

ALLIED WORLD ASSURANCE COMPANY (EUROPE) DAC
SOLVENCY AND FINANCIAL CONDITION REPORT
(FOR THE FINANCIAL YEAR ENDING DECEMBER 31, 2025)

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Overview

References in this Solvency and Financial Condition Report (this “Report”) to the terms “we,” “us,” “our,” the “Company” or other similar terms mean the operations of Allied World Assurance Company (Europe) dac, an Irish company authorised by the Central Bank of Ireland (the “Central Bank”), unless the context requires otherwise. References to the term “Allied World Holdings” means only 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 held by Fairfax Financial Holdings Limited (“Fairfax”). References to “\$” are to the lawful currency of the United States.

This Report has been compiled in accordance with the European Union (“the E.U.”) (Insurance and Reinsurance) Regulations 2015, the European Commission Delegated Regulation 2015/35 and the guidelines issued by the European Insurance and Occupational Pensions Authority (“EIOPA”) (collectively, the “Solvency II Regulations”).

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

Summary

Company background:

We are an Irish incorporated company authorised by the Central Bank to conduct non-life insurance business pursuant to the E.U. (Insurance and Reinsurance) Regulations 2015. We, through our head office in Dublin and branch offices in the United Kingdom (the “U.K.”) provide property, casualty and specialty insurance and reinsurance solutions to clients worldwide. The Company’s U.K. branch is prudentially regulated by the Prudential Regulation Authority (the “PRA”) and supervised by the Financial Conduct Authority (the “FCA”) from a conduct perspective. The Company also has a branch office in Switzerland, the operations of which are essentially dormant and in run-off.

Business and performance:

The Company reported gross premiums written of \$592.6 million in 2025 compared to \$620.1 million in 2024 and an underwriting loss of \$5.3 million in 2025 compared to an underwriting profit of \$3.5 million in 2024. The decrease in gross premiums written was primarily a result of the non-renewal of two significant delegated property contracts previously written by the Company. Furthermore, for the professional liability line of business, gross premiums written have decreased due to continued soft market conditions. The 2025 underwriting result includes net claims incurred of \$73.0 million compared to \$63.9 million in 2024, with the increase due to net reserve strengthening in the year, where reported claims were higher than expected, mainly for our property line of business. Administrative expenses were \$64.7 million for the year compared to \$60.4 million in 2024, due to higher headcount and associated employment costs and the strengthening of the British Pound (“GBP”) and the Euro (“EUR”) against the United States Dollar (“USD”). Foreign exchange gains for the year amounted to \$2.7 million compared to losses of \$7.5 million for the prior year primarily due to foreign exchange movements of the USD against GBP and EUR during the year. Net investment return for 2025 was a gain of \$74.2 million compared to a gain of \$5.5 million for 2024. The increase was driven primarily by favourable market movements on both our fixed-income and equity securities during the year. Profit on operating activities after taxation for 2025 amounted to \$56.3 million compared to \$10.1 million in 2024.

The Directors approved a dividend of \$30.0 million (2024: \$40.0 million), paid from retained earnings to the Company’s parent Allied World Assurance Holdings (Ireland) Ltd. (“AWA Holdings”) during the year.

Further details on the Company’s performance in 2025 are included in Section A 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 B of this Report.

Risk profile:

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

Valuation for solvency purposes:

The Company reconciles the valuation of its assets and liabilities included in its statutory financial statements to those assets and liabilities produced in accordance with Solvency II Regulations. These reconciliations for the years ended December 31, 2025 and 2024 are included in Section D of this Report.

Capital management:

As at December 31, 2025, the Company's solvency coverage ratio, solvency capital requirement (the "SCR") and the minimum capital requirement (the "MCR") were 243.3%, \$212.7 million and \$53.2 million, respectively, compared with 237.9%, \$213.6 million and \$53.4 million as at December 31, 2024, respectively. As at December 31, 2025, the Company had Tier 1 eligible own funds of \$517.6 million compared with \$508.2 million as at December 31, 2024.

Details on the composition of the SCR and Tier 1 eligible own funds are included in Section E of this Report.

Recent developments:

Geo-Political 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.

A review of the Company's exposure to both of the above conflicts was conducted. The results indicate that the Company has limited exposure to claims directly arising from the conflicts. However, as these are ongoing events it is difficult to predict the longer-term impact on the wider global geo-political landscape and hence the potential adverse impact on our business and results of operations over time.

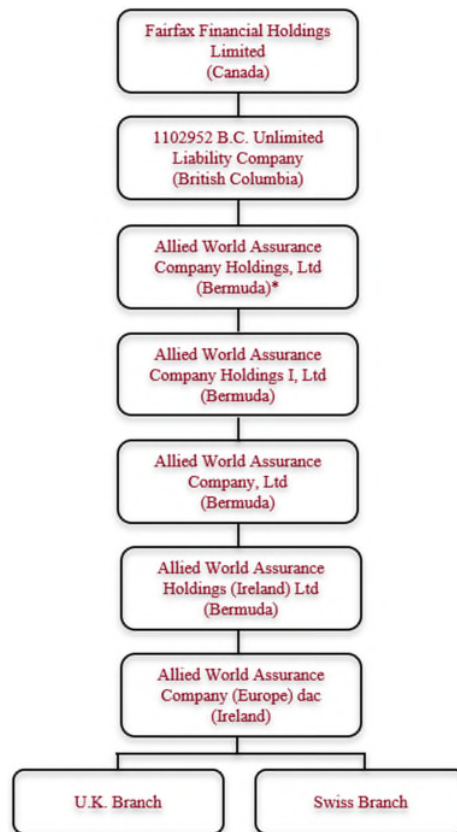
A. Business and Performance

A.1 Business

Company information:

The Company is a designated activity company with its registered office at 3rd Floor, Georges Quay Plaza, Georges Quay, Dublin 2, D02 E440, Ireland (Registration number: 361888). The Company’s U.K. branch offices are located at 20 Fenchurch Street, 19th Floor, London EC3M 3BY, U.K., 5-10 Bury Street, 3rd Floor, London EC3, U.K. and 70 Spring Gardens, 4th Floor, Manchester, M2 2BQ, U.K. The Company’s Swiss branch office is located at Park Tower, 15th Floor, Gubelstrasse 24, 6300 Zug, Switzerland. The Company is authorised by the Central Bank (PO Box 559, New Wapping Street, North Wall Quay, Dublin 1). The Company (having a U.K. branch) is also authorised by the PRA and subject to regulation by the FCA.

The Company’s immediate parent company is AWA Holdings, a company incorporated in Bermuda. The Company’s ultimate parent into which the results of the Company are consolidated is Fairfax. A simplified group structure and the Company’s position within the group is set out below (all holdings 100.0% unless otherwise noted):



* Held 83.4% by 1102952 B.C. Unlimited Liability Company with the remainder held by certain other minority investors.

Group supervisor:

The Delaware Department of Insurance (841 Silver Lake Blvd., Dover, DE 19904, U.S.A.) acts as the group supervisor for the Fairfax group of insurance subsidiaries, which includes the Allied World Group. In accordance with Delaware law, Fairfax files an annual group Own Risk Solvency Assessment (“ORSA”) and an annual ERM Report. Fairfax prepares annual audited financials in accordance with Canadian International Financial Reporting Standards.

External auditor:

The Company’s external auditor is PricewaterhouseCoopers, Chartered Accountants and Statutory Audit Firm (One Spencer Dock, North Wall Quay, Dublin 1, Ireland).

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:

- *Capitalise on profitable underwriting opportunities.* Our management and underwriting teams are positioned to identify business with attractive risk/reward characteristics. We pursue a strategy that emphasises 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 believe that we exercise underwriting and risk management discipline by maintaining a diverse spread of risks across product lines and geographic regions; managing our aggregate property catastrophe exposure through the application of sophisticated modelling tools; monitoring our exposures on non-property catastrophe coverages; adhering to underwriting guidelines across our business lines; and fostering a culture that focuses on ERM and strong internal controls.
- *Employ a diversified investment strategy.* We follow a diversified investment strategy designed to emphasise 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 short-to medium-term duration with a modest allocation of collective investment undertakings and equities.

Material lines of business and geographical areas:

We provide property, casualty and specialty insurance and reinsurance solutions to clients worldwide.

- The focus of the direct insurance business is on mid-sized to large European and multinational companies domiciled outside North America, and smaller commercial clients within certain target European markets.
- The focus of the reinsurance business is predominantly on a medium- to short-tail global book of marine, property and casualty non-proportional reinsurance business, generally on a combined risk and catastrophe basis.

Distribution:

As a commercial insurer, we primarily offer products through independent insurance 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 characterised by relatively few intermediary firms.

Certain of our products are also underwritten and distributed through third-party program administrators. Before delegating underwriting authority, we consider the integrity, experience and reputation of each program administrator, as well as the potential profitability of the business and availability of reinsurance. Once a program is established, we conduct regular ongoing reviews and audits of the program administrator and the claims administrator if such a function has been outsourced. We do not believe that the loss of any one program or relationship with any one program administrator would have a material adverse effect on our business, and no single program accounts for 5% or more of our total revenues.

Significant events:

With the exception of the events described on page 6 and 7 disclosed in this Report, there were no other significant business or other events that occurred during 2025 that had a material impact on the Company.

A.2 Underwriting performance

Gross premiums written for the year were \$592.6 million, a decrease of \$27.5 million from the prior year's gross premiums written of \$620.1 million. The decrease in gross premiums written was primarily a result of the non-renewal of two significant delegated property contracts previously written by the Company. Furthermore, for the professional liability line of business, gross premiums written have decreased due to continued soft market conditions. Ceded premiums for the year were \$543.8 million compared to \$522.7 million for the prior year. Net premiums written in the year amounted to \$48.8 million compared to \$97.4 million for the prior year. The decrease was partially driven by the reduction in gross premiums written during the year. More specifically, one of the aforementioned non-renewals previously written by the Company was not subject to any reinsurance, which further contributed to the decrease. The Company's ceded premium coverage ratio for the year was 91.8% compared with 84.3% for the prior year due to these changes in business mix.

| Gross Premiums Written by Assured Country (\$ m's) | | | | | | | |
|---|-----------------|--------------|-----------------|------------------|----------------------------------|-------------------------------|--------------|
| | <u>2025</u> | <u>2024</u> | | | | | |
| Ireland | 43.7 | 42.2 | | | | | |
| Other E.U. countries | 62.0 | 76.0 | | | | | |
| U.K. | 398.1 | 390.9 | | | | | |
| Rest of the world | 88.8 | 111.0 | | | | | |
| | 592.6 | 620.1 | | | | | |
| 2025 Underwriting Result by Line of Business (\$ m's) | | | | | | | |
| | <u>A&H*</u> | <u>MAT*</u> | <u>Property</u> | <u>Liability</u> | <u>Credit and surety</u> | <u>Treaty reinsurance</u> | <u>Total</u> |
| Gross premiums written | 2.3 | 7.8 | 234.2 | 295.3 | 0.3 | 52.8 | 592.7 |
| Gross earned premium | 2.3 | 8.1 | 244.6 | 295.6 | 0.6 | 49.1 | 600.3 |
| Gross administrative expenses and acquisition costs | (1.1) | (3.1) | (71.1) | (74.5) | (0.1) | (10.5) | (160.4) |
| Gross movement in incurred claims | (1.3) | (4.2) | (144.4) | (145.5) | (15.3) | (21.8) | (332.5) |
| Outward reinsurance movements | (0.3) | (1.4) | (64.3) | (49.1) | 13.8 | (11.4) | (112.7) |
| Underwriting profit / (loss) | (0.4) | (0.6) | (35.2) | 26.5 | (1.0) | 5.4 | (5.3) |
| 2024 Underwriting Result by Line of Business (\$ m's) | | | | | | | |
| | <u>A&H</u> | <u>MAT</u> | <u>Property</u> | <u>Liability</u> | <u>Credit and surety</u> | <u>Treaty reinsurance</u> | <u>Total</u> |
| Gross premiums written | 1.8 | 7.9 | 251.3 | 302.7 | 0.4 | 56.0 | 620.1 |
| Gross earned premium | 2.1 | 7.4 | 220.4 | 311.2 | 0.9 | 48.5 | 590.5 |
| Gross administrative expenses and acquisition costs | (1.0) | (2.8) | (70.4) | (78.8) | (0.2) | (9.7) | (162.9) |
| Gross movement in incurred claims | (0.4) | (3.1) | (142.0) | (139.3) | (7.9) | (33.7) | (326.4) |
| Outward reinsurance movements | (0.9) | (1.9) | (38.9) | (62.5) | 6.5 | - | (97.7) |
| Underwriting profit / (loss) | (0.2) | (0.4) | (30.9) | 30.6 | (0.7) | 5.1 | 3.5 |

*Accident and Health ("A&H"); Marine, Aviation and Transport ("MAT")

Net claims incurred in 2025 amounted to \$73.0 million compared to \$63.9 million in 2024. The increase was due to net reserve strengthening in the year, where reported claims were higher than expected, mainly for our property line of business.

