

Great Lakes Insurance SE
New Zealand Branch
(Overseas company registered in New Zealand under the
Companies Act 1993)
Annual Financial Statements
31 December 2021

Principal place of business

Level 22, PwC Tower, 15 Customs Street West, Auckland Central, Auckland

Great Lakes Insurance SE – New Zealand Branch
(Overseas company registered in New Zealand under the Companies Act 1993)

Directors' Report

The Directors present their report together with the financial statements of Great Lakes Insurance SE (GLISE) New Zealand Branch (the "Branch") for the year ended 31 December 2021 and the auditor's report thereon.

Directors

The Directors holding office at any time during the financial year and up until the date of this report are:

Board of Management

Christoph Carus (CEO) (Appointed on 01.03.2021)

Dr. Stefan Pasternak (CFO) (Appointed on 01.04.2014, acting CEO between 01.10.2020 - 28.02.2021)

Dr. Tobias Klauß (CRO) (Appointed on 01.01.2017)

Stéphane Deutscher (COO) (Appointed on 01.04.2017)

Supervisory Board

Claudia Hasse (Chairperson) (Appointed on 01.01.2019)

Alex Wettemann (Appointed on 30.12.2016)

Dr. Carsten Prussog (Appointed on 30.12.2016)

Ralph Ronnenberg (Appointed on 01.03.2021)

Christoph Carus (Appointed on 30.12.2016, resigned on 01.03.2021)

Directors' benefits

Since the end of the period covered by the last report, no Director of the Branch has received or become entitled to receive a benefit by reason of a contract made by the Branch or a related entity with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

Principal activities

The Branch's principal activity is primary insurance.

Review of operations

The profit after tax for the year 2021 is nil (2020: nil).

Post the internal accounting reorganisation effective 1st January 2019, the Branch continues to maintain its insurance license in New Zealand in compliance with Section 8 of the Insurance (Prudential Supervision) Act 2010. There are no insurance policies issued or serviced by the Branch during the year.

The Branch is classified as a branch of GLISE. Therefore, the Branch obtained the same rating as GLISE based on ratings published by Standard & Poor's Ratings services. At the date of this report, GLISE has a credit rating of 'AA-' from Standard & Poor's (2020: 'AA-') and a credit rating of 'A+' from AM Best (2020: 'A+').

Great Lakes Insurance SE – New Zealand Branch

(Overseas company registered in New Zealand under the Companies Act 1993)

Directors' Report

Matters subsequent to the end of the financial year

The Directors are not aware, at the date of this report, of any other matter or circumstance than those set out above which has arisen since 31 December 2021 that has significantly affected or may significantly affect:

- (i) The operations of the Branch
- (ii) The results of those operations; or
- (iii) The state of affairs of the Branch in the financial years to 31 December 2021.

Signed in Munich on 30 March 2022 in accordance with a resolution of the directors:



Christoph Carus (Mar 30, 2022 09:09 GMT+2)

Chairman of the Board of Management



Stefan Pasternak (Mar 30, 2022 16:35 GMT+3)

Member of the Board of Management

Great Lakes Insurance SE – New Zealand Branch

(Overseas company registered in New Zealand under the Companies Act 1993)

Statement of Comprehensive Income

For the year ended 31 December 2021

	2021	2020
	\$	\$
Net profit/(loss) from discontinued operations		
Revenue from operating activities	-	-
Insurance revenue	-	-
Investment revenue	-	-
Other revenue	-	-
Total revenue from operating activities	-	-
Expenses from operating activities		
Insurance expense	-	-
Other expenses	-	-
Total expenses from operating activities	-	-
(Loss)/profit before tax	-	-
Tax (benefit)/expense	-	-
Net profit/(loss) for the year from discontinued operations	-	-
Net profit from continuing operations		
Revenue from operating activities		
Insurance revenue	-	-
Investment revenue	-	-
Total revenue from operating activities	-	-
Expenses from operating activities		
Insurance expense	-	-
Other expenses	-	-
Total expenses from operating activities	-	-
Profit before tax	-	-
Tax (benefit)/expense	-	-
Net profit for the year from continuing operations	-	-
Total comprehensive income/(loss) for the year	-	-

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 7 to 13.

