



ALLIED WORLD ASSURANCE COMPANY, AG
FINANCIAL CONDITION REPORT
(FOR THE FINANCIAL YEAR ENDING DECEMBER 31, 2025)

Contents

Overview	2
Summary	3
A. Business Activity	5
B. 2025 Performance	7
C. Corporate Governance & Risk Management	10
D. Risk Profile	16
E. Valuation for Solvency Purposes	19
F. Capital Management	25
G. Solvency	27
Appendices	30
Annual Quantitative Reporting Templates	31
Report of the Statutory Auditor	36

Overview

References in this Financial Condition Report (this “Report”) to the terms “we,” “us,” “our,” the “Company” or other similar terms mean Allied World Assurance Company, AG, a Swiss company authorized by the Swiss Financial Market Supervisory Authority (“FINMA”), unless the context requires otherwise. References to the term “Allied World Holdings” means Allied World Assurance Company Holdings, Ltd, and to the term “Allied World Group” means Allied World Holdings and its subsidiaries. The Allied World Group is majority owned by Fairfax Financial Holdings Limited (“Fairfax”). References to “\$” are to the lawful currency of the United States. References to “CHF” are to the lawful currency of Switzerland. References to “m’s” are to millions.

This Report has been compiled in accordance with FINMA Circular 2016/2 (Disclosure – Insurers).

We will make this Report available, free of charge through our website (www.awac.com), as soon as reasonably practicable after we electronically file our annual regulatory returns. This Report has been reviewed and approved by the Board of Directors of the Company (the “Board”).

Summary

Company background:

We are a Swiss incorporated company authorized by FINMA to conduct insurance and reinsurance business. Through our head office in Zug and branch office in Bermuda, we provide property, casualty and specialty insurance and reinsurance solutions to clients in Switzerland, Europe and worldwide. Further details on the Company's business activities are included in Section A of this Report.

Business and performance:

The Company reported gross premium written of \$125.5 million in 2025 compared to \$141.8 million in 2024 and underwriting income of \$30.3 million in 2025 compared to an underwriting loss of \$30.6 million in 2024. The net investment result for 2025 was a gain of \$18.3 million compared to an investment gain of \$14.3 million for 2024. Overall, the Company reported net income after tax of \$38.2 million in 2025 compared to a net loss after tax of \$14.6 million in 2024. Further details on the Company's performance in 2025 are included in Section B of this Report.

System of governance:

The Board has ultimate responsibility for ensuring that the Company complies with applicable regulatory requirements. The Board has established an effective system of governance to ensure the sound and prudent management of the Company's business. Further details on the Company's system of governance are included in Section C of this Report.

Risk profile:

Risks relevant to the Company's business and operations are outlined in Section D of this Report. The primary risk for the Company is underwriting risk. We have established an enterprise risk management ("ERM") framework that is integrated into the management of our business to manage and monitor relevant risks.

Valuation for solvency purposes:

In Section E of this Report, we describe the principles and methods used for valuation of the different asset classes. We also discuss the market-value assessment of the insurance provisions for solvency purposes.

Capital management:

Changes to reporting requirements for the 2026 Swiss Solvency Test (the "SST") require that we calculate the capital cost reserve for the current year in the market value margin. This amount is reported as a reduction in the target capital and is excluded from the market value margin. Values for target capital and risk-bearing capital as at December 31, 2025 were prepared on this basis; values as at December 31, 2024 have been restated throughout this Report to be consistent with the new basis.

As of December 31, 2025, the Company's SST ratio was 236.1% compared to 214.7% as of December 31, 2024. The target capital of \$136.6 million for 2025 was \$12.8 million higher than the prior year. The risk-bearing capital was \$322.6 million for 2025 and \$265.8 million for 2024.

The total statutory shareholder's equity increased from \$182.6 million as of December 31, 2024 to \$220.8 million as of December 31, 2025. Details of the composition of the target capital and risk-bearing capital are included in Sections F and G of this Report.

The annual quantitative reporting templates and the Swiss statutory financial statements for the year ended December 31, 2025 and report of the external auditor thereon are included in the appendices hereto.

Geopolitical events:

The geopolitical environment in 2025 has remained highly uncertain, with ongoing conflicts and heightened global tensions, which present potential challenges to underwriting performance and operational resilience. The continuing war in Ukraine and instability in the Middle East, including the armed conflict between Hamas-led Palestinian militant groups and Israeli military forces, the India-Pakistan conflict of May 2025 and the recent escalation of hostilities between the U.S./Israel and Iran, have contributed to volatility in energy markets, supply chains and economic activity. These conditions create uncertainty that may influence premium adequacy, claims frequency and overall profitability. While tariffs and trade restrictions remain a factor in certain sectors, the more significant impact stems from geopolitical instability, which can disrupt financial markets and investment returns.

To date there has been no significant financial impact on the Company in relation to any of the above conflicts. However, as these are ongoing events, it is difficult to predict the longer-term impact on the wider global geopolitical landscape and hence the potential adverse impact on our business and results of operations over time.

A. Business Activity

Our Strategy:

Our business objective is to generate attractive returns on equity while preserving our capital. We seek to achieve this objective by executing the following strategies:

- *Capitalize on profitable underwriting opportunities.* Our management and insurance and reinsurance underwriting teams are positioned to identify business with attractive risk/reward characteristics. We pursue a strategy that emphasizes profitability, not market share. Key elements of this strategy are prudent risk selection, appropriate pricing and adjusting our business mix to remain flexible and opportunistic. We seek ways to take advantage of underwriting opportunities that we believe will be profitable.
- *Exercise underwriting and risk management discipline.* We exercise underwriting and risk management discipline by: (i) maintaining a diverse spread of risk across product lines and geographic regions; (ii) managing our aggregate property catastrophe exposure through the application of sophisticated modelling tools; (iii) monitoring our exposures on non-property catastrophe coverages; (iv) adhering to underwriting guidelines across our business lines; and (v) fostering a culture that focuses on ERM and strong internal controls.
- *Employ a diversified investment strategy.* We follow a diversified investment strategy designed to emphasize the preservation of capital, provide adequate liquidity for the prompt payment of claims and generate a positive return. Our investment portfolio consists primarily of investment-grade, fixed-maturity securities of medium-term duration.

Material Lines of Business and Geographic Areas:

We provide innovative property, casualty and specialty insurance and reinsurance solutions to clients in Switzerland, Europe and worldwide.

- The focus of the reinsurance business is predominantly on assumed property catastrophe reinsurance business and medium- to long-tail casualty reinsurance business with mainly European exposure.
- The focus of the direct insurance business, which is predominantly written from the Company's Bermuda branch, is on large multinational companies domiciled in North America. From our Swiss head office, we write Swiss risks for multinational programs. In 2025, the Company launched a new Property line of business focusing on Swiss

domestic Industrial and Multinational segment with specific emphasis for DACH region.

Distribution:

As a commercial (re)insurer, we primarily offer products through independent intermediaries, including retail brokerage firms and excess and surplus lines wholesale brokers. We typically pay a commission to agents and brokers for business that we accept from them.

Due to a number of factors, including transactional size and complexity, the distribution infrastructure of the reinsurance marketplace is characterized by relatively few intermediary firms.

Company & Branch Information:

The Company is a public limited company (“Aktiengesellschaft”) with its registered office at Park Tower, 15th Floor, Gubelstrasse 24, 6300 Zug, Switzerland (CHE-115.661.837). The Company’s Bermuda branch office is located at 27 Richmond Road, Pembroke HM 08, Bermuda and is licensed as a Class 3A insurer by the Bermuda Monetary Authority.

Intra-group Transactions:

Pursuant to intra-group services agreements, certain of the Company’s functions receive support from individuals and/or teams employed by certain subsidiaries of Allied World Holdings, including accounting and treasury, investment management, information technology, catastrophe modelling, claims, internal audit, human resources, legal and compliance, risk management, ceded reinsurance, operations, actuarial and underwriting.

There were no related-party transactions outside the ordinary conduct of business during the year ended December 31, 2025.

Effective January 1, 2025, the Company is party to a 50% internal quota share treaty with Allied World Assurance Company, Ltd (“Allied World Bermuda”), which covers the Company’s property catastrophe treaty reinsurance business (the “Quota Share”).

External Auditor:

The Company’s external auditor is PricewaterhouseCoopers AG, an auditing firm subject to public supervision (Birchstrasse 160, 8050 Zurich, Switzerland).

Significant Events:

There were no major catastrophe events in 2025 that impacted the Swiss assumed reinsurance business. There were also no other significant business or other matters that occurred during 2025 that had a material impact on the Company. The Company’s performance in 2025 is addressed in Section B of this Report.

B. 2025 Performance

Underwriting Performance:

The following table summarizes the net underwriting results for the years ending December 31, 2025 and 2024. Details by line of business can be seen in Appendix A (Annual Quantitative Reporting Templates).