Administrative expenses were \$64.7 million for 2025 compared to \$60.4 million for 2024. The increase was driven by higher headcount and associated employment costs and the strengthening of the GBP and the EUR against the USD. The result for 2025 included net acquisition income of \$58.8 million compared to \$57.9 million in 2024, the increase being driven by changes in reinsurance and business mix. A foreign exchange gain of \$2.7 million was recognised in 2025 compared to a loss of \$7.5 million in 2024.

A.3 Investment performance

A.3.1 Income and expenses arising from investments by asset class

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. All assets are invested in accordance with the “prudent person principle” as required under the Solvency II Regulations.

The majority of assets in our investment portfolio are invested in investment-grade, fixed-maturity securities of short-to medium-term duration with a modest allocation of collective investment undertakings and equities.

The net investment result for the year was a gain of \$74.2 million compared to a gain of \$5.5 million for the prior year. Investment performance was impacted by changes in fair market value of \$48.6 million on both our debt and equity securities due to positive market movements compared to a loss of \$18.8 million for the prior year. Net realised gains for the year were \$2.4 million compared to gains of \$0.4 million for the prior year. Net investment income for the year was \$26.5 million compared to \$26.8 million for the prior year. Investment expenses were \$3.3 million for the year compared to \$3.0 million for the prior year.

| 2025 Investment Performance (\$ m's) | | | | | | | |
|---|--|---|--|--|-----------------------------|-----------------------------|-----------------|
| | <u>Net</u> <u>investment</u> <u>income</u> | <u>Net</u> <u>investment</u> <u>expense</u> | <u>Net</u> <u>realised</u> <u>gains and</u> <u>(losses)</u> | <u>Net</u> <u>unrealised</u> <u>gains and</u> <u>(losses)</u> | <u>Total</u> <u>2025</u> | <u>Total</u> <u>2024</u> | <u>Variance</u> |
| Debt securities | 16.7 | - | 2.4 | 21.2 | 40.3 | (0.4) | 40.7 |
| Equity securities | 2.8 | - | - | 27.7 | 30.5 | (1.1) | 31.6 |
| Promissory note | 6.1 | - | - | - | 6.1 | 8.6 | (2.5) |
| Cash and cash equivalents – interest income | 0.9 | - | - | - | 0.9 | 1.1 | (0.2) |
| Warrants | - | - | - | (0.3) | (0.3) | 0.3 | (0.6) |
| Other investment expenses | - | (3.3) | - | - | (3.3) | (3.0) | (0.3) |
| | 26.5 | (3.3) | 2.4 | 48.6 | 74.2 | 5.5 | 68.7 |

| 2025 Investment Performance (Gross) – by Asset Class (\$ m's) | | | |
|--|-----------------------|-------------------------|------------------|
| | <u>Average market</u> | <u>Portfolio return</u> | <u>Portfolio</u> |
| | <u>value</u> | | <u>return%</u> |
| Government bonds | 370.5 | 36.0 | 9.7% |
| Corporate bonds | 20.9 | 4.3 | 20.6% |
| Collective investment undertakings | 23.2 | 6.9 | 29.7% |
| Equities | 84.8 | 23.6 | 27.8% |
| Equity warrants | 0.7 | (0.3) | -42.9% |
| Collateralised securities | 0.8 | - | 0.0% |
| Loans and mortgages | 140.0 | 7.0 | 5.0% |
| | 640.9 | 77.5 | 12.1% |

Included in Loans and mortgages is a promissory note¹ (the “note”) of \$120.0 million held by the Company and issued by an affiliate company (the “holder”).

A.3.2 Information about any gains and losses recognised directly in equity

The Company has no gains and losses recognised directly in equity.

A.3.3 Information about any investments in securitisation

The Company does not hold any investments in securitisation.

A.4 Performance of other activities

Administrative expenses, acquisition costs and foreign exchange:

| Administrative Expenses and Acquisition Costs (\$ m's) | | |
|---|--------------|--------------|
| | <u>2025</u> | <u>2024</u> |
| Gross acquisition costs | 98.5 | 94.9 |
| Administrative expenses | 64.7 | 60.4 |
| Foreign exchange gains/(losses) | (2.7) | 7.5 |
| Gross administrative expenses and acquisition costs | 160.5 | 162.8 |
| Reinsurers share of broker commissions | (157.3) | (152.8) |
| Net administrative expenses and acquisition costs | 3.2 | 10.0 |

Gross acquisition costs, comprised of commissions, brokerage fees and insurances taxes, are costs that are directly related to the acquisition of new and renewal business.

¹ Pursuant to the terms of the note, the Company and holder agreed for the holder to pre-pay \$40.0 million in cash on November 1, 2024 and \$40.0m in cash on May 27, 2025 reducing the par value to \$120.0m as at December 31, 2025 from issuance par value of \$200.0m.

Administrative expenses represent the necessary costs to maintain the Company's daily operations and administer its business, and primarily consist of employee compensation expenses, building (rent and related) expenses and professional fees.

Reinsurers share of broker commissions comprises of commission income earned on outwards reinsurance placed by the Company.

Lease commitments:

The Company leases office space in Ireland and the U.K. Administrative expenses for the year ended December 31, 2025 included \$2.3 million of lease-related expenses (2024: \$2.2 million).

Future minimum rentals payable under non-cancellable operating leases are as follows:

| Lease commitments (\$ m's) | | |
|-----------------------------------|--------------------|--------------------|
| | <u>2025</u> | <u>2024</u> |
| One year or less | 3.3 | 2.8 |
| Between one and three years | 6.1 | 5.1 |
| Between three and five years | 6.1 | 5.1 |
| After five years | 4.7 | 6.6 |
| | 20.2 | 19.6 |

[A.5 Any other information](#)

Subsequent to December 31, 2025 the Board proposed a dividend of \$25,000,000, to be paid from retained earnings to the Company's parent AWA Holdings.

B. System of Governance

B.1 General information on the system of governance

Our corporate governance framework is reflective of the nature, scale and complexity of the Company's business and complies with the Central Bank's Corporate Governance Requirements for Insurance Undertakings 2015 (the "Code") and the system of governance requirements of the Solvency II Regulations. There have been no material changes to the Company's system of governance during the year.

Board of Directors:

The Board is the ultimate administrative, management and supervisory body of the Company and is responsible for determining the mission, vision, values and culture of the Company, while 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. Jim O'Mahoney, independent non-executive director and Chair of the Board (Resigned September 3, 2025)
- Mr. Mike Stalley, independent non-executive director and Chair of the Board (Appointed September 3, 2025)
- Mr. Sean Hehir, independent non-executive director (Resigned June 27, 2025)
- Ms. Janet Sayers, independent non-executive director (Appointed June 27, 2025)
- Mr. Timothy Hennessy, independent non-executive director (Appointed August 25, 2025)
- Mr. Lee Dwyer, executive director and Managing Director
- Mr. Wesley Dupont, group non-executive director

Board Committees:

The Board has established an Audit Committee, which is comprised of two independent non-executive directors that satisfy the director independence criteria of the Central Bank. The primary purpose of the Audit Committee is to assist the Board with the oversight of the integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; and the performance of the Company's internal audit function and external auditor. The following individuals are members of the Audit Committee:

- Mr. Mike Stalley, Chair (Resigned September 3, 2025)
- Mr. Tim Hennessy, Chair (Appointed September 3, 2025)
- Mr. Sean Hehir (Resigned June 27, 2025)
- Janet Sayers (Appointed June 27, 2025)
- Mr. Wesley Dupont

The Board has established a Risk Committee (the “BRC”), which is comprised of two independent non-executive directors and the Company’s Managing Director. The primary purpose of the BRC is to oversee and review with management those risks and exposures that could materially impact the Company. The BRC oversees and advises the Board on current risk exposures and future risk strategy of the Company. The following individuals are members of the BRC:

- Mr. Sean Hehir, Chair (Resigned June 27, 2025)
- Mr. Janet Sayers, Chair (Appointed June 27, 2025)
- Mr. Jim O’Mahoney (Resigned September 3, 2025)
- Mr. Mike Stalley (Appointed September 3, 2025)
- Mr. Lee Dwyer

Management Committees:

The Company has also established a number of management-based committees, including the Executive Management Committee (the “EMC”), the Underwriting Committee, the Loss Reserve Committee, the Risk Management Committee (the “RMC”) and the Operations Committee.

Key functions:

Each of the Company’s key control functions (*i.e.*, the compliance, internal audit, risk management and actuarial functions) has the necessary authority, resources and operational independence to carry out their tasks and operate in accordance with the Solvency II Regulations. Each of the Company’s key functions report into one or more of the management committees referenced above and the Board, including its committees, where relevant.

The Company maintains an organisational chart that sets out the Company’s key control functions, the relevant individuals responsible for those functions, and their respective reporting lines. The Company also maintains registers of those persons performing a controlled

function (a “CF”) or a pre-approved controlled function (a “PCF”), as required by the Central Bank Reform Act 2010 and the Central Bank’s Fitness and Probity Standards.

Remuneration:

The Company’s Remuneration Policy confirms the policies, practices and procedures applicable to the remuneration of the employees and directors of the Company. The Company’s remuneration practices do not promote excessive risk taking.

- Executive compensation philosophy and goals are set by the board of directors of Allied World Holdings.
- The independent non-executive directors of the Board annually receive a fixed standard market fee for their director services. Executive directors are not compensated for their director services and are not otherwise involved in deciding their own compensation as employees.
- The pool for base salary increases is set annually during the budgeting process. Promotions, market adjustments and cases of exceptional performance supporting a base salary change beyond the merit pool are considered on a case-by-case basis.
- The funding available for an employee’s discretionary cash bonus is derived from two components: corporate performance and individual performance.
- The weight of each component toward the whole is tied to the employee’s relative level within the Company. The highest-level employees have bonuses more heavily weighted toward corporate results, as their positions are of broader leverage and scope, and they are in a position to most directly influence overall performance. Staff level contributors have the majority of their bonus tied to individual performance, since these positions tend not to be of broad enough scope to influence overall results.
- In addition, the board of directors of Allied World Holdings determines on an annual basis the number, if any, of equity awards in the form of Fairfax equity to be granted to an individual. Equity awards generally vest 100% on the fifth anniversary of the grant date.

Directors’ fees:

Directors’ fees were \$0.2 million for each of the years ended December 31, 2025 and 2024.

Related party transactions:

There were no related-party transactions outside the ordinary course of business during the years ended December 31, 2025 and 2024.

B.2 Fit and Proper requirements

The Company’s Fitness and Probity Policy (the “F&P Policy”) provides that each person appointed to a position that is designated by the Central Bank as a CF, or a PCF must satisfy Fitness and Probity Standards (the “F&P Standards”) and the Individual Accountability Framework Act 2023 (the “IAF Act”) prescribed by the Central Bank. All such appointments are made following the successful completion of the Company’s fitness and probity assessment process, which includes background checks and assessments of competency, character and financial soundness, among others. Each PCF appointment requires the prior approval of the Central Bank and the Board . Each of the Company’s CFs and PCFs are required to certify on an annual basis that they are not aware of any material developments in relation to their compliance with the F&P Standards prescribed by the Central Bank.

The Central Bank’s IAF Act was signed into law on March 9, 2023 with the final guidance published in December 2023. The Senior Executive Accountability Regime (“SEAR”) became effective from July 2024 and clarifies senior individuals’ roles and responsibilities and enhances the Central Bank’s ability to hold individuals to account for regulatory breaches in the area for which they are responsible. Independent non-executive Directors and non-executive Directors came into scope of SEAR in July 2025.

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

Risk management system:

Our ERM framework supports our Company-wide, risk based, decision-making processes by providing reliable and timely risk information. Our ERM framework is underpinned by the following risk management principles:

- Risk management buy-in at the top.
- A robust governance process aligned with the risks faced by the business.
- A robust independent risk assessment process (bottom-up approach) clearly linking the control framework with risks.