Great Lakes Insurance SE – New Zealand Branch

(Overseas company registered in New Zealand under the Companies Act 1993)

Statement of Financial Position

As at 31 December 2021

	2021 \$	2020 \$
Assets held for distribution		
Cash at bank	1,000	1,000
Accounts receivable on insurance business	-	-
Reinsurance recoveries	-	-
Sundry debtors	-	-
Income tax	-	-
Profit commission recoverable	-	-
Total assets held for distribution	1,000	1,000
Total assets	1,000	1,000
Liabilities held for distribution		
Payables	-	-
Outstanding claims	-	-
Unearned premiums	-	-
Profit commission payable	-	-
Total liabilities held for distribution	-	-
Net assets	1,000	1,000
Head office account		
Head office account	1,000	1,000
Retained earnings	-	-
Total head office account	1,000	1,000

The Statement of Financial Position has been prepared in order of liquidity. The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 7 to 13.

Great Lakes Insurance SE – New Zealand Branch
(Overseas company registered in New Zealand under the Companies Act 1993)

Statement of Changes In Equity
For the year ended 31 December 2021

	Head office account \$	Retained earnings \$	Total \$
2021			
Balance at 1 January	1,000	-	1,000
Comprehensive profit for the year	-	-	-
Balance at 31 December	1,000	-	1,000

	Head office account \$	Retained earnings \$	Total \$
2020			
Balance at 1 January	1,000	-	1,000
Comprehensive profit for the year	-	-	-
Balance at 31 December	1,000	-	1,000

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 7 to 13.

Great Lakes Insurance SE – New Zealand Branch
(Overseas company registered in New Zealand under the Companies Act 1993)

Statement of Cash Flows

For the year ended 31 December 2021

	2021 \$	2020 \$
Net (decrease) in cash from discontinued operations	-	-
Cash flows from operating activities		
Premium and commission received	-	-
Claims paid	-	-
Internal settlement of income tax	-	-
Reinsurance recovered	-	-
Management and administration expenses paid	-	-
Other income	-	-
Internal accounting reorganisation	-	-
Net cash from operating activities	-	-
Cash flows from investing activities		
Interest received	-	-
Net cash from investing activities	-	-
Cash flows from financing activities		
Internal accounting reorganisation	-	-
Net cash flows from financing activities	-	-
Net (decrease)/increase in cash from continuing operations	-	-
Cash flows from operating activities		
Premium and commission paid	-	-
Claims paid	-	-
Reinsurance recovered	-	-
Net cash from operating activities	-	-
Cash flows from investing activities		
Net interest received	-	-
Net cash from investing activities	-	-
Cash flows from financing activities		
Internal accounting reorganisation	-	-
Net cash flows from financing activities	-	-
Cash at 1 January	1,000	1,000
Net increase/(decrease) in cash	-	-
Cash at 31 December	1,000	1,000

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 7 to 13.

Great Lakes Insurance SE – New Zealand Branch

(Overseas company registered in New Zealand under the Companies Act 1993)

Notes to the financial statements for the year ended 31 December 2021

1. Summary of significant accounting policies

Great Lakes Insurance SE (GLISE) New Zealand Branch (the Branch) is registered to carry on business in New Zealand for a foreign company, Great Lakes Insurance SE, which is domiciled and incorporated in Germany. The ultimate parent entity is Münchener Rückversicherungs-Gesellschaft, a company incorporated in Germany with limited liability. The Branch's principal activity is general insurance. The Branch is an issuer in terms of the Financial Reporting Act 1993. The Branch is a profit-oriented entity. The Branch is a reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the financial statements have been prepared in accordance with the requirements of that Act and the Financial Reporting Act 2013.