Net underwriting results for the years ended December 31, 2025 and 2024 (\$ m's)								
	<u>Total</u>		<u>Direct Swiss business</u>		<u>Direct non-Swiss business</u>		<u>Indirect business</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Gross premium written	125.5	141.8	0.5	0.5	30.0	32.0	95.0	109.3
Premium ceded	(52.4)	(37.3)	(0.2)	(0.2)	(18.6)	(20.8)	(33.6)	(16.3)
Net premium written	73.1	104.5	0.3	0.3	11.4	11.2	61.4	93.0
Change in gross unearned premium	(2.7)	2.4	0.6	0.6	0.9	(1.5)	(4.2)	3.3
Change in ceded unearned premium	1.0	1.8	(0.3)	(0.3)	(0.7)	2.2	2.0	(0.1)
Net premium earned	71.4	108.7	0.6	0.6	11.6	11.9	59.2	96.2
Total income from underwriting business	71.4	108.7	0.6	0.6	11.6	11.9	59.2	96.2
Losses and loss expenses paid, gross	(92.8)	(153.0)	-	-	(13.6)	(50.3)	(79.2)	(102.7)
Losses and loss expenses paid, ceded	11.5	45.5	-	-	9.5	30.2	2.0	15.3
Change in reserves for losses and loss expenses, gross	43.0	(0.2)	(0.1)	1.7	(16.6)	21.6	59.7	(23.5)
Change in reserves for losses and loss expenses, ceded	11.4	(12.1)	0.1	(0.7)	2.9	(12.0)	8.4	0.6
Net losses and loss expenses	(26.9)	(119.8)	-	1.0	(17.8)	(10.5)	(9.1)	(110.3)
Acquisition costs and administrative expenses, gross	(26.1)	(26.6)	(0.7)	(0.4)	(4.4)	(5.6)	(21.0)	(20.6)
Acquisition costs and administrative expenses, ceded	11.9	7.1	-	0.1	5.4	5.9	6.5	1.1
Net acquisition costs and administrative expenses	(14.2)	(19.5)	(0.7)	(0.3)	1.0	0.3	(14.5)	(19.5)
Total expenses from underwriting business	(41.1)	(139.3)	(0.7)	0.7	(16.8)	(10.2)	(23.6)	(129.8)
Net underwriting profit/(loss)	30.3	(30.6)	(0.1)	1.3	(5.2)	1.7	35.6	(33.6)
Investment income	21.7	20.4						
Investment expenses	(3.4)	(6.1)						
Net investment income	18.3	14.3						
Total operating result	48.6	(16.3)						
Interest expenses for interest-bearing liabilities	(0.6)	(0.6)						
Other (expenses)/income	(9.0)	2.9						
Net profit/(loss) before taxes	39.0	(14.0)						
Direct tax expense	(0.8)	(0.6)						
Net profit/(loss)	38.2	(14.6)						

Gross premium written for 2025 was \$125.5 million, a decrease of \$16.3 million from 2024. The main drivers of the decrease in gross premium written were the property catastrophe and non-catastrophe reinsurance business, which decreased by \$10.6 million and \$2.2 million, respectively, and the crop assumed reinsurance business, which decreased by \$6.7 million. This was partly offset by an increase of \$3.4 million in the casualty assumed reinsurance business.

The gross premium written for both the Swiss and non-Swiss direct insurance business remained stable relative to the prior year. Net premium written for 2025 was \$73.1 million compared to \$104.5 million for 2024. Ceded premium for 2025 was \$52.4 million compared to \$37.3 million in 2024. The increased ceded premium in 2025 was mainly attributable to the internal Quota Share. Overall, net premium earned for 2025 was \$71.4 million compared to \$108.7 million for 2024. This is in line with the decrease in gross premium written and the impact of the additional Quota Share agreement.

Net losses and loss expenses in 2025 amounted to \$26.9 million compared to \$119.8 million in 2024. The net loss ratio in 2025 was 37.7% compared to 110.2% in 2024. The net losses and loss expenses decreased significantly compared to the prior year because there were no major catastrophe events in 2025 that impacted the Swiss assumed reinsurance business. Additionally, an equalization reserve in the amount of \$ 20.1 million was released due to a change in the Company's reserving policy.

Acquisition costs, comprised of commissions and brokerage fees, are costs that are directly related to the acquisition of new and renewal business. Administrative expenses represent the necessary costs to maintain the Company's daily operations and administer its business and primarily consist of salary expenses, maintenance costs and professional fees. Net acquisition costs and administrative expenses were \$14.2 million for 2025 compared to \$19.5 million for 2024. The decrease in net acquisition costs and administrative expenses was driven by the ceding commission of the Quota Share with Allied World Bermuda.

Investment Performance:

The following table shows a breakdown of the investment income and expenses by asset class for the years ended December 31, 2025 and 2024.

Investment income and expenses for the years ended December 31, 2025 and 2024 (\$ m's)										
	<u>2025</u>					<u>2024</u>				
	<u>Debt Securities</u>	<u>Equity Securities</u>	<u>Other Investments</u>	<u>Real Estate</u>	<u>Total</u>	<u>Debt Securities</u>	<u>Equity Securities</u>	<u>Other Investments</u>	<u>Real Estate</u>	<u>Total</u>
Investment income	15.5	1.7	0.1	0.4	17.7	15.2	1.0	0.2	0.4	16.8
Realized gains	1.7	-	-	-	1.7	1.3	-	-	-	1.3
Accretion of bonds	2.3	-	-	-	2.3	2.3	-	-	-	2.3
Total investment income	19.5	1.7	0.1	0.4	21.7	18.8	1.0	0.2	0.4	20.4
Amortization/ depreciation	(1.1)	-	-	(0.4)	(1.5)	(3.9)	-	-	(0.3)	(4.2)
Realized losses	-	-	-	-	-	-	-	-	-	-
Other investment expenses	(1.9)	-	-	-	(1.9)	(1.9)	-	-	-	(1.9)
Total investment expenses	(3.0)	-	-	(0.4)	(3.4)	(5.8)	-	-	(0.3)	(6.1)
Net investment income	16.5	1.7	0.1	-	18.3	13.0	1.0	0.2	0.1	14.3



To help ensure adequate liquidity for the payment of claims, we take into account the maturity and duration of our investment portfolio and our liability profile. In making investment decisions, we consider the impact of various catastrophic events to which we may be exposed. Our investment portfolio consists primarily of investment-grade, fixed-maturity securities of medium-term duration, including a substantial allocation to government bonds and mixed-use real estate. All assets are invested in accordance with the Insurance Supervision Act and the Insurance Supervision Ordinance.

Total net investment income for 2025 was a \$18.3 million gain compared to a net investment gain of \$14.3 million for 2024. The improvement in the net investment result was primarily driven by a decrease in amortization/depreciation expenses of \$2.8 million compared to 2024.

C. Corporate Governance & Risk Management

Our corporate governance framework is reflective of the nature, scale and complexity of the Company's business.

Board of Directors:

The Board is the ultimate administrative, management and supervisory body of the Company and is responsible for ensuring that appropriate controls and procedures are maintained by the Company. The Board is also responsible for the effective, prudent and ethical oversight of the Company and is ultimately responsible for ensuring that risk and compliance are properly managed in the Company. The following individuals are members of the Board:

- Mr. Edward Moresco, Chairman
- Mr. Michael Walsh
- Mr. Martin Frey, independent non-executive director

Management:

The Board delegates the operational management of the Company to the Managing Director and management. The Managing Director manages the operations of the Company, oversees the management of its employees, and monitors the risks of the Company. Management supports the Managing Director in the fulfilment of his responsibilities and may carry out other duties subject to approval, where necessary, and oversight of the Board and the Managing Director. The following individuals are the Managing Director and members of management:

- Mr. Christoph Murg, Managing Director
- Mr. Frédéric Pujol, Vice President, Chief Underwriting Officer, Swiss Treaty Reinsurance Division
- Mr. Eric Pizarro, Senior Vice President, Head of Capital Modelling, with responsibility for the risk management function
- Ms. Sarah Mitchell, Vice President, Assistant General Counsel & Corporate Secretary, with responsibility for the compliance function

The Executive Management Committee, composed of the Managing Director and management, is responsible for reviewing the performance of the responsibilities of the Managing Director and management and for overseeing the implementation of the strategies and policies approved by the Board. Meetings of the Executive Management Committee take place on a quarterly basis and are chaired by the Managing Director, or in his absence, another member of the Executive Management Committee.

Risk Management:

Although the assumption of risk is inherent in our business, we have developed a strong ERM framework that is integrated into the management of our business. Our ERM framework consists of numerous systems, processes and controls with oversight by our management and the Board. It is implemented across the Company to identify, quantify, monitor and, where possible, mitigate internal and external risks that could materially impact our operations, financial condition and reputation.

The key elements of our ERM framework include the:

- Risk Management Strategy and Governance Framework document;
- Risk Register;
- Risk appetites and tolerances (and relevant monitoring procedures);
- Own risk and solvency assessment (the “ORSA”) process and reports; and
- SST model, which is used to determine regulatory solvency capital requirements and is comprised of FINMA’s standard models for reinsurance (“StandRe”), market risk, credit risk and aggregation (collectively, the “FCM”), and an external vendor model for natural catastrophe risk.

Our ERM framework supports our Company-wide, risk-based, decision-making processes by providing reliable and timely risk information. Our primary ERM objectives are to ensure the sustainability of the Company and to maximize our risk-adjusted returns on capital. Our ERM framework is a dynamic process, with periodic updates being made to reflect organizational processes, changes in risk profiles and recalibration of models, as well as to stay current with changes within our industry and the global economic environment. Utilizing the SST results, we review the interaction between risks impacting us from various sources, including our underwriting practices and the investments we make.

Our management’s ERM efforts are overseen by the Board, which reviews and recommends the overall Company-wide risk appetite and oversees management’s compliance therewith. The Board reviews risk management methodologies, standards, tolerances and strategies, and reviews management’s processes for monitoring and aggregating risks across our organization.

The output from the ERM framework, including the SST results, are integrated into the management, strategic decision-making processes and completion of the ORSA.

The ORSA is a top-down strategic analysis process that integrates risk management, capital management and strategic planning to determine the current and future capital requirements of the Company. The output of the process provides the Company with a view of own solvency needs in the form of an annual report that is approved by the Board and submitted to FINMA.

Mr. Eric Pizarro, Senior Vice President, Head of Capital Modelling, is the manager responsible for the Company's risk management function. Mr. Pizarro is a Zug-based employee of the Company and reports to the Managing Director and the Board on risk management matters.

Internal Controls System:

Our internal controls system is a critical component for the safe and sound operation of the Company, and comprises a coherent, comprehensive and continuous set of mechanisms designed to secure at least the following:

- That the Company operates effectively and efficiently, and within agreed risk tolerances, as it pursues its objectives;
- Availability and reliability of financial and non-financial information; and
- Compliance with applicable laws and regulations.

