and intermediaries payables	R0820	5,746	F.I.	5,746
- Liabilities to policyholders from direct insurance business	-	-	F.I.1	3,728
- Liabilities to brokers from direct insurance business	-	-	F.I.2	2,017
Liabilities from reinsurance business	R0830	129	F.II.	129
Other liabilities not reported under another item	R0880	1,042	F.III.	1,042
- Other liabilities from the VAG balance sheet	-	-	F.III.	1,042
Of which attributable to employees:	-	-	-	0

Note on the table above: the columns "SII item" and VAG item" show references to the solvency balance sheet (see Reporting Template S.02.01.02 in the appendix) and the VAG balance sheet (also in the appendix).

The comparison with the previous year (table below) shows changes in the individual items of other liabilities which, due to the immateriality of the share of total other liabilities on the balance sheet, are not explained in greater detail.

OTHER LIABILITIES 2023 vs 2022	SII item	2023 Solvency II kEUR	SII item	2022 Solvency II kEUR
Provisions other than technical provisions	R0750	2,684	R0750	3,241
Deposit liabilities (arising from reinsurance provided)	R0770	49	R0770	68
Deferred tax liabilities	R0780	1,606	R0780	1,796
Insurance and intermediaries payables	R0820	5,746	R0820	3,269
Liabilities from reinsurance business	R0830	129	R0830	129
Other liabilities not reported under another item	R0880	1,042	R0880	1,972

Deferred taxes relate mainly to valuation differences between the solvency balance sheet and the VAG balance sheet regarding technical reserves and reinsurers' share of technical reserves. The tax rate is 23%.

The other, non-technical provisions from the VAG balance sheet (item D.IV.) include:

- Provision for commission fees
- Provision for bonuses
- Provision for unused employee leave
- Provision for tax, legal and other advice, as well as auditing
- Provision for anniversaries
- Provision for other items.

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The “other liabilities” from the VAG balance sheet (item F.III.) contain:

- Payables to affiliated companies
- (Insurance) tax payables to the tax office
- Trade payables
- Liabilities from wages and salaries to be paid

Further explanations on the fact that certain balance sheet items or certain liabilities included in balance sheet items are also valued at the value from the VAG balance sheet in the solvency balance sheet, are given in Section D.5.1 “Other Disclosures on Assets and liabilities”.

D.4 ALTERNATIVE VALUATION METHODS

FWU Life Austria does not use any alternative valuation methods pursuant to Article 10 (5) of Delegated Regulation (EU) 2015/35.

D.5 OTHER DISCLOSURES

D.5.1 Assets and liabilities

Also already stated in Sections D.1, D.2 and D.3, FWU Life Austria values certain balance sheet items or certain assets or liabilities included in balance sheet items at the value from the VAG balance sheet, even in the solvency balance sheet. As such, the method used to prepare the annual financial statements according to VAG is used in the solvency balance sheet, which corresponds to the rules in Delegated Regulation (EU) 2015/35, Article 9 (4). The conditions stipulated there for this approach have been met.

- FWU Life Austria assumes that the assets and liabilities concerned are valued at an amount at which they could be exchanged, transferred or settled between knowledgeable willing parties in an arm's length transaction (in accordance with Article 75 of Framework Directive 2009/138/EC).
- The valuation method is proportionate with respect to the nature, scale and complexity of the risks inherent in the business of the undertaking.
- FWU Life Austria did not value the assets and liabilities concerned in its financial statements according to IFRS.
- FWU Life Austria has not prepared its financial statements according to IFRS since a change of ownership in October 2014, which is why IFRS application is not possible without additional expense.

The process of preparing FWU Life Austria's solvency balance sheet is briefly outlined below to improve understanding:

- The basis is the VAG balance sheet or the detailed data underlying the individual items of the VAG balance sheet.
- Bonds in the classic cover fund were reported at market value, in contrast to the VAG balance sheet (see the presentation in D.1.2.1).
- The reinsurers' shares of the technical provisions in the VAG balance sheet were replaced in the solvency balance sheet by the amounts recoverable from reinsurance contracts, which were modelled in accordance with the explanations in Section D.2.1.6.2.

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- The technical provisions (items B. and C.) in the VAG balance sheet were replaced by the best estimate liability and the risk margin, which were modelled in accordance with the explanations in Sections D.2.1.3, D.2.1.4 and D.2.1.5.
- The VAG value was retained for all other values, the majority of which – for instance the cover fund of unit-linked life insurance or bank deposits – is also valued under VAG at a market value.