With the introduction of the Insurance (Prudential Supervision) Act 2010 (IPSA), all insurers carrying on insurance business in New Zealand are required to be licensed by the Reserve Bank of New Zealand (RBNZ). The Branch was granted a full license on 2 April 2013. These financial statements have also been prepared in accordance with the IPSA.

The financial statements were authorised for issue by the directors on March 2022.

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards. The financial statements also comply with International Financial Reporting Standards (IFRS).

(b) Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

Following the internal accounting reorganization effective 1st January 2019, the Directors have taken this into account and the financial statements continue to be prepared on a going concern basis until such a time as the Directors determine the insurance license is no longer necessary.

The accounting policies set out below have been applied consistently by the Branch to all periods presented in the financial statements.

The financial statements are prepared on a historical cost basis.

The financial statements are presented in New Zealand Dollars, which is the Branch's presentation and functional currency.

Great Lakes Insurance SE – New Zealand Branch

(Overseas company registered in New Zealand under the Companies Act 1993)

Notes to the financial statements for the year ended 31 December 2021

1. Summary of significant accounting policies (continued)

The following accounting standard and amendment were issued but is not yet mandatory and have not been adopted by the Branch for the financial year ended 31 December 2021. An assessment of the impact of the new or amended standards is set out below.

NZ IFRS 17 'Insurance Contracts'

NZ IFRS 17 was issued in August 2017. It introduces three new measurement approaches for accounting for insurance contracts. These include the Building Block Approach for long term contracts, the Premium Allocation Approach for short contracts and a Variable Fee Approach for direct participating contracts. In addition, the level of contract aggregation is likely to be lower than that under current practices. The standard is not mandatory until 1 January 2023 for the Branch. No financial impact is expected for the Branch as the Branch does not have insurance liabilities.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with NZ GAAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(d) Revenue

Revenue is recognised to be the amount of the transaction price when (or as) the performance obligation of a contract is satisfied. The Branch recognises revenue when it transfers control over a product or service to a customer. The Branch's activities are connected with insurance. The adoption of NZ IFRS 15 'Revenue from Contracts with Customers' effective from 1 January 2018 has no impact on the Branch's financial statements.

Premium revenue

Premiums have been brought to account as income from the date of attachment of risk. Premiums for unclosed business are brought to account where the date of attachment of risk of the business written is prior to reporting date and there is insufficient information to accurately identify the business. The estimation of unclosed business is based on previous experience with due allowance for any changes in the pattern of new business and renewals. The earned portion of premiums received and receivable including unclosed business is recognised as revenue.

The pattern of recognition of premium revenue over the policy or indemnity periods is based on the pattern of risk underwritten. Previous claims experience has been used to derive the pattern of risk for the main class of business underwritten. Other classes of business are recognised based on time.

Interest income

Interest income is recognised on an accrual basis.

Reinsurance exchange commission

Reinsurance exchange commission is calculated as a percentage of reinsurance premium.

The pattern of recognition of reinsurance exchange commission follows the reinsurance premium earning pattern.

Reinsurance recoveries revenue

Reinsurance recoveries revenue is recognised as income in accordance with the reinsurance service received.

Due to the accounting reorganisation effective 1 January 2019, there is no revenue recognised for the Branch at 31 December 2021.

Great Lakes Insurance SE – New Zealand Branch
(Overseas company registered in New Zealand under the Companies Act 1993)

Notes to the financial statements for the year ended 31 December 2021

1. Summary of significant accounting policies (continued)

(e) Unexpired risk liability

The liability adequacy test has historically been performed to recognise any deficiencies if the carrying amount of unearned premium less any related deferred acquisition costs does not meet estimated future cash flows relating to future claims covered by current insurance contracts.

Due to the accounting reorganisation effective 1 January 2019, the future premium liabilities are nil at 31 December 2021.

(f) Outwards reinsurance

Premiums ceded to reinsurers are recognised as an expense in accordance with the pattern of reinsurance service received.