We have implemented both entity-wide and process-specific control procedures that help management ensure that the Company's day-to-day operations are appropriately controlled. A mix of internal controls is required to ensure a robust internal controls environment throughout the Company. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, segregation of duties, checks for compliance with agreed exposure limits and operating guidelines, and following-up on non-compliance.

Management is responsible for, and assumes ownership of, the internal controls system. They set the "tone at the top" for integrity and ethics to ensure a positive control environment, and they assign responsibility for the establishment of specific internal controls procedures. Management is accountable to the Board, which provides guidance and oversight. The Board, coupled with effective upward communication channels and capable financial, legal, risk management, actuarial, claims, human resources and internal audit functions, is a key element of our robust internal controls system.

Compliance Function:

The Company's compliance function promotes an organizational culture committed to integrity, ethical conduct and compliance with the law. It also sets standards, policies and procedures to provide reasonable assurance that the Company achieves its financial, operational and strategic objectives in accordance with its compliance obligations. In support of that mission, the compliance function:

- Works proactively with business partners to develop policies, procedures and processes that enable the Company to achieve its strategic objectives in a manner consistent with its ethical standards and applicable law;

- Drives the Company toward a business culture that builds and actively promotes compliance, and encourages and requires employees to conduct business with honesty and integrity in an ethical and law-abiding fashion;
- Promotes open and free communication regarding the Company's ethical and compliance obligations, including mechanisms that allow for anonymity or confidentiality so that the organization's employees may report or seek guidance regarding potential or actual wrongdoing without fear of retaliation;
- Provides training and guidance regarding applicable laws, regulations and the Company's policies, and clearly communicates ethical guidance;
- Identifies compliance risks affecting the Company and works to minimize those risks;
- Prevents or promptly detects and resolves issues of misconduct or non-compliance to the extent possible; and
- Takes whatever steps may reasonably be necessary to enhance and protect the Company's reputation for integrity and ethics throughout its business community.

Ms. Sarah Mitchell, Vice President, Assistant General Counsel & Corporate Secretary, is the manager responsible for the Company's compliance function. Ms. Mitchell is a Zug-based employee of the Company and reports to the Managing Director and the Board on compliance matters.

Internal Audit Function:

The purpose of the Company's internal audit function is to strengthen the Company's ability to create, protect and sustain value by providing the Company's Board of Directors and management with independent, risk-based and objective assurance, advice, insight and foresight. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Company's risk management, control and governance processes. The Company's internal audit function governs itself by adherence to the mandatory elements of The Institute of Internal Auditors' (the "IIA") International Professional Practices Framework, which are the Global Internal Audit Standards (the "Standards") and the Topical Requirements. The Head of Internal Audit ensures that all internal auditors conform with the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care and confidentiality. The Board grants the internal audit function the mandate to provide the Board and senior management with objective assurance, advice, insight and foresight.

The internal audit function, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of the Company's records, physical properties and personnel pertinent to carrying out any engagement. All directors, officers and employees are requested to assist the internal audit

function in fulfilling its roles and responsibilities. The Board also authorizes the internal audit function the ability to allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques and issue communications to accomplish its objectives.

The Company's internal audit function operates in an environment which allows it to carry out its responsibilities in an unbiased manner, including on matters of audit selection, scope, procedures, frequency, timing and report content. If the Head of Internal Audit were to determine that the internal audit function's independence or objectivity may be impaired in fact or appearance, the details of impairment would be disclosed to the relevant parties for appropriate resolution. The Company's internal audit function has no direct operational responsibility or authority over any Company activities. Accordingly, it will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair its judgement. The scope of internal auditing encompasses, but is not limited to, the objective examination and evaluation of evidence for the purpose of providing independent assessments to the Board and management on the adequacy and effectiveness of the Company's governance, risk management and internal controls. This includes:

- Evaluating risk exposure relating to the achievement of the Company's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify and report such information.
- Evaluating systems established to ensure compliance with policies, plans, procedures, laws and regulations that could have a significant impact on the Company.
- Evaluating the compliance of the Company's directors, officers and employees with policies, procedures and applicable laws, regulations and governance standards.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes and the effectiveness of the Company's risk management process.
- Assisting the risk management function in assessing and validating the Company's ERM procedures.

- Performing consulting and advisory services related to governance, risk management and controls as appropriate for the Company.
- Reporting periodically on the Company's internal audit function's purpose, authority, responsibility and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by the Board.
- Evaluating specific operations at the request of the Board or management, as appropriate.
- Assisting management in testing internal controls over financial reporting.

Annually, the Head of Internal Audit submits to management and the Board a risk-based internal audit plan for review and approval. The internal audit plan consists of a work schedule and resource requirements for the calendar year. The Head of Internal Audit will communicate the impact of resource limitations and significant interim changes to management and the Board, if any. The internal audit plan is developed based on a prioritization of the audit universe using a risk-based methodology, including input of management and the Board. The Head of Internal Audit reviews and adjusts the plan, as necessary, in response to changes in the Company's business, risks, operations, programs, systems and controls. Any significant deviation from the approved internal audit plan is communicated to management and the Board.

A written report is prepared and issued following the conclusion of each internal audit engagement and internal audit results are also communicated to the Board. The internal audit report includes management's response and corrective action taken or to be taken with regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter, includes a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented. The Company's internal audit function is responsible for appropriate follow-up on engagement findings and recommendations. All significant findings remain in an open issues file until cleared.

The Company's internal audit function maintains a quality assurance and improvement program that covers all aspects of internal audit activity. The program includes an evaluation of the function's conformance with the Standards and the principles of Ethics and Professionalism. The program will also assess the efficiency and effectiveness of the internal audit function and identify opportunities for improvement.

D. Risk Profile

The Company utilizes various tools to assist in the identification and assessment of risks in order to obtain a holistic view of its risk profile and enable the organization to assess the relationships between material risks. We have identified the following as the main categories of risk within our business:

- *Insurance risk:* This is the risk of fluctuations in amounts payable to policyholders and cedents, including premium risk, catastrophe risk and reserve risk. This is the primary risk for the Company.
- *Credit risk:* This risk primarily arises from the ceding of claims and claim expenses to outward reinsurers. The ceding of claims and expenses to other reinsurers is a principal risk management activity, and it requires careful monitoring of the concentration of our reinsured exposures and the creditworthiness of the reinsurers to which we cede business. Other sources include insurance receivables and bank deposits.
- *Market risk:* The Company's largest exposures are to foreign exchange rate risk, interest rate risk, equities, credit spreads and real estate.
- *Liquidity risk:* This is the risk of being unable to meet financial obligations, including policyholder and ceding company loss and loss expense payments, as they fall due, or the inability to meet such obligations except at excessive cost.
- *Operational risk:* This encompasses a wide range of risks related to our operations, including corporate governance, claims settlement processes, regulatory compliance, employment practices, human resources and information technology exposures (including disaster recovery, cyber-security and business continuity planning).
- *Group risk:* This includes the potential adverse impact on the Company as a result of intra-group interactions and/or reputation.
- *Strategic risk:* This risk arises from the inability to implement or achieve appropriate business plans and/or strategies.

The Company utilizes various tools to assess these material risks, including the SST, the FCM, external vendor models for natural catastrophe risk, the ORSA, the Risk Register and stress and scenario testing.

The Company underwrites catastrophe exposures which, by definition, are a source of concentration risk. Catastrophe risk is quantified and monitored using third-party catastrophe models and mitigated using outward reinsurance.

The Company has one significant risk concentration other than the catastrophe risk noted above. As of December 31, 2025, it holds \$330.4 million of U.S. government bonds (including accrued interest). The risk from this concentration has been evaluated within the SST.

Risk Mitigation:

We use three forms of risk mitigation: (1) avoidance of risk, (2) transfer of risk (e.g., reinsurance purchasing), and (3) limitation of risk (e.g., setting risk appetite limits and tolerances, establishment of risk controls, etc.).

Risk Scenarios and Expected Shortfall:

We assess the risk profile quantitatively through the target capital of the SST. The components of target capital are shown below.

Target capital contribution by risk category as of December 31, 2025 (\$ m's)	
	Contribution
1) Expected shortfall @ 99%	
Credit risk	(11.7)
Market risk	(39.5)
Insurance risk	(130.2)
Diversification credit	37.6
Effect of scenarios on target capital	(9.1)
Expected shortfall @ 99% (aggregate)	(152.9)
2) Expected result	
Expected insurance result	4.0
Expected financial result	4.7
Total expected result	8.7
3) Effect of the capital cost reserve on the target capital	
Effect of the capital cost reserve on the target capital	7.6
4) Target capital	
Expected shortfall @ 99% incl. expected result	<u><u>(136.6)</u></u>

The insurance risk calculation incorporates eight non-experience scenarios specified by FINMA and two scenarios defined by the Company. Historically (excluding at year end 2024), the assumed reinsurance portfolio, and in particular assumed reinsurance property catastrophe business, has been the main driver of insurance risk for the Company. The Quota Share significantly reduces the Company's catastrophe and other current year insurance risk. The majority of catastrophe risk arises from perils within Europe. Catastrophe risk is quantified using an external vendor model. Deterioration of reserves from attritional claims is the second largest contributor to insurance risk.

The scenario aggregated in the target capital is a concentration risk scenario calculated on the Company's holdings of U.S. government bonds.

Market risk, credit risk and the diversification credit are quantified using the FCM.

At year-end 2024, reserve risk replaced catastrophe risk as the largest contributor to the Company's insurance risk and target capital. This was due to the significant reduction in the



Company's catastrophe and other current year insurance risk resulting from the Quota Share. At year-end 2025, catastrophe risk is again the main driver of the Company's insurance risk. The relative increase in catastrophe risk, which is primarily denominated in Euros, is largely attributable to depreciation of the U.S. dollar against the Euro. Excluding changes in foreign exchange rates, natural catastrophe risk has decreased.