Our primary ERM objectives are to ensure the sustainability of the Company and to maximise our risk-adjusted returns on capital. In order to meet these objectives, the Company is required to:

- Identify, manage and measure risks.
- Identify emerging risks.
- Focus on the most significant risks.
- Ensure risks are escalated to the appropriate management levels.
- Understand the capital required to hold against a risk.
- Identify suitable mitigation approaches.
- Protect shareholder and stakeholder value.

Our ERM framework is a dynamic process, with periodic updates being made to reflect organisational processes, changes in risk profiles and recalibration of models, as well as staying current with changes within our industry and the global economic environment. Utilising the Economic Capital Model (“ECM”), the Standard Formula Model (“SFM”) and the ORSA, we review the relative 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 RMC, the BRC and, taking into account reporting from and recommendations of the BRC, the Board, which reviews and approves the overall Company-wide risk appetite as well as (in conjunction with the BRC) overseeing management’s compliance therewith. The BRC reviews our risk management methodologies, standards, tolerances and risk strategies, and reviews management’s processes for monitoring and aggregating risks across our organisation. The BRC reports to the Board on all material elements of these matters.

Implementation of risk management system:

The output from the ERM framework, including outputs from the ECM and SFM, is integrated into the management and strategic decision-making processes as follows:

- Determining the appropriate amount of required capital to be held.
- Quarterly reporting and monitoring of risk profile – reviewing distributions by risk category and comparing against risk tolerance statements.
- Implementing the ORSA process and producing the annual ORSA reports.
- Evaluating the impact of potential changes to the Company’s outwards reinsurance purchases.
- Evaluating new product opportunities.

Risk assessment:

The Company utilises various tools to assist in the identification and assessment of risks in order to provide the Company with a holistic view of its risk profile and enable the Company to assess the relationships between material risks. The following lists the means by which the Company assesses risk:

- Risk Register and risk assessments, including emerging risks.
- Risk appetites and tolerances (and relevant monitoring procedures).
- Risk policies.
- Risk scenarios and stress testing.
- The ORSA policy, procedures and reports.
- Reviews of aggregate exposures, including natural catastrophes, to determine probable maximum loss (“PMLs”).
- Validation of the SFM, which is used to determine the SCR.
- ECM, which is used for risk-based decision-making.
- Risk events/issues log.
- Assessment of recovery capacity through the recovery planning process.

- Climate change risk materiality assessment is performed to assess the Company's exposure to climate change risk and identify management actions to monitor, manage and mitigate that exposure.
- A risk culture that supports appropriate risk awareness, behaviour and judgment about risk-assumption within the Company's ERM framework.

Risk appetites and tolerances:

Risk appetites are approved by the Board and define the type and amount of risk that the Company is willing to undertake while setting strategy and long-term objectives. Risk indicators and tolerances are used to ensure the business remains within the pre-defined appetites and that any increased risk is identified early and thus management can review the risk and either accept it or set actions to mitigate it. The RMC, EMC, BRC and the Board receive quarterly updates on risk tolerances, including indicators confirming status of risk against relevant tolerances.

The ORSA process:

The ORSA is a top-down strategic analysis process that integrates risk management, capital management and strategic planning to:

- Assess the current and future capital requirements of the Company.
- Identify and mitigate (as required) the key and emerging risks relevant to the Company.
- Monitor material changes to the Company's risk profile against risk appetite.

The output of the process provides the Company with a view of own solvency needs in the form of an annual report that is submitted to and approved by the RMC, EMC, BRC and the Board, and filed with the Central Bank. Quarterly updates are submitted to the RMC, EMC and the BRC.

The Company's risk management function coordinates the completion of the ORSA and the production of the ORSA report and as part of this process the risk management function also facilitates challenge of the risks and factors used in the ORSA. Subject to the approval of the EMC, BRC and the Board, the RMC sets management actions as a result of the ORSA. The EMC, BRC and the Board discuss the conclusions of the ORSA and related recommendations of the RMC and approve short-, medium- and long-term capital plans (as necessary).

The conclusion of the 2025 ORSA was that the Company has a comprehensive and robust ERM framework that is effectively identifying, assessing, and mitigating its risks. Additionally, the Company's capital resources are sufficient to meet its current and projected capital requirements.

The Company completes an ORSA annually and will also complete an ORSA without delay following any significant change in its risk profile. During 2025, there were no material changes to the Company's business and performance, risk profile, asset and liabilities valuations that would require an ad-hoc ORSA to be completed under the Solvency II Regulations and capital management.

Determining own solvency needs:

The Company's SCR is determined using the SFM. The RMC, EMC and BRC review various aspects of the ECM and the SFM, including any material changes to the relevant capital modelling processes and the modelled output each quarter, along with standard risk monitoring output. Both the ECM and the SFM are subject to a regular cycle of validation, including the validation of key methodologies and assumptions.

In relation to the SFM and SCR, the BRC and the Board approves the risk appetite solvency coverage ratio threshold, as recommended by the Chief Risk Officer (the "CRO") and management and confirms the appropriateness of the utilisation of the SFM to calculate the SCR (as opposed to a partial or full internal model), including its alignment and relevance to the Company's risk profile, as presented by the CRO.

Use of the SFM:

In order to maintain effective risk management and to ensure that the Company holds sufficient capital, it is important to ensure that the SFM accurately reflects the Company's risk profile. As part of the ORSA, the Company performed an assessment of the appropriateness of the SFM, which involved identifying material deviations in the Company's risk profile compared to the assumptions underlying the SFM.

The Company performed the assessment using both qualitative and quantitative approaches, and any deviations from the SFM were considered for materiality and how they impact the Company's overall solvency needs.

The assessment concluded that the assumptions underlying the SFM are generally in line with the Company's own risk profile, with certain assumptions leading to a capital calculation that could be overstated and other assumptions leading to a capital calculation that could be understated. In aggregate, the SFM is likely to produce a conservative assessment of the Company's capital requirements.

This position is reviewed annually or in the event of a significant change in the Company's risk profile.

Validation of the SCR and Own Capital Needs:

The Company's risk management function coordinates the validation process to test the integrity of the ECM and SFM and reports on any non-compliance and matters requiring improvement.

Risk issues/events log:

A log recording all known and near-miss events is maintained by the risk management function. The log is maintained based on information provided by each business unit detailing the events over the past year. The events log is used to identify any areas where control improvements are required. Material events are reported to the Board.

B.4 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 ensure at least the following:

- 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.

The Company's internal controls system includes the Company's administrative and accounting procedures, the internal controls framework, material reporting arrangements (at all levels of the Company), and compliance policies and procedures. The Company:

- Segregates functional responsibilities to ensure the existence of appropriate checks and balances;
- Maintains a system of authorisation and records procedures to provide reasonable accounting control over assets, liabilities, revenues and expenditures; and
- Maintains policies and procedures for business and control processes.

The Company's Internal Control Policy complies with the requirements of the Solvency II Regulations and the related guidelines of EIOPA, is reviewed annually and applies to all directors, officers and employees of the Company.

We have implemented both entity-wide and process-specific control procedures that help management ensure that the day-to-day operations are appropriately controlled. A mix of internal controls is required to ensure a robust internal controls environment throughout the Company.

Entity level controls

Entity level controls provide an overarching internal control environment across the Company. They address the critical requirements to ensure the Company is being well controlled from the top down, which includes, but is not limited to, the following key areas:

- Internal controls ensuring the integrity, ethical values and competence of the Company's directors, officers and employees.
- An ERM framework that facilitates the identification and analysis of risks with a robust and independent risk assessment process that focusses on the relationship between risk and controls.
- Information systems that identify, capture and communicate operational, financial and compliance related information in forms and within timeframes that enable the Company to fulfil its objectives; and
- A management monitoring process that is designed to ensure regular oversight of the internal controls system to assess the quality of the system's performance over time.

Control activities

The Company's control activities are procedures that help management ensure that the day-to-day operations are appropriately controlled. They occur throughout the Company, at all levels and in all departments. They include a range of activities as diverse as approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets, segregation of duties, checking for compliance with agreed exposure limits and operating guidelines and following up on any areas of 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 and ensuring a positive control environment and also 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 and compliance, risk management, actuarial, underwriting, claims, human resources and internal audit functions, is a key element of our robust internal controls system. The assurance and oversight roles performed by the Company's risk management and compliance functions, and the independent oversight role performed by the Company's internal audit department are summarised in this Report.

Compliance function:

The Company's compliance function promotes an organisational culture committed to integrity, ethical conduct and compliance with the law, and sets standards, policies and procedures that provide reasonable assurance that the Company achieves its financial,

operational and strategic objectives consistent 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 organisation 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 Company'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 minimise those risks.
- Prevents or promptly detects and resolves issues of misconduct or non-compliance to the fullest extent possible.
- Takes whatever steps may reasonably be necessary to enhance and protect the Company's reputation for integrity and ethics throughout its business community.

The compliance function produces an annual compliance plan that is derived using a risk-based approach with consideration of the results from the Allied World Group and the Company's compliance risk assessment processes, the Risk Register, input from management, input from other lines of defence, regulatory requirements and our knowledge of emerging trends in the area of compliance and ethics. The annual compliance plan follows a risk-based approach in order to ensure that resources are allocated appropriately and in line with the relative perceived risk to the Company.

The Company applies the three lines of defence model, and the compliance function is responsible for providing oversight to the business in its adherence to its first line of defence controls, helping the business design and implement appropriate policies and procedures, providing guidance and direction for implementing these policies, and monitoring their proper execution.

Bulletins and other correspondence from the Central Bank and other industry organisations are continually monitored. Any changes to regulatory requirements that are relevant to the Company are identified and actions to address these changes are prioritised accordingly. In

addition to this process, any emerging risks identified by management that are pertinent to compliance and ethics are addressed by the compliance function on a timely basis.

The compliance function maintains an annual calendar that includes all key regulatory reporting and filing requirements, allocates task owners and is reviewed and updated regularly.

On a quarterly basis, the compliance function reports on legal and regulatory compliance matters to the EMC and the Board.

B.5 Internal audit function

The Company's internal audit function provides an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Company. 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 internal audit function, with strict accountability for confidentiality and safeguarding records and information, is afforded 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 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 Audit Committee 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 Audit Committee.
- Evaluating specific operations at the request of the Audit Committee or management, as appropriate.
- Assisting management in testing internal controls over financial reporting.

Annually, the Head of Internal Audit submits to management and the Audit Committee 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 Audit Committee, if any. The internal audit plan is developed based on a prioritisation of the audit universe using a risk-based methodology, including input of

management and the Audit Committee. 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 Audit Committee.

A written report is prepared and issued following the conclusion of each internal audit engagement and internal audit results are also communicated to the Audit Committee. The internal audit report includes management's response and corrective action taken or to be taken in 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.

B.6 Actuarial function

The Company's actuarial function is responsible for coordinating the calculation of technical provisions in accordance with the Solvency II Regulations and:

- Ensuring the appropriateness of the methodologies, underlying models and assumptions made in the calculation of technical provisions.
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions.
- Providing the Board with an annual actuarial opinion on technical provisions and an actuarial report thereon.

The Head of the Actuarial Function ("HoAF") provides the Board with an annual opinion on the Company's underwriting policy and reinsurance arrangements, and contributes to the Company's risk management system, particularly with respect to the risk modelling underlying the calculation of capital requirements. The HoAF also provides the Board with an actuarial opinion on the Company's annual ORSA. The Board also receives an annual actuarial function report, which summarises key aspects of each of these deliverables.

On a quarterly basis, the actuarial function reports on the loss reserve balances and any significant developments to the Company's management-based Loss Reserve Committee and

the Audit Committee. The Company's actuarial function confirmed that the Company complied continuously with the Solvency II requirements for the calculation of technical provisions and also provided input in respect of potential risks arising from the uncertainties associated with such calculations. The Company's HoAF provided the Board with the annual opinion and report on the Company's technical provisions at its meeting on April 3, 2025, and the Actuarial Function Report at its meeting on November 6, 2025.

B.7 Outsourcing

The Company's outsourcing policy applies to services arrangements established by the Company with third parties and relevant subsidiaries of Allied World Holdings. The outsourcing policy and its procedures have been designed to ensure continuity with respect to the sound and prudent management of the business and operations of the Company when functions or activities are outsourced. The outsourcing policy also sets out the procedures to be followed when establishing services arrangements, including arrangements that relate to the performance of the following key functions or core business of the Company (*e.g.*, actuarial, risk management, internal audit, compliance, new product development, underwriting, investment management and claims handling).

Contemplated outsourced services arrangements, in particular for core functions, will not proceed unless certain preconditions have been met, including that the system of governance of the Company will remain effective; the operational risk of the Company will not be unduly increased; the ability of any relevant supervisory authority to monitor the compliance of the Company with its legal and regulatory obligations will not be impaired; and the continuous and satisfactory service to policyholders will be maintained.