Due to the accounting reorganisation effective 1 January 2019, outwards reinsurance expense is nil at 31 December 2021.

(g) Claims

Claims incurred expense and a liability for outstanding claims are recognised in respect of all insurance business. The liability covers claims incurred but not yet paid, incurred but not reported (IBNR), incurred but not enough reported (IBNER) and the anticipated direct and indirect costs of settling those claims.

Claims outstanding are assessed by review of individual claim files and estimating the ultimate cost of settling claims which includes IBNRs, IBNERs and settlement costs using statistics based on past experience and trends. The outstanding claims reserve is estimated using actuarial models.

The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid out in the immediate future.

The expected future payments are estimated on the basis of the ultimate cost of settling claims which is affected by factors arising during the period to settlement such as normal inflation and superimposed inflation. The expected future payments are then discounted to a present value at the reporting date using a risk-free discount rate. A risk margin is added to the outstanding claims liabilities to increase the probability that the liability is adequate to 75% probability of sufficiency as the level deemed appropriate by management.

Due to the accounting reorganisation effective 1 January 2019, claims incurred are nil at 31 December 2021.

(h) Reinsurance recoveries

Reinsurance recoveries are assessed regularly and expected future recoveries are estimated on the same basis as the liability for outstanding claims, on the basis of the ultimate cost of settling claims which is affected by factors arising during the period to settlement such as normal inflation and superimposed inflation. The expected future recoveries are then discounted to a present value at the reporting date using a discount rate. A risk margin is added to the outstanding recoveries to increase the probability that the asset to cover an increase in the liability to 75% probability of sufficiency as the level deemed appropriate by management.

Due to the accounting reorganisation effective 1 January 2019, reinsurance recoveries are nil at 31 December 2021.

(i) Acquisition costs

A portion of direct acquisition costs relating to unearned premium revenue is deferred where it represents future benefits to the Branch and can be reliably measured. Deferred acquisition costs are stated at the lower of cost and recoverable amount. Deferred acquisition costs are amortised over the financial years expected to benefit from the expenditure.

Due to the accounting reorganisation effective 1 January 2019, acquisition costs are nil at 31 December 2021.

Great Lakes Insurance SE – New Zealand Branch
(Overseas company registered in New Zealand under the Companies Act 1993)

Notes to the financial statements for the year ended 31 December 2021

1. Summary of significant accounting policies (continued)

(j) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income.

Assets and liabilities expressed in other currencies are translated to the functional currency using the closing exchange rate at the reporting date and income and expenses are translated using the average exchange rate for the year. Realised and unrealised foreign exchange gains and losses resulting from this translation are recognised in the Statement of Comprehensive Income.

(k) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The tax rates are applied to the cumulative amounts of deductible and assessable temporary differences to measure the deferred tax asset or liability. Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Due to the accounting reorganisation effective 1 January 2019, the Branch has no profit or loss recorded and therefore income tax expense is nil at 31 December 2021.

(l) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest dollar.

(m) Financial assets backing insurance contract liabilities

The Branch has determined that all financial assets are deemed to back insurance contract liabilities and are measured at fair value through profit or loss at each reporting date. Unrealised profits and losses on subsequent measurement to fair value are recognised in the Statement of Comprehensive Income. The adoption of NZ IFRS 9 'Financial Instruments' effective from 1 January 2018 has no material impact on the Branch's financial statements.

Fair value is measured as follows:

- Cash assets are carried at face value of the amounts deposited. The carrying amounts of cash assets approximate their fair value. Cash includes cash on hand, deposits held at call with banks and investments in money market instruments, such as Bills of Exchange.
- Fixed interest securities are taken as the bid price of the instrument.
- Receivables are initially recognised and subsequently measured at book value less provision for doubtful debts, which is the best estimate of fair value as they are settled within a short period.

Purchases and sales of financial assets are recognised on trade date, being the date on which the Branch commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Branch has transferred substantially all the risks and rewards of ownership.