The Company does not attempt to quantify the operational risks to which it is exposed. It does, however, seek to reduce the likelihood and severity of operational risks through its ERM framework, as described above. As a result of the controls in place that mitigate operational risks, there is a low likelihood of an operational risk loss of any significance.

E. Valuation for Solvency Purposes

Market Value Assessment of Assets:

The following table shows the assets used for solvency purposes as of December 31, 2025:

<u>Assets used for solvency purposes as of December 31, 2025 (\$ m's)</u>				
	<u>Original Currency</u>	<u>Statutory Balance Sheet</u>	<u>SST Balance Sheet</u>	<u>Difference</u>
Real estate	CHF	10.2	10.2	-
Fixed-income securities	Multiple	400.4	412.9	(12.5)
Equity Securities	\$	33.5	55.4	(21.9)
Other investments	Multiple	32.1	65.3	(33.2)
<i>Collective investments</i>	Multiple	30.5	63.7	(33.2)
<i>Asset-backed securities</i>	\$	1.6	1.6	-
Total investments		476.2	543.8	(67.6)
Other assets				
Cash and cash receivables	Multiple	25.4	25.4	-
Receivables from insurance business	Multiple	79.7	79.7	-
Fixed assets	Multiple	14.3	14.3	-
Other receivables	Multiple	0.7	0.7	-
Other assets	Multiple	5.1	5.1	-
Total other assets		125.2	125.2	-
Total market-consistent value of assets		601.4	669.0	(67.6)

The statutory amounts shown above are consistent with the Company's audited statutory financial statements as of December 31, 2025. The Company's statutory financial statements have been prepared in accordance with the Swiss accounting and financial reporting legislation, Art. 957 to 962a Code of Obligations and the relevant insurance supervision law, particularly the ISO and the Insurance Supervision Ordinance – FINMA. The Company recognized and valued assets and liabilities for SST purposes in accordance with Art. 39 to 43 of the Insurance Supervision Ordinance and with the FINMA guidelines for preparing the SST report 2026.

In the table above, fixed maturity investments, equities and other investments are presented differently when compared to the audited statutory financial statements. The presentation above is consistent with that used for the SST balance sheet for the year ending December 31, 2025.

The market value assessment of assets for solvency purposes has resulted in the following differences with the valuation shown in the audited financials.

- *Fixed maturity investments and other investments:* For solvency purposes, all investments are carried at their current fair value. For statutory purposes, they are carried at a maximum value equal to their amortized cost, less impairment. As of December 31, 2025, the Company mainly held investments in U.S. treasury bonds

within its investment portfolio. Highly liquid investments, including short-term bonds with an original maturity of twelve months or fewer at the time of purchase, are classified under cash and cash equivalents for both statutory and SST reporting.

- *Equities and collective investments:* For solvency purposes, all equities are carried at their current fair value. For statutory purposes, they are carried at a maximum value equal to their cost value, less impairment. Under this valuation principle, the value of the equity securities and collective investments as of December 31, 2025 is \$55.1 million below their current market value.

For the SST balance sheet, investments in government bonds, corporate bonds, collateralized securities, collective investment undertakings and equities are valued at market value. Market value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Market values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and in such cases, the Company applies valuation techniques to measure their value. These valuation techniques make maximum use of observable market data, where relevant. There is no standard model, and different assumptions may generate different results. Fair values are subject to a control framework designed to ensure that input variables and output are assessed independently of the risk taker. The Company has minimal exposure to financial assets or liabilities for which there are no quoted prices in an active market.

The Company has access to additional assets in the event that its solvency ratio falls below 101%. A security assignment agreement exists between the Company and Allied World Bermuda, pursuant to which Allied World Bermuda will provide, through a security assignment account (the "Security Assignment Account"), amounts sufficient to raise the Company's solvency ratio to 101%. As of December 31, 2025, the Company's solvency ratio exceeded 101% and as a result the value of the Security Assignment Account was not required to be included in the statutory or market value assets shown above.

Statutory Technical Provisions:

Under the Swiss insurance regulatory regime, the statutory technical provisions are the sum of the following balance sheet items:

- Reserves for losses and loss expenses;
- Unearned premiums reserves; and
- Equalization reserves.

The claims and premium components are calculated both gross and net of outward reinsurance, while the equalization reserves component is calculated net of outward reinsurance.

The reserves for losses and loss expenses are the undiscounted best estimate of all future cash flows relating to claim events prior to the valuation date. They account for both claims reported but not yet settled, and claims incurred but not yet reported.

For ultimate loss projections, we have relied on commonly used actuarial methods, including loss development, Bornhuetter-Ferguson and expected ratio methods. In general, we have selected a combination of paid and reported development methods (shorter-tail lines of business) with the Bornhuetter-Ferguson method (longer-tail lines of business) for the older years and the expected ratio method for the more recent years. We have generally selected methods based on the reported losses rather than paid losses due to the additional information contained within the reported data and a stable case estimation process over time.

When selecting development patterns, we have been careful to investigate any trends in development over time. When trends have been identified, we have sought to understand the reason for the trends and have selected an appropriate history for the weighted average selection. For longer-tail lines of business, we have largely based our loss development pattern selections on industry benchmarks due to insufficient loss development experience.

The unearned premium component is the undiscounted best estimate of the unearned portion relating to the future exposure arising from policies under which the (re)insurer is obligated at the valuation date. It is calculated using the *pro rata temporis* method.

The level of uncertainty associated with technical provisions is the extent to which future cash flows can be estimated. There is the inherent uncertainty in insurance claims that historical experience will not be entirely predictive of future claims:

- Such uncertainty is higher for longer-tailed lines of business. Direct and assumed liability lines take longer to develop and are therefore more susceptible to this type of uncertainty. This is particularly true of excess casualty and professional lines.
- The selection of initial expected loss ratios, which are largely based on the Company's pricing assumptions, expectations and experience to date, are also a key area of uncertainty.

This uncertainty is the rationale for maintaining the equalization reserves because these technical provisions, by their nature, cannot be quantified precisely and are subject to random fluctuations. These reserves are calculated as the margin to bring the held net unpaid loss and loss expenses (usually considered as best estimate) to the 80th percentile of the distribution of all possible outcomes based on stochastic simulations. In 2025, FINMA approved the new reserving policy of the Company.

The breakdown of the insurance reserves indicating gross amount, reinsurers' share and the amount for own account as of December 31, 2025 and 2024 is shown in the following table:

Insurance reserves as of December 31, 2025 and 2024 (\$ m's)		
	<u>2025</u>	<u>2024</u>
Reserves for losses and loss expenses, gross	430.7	433.8
Reserves for losses and loss expenses, ceded	(127.5)	(114.8)
Reserves for losses and loss expenses, net	<u>303.2</u>	<u>319.0</u>
Unearned premium, gross	35.2	32.5
Unearned premium, ceded	(14.1)	(13.1)
Unearned premium, net	<u>21.1</u>	<u>19.4</u>
Equalization reserve	<u>11.8</u>	<u>31.9</u>
Total insurance reserve, net	<u>336.1</u>	<u>370.3</u>

The Company's Responsible Actuary provides an independent opinion on the technical provisions on an annual basis. His opinion is documented in the Responsible Actuary Report, which is presented to, and discussed with, management and the Board on an annual basis.

Market Value Assessment of Technical Provisions and Other Liabilities:

The following table shows the liabilities used for solvency purposes as of December 31, 2025:

Liabilities used for solvency purposes as of December 31, 2025 (\$ m's)				
	<u>Original Currency</u>	<u>Statutory Balance Sheet</u>	<u>SST Balance Sheet</u>	<u>Difference</u>
Reserves for losses and loss expenses, gross	Multiple	430.7	383.5	47.2
Reserves for losses and loss expenses, ceded	Multiple	(127.5)	(113.4)	(14.1)
Market value margin	\$	-	28.9	(28.9)
Unearned premium, gross	Multiple	35.2	2.8	32.4
Unearned premium, ceded	Multiple	(14.1)	0.1	(14.2)
Equalization reserve	\$	11.8	-	11.8
Other long-term debt	CHF	18.8	18.8	-
Insurance payables	Multiple	14.9	14.9	-
Accrued liabilities	Multiple	2.2	2.2	-
Other payables	Multiple	8.6	8.6	-
Total liabilities		380.6	346.4	34.2

The Company does not have any major risk concentrations on the liability side. Its direct insurance and reinsurance portfolios are well diversified with business written in Switzerland and Bermuda. Regarding retrocession, the Company purchases reinsurance from over 40 reinsurers for its current year exposures.

Market values for insurance liabilities have been calculated based on the following information as of the valuation date of December 31, 2025:

- Estimated undiscounted loss reserves for claims from expired exposure that occurred prior to the valuation date, gross and net of reinsurance, by reporting line of business;
- Estimated undiscounted loss reserves for expected future claims from unexpired risks that incepted prior to the valuation date, gross and net of reinsurance, by reporting line of business;
- Estimated undiscounted loss reserves for expected future claims from risks bound prior to, but incepting after, the valuation date, net of estimated future premium cashflows, gross and net of reinsurance, by reporting line of business; and
- Estimated payment patterns by reserving line of business.

The best estimate of the net loss and allocated loss expense is the Company's undiscounted best estimate.

The net best estimates (including unallocated loss expense) for each line are discounted using the FINMA-mandated discount rates for the currency of the corresponding line.

The differences between the statutory and market valuations are driven by:

- The discounting effect of the gross and ceded loss and loss expense reserves on the market valuation;
- The discounting effect and adjustment for cashflows associated with unearned and bound (but not incepted) premium exposures on the market valuation; and
- The inclusion of equalization reserves in the Company's statutory balance sheet (as of December 31, 2025, the equalization reserves amounted to \$11.8 million and are not included in the market valuation of liabilities).

The Company does not use any alternative methods for valuation.

Mortgage and other long-term debt are valued at nominal value. The market values used for solvency purposes agree with the financials for all other liability classes.