The Company retains responsibility for all outsourced functions, processes, services and activities.

The following functions are outsourced to subsidiaries of Allied World Holdings and Fairfax: internal audit (AWAC Services Company (Ireland) Limited ("AWS Ireland")) and (AWAC Services Company ("AWS U.S.")), investment management (Hamblin Watsa Investment Counsel Ltd. and Fairfax), information technology (AWS Ireland and AWS U.S.) and capital modelling (Allied World Assurance Company, AG). Pursuant to relevant 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.

B.8 Any other information

The Company has assessed the adequacy of its system of governance and has concluded that it provides for the sound and prudent management of its business, and that it is proportionate to the nature, scale and complexity of the risks inherent in the Company's business.

C. Risk Profile

The Company utilises various tools to assist in the identification and assessment of risks in order to provide the Company with a holistic view of its risk profile and enable the organisation to assess the relationships between material risks. The Company's risk policies address each of the following risk categories including risk concentration and mitigation and set out the process by which relevant risks are assessed and managed.

During the year the SCR was recalculated on a quarterly basis. The Company's capital position has remained strong throughout the year. There have been no material changes to the Company's risk profile.

C.1 Underwriting risk

Underwriting risk is the risk of fluctuations in benefits payable to policyholders and cedents, and includes:

- Premium risk, which is the risk that non-catastrophe related losses are greater than the associated premium. The Company monitors premium risk by assessing the results of stress testing and modelled output from the ECM and SFM.
- Catastrophe risk, which is the risk that a single natural catastrophe event (or series of such events) of significant magnitude, usually over a short period of time, leads to a significant deviation in actual claims from the total expected claims. Catastrophe risk is mitigated using outwards reinsurance and regular management reviews of PML reports.
- Reinsurance risk is the risk of the inability of the Company to obtain reinsurance coverage at a reasonable cost. Outwards reinsurance is utilised by the Company to mitigate underwriting risk, in particular catastrophe risk, by transferring such risk to third-party reinsurers.
- Reserve risk is the risk of the loss reserves being inadequate (i.e., that actual losses and related expenses exceed expected losses). Reserve risk is monitored using the ECM, which incorporates stochastic loss reserving techniques to assess potential deteriorations in loss reserves.

Risk concentration:

There is a risk to the Company from an excess concentration of underwriting risks, through over exposure to a particular geography, business line, peril or insured.

Catastrophe risk is a source of concentration risk for the Company. Catastrophe risk is mitigated using outwards reinsurance and monitored by assessing the Company's occurrence

and aggregate PMLs and aggregate risk exposures against the risk appetites and tolerances set by the Board.

Risk mitigation:

The business planning process assists with the management and mitigation of underwriting risk by:

- Using underwriting authorities and guidelines to avoid writing risks outside of the Company’s risk appetite.
- Setting geographic and class premium volume limits to ensure diversity within the Company’s risk portfolio.
- Using the ECM to model returns on capital employed to manage risk versus reward.
- Using pricing models (which are independently developed by pricing actuaries and consider trends, macroeconomic variables, market cycle fluctuations, regulatory and judicial changes and other variables) to manage price adequacy and underwriting risk.
- Using stochastic loss reserving techniques to assess potential deteriorations in loss reserves.
- Using the catastrophe models to assess the Company’s PMLs and comparing these results to pre-defined limits to manage concentration risk.
- Using stress tests to assess the impact of significant sources of large underwriting risk and defining risk mitigation actions as required.

C.2 Market risk

Market risk is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. The Company’s assets are invested in accordance with the “prudent person principle” as required under Solvency II Regulations.

The Company has primarily invested in investment-grade, fixed-maturity securities of short- to medium-term duration with a modest allocation to collective investment undertakings and equities. The Company’s market risk stems significantly from fluctuations in interest rates and equity prices, both of which are monitored using the ECM and SFM.

The Company has a multicurrency investment portfolio and the associated currency risk (a driver of market risk) is mitigated by reviewing the Company’s assets and liabilities and matching these by currency where possible. Currency risk is currently monitored through output from the SFM and stress tests.

Risk concentration:

The Company's strategy is to have a diverse portfolio of investments with limited concentration risk. The concentration risk within market risk associated with the promissory note has reduced significantly due to redemptions during the year (reducing par value from \$160.0 million to \$120.0 million), along with the credit rating upgrades of Allied World Group. The Company's strategy over the three-year business planning period will not result in any changes to the market risk profile or any increase in concentration risk.

Risk mitigation:

The Company measures and manages market risk on an ongoing basis by:

- Performing regular stress tests on all or parts of the Company's investment portfolio and discussing the results with management.
- Measuring the Company's exposure to particular categories of market risk (e.g., equity, interest rate and foreign exchange risks) as well as across its entire portfolio of market risks.
- Analysing the impact that new transactions or business may have on the Company's market risk.

Specific measures to mitigate market risks include:

- Setting an appropriate market risk limit structure to control the Company's exposure to market risk as detailed within the investment policy and investment management guidelines. The guidelines include details on:
 - Asset concentrations, including setting limits on the Company's concentration in a single intragroup asset.
 - Asset liability currency and duration matching.
 - Asset counterparty credit ratings.
 - Consideration of asset marketability and liquidity.
- Setting limits on market value at risk and potential risks arising monitored in the ECM.
- Considering whether it is appropriate to set intermediate (early warning) thresholds that alert management when limits are being approached, triggering review and action where appropriate.

C.3 Credit risk

Credit risk is the risk that payments due to the Company from third parties (including intra-group third parties) are not made in accordance with contractual and regulatory-required deadlines (*e.g.*, the Company's reinsurers and insurance brokers are unable to pay claims and premiums, respectively, and asset side investment counterparties default on their obligations). Credit risk is managed by monitoring and limiting the concentration risk with any one or small group of external contractual counterparties and by monitoring the credit rating of its material contractual counterparties, including all reinsurers. Credit risk to intra-group counterparties is managed by ensuring the Company is well protected through favourable contractual wordings and regular monitoring of the financial strength of the Company's counterparties within the Allied World Group.

The Company has not pledged any collateral to any third parties or custodians. The SCR calculation has not recognised any collateral received from third parties.

During the reporting period, there were no material changes in the outwards reinsurance program that would significantly impact the level of credit risk.

Risk concentration:

The Company has set thresholds as part of its external ceded reinsurance strategy to mitigate sources of concentration. The only source of concentration risk is with regards to the intra group reinsurance agreement with Allied World Assurance Company, Ltd ("Allied World Bermuda") which is regularly monitored to mitigate the risk.

Risk mitigation:

The Company manages credit risk through:

- Avoiding reliance on a small number of counterparties or concentrations of assets.
- Setting credit limits before broker terms of business agreements are signed.
- Setting limits on the Company's exposure to default or downgrade of intragroup reinsurance counterparty.
- Protecting against the risk of non-payment of premiums with the inclusion of cancellation clauses.
- Usage of approved reinsurers.
- Reviewing external rating agency (Standard & Poor's and A.M. Best) credit ratings for counterparties.
- Reviewing reinsurer financials.

C.4 Liquidity risk

Liquidity risk is the risk that the Company is unable to realise investments and other assets in order to settle its financial obligations when they fall due. Liquidity risk is monitored using the quarterly risk appetite and tolerance monitoring.

The expected profit included in future premiums as at December 31, 2025 is \$23.4 million compared to \$26.8 million as at December 31, 2024.

In identifying liquidity risks, management considers the Company's current liquidity risk and how existing activities may impact its liquidity risk profile in the future. The implications of new products or business lines are also considered.

The criteria considered when identifying and assessing liquidity risk are:

- Planning and cash flow;
- Unexpected events; and
- Post loss environment.

Risk concentration:

Other than the concentration risk associated with the promissory note, there are no liquidity risk concentrations.

Risk mitigation:

For liquidity risk, the following risk mitigation strategies are employed:

- Appropriate approval processes, limits and other mechanisms are in place and are designed to provide reasonable assurance of adherence to the Company's liquidity risk management processes;
- There is a regular review of overdue receivables and recoverable credit control assessments against risk appetite tolerances;
- Procedures are in place for determining the level of mismatch between cash in-flows and cash out-flows;
- There is a regular assessment of liquidity scenarios assessed under a variety of normal and stressed conditions and where appropriate management actions are taken so that the Company remains within risk appetite tolerances;
- Scenarios are run which consider liability concentrations that may result in a sudden crystallisation of liquidity risk; and

- Where possible, material liability durations are matched to the asset's durations and assets with a spread of maturities are held to limit liquidity risk.

C.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It also includes the following risks:

- Legal risks that arise from failure to comply with relevant laws or regulations;
- Risks arising from inadequate contingency plans as addressed in the Company's business continuity plans; and
- Risks arising from the inability to respond and adapt to operational disruptions leading to harm being caused to customers, as addressed in the Company's operational resilience framework.

Operational risk is assessed and monitored using the Company's Risk Register and control framework.

All material operational risks that are identified are included in the Company's Risk Register and assessed based on the probability of occurrence and severity of impact of the risk and assessed against the controls in place.

Risk concentration:

The Company is not exposed to any material concentration risk with regard to operational risk.

Risk mitigation & risk sensitivity:

For operational risk, the following risk mitigation strategies are employed:

- Outsourcing – some back-office functions are outsourced to increase operational efficiency and reduce costs; however, this does not reduce the overall risks that could potentially impact the Company from outsourcing;
- Policies and procedures are in place to ensure sufficient governance and controls are in place to mitigate the potential for operational risks;
- Policies and procedures are in place to prevent, adapt and learn from operational disruptions; and
- Review of internal controls to ensure that they remain robust.

C.6 Other material risks

Other risks

Other material risks are group risk and strategic risk. Group risk is the adverse impact on the Company as a result of corporate group interactions and/or reputation. Strategic risk arises from the inability to implement or achieve appropriate business plans and/or strategy.

Risk concentration:

There are currently no significant business conduct or strategic risk concentrations.

Risk mitigation:

The Company has implemented the following controls to manage its material risks and limits to trigger action(s) to control exposure:

- Policies are in line with market standards and acceptable to our regulators.
- Best business practices, proportionate to the needs of the Company, are in place and sufficient to satisfy regulation regarding group risk.
- Limits and tolerances are set around the strategic and business, conduct and group risk appetites and monitored on a quarterly basis by the risk management function.

Management actions are taken where required to mitigate risks breaching defined tolerances or thresholds.

Risk scenarios and stress testing:

The Company assesses risk scenarios and the results of risk stress testing, including reverse stress and sensitivity tests to assess the potential impact on its business and the effectiveness of risk controls and as part of the risk identification process. The Company maintains a list of internal risk scenarios that could have a significant impact on the value of the Company. The risk scenarios are reviewed regularly, and the impact on the Company is calculated at least annually or more frequently if there are significant changes to the Company's risk profile. The impact across multiple risk categories and lines of business is considered when determining the value for each scenario.

Scenarios have been developed in conjunction with the capital modelling, risk management and exposure management functions to help understand the potential impacts on the Company. The impact across multiple risk categories and lines of business is considered when determining the value for each scenario.

Stress testing covers the following categories and results presented under these categories:

- Scenario Tests: Assess the financial impact on the business of possible future scenarios, *for example*, a large catastrophic event or multiple events.
- Reverse Stress Tests: Assess impact and potential management actions where the Company has become insolvent or there has been a significant impact to its business model, which results in the Company not being able to perform normal business operations.

The results of the scenario and stress tests were in line with expectations and in cases where a test led to the Company's capital position falling below approved risk appetite and tolerances, future management actions were considered to return the risk appetite and tolerance metric to an acceptable level. Results did not require changes to the Company's risk strategy and/or mitigation arrangements.

Emerging risks

The risk management function facilitates management's identification and assessment of risks that may emerge and become significant for the Company. This process also involves horizon scanning across industry and specialist publications (i.e., regulators, insurance industry bodies, professional bodies, etc.), and regular discussions with management and the BRC. Emerging risks are overseen by the RMC.