D.5.2 Relevant assumptions for management measures and policyholder behaviour

This topic comprises the technical provisions and is described in detail in Section D.2.1. Attention may also be drawn to the following:

- As no classic life insurance products with profit participation were sold, no management measures are implemented in the used model either.
- Policyholder behaviour is modelled neither stochastically nor dynamically.

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E. CAPITAL MANAGEMENT

E.1 OWN FUNDS

E.1.1 Basic information on the company's own funds

FWU Life Austria considers its own funds in respect of the company's required risk-bearing capacity under supervisory law. Own funds that are not required to cover risk capital requirements and to finance ongoing operations and which are also sufficiently liquid are distributed to the shareholder FWU Austria AG in the form of dividends.

The core parameters of this view, i.e. on the one hand the risk-based capital requirement SCR and, on the other hand, the own funds eligible to cover this, changed as a result of the move from Solvency I to Solvency II. While Solvency I is based on the VAG balance sheet and a Solvency Capital Requirement that is relatively easy to calculate, Solvency II requires a market value balance sheet (the solvency balance sheet) and an in-depth view of the company's risk profile, including an own risk assessment by the company, OSN, in addition to the SCR. The forward-looking view of the solvency balance sheet also leads to the fact that its own funds contain elements that may only be realized in the future. While these are available to cover the risk capital requirement, which is also focused on the future, they are not (yet) available for the dividend payments mentioned above.

FWU Life Austria's own funds do not contain any supplementary own funds, supplementary capital, subordinated bonds or similar, only own funds of the highest "Tier 1" quality. There are no plans to change anything here. The company's own current requirements concerning the coverage ratio(s) have already been explained in Section B.3.6 in connection with risk-bearing capacity. The most stringent ratio at the moment requires the SCR to be covered by 175% of the eligible own funds of the solvency balance sheet.

In the course of business planning, compliance with the coverage of SCR and OSN is planned over a period of five years (currently 2023 to 2027). The level of dividend payments in this period is currently valued based on the own funds of the VAG balance sheet and the Solvency Capital Requirement according to the rules of Solvency I, provided that the risk-bearing capacity required under Solvency II is not thereby infringed. Furthermore, the dividend is limited to 90% of the annual profit.

E.1.2 Quantitative and qualitative explanation of the material differences between own funds in the VAG balance sheet and own funds in the solvency balance sheet

As already explained in Section D.5.1, the process for preparing the solvency balance sheet is based on the VAG balance sheet. The following explanations therefore use the VAG balance sheet as a basis (Section E.1.3), continue with revaluations (Section E.1.2.2) and lead on to the own funds of the solvency balance sheet, which are then explained in greater detail in Section E.1.2.1.

E.1.2.1 Own funds in the VAG balance sheet

The VAG balance sheet has the following own funds structure as of December 31, 2023:

OWN FUNDS IN THE VAG BALANCE SHEET	VAG item	2023 kEUR	VAG item	2022 kEUR
Ordinary share capital	A.I.	3,634	A.I.	3,634
Capital reserve	A.II.	9,553	A.II.	9,553
Revenue reserves pursuant to Sec. 229 UGB	A.III.	363	A.III.	363
Risk reserves pursuant to Sec. 143 VAG	A.IV	7,500	A.IV	7,500
Balance sheet profit/loss	A.V.	9,674	A.V.	10,571

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OWN FUNDS IN THE VAG BALANCE SHEET	VAG item	2023 kEUR	VAG item	2022 kEUR
Total own funds	A.	30,723	A.	31,620
Foreseeable dividends	-	-600	-	-1,900

Note on the table above: the columns "VAG item" show references to the VAG balance sheet (see appendix).

For the calculation of foreseeable dividends is based on a minimum own funds specified by FWU Group as 175% of the solvency capital requirement according to Solvency II.

As of December 31, 2023, this lower limit is 23,215k EUR which, by comparison with the own funds of the solvency balance sheet (see Section E.1.2.2), permits a maximum dividend of 13,325k EUR.

Apart from this, the distribution of up to 90% of the annual profit is planned. For the 2023 financial year, the income statement shows a profit of 1,003k EUR, which is why this upper limit for the 2023 fiscal year is 903k EUR.

Taking into account all of the above conditions, a potential dividend of 903k EUR results from the annual profit.

However, the dividend was actually set at 600k EUR for business policy reasons.

In order to enable the distribution of dividends in FWU Austria AG within the same period, this calculation was performed for the corresponding resolution on the appropriation of profits back in December 2023 on the basis of provisional figures.