The market value margin was quantified using the FCM.

The principles and methods stated above are used to assign market-consistent values to the positions of assets and liabilities. The balance sheet is not exposed to any exceptional risks or concentration of risks that create significant uncertainties in these valuations. The market valuations are therefore a reasonable assessment of the capital available to meet the minimum capital required by the SST target capital.

F. Capital Management

The Company seeks at all times to hold sufficient capital to meet its current and projected business activities and to comply with all applicable laws and regulations. The Company strives to maintain an SST ratio in excess of 120%. As a part of the ORSA process, the Company evaluates scenarios that could threaten its solvency over a three-year time horizon.

The breakdown of the statutory own funds as of December 31, 2025 and 2024 is shown in the following table:

Statutory own funds (shareholder's equity) as of December 31, 2025 and 2024 (\$ m's)		
	<u>2025</u>	<u>2024</u>
Share capital	10.1	10.1
Capital reserve from tax capital contributions	185.9	185.9
Other statutory capital reserve	100.9	100.9
Retained earnings and net loss	(76.1)	(114.3)
Total statutory own funds	220.8	182.6

The total shareholder's equity increased from \$182.6 million as of December 31, 2024 to \$220.8 million as of December 31, 2025.

The aggregate composition of the risk-bearing capital as of December 31, 2025 and 2024 is as follows (the complete composition can be seen in Appendix A (Annual Quantitative Reporting Templates—Market-consistent Balance Sheet Solo):

Market-consistent Balance Sheet as of December 31, 2025 and 2024 (\$ m's)			
	<u>2025</u>	<u>2024 restated</u>	<u>Difference</u>
Total investments	543.8	478.9	64.9
Total other assets	125.2	138.0	14.2
Total market-consistent value of assets	669.0	616.9	52.1
Total best estimate provision for liabilities	386.3	382.9	3.4
Total reinsurers' share of liabilities	(113.3)	(93.6)	(19.6)
Market value margin	28.9	24.8	4.1
Total insurance technical liabilities	301.9	314.1	(12.2)
Total other liabilities	44.5	37.0	7.5
Total market-consistent value of liabilities	346.4	351.1	(4.7)
Risk-bearing capital	322.6	265.8	(56.8)

The following table contains a reconciliation of statutory own funds and market value risk-bearing capital as of December 31, 2025 and 2024.

Risk-bearing capital as of December 31, 2025 and 2024 (\$ m's)		
	<u>2025</u>	<u>2024</u> <u>restated</u>
Total statutory own funds	220.8	182.6
Re-evaluation of investments	67.6	27.0
Equalization reserves	11.8	31.9
Re-evaluation of technical reserves	51.3	49.1
Re-evaluation of receivables/payables	-	-
Market value margin	(28.9)	(24.8)
Risk-bearing capital	322.6	265.8

The risk-bearing capital increased by \$56.8 million to \$322.6 million in 2025 compared to the restated risk-bearing capital in 2024. The difference relative to statutory capital increased from \$83.2 million in the prior year to \$101.8 million in 2025. The main contributor to the increase in the difference was a larger revaluation of investments. This larger deviation was partially offset by a reduction in equalization reserves, which are excluded from risk-bearing capital.

Furthermore, the Security Assignment Account remains in place; however, its value cannot be credited to risk-bearing capital above the amount needed to raise the solvency ratio to 101%.

G. Solvency

The calculation of non-catastrophe insurance risk capital was undertaken according to FINMA's specifications for the StandRe. In following these specifications, we have relied primarily on the Company's own experience to model non-catastrophe risk. In addition, we have included eight non-experience scenarios specified by FINMA and two scenarios specified by the Company. Aggregation within insurance risk follows StandRe requirements. Natural catastrophe risk was modelled with an external vendor model.

The Company continues to model its largest risk, natural catastrophe, with the same external model. Market risk, credit risk, aggregation with insurance risk and the risk margin were calculated according to the FCM.

Components of Target Capital:

The following are the components of target capital (as specified in the SST standard template) as of December 31, 2025 and 2024:

Target capital as of December 31, 2025 and 2024 (\$ m's)		
Expected shortfall @ 99%	<u>2025</u>	<u>2024</u> <u>restated</u>
Insurance risk	(130.2)	(122.4)
Market risk	(39.5)	(37.6)
Credit risk	(11.7)	(14.6)
Diversification credit	37.6	38.8
Effect of scenarios on target capital	(9.1)	(3.3)
Total	(152.9)	(139.1)
Expected Results		
Insurance result	4.0	4.6
Financial result	4.7	3.6
Effect of the capital cost reserve on the target capital		
Effect of the capital cost reserve on the target capital	7.6	7.1
Target capital	(136.6)	(123.8)

The target capital increased by \$12.8 million (or 10%) between year-end 2024 and 2025. The largest driver was the \$7.8 million increase in insurance risk, which was primarily due to the appreciation of the Euro, the currency in which the majority of the Company's reinsurance property catastrophe business is underwritten. The second largest contributor was the \$5.8 million increase in the contribution from the concentration risk scenario. This scenario models the loss to the Company from default on its \$330.4 million holding of U.S. government bonds. The size of the portfolio has increased (2024: \$283.6 million); the probability of default has also increased following the credit rating downgrade of the U.S. federal government by two

credit ratings agencies. Market risk increased by \$1.9 million as a net result of largely offsetting movements in equity risk, foreign exchange risk, interest rate risk and the diversification credit. Credit risk decreased, mainly due to a reduction in our holding of corporate bonds. The movements in other risk categories were not material.

Components of Market Risk:

The table below shows the major components of market risk as of December 31, 2025 and 2024:

Market risk as of December 31, 2025 and 2024 (\$ m's)			
Market Risk (Expected shortfall @ 99%)		<u>2025</u>	<u>2024</u>
Interest rate risk		(20.7)	(29.5)
	<i>Interest rate CHF</i>	(0.7)	(0.3)
	<i>Interest rate EUR</i>	(7.3)	(7.8)
	<i>Interest rate USD</i>	(24.2)	(35.4)
	<i>Interest rate GBP</i>	(2.1)	(2.4)
Spreads		(1.2)	(6.4)
FX-risk total		(8.5)	(23.9)
Equity		(36.4)	(23.9)
Real estate		(4.7)	(4.9)
Diversification		32.0	51.0
Total		(39.5)	(37.6)

The largest change within market risk (excluding the diversification credit) was the reduction in foreign exchange risk. The decrease was primarily the result of a reduction in the Euro asset/liability mismatch. Interest rate risk also decreased, reflecting a decrease in the duration of our portfolio. Equity risk increased as a result of increased holdings. Equity risk is now significantly greater than other risk categories, driving a reduction in the diversification credit within market risk.

Components of Insurance Risk:

The table below shows the components of insurance risk as of December 31, 2025 and 2024:

Insurance Risk as of December 31, 2025 and 2024 (\$ m's)		
Insurance Risk (ES @ 99%)	<u>2025</u>	<u>2024</u>
Reserve risk - attritional	(90.0)	(88.8)
Individual events - prior years	(30.1)	(30.6)
Premium risk - attritional	(28.2)	(23.8)
Individual events - current year	(32.0)	(32.1)
Natural catastrophe events	(94.6)	(87.3)
Diversification	144.7	140.2
Total insurance risk	<u>(130.2)</u>	<u>(122.4)</u>

The largest increase was in natural catastrophe risk. The majority of the Company's natural catastrophe exposures are in Euros, and the Euro strengthened significantly against the U.S. dollar in 2025. Excluding foreign exchange adjustments, the Company's natural catastrophe risk decreased slightly. Attritional premium risk also increased as a result of small changes in the mix of business in response to changes in market conditions. Attritional reserve risk increased minimally as a result of the inclusion of reserves which were previously modelled as large events but are much smaller at year-end 2025 as a result of claim payments. Changes to other insurance risk categories were not material.

The small increase in the diversification credit is an outcome of the aggregation methodology of the FCM. In aggregate, the movements in risk categories and the diversification credit drove a net increase in insurance risk of \$7.8 million (6%). The following table shows a comparison of the SST ratio components as of December 31, 2025 and 2024.

Solvency as of December 31, 2025 and 2024 (\$ m's)		
	<u>2025</u>	<u>2024</u> restated
Target capital	(136.6)	(123.8)
Risk-bearing capital	322.6	265.8
SST Ratio	<u>236.1%</u>	<u>214.7%</u>

The increase in the SST ratio from 2024 to 2025 reflects an increase in target capital of \$12.8 million (10%) and a much larger increase in risk-bearing capital of \$56.8 million (21%).

The current information about solvency (risk-bearing capital, target capital) corresponds to the information that the Company has submitted to FINMA.