Climate change

Climate-related risks and opportunities have increased in recent years and understanding and managing climate change risk is of fundamental importance to the business. Climate change exposes the Company to a range of risks that can be grouped into three main categories:

- Physical risks that may challenge our ability to effectively underwrite, model and price catastrophe risk, particularly if the frequency and severity of catastrophic natural disasters may be exacerbated globally. We actively review analyses by third-party catastrophe modelling firms and other industry organisations on the impact of climate change on catastrophe perils, most notably windstorm, flood, wildfire, severe convective storm.
- Transitional risks that may arise from the effort to transition towards a lower-carbon economy, such as changes in government policy, technology changes, reputational risks, changes in consumer demand and updating of global infrastructure, which may lead to a reduction in the value of certain assets. The Company holds a large proportion of its investment portfolio in investment classes with low exposure to environmental issues, namely, cash, short-term securities, or government bonds.
- Liability risks that may arise from third parties seeking compensation from the effects of climate change, such as companies being litigated against due to the impact of their greenhouse emissions. The Company has limited its exposure to oil (tar sands), coal mining, construction of new thermal coal-fired plants and Arctic energy exploration.

The Company has governance structures in place to support the monitoring of climate change developments and potential impact of climate change on the business. The Company utilises the aforementioned governance structures to drive enhanced decision making relating to climate change. The Company has performed a climate change risk materiality assessment to identify and understand the materiality of the Company's exposure to climate change risk and to identify potential actions that could be taken to mitigate this exposure.

Geopolitical risk

Geopolitical risks have risen in recent years as a result of 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.

These or similar conflicts could result in direct costs for (re)insurers from increased claims on coverages such as cyber, business interruption, or trade credit; and indirect costs from greater volatility in financial markets, inflation, or other macroeconomic shocks.

To date, the Company's exposure to claims directly arising from the conflicts named above has been minimal. The Company mitigates its exposure to geopolitical risk by conducting the majority of its business in Europe, which has relatively low exposure to geopolitical risk. It also ensures that the policies and treaties it underwrites have appropriate exclusions, e.g., for war. In the event of a geopolitical conflict in any region where it conducts business, the Company promptly assesses its exposure to geopolitical conflicts.

Tariffs, inflation risk and rising interest rates

A worldwide increase in inflation began in 2021 in advanced economies. The surge was attributed to various causes, including disruptions to supply chains as a result of the COVID-19 pandemic; strong consumer demand; the Russia-Ukraine war, which has reduced the exports of certain commodities and foods; and government spending programs.

Central banks in many countries responded by increasing interest rates. While inflation has decreased in the major economies from its peak in late 2022, it remained above pre-2021 levels throughout 2024 and 2025.

In early 2025, the Trump administration announced tariffs on certain products (e.g., metals and car parts) and imports from almost all countries. The main threats to (re)insurers from tariffs are higher claims costs; reductions in the market value of fixed income and equity holdings; and unfavourable foreign exchange movements. The ERM function is monitoring the Company's exposure to the risks from tariffs. The tariffs have had no material impact on the Company's profitability to date.

The Company's ERM framework equips it with the necessary tools for monitoring and mitigating its exposure to inflation and interest rate risks. The Company incorporates the risk from volatility in inflation and interest rates in ORSA scenarios.

C.7 Any other information

N.A

D. Valuation for Solvency Purposes

D.1 Assets

Balance sheet extract as at December 31, 2025 and December 31, 2024:

| Balance Sheet – Assets (\$ m's) | | | | |
|---|--------------------|------------------|--------------------|------------------|
| | <u>2025</u> | <u>2025</u> | <u>2024</u> | <u>2024</u> |
| | <u>Solvency II</u> | <u>Statutory</u> | <u>Solvency II</u> | <u>Statutory</u> |
| | <u>value</u> | <u>accounts</u> | <u>value</u> | <u>accounts</u> |
| | <u>value</u> | <u>value</u> | <u>value</u> | <u>value</u> |
| Assets | | | | |
| Deferred acquisition costs | - | 40.7 | - | 42.5 |
| Intangible assets | - | 2.5 | - | 3.8 |
| Deferred tax | - | - | - | 2.6 |
| Property, plant, and equipment held for own use | 10.0 | 3.7 | 11.5 | 4.3 |
| Investments (other than assets held for index-linked and unit-linked contracts) | 545.2 | 539.9 | 474.8 | 461.9 |
| <i>Government bonds</i> | 393.4 | 388.8 | 364.5 | 352.1 |
| <i>Corporate bonds</i> | 21.6 | 21.2 | 21.0 | 20.6 |
| <i>Collateralised securities</i> | 0.8 | 0.8 | 1.0 | 1.0 |
| <i>Collective investment undertakings</i> | 26.6 | 26.6 | 19.7 | 19.7 |
| <i>Equities</i> | 102.8 | 102.5 | 68.8 | 68.6 |
| Loans and mortgages | 121.2 | 120.0 | 158.2 | 160.0 |
| Reinsurance recoverables from non-life excluding health | 981.6 | 1,323.1 | 892.4 | 1,227.3 |
| Insurance and intermediaries receivables | 61.6 | 167.1 | 56.6 | 152.5 |
| Reinsurance receivables | 24.6 | 23.5 | 17.8 | 17.8 |
| Receivables (trade, not insurance) | 10.5 | 11.0 | 6.9 | 7.2 |
| Cash and cash equivalents | 22.4 | 24.0 | 24.0 | 33.6 |
| Any other assets, not elsewhere shown | 11.5 | 19.2 | 11.8 | 20.5 |
| Total assets | 1,788.6 | 2,274.7 | 1,654.0 | 2,134.0 |

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and FRS 103 "Insurance Contracts" ("FRS 103") issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland ("Irish GAAP").

The following are the bases, methods and main assumptions used for valuation of each material class of assets for Solvency II purposes.

Deferred acquisition costs

In the financial statements, acquisition costs which represent commission and other related expenses are deferred over the period in which the related premiums are earned. To the extent that acquisition costs are deferred and considered irrecoverable against the related unearned premiums, they are written off to net operating expenses as incurred. Deferred acquisition costs are not recognised as an asset under the Solvency II Regulations but instead future cash flows from acquisition costs are incorporated into the Solvency II technical provisions.

Intangible assets

Intangible assets are reported in financial statements subject to valuation checks. In the Solvency II balance sheet, intangible assets are recognised only when they can be sold separately and a valuation can be derived from a quoted market price, in an active market, for the same or a similar intangible asset.

Deferred tax assets

There is no deferred tax asset recognised on the Solvency II balance sheet. In the financial statements, deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The valuation of deferred tax under Solvency II is due to the tax impact of valuation adjustments to assets and liabilities for Solvency II purposes.

Property, plant and equipment held for own use

Property, plant, and equipment are valued at cost less accumulated depreciation and impairment in the statutory accounts. An International Financial Reporting Standards (“IFRS”) 16 – Leases adjustment has been made to the Solvency II balance sheet with respect to recognising a right-of-use asset in relation to our office rentals that is not required from a statutory perspective.

Investments

Loans and mortgages, representing the promissory note held by the Company, is valued at amortised cost for statutory purposes. For the Solvency II balance sheet, however, the promissory note is held at fair value.

All other investments are carried at fair value. Differences arising between the Solvency II balance sheet and the Company’s statutory position are due to the inclusion of accrued interest for Solvency II valuation. For statutory purposes, accrued interest is included in other assets.

Investments in government bonds, corporate bonds, collateralised securities, collective investment undertakings, equities, derivatives and loans and mortgages are valued at fair value. Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm’s length transaction. Fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the

Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases, management estimates other than observable market inputs within the valuation model. 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.

Insurance and intermediaries receivables

Insurance and intermediaries receivables balance represents premiums due from policyholders. Outstanding premiums are measured at amortised cost in the statutory accounts, which is deemed to be an appropriate proxy for fair value due to the short-term nature of the receivables. The valuation of insurance and intermediaries' receivables under Solvency II is consistent with the accounting valuation under the statutory accounts except that the share of insurance and intermediaries' balances which are not yet due at the valuation date are deducted from the balance and included in the technical provisions cashflow.

Any other assets and receivables (trade, not insurance)

Any other assets includes amounts such as amounts due from group companies, prepaid expenses, accrued interest and other taxes receivable in the statutory accounts. The balances are measured at a value for which they could be exchanged between knowledgeable and willing parties in an arm's length transaction. As noted above, under Solvency II, accrued interest is included in the valuation of debt and cash instruments. In the statutory accounts, accrued interest is recognised in 'Any other assets'.

Cash and cash equivalents

Cash and cash equivalents are carried at face value and include fixed income securities that, at purchase have a maturity of 3 months or less. At the end of the year, the Company held investments in treasury bonds in its investment portfolio. Under statutory accounting policy, investments in treasury bonds that have a maturity of less than three months at the date of purchase are classified under cash and cash equivalents. For the Solvency II balance sheet, however, these are classified as government bonds per Solvency II guidance.

Outside of factors outlined in Section D.2 of this Report, which addresses technical provisions, there are no other sources of uncertainty relevant to the valuation of the Company's assets.

D.2 Technical provisions

Technical provisions are valued based on best estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure. In addition, there is a risk margin to reflect the uncertainty inherent in the underlying cash flows, which is calculated using the cost of capital approach and a risk-free discount rate term structure. The risk-free rate term structures are prescribed by EIOPA for each reporting period.

The technical provisions include a claims provision, a premium provision and a risk margin:

- The claims provision is the discounted best estimate of all future cash flows (claim payments, expenses and future premiums) relating to claim events prior to the valuation date.
- The premium provision is the discounted best estimate of all future cash flows (claim payments, expenses and future premiums due) relating to future exposure arising from policies under which the (re)insurer is obligated at the valuation date.
- The risk margin is intended to be the balance that another (re)insurer taking on the liabilities at the valuation date would require over and above the best estimate. It is calculated using a cost-of-capital approach.

The claims and premium provisions are calculated both gross and net of outwards reinsurance. The risk margin is calculated net of reinsurance.

The best estimate for the premium provision is calculated by using the unearned element of premium on an Irish GAAP basis, adjusting for bound but not incepted business as at December 31, 2025 and applying expected future loss ratios, expense ratios and appropriate claims pay-out patterns to derive cash flows which are then discounted.

Loss reserves calculated applying Irish GAAP (the “GAAP Reserves”) form the starting point for the calculation of the technical provisions required under the Solvency II Regulations and, as part of this process, the GAAP Reserves are subjected to a series of adjustments, including removal of prudence margins; incorporation of expected reinsurance counterparty defaults; incorporation of events not in data; other adjustments related to consideration for expenses, etc.; and discounting of cash flows.

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; specifically, excess casualty and professional lines.
- The selection of initial expected loss ratios which are based on the Company’s experience to date, expectations, and pricing assumptions are also a key area of uncertainty.

There is also a certain level of uncertainty associated with outside factors such as changes in market conditions, interest rates, inflation, litigation patterns and outcomes, etc.

The Company does not apply the matching adjustment; the volatility adjustment; the transitional risk-free interest rate term structure; or the transitional deduction as outlined in the Solvency II Regulations.

The following table shows the Company's Irish GAAP position compared to the Solvency II technical provisions as at December 31, 2025 and December 31, 2024:

| Irish GAAP Position to Solvency II Technical Provisions as at December 31 (\$ m's) | | |
|---|--------------------|--------------------|
| | <u>2025</u> | <u>2024</u> |
| Irish GAAP position | 193.7 | 185.1 |
| Margin included in Irish GAAP reserves | - | - |
| Profit on UPR | (51.1) | (50.5) |
| Legally obliged business | (9.3) | (10.0) |
| ULAE | 1.1 | 1.0 |
| Non-ULAE | 12.2 | 11.8 |
| Bad debt | 2.8 | 4.0 |
| Binary events | 3.6 | 3.3 |
| Discounting | (27.9) | (27.7) |
| Total Solvency II best estimate – net | 125.1 | 117.0 |
| Solvency II risk margin | 27.5 | 32.5 |
| Solvency II Technical provisions – total | 152.6 | 149.5 |

The Company's actuarial function confirmed that the Company complied continuously with the Solvency II requirements for the calculation of technical provisions and provided input in respect of potential risks arising from the uncertainties associated with such calculations. The Company's HoAF provided the Board with the annual opinion and report on the Company's technical provisions at its meeting on April 3, 2025, and the Actuarial Function Report at its meeting on November 6, 2025.