E.1.2.2 Revaluations from the VAG balance sheet to the solvency balance sheet

The following two presentations are intended to clarify the difference between the own funds of the VAG balance sheet and the available own funds of the solvency balance sheet with the help of revaluations, which were already explained in Sections D.1, D.2 and D.3. The difference between the Solvency II and VAG valuations comes to 5,817k EUR before dividends (2022: 6,248k EUR), and/or 5,217k EUR after dividends (2022: 4,348k EUR), and is composed of the following individual items:

No	REVALUATIONS OF VAG BALANCE SHEET TO SOLVENCY BALANCE SHEET	Solvency balance sheet 2023 kEUR	VAG bal- ance sheet 2023 kEUR	Difference 2023 kEUR
	Assets:			
(1)	Deferred tax credit	0	308	-308
(2)	Investments (except for unit-linked products)	5,004	4,907	98
(3)	Amounts recoverable from rein- surance contracts (incl. financial reinsurance contracts)/SPV	-13,117	113	-13,230
	Liabilities:			
(4)	Gross technical provision (unit- linked business)	-851,935	-872,798	20,863

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No	REVALUATIONS OF VAG BALANCE SHEET TO SOLVENCY BALANCE SHEET	Solvency balance sheet 2023 kEUR	VAG bal- ance sheet 2023 kEUR	Difference 2023 kEUR
(5)	Deferred tax liabilities	-1,606	0	-1,606
	Total revaluations before divi- dends			5,817
(6)	Foreseeable dividends	-600		-600
	Total revaluations after dividends			5,217

The following table shows the individual items as of the balance sheet date for the previous year. Due to the change in the counterparty default risk as of December 31, 2022, mentioned in section C.3.2, the figures shown here for the previous year differ insignificantly from those in the SFCR 2022:

No	REVALUATIONS OF VAG BALANCE SHEET TO SOLVENCY BALANCE SHEET	Solvency balance sheet 2022 kEUR	VAG bal- ance sheet 2022 kEUR	Difference 2022 kEUR
	Assets:			
(1)	Deferred tax credit	0	354	-354
(2)	Investments (except for unit-linked products)	23,387	23,387	0
(3)	Amounts recoverable from rein- surance contracts (incl. financial reinsurance contracts)/SPV	-11,558	131	-11,689
	Liabilities:			
(4)	Gross technical provision (unit- linked business)	-857,785	-877,872	20,086
(5)	Deferred tax liabilities	-1,796	0	-1,796
	Total revaluations before divi- dends			6,248
(6)	Foreseeable dividends	-1,900		-1,900
	Total revaluations after dividends			4,348

The total revaluations before dividends decreased by approximately 7%, which is considered as an immaterial change; this in turn was caused by the substantial entries for items (3) and (5) of the above table. Explanations of the two tables above:

(1) In the solvency balance sheet, deferred tax claims and deferred tax liabilities are netted and reported under other liabilities – item (5).

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(2) Investments were carried in the solvency balance sheet at market values, and at amortized cost in the VAG balance sheet. See also Section D.1.2.1 “Classic cover fund”. As of December 31, 2023, there was an insignificant difference between market value and carrying amount.

(3) The reinsurer’s share of the technical provisions in the VAG balance sheet is supplemented by the modelled cash flow balance of the reinsurance business in the solvency balance sheet. More detailed presentations have been made in Section D.1.2.3 “Reinsurance recoverables from reinsurance contracts” (assets) and Section D.2.3.1 “Value of technical provisions by business area” (liabilities). Explanations have been provided in Section D.2.1.6.2 “Consideration of reinsurance in the solvency balance sheet” and D.2.3.2.3 “Reinsurance”.

(4) Within the framework of the solvency balance sheet, the technical provisions in the VAG balance sheet were replaced by the best estimate liability and the risk margin. A more detailed presentation has been made in Section D.2.3.1 “Value of technical provisions by business area”. Explanations have been provided in section D.2.3.2 “Explanations of the differences between the solvency balance sheet and the VAG balance sheet”.

As explained in section D.2.3.2.1, the technical provisions according to Solvency II implicitly take expected future profits into account. The main methods and assumptions described in section D.2.1 were applied for the projection of these expected future profits. The revaluation of the technical provisions changed insignificantly from 20,086k EUR in 2022 to 20,863k EUR in 2023.

(5) Deferred taxes are created for the differences between the VAG balance sheet and the solvency balance sheet, which are presented together for assets and liabilities in item (5); cf. explanation (1). The decrease in the sum of revaluations from 2022 to 2023 therefore required a decrease in the deferred tax liabilities shown above.