Appendices

Annual Quantitative Reporting Templates

Financial situation report: quantitative template
"Simplified SST Balance Sheet Solo"

Currency: USD
or currency for
SST reporting
Amounts stated
in
millions

		Ref. date previous period	Adjustments previous period	Ref. date reporting year
Market conform value of investments	Real estate	10.5		10.2
	Participations			
	Fixed-income securities	384.8		412.9
	Loans			
	Mortgages			
	Equities	32.9		55.4
	Other investments	50.7		65.3
	Collective investment schemes	48.8		63.7
	Alternative investments			
	Structured products			
	Other investments	1.9		1.6
	Total investments	478.9		543.8
Market conform value of other assets	Financial investments from unit-linked life insurance			
	Receivables from derivative financial instruments			
	Deposits made under assumed reinsurance contracts			
	Cash and cash equivalents	26.5		25.5
	Share of technical provisions from reinsurance	93.6		113.2
	Direct insurance: life insurance business (excluding unit linked life insurance)			
	Reinsurance: life insurance business (excluding unit linked life insurance)			
	Direct insurance: non-life insurance business	90.7		95.8
	Reinsurance: non-life insurance business	2.9		17.5
	Direct insurance: health insurance business			
	Reinsurance: health insurance business			
	Direct insurance: other business			
	Reinsurance: other business			
	Direct insurance: unit-linked life insurance business			
	Reinsurance: unit-linked life insurance business			
	Fixed assets	14.8		14.3
	Deferred acquisition costs			
	Intangible assets			
Receivables from insurance business	91.4		79.7	
Other receivables	0.9		0.7	
Other assets	4.4		5.1	
Unpaid share capital				
Accrued assets				
Total other assets	231.6		238.5	
Total market conform value of assets	Total market conform value of assets	710.5		782.3
Market conform value of liabilities (including unit linked life insurance)	Best estimate of insurance liabilities	382.9		386.3
	Direct insurance: life insurance business (excluding unit linked life insurance)			
	Reinsurance: life insurance business (excluding unit linked life insurance)			
	Direct insurance: non-life insurance business	136.3		153.0
	Reinsurance: non-life insurance business	246.6		233.3
	Direct insurance: health insurance business			
	Reinsurance: health insurance business			
	Direct insurance: other business			
	Reinsurance: other business			
	Best estimate of unit-linked life insurance liabilities			
	Direct insurance: unit-linked life insurance business			
Reinsurance: unit-linked life insurance business				
Market value margin	17.7	7.1	28.9	
Market conform value of other liabilities	Non-technical provisions			
	Interest-bearing liabilities	16.7		18.8
	Liabilities from derivative financial instruments			
	Deposits retained on ceded reinsurance			
	Liabilities from insurance business	8.9		14.9
	Other liabilities	8.4		8.6
	Accrued liabilities	3.0		2.2
Subordinated debts				
Total market conform value of liabilities	Total market conform value of liabilities	437.6	7.1	459.7
	Market conform value of assets minus market conform value of liabilities	272.9	(7.1)	322.6

Financial situation report: quantitative template "Solvency Solo"

 Currency: USD or
 currency for SST
 reporting
 Amounts stated in
 millions

		Ref. date previous period	Adjustments previous period	Ref. date reporting year
		in USD millions	in USD millions	in USD millions
Derivation of RBC	Market conform value of assets minus market conform value of liabilities	272.9		322.6
	Deductions			
	Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital			
	Core capital	272.9		322.6
	Supplementary capital			
	RBC	272.9	(7.1)	322.6

		Ref. date previous period	Adjustments previous period	Ref. date reporting year
		in USD millions	in USD millions	in USD millions
Derivation of target capital	Insurance risk	122.4		130.2
	Market risk	37.6		39.5
	Credit risk	14.6		11.7
	Diversification effects	(38.8)		(37.6)
	Other effects on target capital	(4.9)		(7.2)
		Target capital	130.9	(7.1)

	Ref. date previous period	Adjustments previous period	Ref. date previous period
	in %	in %	in %
SST ratio	208.5%	6.2%	236.1%

Report of the Statutory Auditor



Allied World Assurance
Company, AG
Zug

**Report of the statutory auditor
to the General Meeting
on the financial statements 2025**



Report of the statutory auditor to the General Meeting of Allied World Assurance Company, AG, Zug

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Allied World Assurance Company, AG (the Company), which comprise the statutory balance sheet as at 31 December 2025, and the statutory income statement for the year then ended, and notes to statutory financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and 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 Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also 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 information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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 in the audit or otherwise appears to be materially misstated.

If, based on 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.

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Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines 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 Board of Directors is responsible for assessing the Company'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 Board of Directors either intends to liquidate the Company or to cease operations, or has 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 Swiss law and SA-CH 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the audit of the financial statements. We remain solely responsible for our audit opinion.



We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

We further confirm that the proposed Appropriation of Deficit complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

/s/ Beat Walter

Beat Walter
Licensed audit expert
Auditor in charge

/s/ Nicolas Stadler

Nicolas Stadler
Licensed audit expert

Zürich, 21 April 2026

Enclosures:

- Financial statements (statutory balance sheet, statutory income statement and notes to statutory financial statements)
- Proposed Appropriation of Deficit

**ALLIED WORLD ASSURANCE COMPANY, AG
SWISS STATUTORY FINANCIAL STATEMENTS**

for the year ending December 31, 2025

Allied World Assurance Company, AG
Statutory Financial Statements
Table of Contents

Table of Contents

<u>Management Report 2025</u>	<u>2</u>
<u>Statutory Balance Sheet</u>	<u>5</u>
<u>Statutory Income Statement</u>	<u>6</u>
<u>Notes</u>	<u>7</u>
<u>Proposed Appropriation of Deficit</u>	<u>15</u>

Allied World Assurance Company, AG
Statutory Financial Statements
Management Report 2025

Management Report 2025

General

Allied World Assurance Company, AG (the “Company”) was incorporated in Switzerland in the Canton of Zug on May 6, 2010. On March 30, 2011, the Company obtained a license from the Swiss Financial Market Supervisory Authority (“FINMA”) to conduct business in non-life direct insurance and reinsurance. In 2012, the Company established a Bermuda branch in order to offer its insurance products via Bermuda throughout the United States of America. Since April 2012, the Company is registered as a Class 3A insurer under the Bermuda Insurance Act 1978.

The Company is a wholly-owned subsidiary of Allied World Assurance Holdings (Ireland) Ltd (the “Holding Company”) and has its head office at Park Tower, Gubelstrasse 24, 6300 Zug, Switzerland. The Company has an annual average of less than 50 full-time employees.

Risk assessment

The Company maintains an entity-wide enterprise risk management framework. The risk processes address the nature and scope of business activities of, and the specific risks to, the Company. The Board of Directors of the Company is responsible for assessing risks related to the financial reporting process and for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the finance function, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s statutory financial statements in accordance with Swiss accounting and financial reporting legislation.

The Company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Swiss accounting and financial reporting legislation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

The Board of Directors of the Company regularly meets with management, the independent registered auditors and the internal auditor; approves the overall scope of audit work and related fee arrangements; and reviews audit reports and findings.

Business Year 2025

The Company reported net income after taxes of USD 38.2 million in 2025 compared to a net loss of USD 14.6 million in 2024. The Company wrote similar risks as in 2024 and gross written premium in 2025 totaled USD 125.5 million, of which USD 30.5 million (or 24.3%) was written in direct insurance business and USD 95.0 million (or 75.7%) was written in assumed reinsurance business. Gross written premium in assumed reinsurance business decreased by USD 14.2 million compared to prior year and gross written premium in direct insurance business decreased by USD 2.0 million compared to prior year. Net premiums earned totaled USD 71.4 million, which was a decrease of USD 37.3 million (or 34.3%) compared to prior year and was mainly driven by assumed reinsurance business.

Allied World Assurance Company, AG
Statutory Financial Statements
Management Report 2025

The Company reported a combined ratio of 57.6% in 2025 compared to 128.1% in 2024. The main driver behind the decrease in the combined ratio was a significant decrease in net losses and loss expenses compared to prior year. In 2025, net losses and loss expenses were USD 9.2 million in assumed reinsurance business and USD 17.8 million in direct insurance business. There were no major catastrophe events in 2025 in the Swiss assumed reinsurance business. Additionally, the equalization reserve in the amount of USD 20.1 million was released as the reserving policy no longer requires an equalization reserve for treaty reinsurance business.

Net acquisition costs of USD 4.1 million and USD 9.2 million were incurred in 2025 and 2024, respectively. Administrative expenses decreased by USD 0.2 million to USD 10.1 million in 2025 compared to USD 10.3 million in 2024 and mainly consisted of personnel expenses, other administrative expenses and depreciation. The expense ratio was 19.9% in 2025 compared to 18.0% in 2024. This increase was driven by an increase in administrative expenses and a decrease in net premium earned. The total (re)insurance activities resulted in underwriting income of USD 30.3 million in 2025.

As of December 31, 2025, total assets were USD 743.0 million and total liabilities were USD 522.2 million; gross reserves for losses and loss expenses were USD 430.7 million; unearned premium reserves, gross were USD 35.2 million; and equalization reserves were USD 11.8 million. The Company maintains tied assets in the amount of USD 27.5 million as of year-end 2025 to support Swiss direct insurance liabilities. The total portfolio of fixed maturity investments of USD 400.4 million consisted of global corporate and government bonds. Short-term bonds have an overall maturity of less than 12 months and are presented as cash and cash equivalents. The portfolio of equity securities as at the end of 2025 was USD 33.5 million. Asset-backed securities and investment funds are presented as Other investments. The investment funds amounted to USD 30.5 million in 2025 compared to USD 31.6 million in 2024. Investments in asset-backed securities decreased from USD 1.9 million in 2024 to USD 1.6 million in 2025. The performance of the investment portfolio was in line with management's expectations for the year.

Total shareholder's equity increased from USD 182.6 million as of December 31, 2024 to USD 220.8 million as of December 31, 2025.

Geopolitical events

The geopolitical environment in 2025 has remained highly uncertain, with ongoing conflicts and heightened global tensions, which present potential challenges to underwriting performance and operational resilience. The continuing war in Ukraine, instability in the Middle East including the armed conflict between Hamas-led Palestinian militant groups and Israeli military forces, the India-Pakistan conflict of May 2025 and the recent escalation of hostilities between the U.S./Israel and Iran have contributed to volatility in energy markets, supply chains and economic activity. These conditions create uncertainty that may influence premium adequacy, claims frequency and overall profitability. While tariffs and trade restrictions remain a factor in certain sectors, the more significant impact stems from geopolitical instability, which can disrupt financial markets and investment returns. To date there has been no significant financial impact on the Company in relation to any of the above conflicts. However, as these are ongoing events, it is difficult to predict the longer-term impact on the wider global geopolitical landscape and hence the potential adverse impact on our business and results of operations over time.

Business Objectives

The Company is a specialty reinsurance and insurance company that seeks to write a diversified portfolio of property and casualty business through its main office in the Canton of Zug and branch office in Bermuda. Its

Allied World Assurance Company, AG
Statutory Financial Statements
Management Report 2025

business objective is to write and grow a profitable book of business, which is diversified by business mix and geography and which contributes positive returns on equity to its parent entities.