As at December 31, 2025 and December 31, 2024, the Solvency II technical provisions were as follows:

| Technical Provisions as at December 31, 2025 (\$ m's) | | | | |
|---|---|---|---------------------------|--|
| SII line of business | <u>Total best estimate – gross</u> | <u>Total best estimate – net</u> | <u>Risk margin</u> | <u>Technical provisions – total</u> |
| <i><u>Direct business and accepted proportional reinsurance</u></i> | | | | |
| A&H insurance | 5.0 | 0.6 | 0.5 | 1.1 |
| Marine, aviation, and transport insurance | 8.5 | 0.1 | 0.1 | 0.2 |
| Fire and other damage to property insurance | 245.0 | 26.2 | 6.5 | 32.7 |
| General liability insurance | 662.1 | 71.9 | 14.2 | 86.1 |
| Credit and suretyship insurance | 12.2 | 1.0 | 0.2 | 1.2 |
| Miscellaneous financial loss reinsurance | 25.2 | 22.8 | 0.7 | 23.5 |
| <i><u>Accepted non-proportional reinsurance</u></i> | | | | |
| Non-proportional casualty reinsurance | 32.6 | (0.5) | 1.3 | 0.8 |
| Non-proportional marine, aviation and transport reinsurance | 50.2 | 5.7 | 1.8 | 7.5 |
| Non-proportional property reinsurance | 65.6 | (2.7) | 2.2 | (0.5) |
| | 1,106.4 | 125.1 | 27.5 | 152.6 |

| Technical Provisions as at December 31, 2024 (\$ m's) | | | | |
|---|---|---|---------------------------|--|
| SII line of business | <u>Total best estimate – gross</u> | <u>Total best estimate – net</u> | <u>Risk margin</u> | <u>Technical provisions – total</u> |
| <i><u>Direct business and accepted proportional reinsurance</u></i> | | | | |
| A&H insurance | 4.3 | 0.6 | 0.4 | 1.0 |
| Marine, aviation, and transport insurance | 5.8 | (0.5) | 0.1 | (0.4) |
| Fire and other damage to property insurance | 224.9 | 33.6 | 7.5 | 41.1 |
| General liability insurance | 633.9 | 74.7 | 17.3 | 92.0 |
| Credit and suretyship insurance | 8.1 | 0.8 | 0.2 | 1.0 |
| Miscellaneous financial loss reinsurance | 7.1 | 7.1 | 0.5 | 7.6 |
| <i><u>Accepted non-proportional reinsurance</u></i> | | | | |
| Non-proportional casualty reinsurance | 21.8 | (1.3) | 1.1 | (0.2) |
| Non-proportional marine, aviation and transport reinsurance | 48.0 | 5.4 | 2.4 | 7.8 |
| Non-proportional property reinsurance | 55.5 | (3.4) | 3.0 | (0.4) |
| | 1,009.4 | 117.0 | 32.5 | 149.5 |

The Company recovered \$200.3 million under reinsurance contracts during 2025 compared to \$158.7 million in 2024, the majority of which was recovered from Allied World Bermuda.

D.3 Other liabilities

Balance sheet extract as at December 31, 2025 and December 31, 2024:

| Balance Sheet – Liabilities (\$ m's) | | | | |
|---|--------------------|-----------------------|--------------------|-----------------------|
| | <u>2025</u> | <u>2025</u> | <u>2024</u> | <u>2024</u> |
| | <u>Solvency II</u> | <u>Statutory</u> | <u>Solvency II</u> | <u>Statutory</u> |
| | <u>value</u> | <u>accounts value</u> | <u>value</u> | <u>accounts value</u> |
| Liabilities | | | | |
| Technical provisions – best estimate | 1,106.5 | 1,510.3 | 1,009.4 | 1,420.9 |
| Technical provisions – risk margin | 27.5 | - | 32.5 | - |
| Deferred tax liabilities | 7.5 | - | 3.2 | - |
| Insurance and intermediaries payables | 12.0 | 12.0 | 12.4 | 12.3 |
| Reinsurance payables | 38.4 | 108.5 | 45.7 | 99.8 |
| Payables (trade, not insurance) | 54.1 | 41.3 | 42.6 | 30.2 |
| Any other liabilities, not elsewhere shown | - | 81.3 | - | 75.6 |
| Total liabilities | 1,246.2 | 1,753.4 | 1,145.8 | 1,638.8 |

Solvency II versus statutory valuation of liabilities:

As part of the revised methodologies for calculating Solvency II technical provisions, a number of items on our balance sheet have been adjusted from a statutory perspective. The following are the bases, methods and main assumptions used for valuation of each material class of liabilities for Solvency II purposes.

Insurance and intermediaries payables

Under Solvency II, similar to insurance and intermediaries receivable, balances not yet due for payment are recognised in technical provisions and removed from insurance and intermediaries payable. A balance is deemed not yet due at the balance sheet date, if payment will become due after the balance sheet date.

Reinsurance payables

Reinsurance payables are valued at fair value and due to the short-term nature of the payables no adjustments to valuation are required. In the Solvency II balance sheet, reinsurance payables were adjusted to account for future cash flows and their effect on technical provisions.

Payables (trade, not insurance)

An IFRS 16 – Leases adjustment has been made to the Solvency II balance sheet with respect to recognising an additional liability equalling the net present value of future lease payments on our Ireland and U.K. office rentals that is not required from a statutory perspective. The lease liability is included in "Payables (trade, not insurance)". In the statutory accounts, rent payable under operating leases is charged on a straight-line basis to the income statement over the term of the lease.

Any other liabilities, not elsewhere shown

In the statutory accounts, ceded acquisition costs which represent commission and other related expenses are deferred over the year in which the related reinsurers' share of premiums are earned. To the extent that ceded acquisition costs are deferred and considered irrecoverable against the related reinsurers' share of unearned premiums, they are written off to net operating expenses as incurred. Ceded deferred acquisition income was not recognised under the Solvency II Regulations but instead future cash flows from acquisition income were incorporated into the technical provisions.

As a result of changes to the balance sheet after applying principles of the Solvency II Regulations, the Company has recognised an additional deferred tax liability.

There are no liabilities included in respect of pension-related employee benefits.

Outside of factors outlined in Section D.2 of this Report, which addresses technical provisions, there are no other sources of uncertainty relevant to the valuation of the Company's liabilities.

D.4 Alternative methods for valuation

At December 31, 2025 invested assets of \$47.5 million (2024: \$40.8 million) were valued using an alternative valuation method where observable inputs are not available. The significant items included were as follows:

- Equity securities of \$46.9 million (2024: \$39.9 million) were valued by reference to various valuation measures for comparable companies and transactions, including relevant valuation multiples.
- Equity warrants of \$0.6 million (2024 \$0.9: million) were valued using the Black Scholes model.

D.5 Any other information

The Board have a reasonable expectation that the Company will continue in operational existence for twelve months from the date of approval of this Report. In assessing the Company's going concern position, the Board have considered all relevant available information about the future, the possible outcomes of events and changes in conditions. The assessment focused on the capital structure, liquidity stress test scenarios, investment risk, inflation risk, reinsurance structures, operational resilience and recent geo-political events, along with the ongoing business considerations such as actual and planned profitability and catastrophe-based risk scenarios.

E. Capital Management

E.1 Own funds

The Company's capital management process is governed by its Capital Management Policy, which confirms the key components of, and the roles and responsibilities of directors, officers and employees with respect to, the management of the Company's capital. 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 Capital Management Policy sets out the Company's approach to:

- Classification of capital items used to meet its solvency capital requirements;
- Capital management, including monitoring and reporting procedures;
- Medium-term capital plans; and
- Dividend distributions.

Furthermore, the Company's medium-term capital plans reflect projected capital requirements as set out in the ORSA. The Board reviews material changes to the Company's capital position, including any issuance, distribution or maturity of any element of the own funds.

Own funds are comprised as follows:

| Own Funds (\$ m's) | | |
|---|--------------|--------------|
| | <u>2025</u> | <u>2024</u> |
| Ordinary share capital | 10.0 | 10.0 |
| Solvency II reconciliation reserve | 154.3 | 144.9 |
| Other own fund items approved by the supervisory authority as basic own funds | 353.3 | 353.3 |
| Basic own funds | 517.6 | 508.2 |
| Reconciliation reserve detail: | | |
| Statutory retained earnings | 118.8 | 148.7 |
| Profit on ordinary activities after taxation for the financial year | 56.3 | 10.1 |
| Revaluation reserve | 34.2 | 26.1 |
| Dividend paid during the financial year | (30.0) | (40.0) |
| Foreseeable dividend | (25.0) | - |
| SII reconciliation reserve | 154.3 | 144.9 |

The Directors approved a dividend of \$30.0 million (2024: \$40.0 million), paid from retained earnings to the Company's parent AWA Holdings during the year.

The eligible amount of own funds to cover the SCR and the MCR is \$517.6 million. This balance is comprised entirely of Tier 1 basic own funds and has increased from \$508.2 million in the prior year.

In accordance with the Solvency II framework, the Company deducts foreseeable dividends from Tier 1 unrestricted own funds on the basis that such expected distributions do not meet the criteria of permanence, availability, and loss-absorbing capacity required of own funds items. At December 31 2025, the Company deducted \$25.0 million from Tier 1 unrestricted own funds in respect of foreseeable dividends. This dividend reduced the Company's Tier 1 eligible own funds from \$542.6 million to \$517.6 million and the SCR coverage ratio from 255.0% to 243.3%. No material changes were made during the reporting period to the methodology or assumptions used in assessing foreseeable dividends.

The Company has not recognised a deferred tax asset on the loss absorbing capacity of technical provisions.

The following table reconciles the differences (reconciliation reserve) between the equity in the financial statements and the excess of the assets over liabilities as calculated in accordance with the Solvency II Regulations.

| Reconciliation of Basic Own Funds to the Financial Statements (\$ m's) | | |
|---|--------------------|--------------------|
| | <u>2025</u> | <u>2024</u> |
| Total equity in financial statements | 521.4 | 495.1 |
| Deduct items not recognised in financial statements: | | |
| <i>Difference in the valuation of technical provisions</i> | 34.8 | 44.1 |
| <i>Difference in the valuation of assets</i> | (144.7) | (145.1) |
| <i>Difference in the valuation of liabilities</i> | 131.1 | 114.1 |
| Solvency II – Excess of assets over liabilities | 542.6 | 508.2 |
| Foreseeable dividend | (25.0) | - |
| Solvency II – Basic own funds | 517.6 | 508.2 |

Consistent with the position in the prior year, none of the Company's own funds are subject to transitional arrangements, and the Company has no ancillary own funds. No deductions are applied to own funds and there are no material restrictions affecting their availability and transferability.

E.2 SCR and MCR

The Company uses the SFM for calculation of the SCR and all calculations in the risk and sub-modules are in accordance with the Solvency II Regulations. We have not simplified the relevant parameters, nor have we applied Company-specific parameters in the calculation of the SCR.

The MCR is the greater of the absolute floor of the MCR and the combined MCR as prescribed by the Solvency II Regulations.

As at December 31, 2025, the following are the components of the SCR, which is calculated applying the standard formula in accordance with the Solvency II Regulations:

| Standard Formula SCR as at December 31 (\$ m's) | | |
|---|--------------|--------------|
| Risk | <u>2025</u> | <u>2024</u> |
| Market risk | 110.6 | 95.9 |
| Non-life underwriting risk | 87.1 | 91.8 |
| Counterparty default risk | 40.3 | 57.7 |
| Health underwriting risk | 3.1 | 2.5 |
| Life underwriting risk | - | - |
| Diversification | (61.6) | (64.6) |
| Intangible asset risk | - | - |
| Basic SCR | 179.5 | 183.3 |
| Operational risk | 33.2 | 30.3 |
| Solvency SCR | 212.7 | 213.6 |

The SCR decreased by 0.4% in 2025 compared to 2024, from \$213.6 million to \$212.7 million. The main drivers of the decrease were the reduction in counterparty default risk due to the credit rating upgrade of Allied World Group, and to a lesser extent the decrease in non-life underwriting risk primarily due to the increased reinsurance cession under the property lines quota share.

The reduction was most notably offset by the increase in market risk due to growth in equity exposure along with operational risk resulting from the growth in gross technical provisions. Market risk is the largest risk to the Company, followed by non-life underwriting risk.

Over the medium term, for 2026 through 2027, the SCR has been assessed to ensure that the Company has sufficient capital and maintains an SCR coverage ratio in excess of 160% to protect its stakeholders from any adverse scenarios.

As at December 31, 2025, the SCR was \$212.7 million, with a 243.3% coverage ratio (December 31, 2024: \$213.6 million, 237.9% coverage ratio).