(6) The foreseeable dividends are eliminated when calculating the available basic own funds according to Solvency II.

The following table shows how the revaluation totals showed and explained above are used to get from the own funds of the VAG balance sheet to the own funds of the solvency balance sheet.

RECONCILIATION FROM VAG OWN FUNDS TO SOLVENCY II OWN FUNDS	2023 kEUR	2022 kEUR
Own funds pursuant to VAG balance sheet before dividends	30,723	31,620
Total revaluations before dividends	5,817	6,248
Solvency balance sheet own funds before dividends	36,540	37,868
Foreseeable dividends	-600	-1,900
Available solvency balance sheet own funds after dividends	35,940	35,968

E.1.3 Available and eligible solvency balance sheet own funds

E.1.3.1 Available solvency balance sheet own funds

The available own funds of the solvency balance sheet amount to 35,940k EUR (2022: 35,968k EUR) and are comprised as follows:

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AVAILABLE OWN FUNDS OF THE SOLVENCY BALANCE SHEET	2023 kEUR	2022 kEUR
Ordinary share capital	3,634	3,634
Capital reserves	9,553	9,553
Reconciliation reserve	22,754	22,782
Available basic own funds	35,940	35,968

The reconciliation reserve pursuant to Article 69 and Article 70 of Delegated Regulation (EU) 2015/35 is formed as the difference between the excess of assets over liabilities (the so-called basic own funds of the solvency balance sheet) and the ordinary share and capital reserve items identified above. The reconciliation reserve may therefore be presented as the sum of the following items:

RECONCILIATION RESERVE	2023 kEUR	2022 kEUR
Revenue reserves pursuant to Sec. 229 UGB	363	363
Risk reserves pursuant to Sec. 143 VAG	7,500	7,500
Balance sheet profit/loss	9,674	10,571
Sum of revaluations from VAG to Solvency II before dividends	5,817	6,248
Foreseeable dividends	-600	-1,900
Reconciliation reserve	22,754	22,782

The reconciliation reserve contains, among other things, as part of the revaluations shown in Section E.1.2.2, an amount that corresponds to the expected profit included in future premiums (EPIFP, see also Section C.4.4) within the meaning of Article 260 (2) of Delegated Regulation (EU) 2015/35. However, it also represents negative items such as the foreseeable dividends included in the VAG own funds but excluded from the Solvency II own funds.

E.1.3.2 Information about the composition of own funds

Pursuant to VAG Sec. 169 to 171, the own funds of the solvency balance sheet are made up of the following components:

- The excess of assets over liabilities (basic own funds)
- Subordinated liabilities (also basic own funds)
- Supplementary own funds (not basic own funds but they may be recovered to equalize losses; e.g. the part of ordinary share capital not paid in, or letters of credit and guarantees or other legally binding payment obligations of third parties to FWU Life Austria).

The solvency balance sheet of FWU Life Austria contains neither subordinated liabilities nor supplementary own funds. Basic own funds were therefore fully calculated from the solvency balance sheet. This procedure corresponds to the procedure applied at the end of the preceding reporting period.

ENGLISH TRANSLATION – IN CASE OF ANY UNCLEAR FORMULATIONS THE ORIGINAL GERMAN TEXT WILL PREVAIL.

E.1.3.3 Information about the quality of own funds

In order to determine the quality of own funds, own funds are sorted into three capital quality classes, so-called tiers. There are comprehensive regulations on this subject in Delegated Regulation (EU) 2015/35, Articles 69 to 79, with Articles 71 and 77 having been revised in Delegate Regulation (EU) 2019/981.

As of December 31, 2023, the own funds of FWU Life Austria correspond to the highest quality class, Tier 1.

E.1.3.4 Information about eligibility and limitations of own funds

The eligibility and limitations for Tiers 1, 2 and 3 own funds to cover the Solvency Capital Requirement SCR and the Minimum Capital Requirement MCR are set out in Article 82 of the Delegated Regulation (EU) 2015/35. As the own funds of FWU Life Austria are fully attributable to Tier 1, they are also fully eligible:

AVAILABLE OWN FUNDS OF THE SOL- VENCY BALANCE SHEET as of Decem- ber 31, 2023	Tier 1 Total kEUR	Tier 1 Unrestricted kEUR	Tier 1 Restricted kEUR
Ordinary share capital	3,634	3,634	0
Capital reserves	9,553	9,553	0
Reconciliation reserve	22,754	22,754	0
Total eligible basic own funds	35,940	35,940	0