The insurance activities focus on medium- to large-sized commercial clients in Switzerland and the United States where the Company offers general casualty and professional liability insurance products. The Company also offers property, general casualty and professional liability reinsurance products, primarily to clients in northern and central Europe and the Middle East.

Outlook

The Company's objective is to manage its core business, to maximize profitability and increase shareholder's funds through future market cycles. In addition, the Company seeks to develop a selected number of initiatives to expand its geographic distribution and product mix, with a focus on profitable growth.

Allied World Assurance Company, AG
Statutory Balance Sheet
as of December 31, 2025 and December 31, 2024

<i>as of December 31, (in 000's)</i>	Notes	2025		2024	
		USD	CHF	USD	CHF
ASSETS					
Real estate		10,188	8,022	10,495	9,455
Fixed maturity investments		400,408	315,307	357,504	322,104
Equity securities		33,452	26,342	20,000	18,020
Other investments	3	32,101	25,278	33,576	30,251
Reinsurance funds held		39,828	31,363	36,024	32,457
Cash and cash equivalents		25,451	20,042	56,818	51,192
Reinsurance recoverable	6	141,581	111,490	127,901	115,236
Fixed assets		14,339	11,291	14,788	13,324
Insurance balances receivable	4	39,835	31,369	55,519	50,022
Other receivables	5	682	537	897	808
Other assets		498	392	764	689
Accrued assets		4,606	3,624	3,618	3,256
Total assets		742,969	585,057	717,904	646,814
LIABILITIES AND SHAREHOLDER'S EQUITY					
Reserves for losses and loss expenses	6	430,709	339,167	433,831	390,874
Unearned premium reserves	6	35,194	27,714	32,505	29,286
Equalization reserve	6	11,832	9,317	31,920	28,759
Interest-bearing liabilities		18,763	14,775	16,732	15,075
Insurance balances payable	4	14,930	11,757	8,923	8,039
Other payables	5	8,580	6,756	8,368	7,539
Accrued liabilities		2,174	1,713	3,009	2,713
Total liabilities		522,182	411,199	535,288	482,285
Shareholder's equity					
Share capital	7	10,112	10,000	10,112	10,000
Statutory capital reserve					
Statutory capital reserves from tax capital contribution		185,953	173,939	185,953	173,939
Other statutory capital reserves		100,877	99,758	100,877	99,758
Total statutory capital reserves	7	286,830	273,697	286,830	273,697
Retained deficit and net income/ (loss)					
Carried forward		(114,326)	(141,509)	(99,752)	(106,332)
Net income / (loss)		38,171	31,670	(14,574)	(12,836)
Total retained deficit and net income / (loss)	7	(76,155)	(109,839)	(114,326)	(119,168)
Total shareholder's equity	7	220,787	173,858	182,616	164,529
Total liabilities and shareholder's equity		742,969	585,057	717,904	646,814

Allied World Assurance Company, AG
Statutory Income Statement
for the years ended December 31, 2025 and December 31, 2024

<i>for the years ended December 31, (in 000's)</i>	Notes	2025		2024	
		USD	CHF	USD	CHF
Gross written premium		125,519	104,143	141,814	124,899
Premium ceded		(52,387)	(43,465)	(37,282)	(32,835)
Net written premium		73,132	60,678	104,532	92,064
Change in reserves for unearned premium, gross		(2,690)	(2,232)	2,447	2,155
Change in reserves for unearned premium, ceded		994	825	1,781	1,568
Net premium earned		71,436	59,271	108,760	95,787
Total technical income from insurance activities	8	71,436	59,271	108,760	95,787
Losses and loss expenses paid, gross		(92,797)	(76,994)	(152,953)	(134,709)
Losses and loss expenses paid, ceded		11,531	9,567	45,454	40,032
Change in reserves for losses and loss expenses, gross		22,857	18,965	444	391
Change in reserves for losses and loss expenses, ceded		11,355	9,421	(12,121)	(10,675)
Change in equalization reserve		20,088	16,667	(629)	(554)
Net losses and loss expenses		(26,966)	(22,374)	(119,805)	(105,515)
Acquisition costs and administrative expenses, gross		(26,110)	(21,663)	(26,645)	(23,467)
Acquisition costs and administrative expenses, ceded		11,922	9,892	7,100	6,253
Net acquisition costs and administrative expenses	9	(14,188)	(11,771)	(19,545)	(17,214)
Total technical expenses from insurance activities		(41,154)	(34,145)	(139,350)	(122,729)
Investment income	10	21,664	17,974	20,450	18,011
Investment expenses	10	(3,364)	(2,791)	(6,131)	(5,400)
Investment result		18,300	15,183	14,319	12,611
Total operating result		48,582	40,309	(16,271)	(14,331)
Interest expense		(575)	(477)	(555)	(489)
Foreign exchange gain / (loss)		(9,025)	(7,489)	2,819	2,483
Net income / (loss) before tax		38,982	32,343	(14,007)	(12,337)
Direct tax (expense)		(811)	(673)	(567)	(499)
Net income / (loss)		38,171	31,670	(14,574)	(12,836)

Allied World Assurance Company, AG
Notes to Statutory Financial Statements

1. Corporate information

The Company's principal activity is to underwrite first- and third-party insurance and reinsurance risks. The Company was incorporated in Switzerland in the Canton of Zug on May 6, 2010 and is regulated by FINMA pursuant to the Insurance Supervisory Law. In 2012, the Company established a Bermuda branch in order to offer its insurance products via Bermuda throughout the United States of America. Since April 2012, the Company is registered as a Class 3A insurer under the Bermuda Insurance Law 1978. The Company is an indirect subsidiary of Allied World Assurance Company Holdings, Ltd, a Bermuda company that prepares consolidated financial statements according to the accounting principles generally accepted in the United States ("US GAAP"). The Company has an annual average of less than 50 full-time employees.

The balance sheet is shown as of December 31, 2025 and December 31, 2024. The income statement reflects the results of operations for the years ending December 31, 2025 and December 31, 2024.

2. Significant accounting policies

The Company's Statutory Financial Statements are presented in accordance with the Swiss accounting and financial reporting legislation, Art. 957 to 962a Code of Obligations, and the relevant insurance supervisory law, particularly with regard to the revised Insurance Supervisory Ordinance and the revised Insurance Supervisory Ordinance - FINMA. The reporting and functional currency for the Company is United States Dollars ("USD"). Additionally, the Swiss Franc ("CHF") amount is shown for informational purposes. Unless otherwise stated, all amounts are rounded to the nearest thousand USD and thousand CHF.

a) Cash and cash equivalents

All cash and cash equivalents are considered to be cash on hand, deposits or highly liquid investments, including short-term bonds, with an original maturity of twelve months or less at the time of purchase.

b) Investments

Fixed maturity investments

Investments in fixed maturity investments are carried at a maximum value equal to their amortized cost less impairment.

Equity securities

Equity securities that are quoted on a stock exchange are carried at a maximum value equal to their cost less impairment.

Real estate

Real estate held for investment and for own use is carried at cost value less depreciation.

Other investments

Other investments consist of asset-backed securities which are carried at amortized cost less impairment and investment funds which are carried at cost less impairment.

Allied World Assurance Company, AG
Notes to Statutory Financial Statements

c) Insurance reserves

The reserve for losses and loss expenses is comprised of two main elements: outstanding loss reserves (also known as “case reserves”) and reserves for losses incurred but not reported (also known as “IBNR”). Case reserves relate to known claims and represent management’s best estimate of the likely loss settlement. IBNR reserves require substantial judgment because they relate to unquantified events that, based on industry information, management’s experience and actuarial evaluation, can reasonably be expected to have occurred and are reasonably likely to result in a loss to the Company.

The unearned premium reserves represent the share of written premium for unexpired risks as at the balance sheet date.

Equalization reserves are calculated based on the business plan approved by FINMA.

d) Long-term debt

Mortgage and other long-term debt are valued at nominal value.

e) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into USD at the exchange rate in effect on the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated into USD at the historical exchange rates. Foreign currency revenues and expenses are translated into USD at the exchange rates prevailing during the period.

f) Foreign currency translation

Although the Company’s reporting currency is USD, the Company also presents the financial statements in CHF. For the translation into CHF, the following methods were applied:

- Equity positions were translated at historical foreign exchange rates, whereas all other positions of the balance sheet presented were translated at the closing rate on the date of the financial statements;
- Income and expenses were translated at the annual average rate; and
- All resulting exchange differences (gains and losses) were recognized in equity.

USD/CHF	2025	2024
Year-end rate	0.7875	0.9010
Annual average rate	0.8297	0.8807

g) Direct tax expenses

Direct tax expenses include Swiss and foreign income tax expenses and capital tax expenses in Switzerland.

Allied World Assurance Company, AG
Notes to Statutory Financial Statements

3. Other investments

The following tables shows the breakdown of other investments as of December 31, 2025 and December 31, 2024.

Other investments <i>as of December 31, (in 000's)</i>	2025		2024	
	USD	CHF	USD	CHF
Asset-backed securities	1,606	1,265	1,940	1,747
Investment funds	30,495	24,013	31,636	28,504
Total Other investments	32,101	25,278	33,576	30,251

4. Insurance balances receivable and payable

The following tables show the current insurance balances receivable and payable as of December 31, 2025 and December 31, 2024.

Insurance balances receivable <i>as of December 31, (in 000's)</i>	2025		2024	
	USD	CHF	USD	CHF
Receivables from intermediaries *	23,977	18,881	32,520	29,300
Receivables from (re)insurance companies	2,173	1,711	1,582	1,425
Receivables from group companies	13,685	10,777	21,417	19,297
Total Insurance balances receivable	39,835	31,369	55,519	50,022

Insurance balances payable <i>as of December 31, (in 000's)</i>	2025		2024	
	USD	CHF	USD	CHF
Payables to intermediaries *	3,208	2,526	2,977	2,682
Payables to (re)insurance companies	5,630	4,434	5,301	4,776
Payables to group companies	6,092	4,797	645	581
Total Insurance balances payable	14,930	11,757	8,923	8,039

* The position from/to intermediaries includes balances to (re)insurance companies, which act as intermediaries for the applicable policy/treaty.