Due to the accounting reorganisation effective 1 January 2019, the Branch has no financial assets at 31 December 2021.

Great Lakes Insurance SE – New Zealand Branch

(Overseas company registered in New Zealand under the Companies Act 1993)

Notes to the financial statements for the year ended 31 December 2021

1. Summary of significant accounting policies (continued)

(n) Impairment of assets

All assets other than those which are set outside the scope of NZ IAS 36 '*Impairment of Assets*' are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Due to the accounting reorganisation effective 1 January 2019, the only asset is NZD 1,000 cash at bank and no impairment is recorded at 31 December 2021.

(o) Cash and receivables

Cash comprises cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Branch in the management of its short-term commitments.

Receivables are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost, less a provision for doubtful debts. The collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Branch will not be able to collect all amounts that are due in accordance with the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the effective interest rate.

Due to the accounting reorganisation effective 1 January 2019, the only asset is NZD 1,000 cash at bank and the balance of receivables is nil at 31 December 2021.

(p) Payables

Payables are initially recognised at fair value and are subsequently measured at amortised cost. Transaction costs are recognised in the Statement of Comprehensive Income.

Due to the accounting reorganisation effective 1 January 2019, payables are nil at 31 December 2021.

(q) Goods and services tax

Following the accounting reorganisation effective 1 January 2019, the Branch retained its NZ GST registration for the purpose of enabling the recovery of any GST on claims charged by policyholders with respect to insurance policies that were effective prior to the reorganisation. Under NZ GST legislation, policyholders under an insurance contract may be required to account for GST on claims paid by an insurer where the corresponding premium was charged with GST. As at 31 December 2021, there is no GST for the Branch.

(r) Non-resident withholding tax

The non-resident portfolio of the Branch is subject to a premium withholding tax of 2.8% on the gross premiums received in respect of non-life insurance business. However, no premium withholding tax applies to the closed warranty, bond and surety businesses as these businesses do not constitute insurance for the purposes of the premium withholding tax.

Due to the accounting reorganisation effective 1 January 2019, there is no withholding tax for the Branch at 31 December 2021.

Great Lakes Insurance SE – New Zealand Branch

(Overseas company registered in New Zealand under the Companies Act 1993)

Notes to the financial statements for the year ended 31 December 2021

2. Risk management policies and procedures

The financial condition and operating results of the Branch are affected by a number of key financial and non-financial risks. Risk management is the process of identifying, analysing, controlling, monitoring, and reporting risks that could have a material impact on the operations of the Branch. Insurance risk involves the consideration of the market, product design, pricing, underwriting, claims management and valuation risk. The Branch's disclosed objectives and policies in respect of managing these risks are set out in the remainder of this note.

(a) Risk management framework

- Through its insurance operations the Branch is exposed to financial risks such as credit risk, liquidity risk and market risk. The Branch's risk management framework seeks to minimise the potential adverse effects of these risks on its financial performance. Due to the reorganisation of all business to Great Lakes Insurance SE Australian Branch (GLA) the Branch, in essence, adopts the same risk management framework as GLA. The Branch has effectively eliminated all such risks. The Branch continues to maintain NZD 1,000 cash balance to satisfy the New Zealand minimum capital requirements for licensed entities.
- Insurance risks are controlled through the use of underwriting procedures, adequate premium rates, policy charges and sufficient reinsurance arrangements, all of which are managed through a Board approved governance structure. Controls are also maintained over claims management practices to assure the correct and timely payment of reinsurance claims.

(b) Capital management

The New Zealand bank account remains open with NZD 1,000 to ensure that the Branch does not breach the NZ minimum capital requirements for licensed entities.

3. Remuneration of auditors

As a result of the internal accounting reorganisation to GLA, the Branch no longer incurs a separate audit fee. The audit fee is included within an overall fee and recognised within GLA.