The following table shows the available own funds of the solvency balance sheet as of the reporting date of the previous year, where they were also fully assigned to Tier 1:

AVAILABLE OWN FUNDS OF THE SOL- VENCY BALANCE SHEET as of Decem- ber 31, 2022	Tier 1 Total kEUR	Tier 1 Unrestricted kEUR	Tier 1 Restricted kEUR
Ordinary share capital	3,634	3,634	0
Capital reserves	9,553	9,553	0
Reconciliation reserve	22,782	22,782	0
Total eligible basic own funds	35,968	35,968	0

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

E.2.1 Details regarding capital requirements

As of December 31, 2023, the Solvency Capital Requirement (SCR) amounts to 1,266k EUR (2022: 13,439k EUR) and the Minimum Capital Requirement (MCR) to 5,970k EUR (2022: 6,047k EUR). Due to the change in the counterparty default risk as of December 31, 2022, mentioned in section C.3.2, the figures shown here for the previous year differ insignificantly from those in the SFCR 2022.

ENGLISH TRANSLATION – IN CASE OF ANY UNCLEAR FORMULATIONS THE ORIGINAL GERMAN TEXT WILL PREVAIL.

The following table shows the composition of the SCR:

Solvency Capital Requirement SCR	December 31, 2023 kEUR	December 31, 2022 kEUR
Market	6,319	6,411
Counterparty default	3,274	3,551
Life	8,348	8,458
Diversification effect	-4,875	-5,050
BSCR	13,066	13,371
Operational risk	1,805	1,864
Tax deduction	-1,606	-1,796
SCR after diversification and tax	13,266	13,439

FWU Life Austria's SCR does not include any of the capital add-ons ordered by the supervisory authorities, and none of the company-specific parameters ordered by the supervisory authorities are used.

Descriptions of the standard formula used to calculate the SCR refer to three potential simplifications: (i) simplified calculation of the capital requirement for lapse risk; (ii) simplified calculation of the capital requirement for cost risk; and (iii) simplified calculation of the risk mitigation effect. These simplifications are not used by FWU Life Austria. FWU Life Austria's calculations only use certain simplifications for immaterial areas.

The Minimum Capital Requirement MCR is calculated in accordance with the relevant provisions of VAG and of Delegated Regulation (EU) 2015/35. The MCR is generally calculated using a factor-based approach. In the case of a purely unit-linked life insurer, certain factors are applied here to the amount of the technical provisions (best estimate liability) and the amount of risk capital. Furthermore, there is an absolute lower limit of 4,000k EUR. In addition, the MCR must be in a range between 25% to 45% of the SCR. The MCR of FWU Life Austria comes to 45% of the SCR.

E.2.2 Material changes in capital requirements during the reporting period

The SCR decreased by 1% in the reporting period from 13,439k EUR to 13,266k EUR. This change is considered immaterial (less than 10% change).

The MCR decreased by 1% in the reporting period from 6,047k EUR to 5,970k EUR.

E.2.3 Solvency Ratio

The eligible own funds identified in Section E.2.1 amount to 270.9% of the SCR presented in Section E.1.3.4. On the previous year's reporting date, this ratio stood at 267.6%. This change is considered immaterial (less than 10%-points). Due to the change in the counterparty default risk as of December 31, 2022, mentioned in section C.3.2, the solvency ratio shown here for the previous year differs insignificantly from that in the SFCR 2022.

E.3 USE OF THE DURATION-BASED SUB-MODULE EQUITY RISK WHEN CALCULATING THE SOLVENCY CAPITAL REQUIREMENT.

FWU Life Austria does not use any duration-based sub-module equity risk when calculating the Solvency Capital Requirement.

ENGLISH TRANSLATION – IN CASE OF ANY UNCLEAR FORMULATIONS THE ORIGINAL GERMAN TEXT WILL PREVAIL.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODELS USED

FWU Life Austria does not use an internal model.

E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

There is no non-compliance with the Minimum Capital Requirement or non-compliance with the Solvency Capital Requirement.

E.6 OTHER DISCLOSURES

As regards Capital Management, Sections E.1 to E.5 fully comply with all content-related requirements applicable to this report.

ENGLISH TRANSLATION – IN CASE OF ANY UNCLEAR FORMULATIONS THE ORIGINAL GERMAN TEXT WILL PREVAIL.

APPENDIX

The appendix to the Solvency and Financial Position Report includes the VAG balance sheet of FWU Life Austria as well as a number of reporting templates that show other quantitative information in a standardized form, including the solvency balance sheet. All information refers to the reporting date of December 31, 2023.