Allied World Assurance Company, AG
Notes to Statutory Financial Statements

5. Other receivables and payables

The following tables show the other current receivables and payables as of December 31, 2025 and December 31, 2024.

Other receivables <i>as of December 31, (in 000's)</i>	2025		2024	
	USD	CHF	USD	CHF
Receivables from third parties	-	-	-	-
Receivables from shareholder	114	89	78	70
Receivables from related parties	568	448	819	738
Total other receivables	682	537	897	808

Other payables <i>as of December 31, (in 000's)</i>	2025		2024	
	USD	CHF	USD	CHF
Payables to third parties	2,084	1,640	1,784	1,607
Payables to shareholder	5,675	4,469	6,022	5,425
Payables to related parties	821	647	562	507
Total other payables	8,580	6,756	8,368	7,539

6. Insurance reserves

The following table shows the breakdown of the insurance reserves, indicating gross amount, reinsurers' share and the amount for own account as of December 31, 2025 and December 31, 2024.

<i>as of December 31, (in 000's)</i>	2025		2024	
	USD	CHF	USD	CHF
Reserves for losses and loss expenses, gross	430,709	339,167	433,831	390,874
Reserves for losses and loss expenses, ceded	(127,495)	(100,398)	(114,808)	(103,440)
Reserves for losses and loss expenses, net	303,214	238,769	319,023	287,434
Unearned premium, gross	35,194	27,714	32,505	29,286
Unearned premium, ceded	(14,086)	(11,092)	(13,093)	(11,796)
Unearned premium, net	21,108	16,622	19,412	17,490
Equalization reserve	11,832	9,317	31,920	28,759
Total Insurance reserve, net	336,154	264,708	370,355	333,683

Allied World Assurance Company, AG
Notes to Statutory Financial Statements

7. Shareholder's equity

The share capital of the Company amounts to 10,000 fully paid-in registered shares at a par value of CHF 1,000 each, totaling CHF 10.0 million as shown in the table below.

On December 4, 2024, the Holding Company contributed an amount of USD 25.0 million (CHF 22.1 million) to the Company's statutory capital reserves.

The following table details movements in shareholder's equity from January 1, 2024 through December 31, 2025.

<i>(in 000's)</i>	Share capital		Statutory capital reserves		Retained deficit and net income / (loss)		Total shareholder's equity	
	USD	CHF	USD	CHF	USD	CHF	USD	CHF
Opening balance as of January 1, 2024	10,112	10,000	261,830	251,552	(99,752)	(114,128)	172,190	147,424
Capital contribution (December 4, 2024)	-	-	25,000	22,145	-	-	25,000	22,145
Loss for the year	-	-	-	-	(14,574)	(12,836)	(14,574)	(12,836)
Foreign exchange revaluation	-	-	-	-	-	7,796	-	7,796
Balance as of December 31, 2024	10,112	10,000	286,830	273,697	(114,326)	(119,168)	182,616	164,529
Opening balance as of January 1, 2025	10,112	10,000	286,830	273,697	(114,326)	(119,168)	182,616	164,529
Capital contribution	-	-	-	-	-	-	-	-
Net income for the year	-	-	-	-	38,171	31,670	38,171	31,670
Foreign exchange revaluation	-	-	-	-	-	(22,341)	-	(22,341)
Balance as of December 31, 2025	10,112	10,000	286,830	273,697	(76,155)	(109,839)	220,787	173,858

Allied World Assurance Company, AG
Notes to Statutory Financial Statements

8. Breakdown between direct insurance and reinsurance business

The following table shows the breakdown of the insurance technical positions of the income statement by direct insurance and reinsurance business for the years ended December 31, 2025 and December 31, 2024.

	Direct Insurance				Reinsurance			
	2025		2024		2025		2024	
<i>for the year ended December 31, (in 000's)</i>	USD	CHF	USD	CHF	USD	CHF	USD	CHF
Gross written premium	30,486	25,294	32,532	28,651	95,033	78,849	109,282	96,248
Premium ceded	(18,767)	(15,571)	(20,967)	(18,466)	(33,620)	(27,894)	(16,315)	(14,369)
Net written premium	11,719	9,723	11,565	10,185	61,413	50,955	92,967	81,879
Change in reserves for unearned premium, gross	1,498	1,243	(894)	(788)	(4,188)	(3,475)	3,341	2,943
Change in reserves for unearned premium, ceded	(979)	(812)	1,848	1,627	1,973	1,637	(67)	(59)
Net premium earned	12,238	10,154	12,519	11,024	59,198	49,117	96,241	84,763
Total technical income from insurance activities	12,238	10,154	12,519	11,024	59,198	49,117	96,241	84,763
Losses and loss expenses paid, gross	(13,627)	(11,307)	(50,311)	(44,310)	(79,170)	(65,687)	(102,642)	(90,399)
Losses and loss expenses paid, ceded	9,545	7,919	30,155	26,558	1,986	1,648	15,299	13,474
Change in reserves for losses and loss expenses, gross	(14,008)	(11,623)	22,573	19,880	36,865	30,588	(22,129)	(19,489)
Change in reserves for losses and loss expenses, ceded	3,023	2,508	(12,715)	(11,199)	8,332	6,913	594	524
Change in equalization reserve	(2,700)	(2,240)	775	683	22,788	18,907	(1,404)	(1,237)
Net losses and loss expenses	(17,767)	(14,743)	(9,523)	(8,388)	(9,199)	(7,631)	(110,282)	(97,127)
Acquisition costs and administrative expenses, gross	(5,256)	(4,362)	(6,012)	(5,295)	(20,854)	(17,301)	(20,633)	(18,172)
Acquisition costs and administrative expenses, ceded	5,435	4,509	6,006	5,289	6,487	5,383	1,094	964
Net acquisition costs and administrative expenses	179	147	(6)	(6)	(14,367)	(11,918)	(19,539)	(17,208)
Total technical expenses from insurance activities	(17,588)	(14,596)	(9,529)	(8,394)	(23,566)	(19,549)	(129,821)	(114,335)
Underwriting result	(5,350)	(4,442)	2,990	2,630	35,632	29,568	(33,580)	(29,572)

Allied World Assurance Company, AG
Notes to Statutory Financial Statements

9. Net acquisition costs and administrative expenses

The following table shows a breakdown of the net acquisition costs and administrative expenses for the years ended December 31, 2025 and December 31, 2024.

<i>for the year ended December 31, (in 000's)</i>	2025		2024	
	USD	CHF	USD	CHF
Net acquisition costs	4,096	3,398	9,199	8,102
Personnel costs	7,932	6,581	7,299	6,428
Depreciation of real estate (fixed assets)	431	358	431	380
Other admin expenses	1,729	1,434	2,616	2,304
Net acquisition costs and administrative expenses	14,188	11,771	19,545	17,214

10. Investment results

The following table shows a breakdown of the investment income for the years ended December 31, 2025 and December 31, 2024.

<i>Investment income</i> <i>for the year ended December 31, (in 000's)</i>	2025		2024	
	USD	CHF	USD	CHF
Accretion of bonds	2,268	1,882	2,265	1,995
Interest income	15,642	12,978	15,409	13,571
Dividend income	1,654	1,372	1,061	934
Rental income	423	351	372	328
Realized gains on bonds	1,676	1,390	1,330	1,171
Other investment income	1	1	13	12
Total investment income	21,664	17,974	20,450	18,011

The following table shows a breakdown of the investment expenses for the years ended December 31, 2025 and December 31, 2024.

<i>Investment expenses</i> <i>for the year ended December 31, (in 000's)</i>	2025		2024	
	USD	CHF	USD	CHF
Impairment of other investments	1,141	947	3,862	3,401
Depreciation of real estate	307	255	307	270
Realized losses on bonds	-	-	14	13
Other investment expense	1,916	1,589	1,948	1,716
Total investment expenses	3,364	2,791	6,131	5,400

Allied World Assurance Company, AG
Notes to Statutory Financial Statements

11. Supplementary information

<i>As of December 31, (in 000's)</i>	2025		2024	
	USD	CHF	USD	CHF
Total pledged assets	24,508	19,299	25,246	22,746
of which subject to a registered mortgage note *	18,204	18,000	18,204	18,000
Tied assets	27,506	21,661	36,866	33,216

* converted to CHF using historical foreign exchange rates

12. Subsequent events

The Company considers events or transactions that occur after the balance sheet date but before the financial statements are approved by the Shareholder's Annual General Meeting ("AGM") to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through the date that the financial statements were approved at the AGM.

There were no subsequent events between the balance sheet date and the date of approval of the financial statements.

13. Net release of hidden services

In 2025 and 2024, the Company did not release hidden reserves.

April 21, 2026

/s/ Edward Moresco
Edward Moresco
Chairman of the Board

/s/ Christoph Murg
Christoph Murg
Managing Director

Allied World Assurance Company, AG
Proposed Appropriation of Deficit
(in USD)
(Proposed by the Board of Directors)

Registered shares eligible for dividends

<i>as of December 31,</i>	2025
Eligible shares	10,000

Appropriation of deficit proposed by Board of Directors

<i>as of December 31,</i>	2025
Balance carried forward	(114,326,593)
Net income for the year	38,170,626
Deficit to be carried forward	(76,155,967)

The Board of Directors proposes to the shareholder at the annual general meeting to carry forward a deficit of USD 76,155,967 as shown in the table above.

On behalf of the Board of Directors

April 21, 2026

/s/ Edward Moresco
Edward Moresco
Chairman of the Board