Great Lakes Insurance SE – New Zealand Branch
(Overseas company registered in New Zealand under the Companies Act 1993)

Notes to the financial statements for the year ended 31 December 2021

4. Directors' disclosure

The Directors holding office at any time during the financial year and up until the date of this report were:

Supervisory Board

Claudia Hasse (Chairperson) (Appointed on 01.01.2019)

Alex Wettemann (Appointed on 30.12.2016)

Dr. Carsten Prussog (Appointed on 30.12.2016)

Ralph Ronnenberg (Appointed on 01.03.2021)

Christoph Carus (Appointed on 30.12.2016, resigned on 01.03.2021)

Board of Management

Christoph Carus (CEO) (Appointed on 01.03.2021)

Dr. Stefan Pasternak (CFO) (Appointed on 01.04.2014, acting CEO between 01.10.2020 - 28.02.2021)

Dr. Tobias Klauß (CRO) (Appointed on 01.01.2017)

Stéphane Deutscher (COO) (Appointed on 01.04.2017)

5. Contingencies

The Branch has no known contingent liabilities or contingent assets at the reporting date or the prior year reporting date.

6. Commitments

The Branch has no capital commitment or lease commitment at the reporting date or the prior year reporting date that have not been recognised as a liability.

7. Events occurring after the reporting date

The Directors are not aware of any other matter or circumstances that have arisen since the end of the financial year which significantly affects or may significantly affect the operations of the Branch, the results of its operations or the state of affairs of the Branch in future financial years.

8. Solvency of licensed entity

GLISE is the entity licensed by the RBNZ to conduct insurance business in New Zealand. The 31 December 2021 solvency disclosures for the licensed entity as calculated in accordance with the requirements of the home jurisdiction are as follows:

	2021 €'000	2020 €'000
GLISE Own Funds	705,923	476,278
Solvency Capital Requirement	413,140	268,438
Solvency Margin	292,783	207,840
Solvency Capital Ratio	171%	177%

The solvency amounts shown above for GLISE are prepared in accordance with Solvency II's Quantitative Reporting Template (QRT).

Great Lakes Insurance SE – New Zealand Branch

(Overseas company registered in New Zealand under the Companies Act 1993)

Directors' Declaration

The Board of Management is pleased to present the financial statements of Great Lakes Insurance SE (overseas Branch registered in New Zealand under the Companies Act 1993) for the year ended 31 December 2021, and the auditors' report thereon.

In the Board of Management's opinion, the financial statements and notes set out on pages 3 to 13:

- (a) comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Branch as at 31 December 2021 and the results of operations for the year ended on that date; and
- (b) have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Board of Management believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Branch and facilitate compliance of the financial statements with the Financial Reporting Act 1993. There are reasonable grounds to believe that, as at the time this statement is made, the Branch will be able to pay all debts or claims as and when they are due.

The Board of Management consider that they have taken adequate steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be significant to provide a reasonable assurance as to the integrity and reliability of the financial statements.

For and on behalf of the Board of Management.


Christoph Carus (Mar 30, 2022 09:09 GMT+2)

Member of the Board of Management

Date 30 March 2022


Stefan Pasternak (Mar 30, 2022 16:35 GMT+3)

Member of the Board of Management

Date 30 March 2022

Independent auditor's report to the Shareholders of Great Lakes Insurance SE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the New Zealand Branch ("the Branch") of Great Lakes Insurance SE ("the Company") which comprise the statement of financial position of the Branch as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Branch, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages present fairly, in all material respects, the financial position of the Branch as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholder. Our audit has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its shareholder for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the branch in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the branch.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. We have determined that there are no key audit matters to communicate in our report.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for information other than the financial statements. Other information includes the Directors' Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The Directors of the Company are responsible, on behalf of the entity, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing on behalf of the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the branch or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>. This description forms part of our auditor's report.



The engagement partner on the audit resulting in this independent auditor's report is Jason Bain.

A handwritten signature in black ink, appearing to read 'Ernst & Young', written in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Jason Bain', written in a cursive style.

Jason Bain
Sydney
30 March 2022