List of annexes:

VAG balance sheet

Reporting Template S.02.01.02: Balance sheet information (assets, liabilities, profit)

Reporting Template S.04.05.01: Information on activities by country

Reporting Template S.05.01.02: Information on premiums, claims and expenses by line of business

Reporting Template S.12.01.02: Information on technical provisions

Reporting Template S.23.01.01: Information about own funds

Reporting Template S.25.01.21: Information on the solvency capital requirement according to the standard formula

Reporting Template S.28.01.01: Information on the minimum capital requirement

The appendix does not include the following reporting templates, as they do not apply to the business model or risk modelling of FWU Life Austria:

Reporting Template S.17.01.02: Technical provisions for the non-life insurance business

Reporting Template S.28.01.01: Information on the minimum capital requirement

Reporting Template S.22.01.21: Effects of long-term guarantees and transitional measures

Reporting Template S.25.02.21: Solvency capital requirement based on application of a partial internal model

Reporting Template S.25.03.21: Solvency capital requirement based on application of a full internal model

Reporting Template S.28.02.01: Minimum capital requirement for insurance undertakings carrying out both life and non-life insurance activities

**BALANCE SHEET of
FWU Life Insurance AG**

as of
December 31st, 2023

ASSETS

	TEUR	TEUR	TEUR
A. <u>Intangible assets</u>			
I. Other intangible assets			0
B. <u>Capital investments</u>			
I. Other capital investments			
1. Stocks and other non-fixed securities		0	
2. Bonds and other non-fixed securities		4.896	
3. Balances at banks		0	
			4.896
C. <u>Unit-linked life insurance capital investments</u>			870.064
D. <u>Receivables</u>			
I. Receivables from direct insurance business			
1. with policy holders		0	
2. with insurance intermediaries		76	
II. Settlement receivable on reinsurance business		1	
III. Other receivables		3.047	
			3.124
E. <u>Pro rata interest</u>			10
F. <u>Miscellaneous assets</u>			
I. Tangible assets (other than land and buildings) and stocks		0	
II. Current balances at banks and cash on hand		34.258	
			34.258
G. <u>Prepaid expenses</u>			396
H. <u>Deferred tax assets</u>			308
			913.057

**BALANCE SHEET of
FWU Life Insurance AG**

as of
December 31st, 2023

LIABILITIES

	TEUR	TEUR	TEUR
A. Own Funds			
I. Share capital		3.634	
II. Capital reserves			
1. non-tied capital reserves		9.553	
III. Retained earnings			
1. Statutory reserve pursuant to 229 UGB	363		
2. Other reserves	0		
		363	
IV. Risk reserve pursuant to Section 143 VAG		7.500	
V. Balance sheet profit			
of wich carried forward	8.671	9.674	
			30.723
B. Underwriting provisions in self-retentior			
I. Unearned premiums			
1. Overall account	109		
2. Reinsurer's share	-1		
		108	
II. Actuarial reserve			
1. Overall account		30	
III. Provisions for outstanding insured claims			
1. Overall account	11.373		
2. Reinsurer's share	-112		
		11.262	
IV. Provisions for performance-related premium refunds or profit participation for policyholders			
1. Overall account		19	
V. Miscellaneous underwriting provisions			
1. Overall account	972		
2. Reinsurer's share	-600		
		372	
			11.791
C. Underwriting provisions for unit-linked life insurance			860.894
D. Non-underwriting provisions			
I. Provisions for severance payments		0	
II. Tax provisions		0	
III. Provisions for deferred tax liabilities		0	
IV. Other provisions		2.684	
			2.684
E. Deposits from ceded reinsurance business			49
F. Other accounts payable			
I. Liabilities from direct insurance business			
1. to policyholders	3.728		
2. to insurance intermediaries	2.017		
		5.746	
II. Accounts payable from reinsurance business		129	
III. Other liabilities		1.042	
			6.916
G. Deferred item			0
			913.057

ANNEX

Reporting Template S.02.01.02

Balance Sheet - in TEUR

Assets

Intangible assets
Deferred tax assets
Pension benefit surplus
Property, plant & equipment held for own use
Investments (other than assets held for index-linked and unit-linked contracts)
Property (other than for own use)
Holdings in related undertakings, including participations
Equities
Equities — listed
Equities — unlisted
Bonds
Government Bonds
Corporate Bonds
Structured notes
Collateralised securities
Collective Investments Undertakings
Derivatives
Deposits other than cash equivalents
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:
Non-life and health similar to non-life
Non-life excluding health
Health similar to non-life
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
Reinsurance receivables
Receivables (trade, not insurance)
Own shares (held directly)
Amounts due in respect of own fund items or initial fund called up but not yet paid in
Cash and cash equivalents
Any other assets, not elsewhere shown
Total assets