The inputs used to calculate the MCR of the Company are as follows:

| Standard Formula MCR as at December 31, 2025 (\$ m's) | | |
|---|---|---|
| | <u>Net (of reinsurance) best estimate and TP calculated as a whole</u> | <u>Net (of reinsurance) written premiums in the last 12 months</u> |
| Direct business and accepted proportional reinsurance | | |
| Medical expense insurance | 0.6 | 0.3 |
| Marine, aviation, and transport insurance | 0.0 | 1.2 |
| Fire and other damage to property insurance | 26.4 | - |
| General liability insurance | 73.8 | 32.5 |
| Credit and suretyship insurance | 1.0 | - |
| Miscellaneous financial loss insurance and proportional reinsurance | 21.7 | 3.5 |
| Non-proportionate casualty reinsurance | - | 3.9 |
| Non-proportionate marine, aviation, transport | 5.7 | 2.7 |
| Non-proportionate property | - | 4.4 |

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

N/A

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

N/A

E.5 Non-compliance with the MCR and non-compliance with the SCR

N/A

E.6 Any other information

N/A

Appendices

Annual quantitative reporting templates

Allied World
Assurance Company
(Europe) dac

Solvency and Financial
Condition Report

Disclosures

31 December

2025

(Monetary amounts in USD thousands)

General information

| | |
|---|---|
| Undertaking name | Allied World Assurance Company (Europe) dac |
| Undertaking identification code | 549300TLQ4YKXNEIJM60 |
| Type of code of undertaking | LEI |
| Type of undertaking | Non-Life insurance undertakings |
| Country of authorisation | IE |
| Language of reporting | en |
| Reporting reference date | 31 December 2025 |
| Currency used for reporting | USD |
| Accounting standards | Local GAAP |
| Method of Calculation of the SCR | Standard formula |
| Matching adjustment | No use of matching adjustment |
| Volatility adjustment | No use of volatility adjustment |
| Transitional measure on the risk-free interest rate | No use of transitional measure on the risk-free interest rate |
| Transitional measure on technical provisions | No use of transitional measure on technical provisions |

List of reported templates

- S.02.01.02 - Balance sheet
- S.04.05.21 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

| | | Solvency II value |
|---------------|--|----------------------|
| | | C0010 |
| Assets | | |
| R0030 | Intangible assets | |
| R0040 | Deferred tax assets | |
| R0050 | Pension benefit surplus | |
| R0060 | Property, plant & equipment held for own use | 9,960 |
| R0070 | Investments (other than assets held for index-linked and unit-linked contracts) | 545,223 |
| R0080 | <i>Property (other than for own use)</i> | 0 |
| R0090 | <i>Holdings in related undertakings, including participations</i> | 0 |
| R0100 | <i>Equities</i> | 102,156 |
| R0110 | <i>Equities - listed</i> | 55,005 |
| R0120 | <i>Equities - unlisted</i> | 47,151 |
| R0130 | <i>Bonds</i> | 415,810 |
| R0140 | <i>Government Bonds</i> | 393,397 |
| R0150 | <i>Corporate Bonds</i> | 21,677 |
| R0160 | <i>Structured notes</i> | 0 |
| R0170 | <i>Collateralised securities</i> | 736 |
| R0180 | <i>Collective Investments Undertakings</i> | 26,649 |
| R0190 | <i>Derivatives</i> | 608 |
| R0200 | <i>Deposits other than cash equivalents</i> | 0 |
| R0210 | <i>Other investments</i> | 0 |
| R0220 | Assets held for index-linked and unit-linked contracts | |
| R0230 | Loans and mortgages | 121,231 |
| R0240 | <i>Loans on policies</i> | |
| R0250 | <i>Loans and mortgages to individuals</i> | |
| R0260 | <i>Other loans and mortgages</i> | 121,231 |
| R0270 | Reinsurance recoverables from: | 981,608 |
| R0280 | <i>Non-life and health similar to non-life</i> | 981,608 |
| R0290 | <i>Non-life excluding health</i> | 977,222 |
| R0300 | <i>Health similar to non-life</i> | 4,386 |
| R0310 | <i>Life and health similar to life, excluding index-linked and unit-linked</i> | 0 |
| R0320 | <i>Health similar to life</i> | |
| R0330 | <i>Life excluding health and index-linked and unit-linked</i> | |
| R0340 | <i>Life index-linked and unit-linked</i> | |
| R0350 | Deposits to cedants | 0 |
| R0360 | Insurance and intermediaries receivables | 61,591 |
| R0370 | Reinsurance receivables | 24,615 |
| R0380 | Receivables (trade, not insurance) | 10,486 |
| R0390 | Own shares (held directly) | |
| R0400 | Amounts due in respect of own fund items or initial fund called up but not yet paid in | 0 |
| R0410 | Cash and cash equivalents | 22,405 |
| R0420 | Any other assets, not elsewhere shown | 11,495 |
| R0500 | Total assets | 1,788,613 |

S.02.01.02

Balance sheet

| | | Solvency II value |
|--------------------|--|----------------------|
| | | C0010 |
| Liabilities | | |
| R0510 | Technical provisions - non-life | 1,133,982 |
| R0520 | <i>Technical provisions - non-life (excluding health)</i> | 1,128,559 |
| R0530 | <i>TP calculated as a whole</i> | 0 |
| R0540 | <i>Best Estimate</i> | 1,101,483 |
| R0550 | <i>Risk margin</i> | 27,076 |
| R0560 | <i>Technical provisions - health (similar to non-life)</i> | 5,423 |
| R0570 | <i>TP calculated as a whole</i> | 0 |
| R0580 | <i>Best Estimate</i> | 4,968 |
| R0590 | <i>Risk margin</i> | 455 |
| R0600 | Technical provisions - life (excluding index-linked and unit-linked) | 0 |
| R0610 | <i>Technical provisions - health (similar to life)</i> | 0 |
| R0620 | <i>TP calculated as a whole</i> | |
| R0630 | <i>Best Estimate</i> | |
| R0640 | <i>Risk margin</i> | |
| R0650 | <i>Technical provisions - life (excluding health and index-linked and unit-linked)</i> | 0 |
| R0660 | <i>TP calculated as a whole</i> | |
| R0670 | <i>Best Estimate</i> | |
| R0680 | <i>Risk margin</i> | |
| R0690 | Technical provisions - index-linked and unit-linked | 0 |
| R0700 | <i>TP calculated as a whole</i> | |
| R0710 | <i>Best Estimate</i> | |
| R0720 | <i>Risk margin</i> | |
| R0740 | Contingent liabilities | |
| R0750 | Provisions other than technical provisions | |
| R0760 | Pension benefit obligations | |
| R0770 | Deposits from reinsurers | |
| R0780 | Deferred tax liabilities | 7,575 |
| R0790 | Derivatives | 0 |
| R0800 | Debts owed to credit institutions | 0 |
| R0810 | Financial liabilities other than debts owed to credit institutions | 0 |
| R0820 | Insurance & intermediaries payables | 11,965 |
| R0830 | Reinsurance payables | 38,381 |
| R0840 | Payables (trade, not insurance) | 54,135 |
| R0850 | Subordinated liabilities | 0 |
| R0860 | <i>Subordinated liabilities not in BOF</i> | |
| R0870 | <i>Subordinated liabilities in BOF</i> | 0 |
| R0880 | Any other liabilities, not elsewhere shown | |
| R0900 | Total liabilities | 1,246,038 |
| R1000 | Excess of assets over liabilities | 542,575 |

S.04.05.21

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

| Home Country | Top 5 countries (by amount of gross premiums written): non-life | | | | | | |
|--------------|---|--------|---------|--------|--------|-------|-------|
| | GB | NL | DK | SE | AU | | |
| R0010 | | | | | | | |
| | Premiums written (gross) | | | | | | |
| | C0010 | C0020 | C0021 | C0022 | C0023 | C0024 | |
| R0020 | Gross Written Premium (direct) | 40,073 | 328,148 | 23,696 | 12,326 | 7,285 | 7,186 |
| R0021 | Gross Written Premium (proportional reinsurance) | | 4,101 | | 26 | | 0 |
| R0022 | Gross Written Premium (non-proportional reinsurance) | 3,635 | 65,861 | 2,398 | 1,801 | 3,166 | 2,758 |
| | Premiums earned (gross) | | | | | | |
| R0030 | Gross Earned Premium (direct) | 40,801 | 335,279 | 13,652 | 11,085 | 7,287 | 7,286 |
| R0031 | Gross Earned Premium (proportional reinsurance) | | 3,008 | | 48 | | 0 |
| R0032 | Gross Earned Premium (non-proportional reinsurance) | 4,057 | 62,128 | 3,831 | 1,765 | 2,245 | 2,282 |
| | Claims incurred (gross) | | | | | | |
| R0040 | Claims incurred (direct) | 25,093 | 164,135 | 2,968 | 2,607 | 1,395 | 21 |
| R0041 | Claims incurred (proportional reinsurance) | | 6,297 | | 23 | | 434 |
| R0042 | Claims incurred (non-proportional reinsurance) | 1,525 | 27,572 | -482 | 615 | 1,007 | 603 |
| | Expenses incurred (gross) | | | | | | |
| R0050 | Gross Expenses Incurred (direct) | 15,092 | 101,640 | 4,751 | 3,676 | 2,881 | 2,124 |
| R0051 | Gross Expenses Incurred (proportional reinsurance) | | 826 | | 13 | | 0 |
| R0052 | Gross Expenses Incurred (non-proportional reinsurance) | 1,088 | 13,470 | 927 | 493 | 629 | 607 |

S.17.01.02
Non-Life Technical Provisions

| | Direct business and accepted proportional reinsurance | | | | | | | | | | | Accepted non-proportional reinsurance | | | | Total Non-Life obligation | | |
|-------|---|-----------------------------|---------------------------------|-----------------------------------|-----------------------|--|---|-----------------------------|---------------------------------|--------------------------|------------|---------------------------------------|-------------------------------------|---------------------------------------|---|---------------------------------------|-------|-----------|
| | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance | Non-proportional property reinsurance | | |
| | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0170 | C0180 | |
| R0010 | 0 | | | | | 0 | 0 | 0 | 0 | | | 0 | | 0 | 0 | 0 | 0 | 0 |
| R0050 | | | | | | | | | | | | | | | | | | 0 |
| | Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | 0 |
| | Technical provisions calculated as a sum of BE and RM | | | | | | | | | | | | | | | | | |
| | Best estimate | | | | | | | | | | | | | | | | | |
| | Premium provisions | | | | | | | | | | | | | | | | | |
| R0060 | 326 | | | | | 1,243 | 37,914 | 40,671 | 38 | | | 15,541 | | 518 | -1,316 | 10,852 | | 105,786 |
| R0140 | 323 | | | | | 1,189 | 34,283 | 38,250 | 131 | | | 663 | | 3,785 | -198 | 16,032 | | 94,459 |
| R0150 | 3 | | | | | 53 | 3,631 | 2,421 | -93 | | | 14,878 | | -3,267 | -1,119 | -5,181 | | 11,327 |
| | Claims provisions | | | | | | | | | | | | | | | | | |
| R0160 | 4,642 | | | | | 7,284 | 207,078 | 621,427 | 12,174 | | | 9,681 | | 32,057 | 51,553 | 54,770 | | 1,000,665 |
| R0240 | 4,063 | | | | | 7,288 | 184,593 | 551,980 | 11,111 | | | 1,804 | | 29,295 | 44,735 | 52,281 | | 887,149 |
| R0250 | 579 | | | | | -4 | 22,485 | 69,448 | 1,063 | | | 7,876 | | 2,762 | 6,818 | 2,489 | | 113,516 |
| R0260 | 4,968 | | | | | 8,526 | 244,992 | 662,099 | 12,211 | | | 25,222 | | 32,575 | 50,237 | 65,621 | | 1,106,451 |
| R0270 | 582 | | | | | 49 | 26,116 | 71,869 | 970 | | | 22,754 | | -505 | 5,700 | -2,691 | | 124,843 |
| R0280 | 455 | | | | | 112 | 6,608 | 14,164 | 184 | | | 718 | | 1,326 | 1,778 | 2,186 | | 27,531 |
| R0320 | 5,423 | | | | | 8,638 | 251,601 | 676,262 | 12,395 | | | 25,940 | | 33,901 | 52,015 | 67,807 | | 1,133,982 |
| R0330 | 4,386 | | | | | 8,477 | 218,876 | 590,229 | 11,241 | | | 2,468 | | 33,080 | 44,537 | 68,313 | | 981,608 |
| R0340 | 1,037 | | | | | 161 | 32,724 | 86,033 | 1,154 | | | 23,472 | | 821 | 7,478 | -505 | | 152,374 |