	Solvency II value
	C0010
R0030	0
R0040	0
R0050	0
R0060	0
R0070	5.004
R0080	0
R0090	0
R0100	0
R0110	0
R0120	0
R0130	5.004
R0140	5.004
R0150	0
R0160	0
R0170	0
R0180	0
R0190	0
R0200	0
R0210	0
R0220	870.064
R0230	0
R0240	0
R0250	0
R0260	0
R0270	-13.117
R0280	0
R0290	0
R0300	0
R0310	0
R0320	0
R0330	0
R0340	-13.117
R0350	0
R0360	76
R0370	1
R0380	3.047
R0390	0
R0400	0
R0410	34.258
R0420	396
R0500	899.730

ANNEX

Reporting Template S.02.01.02

Balance Sheet - in TEUR

Liabilities

Technical provisions — non-life
Technical provisions — non-life (excluding health)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions — health (similar to non-life)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions — life (excluding index-linked and unit-linked)
Technical provisions — health (similar to life)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions — life (excluding health and index-linked and unit-linked)
TP calculated as a whole
Best Estimate
Risk margin
Technical provisions — index-linked and unit-linked
TP calculated as a whole
Best Estimate
Risk margin
Contingent liabilities
Provisions other than technical provisions
Pension benefit obligations
Deposits from reinsurers
Deferred tax liabilities
Derivatives
Debts owed to credit institutions
Financial liabilities other than debts owed to credit institutions
Insurance & intermediaries payables
Reinsurance payables
Payables (trade, not insurance)
Subordinated liabilities
Subordinated liabilities not in BOF
Subordinated liabilities in BOF
Any other liabilities, not elsewhere shown
Total liabilities
Excess of assets over liabilities

	Solvency II value
	C0010
R0510	0
R0520	0
R0530	0
R0540	0
R0550	0
R0560	0
R0570	0
R0580	0
R0590	0
R0600	0
R0610	0
R0620	0
R0630	0
R0640	0
R0650	0
R0660	0
R0670	0
R0680	0
R0690	851.935
R0700	0
R0710	848.180
R0720	3.755
R0740	0
R0750	2.684
R0760	0
R0770	49
R0780	1.606
R0790	0
R0800	0
R0810	0
R0820	5.746
R0830	129
R0840	0
R0850	0
R0860	0
R0870	0
R0880	1.042
R0900	863.189
R1000	36.540

ANNEX

Reporting Template S.04.05.01

Activity by country - in TEUR

		Total underwriting entity activity	Activity by country – location of risk				
		Total of business written by the undertakings	Total by country				
		R0010	Austria	Italien	Germany	Other	
		C0010	C0020	C0030	C0040	C0050	C0060
Premiums written (gross)	R0020	66.859	50.752	11.065	3.122	1.919	
Premiums earned (gross)	R0030	66.842	50.740	11.062	3.122	1.918	
Claims incurred (gross)	R0040	134.400	102.023	22.243	6.276	3.857	
Expenses incurred (gross)	R0050	11.745	8.916	1.944	549	337	

ANNEX

Reporting Template S.05.01.02

Premiums, claims and expenses by line of business - in TEUR

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	0	0	66.859	0	0	0	0	0	0
Reinsurers' share	R1420	0	0	5.094	0	0	0	0	0	0
Net	R1500	0	0	61.765	0	0	0	0	0	0
Premiums earned										
Gross	R1510	0	0	66.842	0	0	0	0	0	0
Reinsurers' share	R1520	0	0	5.094	0	0	0	0	0	0
Net	R1600	0	0	61.748	0	0	0	0	0	0
Claims incurred										
Gross	R1610	0	0	134.400	0	0	0	0	0	0
Reinsurers' share	R1620	0	0	3.252	0	0	0	0	0	0
Net	R1700	0	0	131.147	0	0	0	0	0	0
Expenses incurred	R1900	0	0	11.745	0	0	0	0	0	0
Other expenses	R2500									0
Total expenses	R2600									0
Total amount of surrenders	R2700	0	0	91.258	0	0	0	0	0	0

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
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
Risk Margin
Amount of the transitional on Technical Provisions
Technical Provisions calculated as a whole
Best estimate
Risk margin
Technical provisions — total

	Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
			Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070			
R0010	0	0			0			0	0	0
R0020	0	0			0			0	0	0
R0030	0		642.838	205.342		0	0	0	0	848.180
R0080	0		-22	-13.095		0	0	0	0	-13.117
R0090	0		642.861	218.437		0	0	0	0	861.297
R0100	0	3.755			0			0	0	3.755
R0110	0	0			0			0	0	0
R0120	0		0	0		0	0	0	0	0
R0130	0	0			0			0	0	0
R0200	0	851.935			0			0	0	851.935

ANNEX

Reporting Template S.23.01.01

Own Funds - in TEUR

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

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

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

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

Deductions

Deductions for participations in financial and credit institutions

Total basic own funds after deductions

Ancillary own funds

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

Total ancillary own funds

	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	3.634	3.634		0	
R0030	9.553	9.553		0	
R0040	0	0		0	
R0050	0		0	0	0
R0070	0	0			
R0090	0		0	0	0
R0110	0		0	0	0
R0130	22.754	22.754			
R0140	0		0	0	0
R0160	0				0
R0180	0	0	0	0	0
R0220	0				
R0230	0	0	0	0	
R0290	0	0	0	0	0
R0300	0			0	
R0310	0			0	
R0320	0			0	0
R0330	0			0	0
R0340	0			0	
R0350	0			0	0
R0360	0			0	
R0370	0			0	0
R0390	0			0	0
R0400	0			0	0

ANNEX

Reporting Template S.23.01.01

Own Funds - in TEUR

Available and eligible own funds

Total available own funds to meet the SCR

Total available own funds to meet the MCR

Total eligible own funds to meet the SCR

Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

Reconciliation reserve

Excess of assets over liabilities

Own shares (held directly and indirectly)

Foreseeable dividends, distributions and charges

Other basic own fund items

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve

Expected profits

Expected profits included in future premiums (EPIFP) — Life business

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

Total Expected profits included in future premiums (EPIFP)

	Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
R0500	35.940	35.940	0	0	0
R0510	35.940	35.940	0	0	
R0540	35.940	35.940	0	0	0
R0550	35.940	35.940	0	0	
R0580	13.266				
R0600	5.970				
R0620	270,9%				
R0640	602,0%				

	C0060	
R0700	36.540	
R0710	0	
R0720	600	
R0730	13.186	
R0740	0	
R0760	22.754	
R0770	-9.678	
R0780	0	
R0790	-9.678	

ANNEX

Reporting Template S.25.01.21

Solvency Capital Requirement - in TEUR

Market risk
Counterparty default risk
Life underwriting risk
Health underwriting risk
Non-life underwriting risk
Diversification
Intangible asset risk

Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

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

Solvency capital requirement excluding capital add-on

Capital add-on already set

Solvency capital requirement

Other information on SCR

Capital requirement for duration-based equity risk sub-module

Total amount of Notional Solvency Capital Requirement for remaining part
Total amount of Notional Solvency Capital Requirements for ring fenced funds
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

LAC DT
LAC DT justified by reversion of deferred tax liabilities
LAC DT justified by reference to probable future taxable economic profit
LAC DT justified by carry back, current year
LAC DT justified by carry back, future years
Maximum LAC DT

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010	6.319		
R0020	3.274		
R0030	8.348		
R0040	0		
R0050	0		
R0060	-4.875		
R0070	0		
R0100	13.066		

	C0100
R0130	1.805
R0140	0
R0150	-1.606
R0160	0
R0200	13.266
R0210	0
R0220	13.266
R0400	0
R0410	0
R0420	0
R0430	0
R0440	0

	Yes/No
	C0109
R0590	Yes

	LAC DT
	C0130
R0640	-1.606
R0650	0
R0660	-1.606
R0670	0
R0680	0
R0690	-3.420

Reporting Template S.28.01.01

Linear formula component for life insurance and reinsurance obligations

MCR_L-Result

Obligations with profit participation — guaranteed benefits

Index-linked and unit-linked insurance obligations

Other life (re)insurance and health (re)insuranceOther life (re)insurance and health (re)insurance obligationsTotal capital at risk for all life (re)insurance obligations

Linear MCR

SCRMCR capMCR floor

Combined

Absolute floor of

THEORETICAL BASIS OF THE TEST

Minimum Capital Requirement

	C0070
R0300	6.140
R0310	13.266
R0320	5.970
R0330	3.316
R0340	5.970
R0350	4.000
R0400	5.970