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)
(absolute amount)

| Year | Development year | | | | | | | | | | C0170 In Current year | C0180 Sum of years (cumulative) | |
|-------|------------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------------------------|------------------------------------|-----------|
| | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | | | C0110 |
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | | | 10 & + |
| R0100 | Prior | | | | | | | | | | | 13,456 | 13,456 |
| R0160 | -9 | 31,897 | 12,892 | 11,390 | 5,933 | 20,207 | 10,319 | 10,313 | 1,468 | 1,112 | -43 | -43 | 105,488 |
| R0170 | -8 | 12,240 | 29,901 | 20,831 | 7,542 | 3,743 | 17,689 | 5,898 | 15,654 | 6,384 | | 6,384 | 119,882 |
| R0180 | -7 | 5,440 | 21,432 | 17,835 | 9,525 | 6,741 | 12,872 | 5,611 | 9,064 | | | 9,064 | 88,520 |
| R0190 | -6 | 7,656 | 27,733 | 25,442 | 7,251 | 13,614 | 8,114 | 11,904 | | | | 11,904 | 101,715 |
| R0200 | -5 | 10,213 | 36,091 | 28,333 | 13,850 | 20,742 | 15,342 | | | | | 15,342 | 124,571 |
| R0210 | -4 | 9,060 | 63,966 | 25,877 | 28,081 | 26,119 | | | | | | 26,119 | 153,103 |
| R0220 | -3 | 17,429 | 52,158 | 38,586 | 38,900 | | | | | | | 38,900 | 147,073 |
| R0230 | -2 | 8,380 | 58,954 | 70,469 | | | | | | | | 70,469 | 137,803 |
| R0240 | -1 | 11,397 | 69,389 | | | | | | | | | 69,389 | 80,786 |
| R0250 | 0 | 12,900 | | | | | | | | | | 12,900 | 12,900 |
| R0260 | | | | | | | | | | | | | |
| | | | | | | | | | | | Total | 273,886 | 1,085,298 |

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

| Year | Development year | | | | | | | | | | C0360 Year end (discounted data) | | |
|-------|------------------|---------|---------|---------|---------|--------|--------|--------|--------|--------|-------------------------------------|-----------|--------|
| | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | | C0300 | |
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | | 10 & + | |
| R0100 | Prior | | | | | | | | | | | 19,768 | 17,549 |
| R0160 | -9 | 84,653 | 69,702 | 53,928 | 43,959 | 31,719 | 27,999 | 13,597 | 11,520 | 6,876 | 5,949 | 4,965 | |
| R0170 | -8 | 84,976 | 60,989 | 47,252 | 46,283 | 56,887 | 37,720 | 29,866 | 25,514 | 33,522 | | 26,500 | |
| R0180 | -7 | 93,578 | 68,979 | 58,298 | 48,039 | 49,092 | 36,319 | 19,993 | 22,641 | | | 18,286 | |
| R0190 | -6 | 93,443 | 98,478 | 72,246 | 66,926 | 68,903 | 49,884 | 38,055 | | | | 30,293 | |
| R0200 | -5 | 154,538 | 124,407 | 101,752 | 89,500 | 79,298 | 56,273 | | | | | 45,372 | |
| R0210 | -4 | 255,206 | 212,134 | 169,579 | 138,418 | 98,250 | | | | | | 81,388 | |
| R0220 | -3 | 291,179 | 232,267 | 183,715 | 121,170 | | | | | | | 100,271 | |
| R0230 | -2 | 310,680 | 268,129 | 195,212 | | | | | | | | 164,481 | |
| R0240 | -1 | 365,783 | 274,066 | | | | | | | | | 235,353 | |
| R0250 | 0 | 324,142 | | | | | | | | | | 276,207 | |
| R0260 | | | | | | | | | | | | | |
| | | | | | | | | | | | Total | 1,000,665 | |

S.23.01.01

Own Funds

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

| | |
|-------|--|
| R0010 | Ordinary share capital (gross of own shares) |
| R0030 | Share premium account related to ordinary share capital |
| R0040 | Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings |
| R0050 | Subordinated mutual member accounts |
| R0070 | Surplus funds |
| R0090 | Preference shares |
| R0110 | Share premium account related to preference shares |
| R0130 | Reconciliation reserve |
| R0140 | Subordinated liabilities |
| R0160 | An amount equal to the value of net deferred tax assets |
| R0180 | Other own fund items approved by the supervisory authority as basic own funds not specified above |
| R0220 | Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds |
| R0230 | Deductions for participations in financial and credit institutions |
| R0290 | Total basic own funds after deductions |

Ancillary own funds

| | |
|-------|---|
| R0300 | Unpaid and uncalled ordinary share capital callable on demand |
| R0310 | Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand |
| R0320 | Unpaid and uncalled preference shares callable on demand |
| R0330 | A legally binding commitment to subscribe and pay for subordinated liabilities on demand |
| R0340 | Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC |
| R0350 | Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC |
| R0360 | Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC |
| R0370 | Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC |
| R0390 | Other ancillary own funds |
| R0400 | Total ancillary own funds |

Available and eligible own funds

| | |
|-------|---|
| R0500 | Total available own funds to meet the SCR |
| R0510 | Total available own funds to meet the MCR |
| R0540 | Total eligible own funds to meet the SCR |
| R0550 | Total eligible own funds to meet the MCR |

| | |
|-------|---|
| R0580 | SCR |
| R0600 | MCR |
| R0620 | Ratio of Eligible own funds to SCR |
| R0640 | Ratio of Eligible own funds to MCR |

Reconciliation reserve

| | |
|-------|---|
| R0700 | Excess of assets over liabilities |
| R0710 | Own shares (held directly and indirectly) |
| R0720 | Foreseeable dividends, distributions and charges |
| R0730 | Other basic own fund items |
| R0740 | Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds |
| R0760 | Reconciliation reserve |

Expected profits

| | |
|-------|---|
| R0770 | Expected profits included in future premiums (EPIFP) - Life business |
| R0780 | Expected profits included in future premiums (EPIFP) - Non- life business |
| R0790 | Total Expected profits included in future premiums (EPIFP) |

| Total | Tier 1 unrestricted | Tier 1 restricted | Tier 2 | Tier 3 |
|---------|---------------------|-------------------|--------|--------|
| C0010 | C0020 | C0030 | C0040 | C0050 |
| 10,000 | 10,000 | | 0 | |
| 0 | 0 | | 0 | |
| 0 | 0 | | 0 | |
| 0 | | 0 | 0 | 0 |
| 0 | 0 | | | |
| 0 | | 0 | 0 | 0 |
| 0 | | 0 | 0 | 0 |
| 154,279 | 154,279 | | | |
| 0 | | 0 | 0 | 0 |
| 0 | | | | |
| 353,297 | 353,297 | 0 | 0 | 0 |
| 0 | | | | |
| 0 | | | | |
| 517,575 | 517,575 | 0 | 0 | 0 |

| | | | | |
|---|--|--|---|---|
| 0 | | | | |
| 0 | | | | |
| 0 | | | | |
| 0 | | | | |
| 0 | | | | |
| 0 | | | | |
| 0 | | | | |
| 0 | | | | |
| 0 | | | | |
| 0 | | | | |
| 0 | | | 0 | 0 |

| | | | | |
|---------|---------|---|---|---|
| 517,575 | 517,575 | 0 | 0 | 0 |
| 517,575 | 517,575 | 0 | 0 | |
| 517,575 | 517,575 | 0 | 0 | 0 |
| 517,575 | 517,575 | 0 | 0 | |

| |
|---------|
| 212,743 |
| 53,186 |
| 243.29% |
| 973.15% |

| C0060 |
|---------|
| 542,575 |
| 0 |
| 25,000 |
| 363,297 |
| 0 |
| 154,279 |

| |
|--------|
| 23,359 |
| 23,359 |

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

- R0010 Market risk
- R0020 Counterparty default risk
- R0030 Life underwriting risk
- R0040 Health underwriting risk
- R0050 Non-life underwriting risk
- R0060 Diversification

R0070 Intangible asset risk

R0100 **Basic Solvency Capital Requirement**

Calculation of Solvency Capital Requirement

- R0130 Operational risk
- R0140 Loss-absorbing capacity of technical provisions
- R0150 Loss-absorbing capacity of deferred taxes
- R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
- R0200 **Solvency Capital Requirement excluding capital add-on**
- R0210 Capital add-ons already set
- R0211 *of which, capital add-ons already set - Article 37 (1) Type a*
- R0212 *of which, capital add-ons already set - Article 37 (1) Type b*
- R0213 *of which, capital add-ons already set - Article 37 (1) Type c*
- R0214 *of which, capital add-ons already set - Article 37 (1) Type d*
- R0220 **Solvency capital requirement**

Other information on SCR

- R0400 Capital requirement for duration-based equity risk sub-module
- R0410 Total amount of Notional Solvency Capital Requirements for remaining part
- R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds
- R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
- R0440 Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

- R0590 Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

- R0640 LAC DT
- R0650 LAC DT justified by reversion of deferred tax liabilities
- R0660 LAC DT justified by reference to probable future taxable economic profit
- R0670 LAC DT justified by carry back, current year
- R0680 LAC DT justified by carry back, future years
- R0690 Maximum LAC DT

| Gross solvency capital requirement | USP | Simplifications |
|------------------------------------|-------|-----------------|
| C0110 | C0090 | C0120 |
| 110,602 | | |
| 40,302 | | |
| 0 | | |
| 3,149 | | |
| 87,067 | | |
| -61,571 | | |

| |
|---------|
| 0 |
| 179,549 |

| C0100 |
|---------|
| 33,194 |
| 0 |
| 0 |
| 0 |
| 212,743 |
| 0 |
| 0 |
| 0 |
| 0 |
| 212,743 |

| |
|---|
| 0 |
| 0 |
| 0 |
| 0 |
| 0 |

| |
|--------|
| Yes/No |
| C0109 |
| 0 |

| LAC DT |
|--------|
| C0130 |
| |
| 0 |
| 0 |
| 0 |
| 0 |
| 0 |

USP Key

For life underwriting risk:
 1 - Increase in the amount of annuity benefits
 9 - None

For health underwriting risk:
 1 - Increase in the amount of annuity benefits
 2 - Standard deviation for NSLT health premium risk
 3 - Standard deviation for NSLT health gross premium risk
 4 - Adjustment factor for non-proportional reinsurance
 5 - Standard deviation for NSLT health reserve risk
 9 - None

For non-life underwriting risk:
 4 - Adjustment factor for non-proportional reinsurance
 6 - Standard deviation for non-life premium risk
 7 - Standard deviation for non-life gross premium risk
 8 - Standard deviation for non-life reserve risk
 9 - None

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

22,004

R0020 Medical expense insurance and proportional reinsurance
 R0030 Income protection insurance and proportional reinsurance
 R0040 Workers' compensation insurance and proportional reinsurance
 R0050 Motor vehicle liability insurance and proportional reinsurance
 R0060 Other motor insurance and proportional reinsurance
 R0070 Marine, aviation and transport insurance and proportional reinsurance
 R0080 Fire and other damage to property insurance and proportional reinsurance
 R0090 General liability insurance and proportional reinsurance
 R0100 Credit and suretyship insurance and proportional reinsurance
 R0110 Legal expenses insurance and proportional reinsurance
 R0120 Assistance and proportional reinsurance
 R0130 Miscellaneous financial loss insurance and proportional reinsurance
 R0140 Non-proportional health reinsurance
 R0150 Non-proportional casualty reinsurance
 R0160 Non-proportional marine, aviation and transport reinsurance
 R0170 Non-proportional property reinsurance

| | Net (of reinsurance /SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months |
|--|--|---|
| | C0020 | C0030 |
| | 582 | 345 |
| | 0 | 0 |
| | 0 | 0 |
| | 0 | 0 |
| | 0 | 0 |
| | 49 | 1,206 |
| | 26,116 | 100 |
| | 71,869 | 32,642 |
| | 970 | 15 |
| | 0 | 0 |
| | 0 | 0 |
| | 22,754 | 3,475 |
| | 0 | 0 |
| | 0 | 3,901 |
| | 5,700 | 2,739 |
| | 0 | 4,400 |

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

R0210 Obligations with profit participation - guaranteed benefits
 R0220 Obligations with profit participation - future discretionary benefits
 R0230 Index-linked and unit-linked insurance obligations
 R0240 Other life (re)insurance and health (re)insurance obligations
 R0250 Total capital at risk for all life (re)insurance obligations

| | Net (of reinsurance /SPV) best estimate and TP calculated as a whole | Net (of reinsurance /SPV) total capital at risk |
|--|--|---|
| | C0050 | C0060 |
| | | |
| | | |
| | | |
| | | |

Overall MCR calculation

R0300 Linear MCR
 R0310 SCR
 R0320 MCR cap
 R0330 MCR floor
 R0340 Combined MCR
 R0350 Absolute floor of the MCR
 R0400 Minimum Capital Requirement

C0070

22,004
 212,743
 95,734
 53,186
 53,186
 4,700
 53,186