

# Euler Hermes Reinsurance AG

## Financial Condition Report

Based on figures at 31/12/2023

## Contents

<b>Contents</b> .....	<b>1</b>
<b>Executive Summary</b> .....	<b>4</b>
<b>Business activities (A)</b> .....	<b>4</b>
<b>Company success (B)</b> .....	<b>5</b>
<b>Governance and risk management (C)</b> .....	<b>5</b>
<b>Risk profile (D)</b> .....	<b>6</b>
<b>Valuation (E)</b> .....	<b>6</b>
<b>A. Business activities</b> .....	<b>7</b>
<b>A.1. Business overview</b> .....	<b>7</b>
A.1.1. Business overview .....	7
A.1.2. Business outlook .....	7
<b>A.2. Legal Entity &amp; Group Structure and Related Party Transactions</b> .....	<b>8</b>
A.2.1. Legal Entity & Group structure.....	8
A.2.2. Related Party Transactions .....	8
<b>A.3. External auditor</b> .....	<b>9</b>
<b>A.4. Supervisory authority</b> .....	<b>10</b>
<b>A.5. Significant events in 2023 and subsequent events</b> .....	<b>10</b>
<b>B. Company success</b> .....	<b>10</b>
<b>B.1. Underwriting performance</b> .....	<b>10</b>
<b>B.2. Financial performance</b> .....	<b>11</b>
B.2.1. Analysis per nature of income and expenses.....	12
B.2.2. Analysis per Asset Classes.....	12
<b>B.3. Performance of other activities</b> .....	<b>14</b>
<b>C. Governance and risk management</b> .....	<b>14</b>
<b>C.1. Governance framework</b> .....	<b>14</b>
C.1.1. Overview.....	14
C.1.2. Board of Directors (BoD).....	14
C.1.3. Board of Management (BoM) .....	16
C.1.4. Key functions.....	17
C.1.5. Fit & Proper policy.....	19
<b>C.2. Risk management system</b> .....	<b>21</b>
C.2.1. Risk management framework.....	21
C.2.2. Risk strategy and risk appetite .....	22
<b>C.3. Internal control system</b> .....	<b>23</b>
C.3.1. Internal Control Framework principles.....	23
C.3.2. General elements of the internal control system framework.....	24

C.3.3.	Specific control areas .....	24
<b>D.</b>	<b>Risk profile.....</b>	<b>25</b>
<b>D.1.</b>	<b>Risk profile overview .....</b>	<b>25</b>
<b>D.2.</b>	<b>Current risk profile .....</b>	<b>26</b>
D.2.1.	Top risks.....	26
D.2.2.	Target Capital.....	27
D.2.3.	Stress tests.....	33
D.2.4.	Liquidity ratios.....	33
D.2.5.	Quantitative limits.....	35
D.2.6.	Risk Policy Framework.....	36
<b>D.3.</b>	<b>Other risk management processes .....</b>	<b>38</b>
D.3.1.	Operational Risk Management .....	38
D.3.2.	Reputational Risk Management .....	40
D.3.3.	Concentration .....	42
<b>D.4.</b>	<b>Future risk profile .....</b>	<b>42</b>
D.4.1.	General description .....	42
<b>D.5.</b>	<b>Off-balance sheet items .....</b>	<b>43</b>
<b>E.</b>	<b>Valuation.....</b>	<b>45</b>
<b>E.1.</b>	<b>Assets .....</b>	<b>45</b>
E.1.1.	Real estate .....	46
E.1.2.	Participations .....	46
E.1.3.	Fixed-income securities .....	46
E.1.4.	Loans .....	47
E.1.5.	Equities .....	47
E.1.6.	Collective investment schemes .....	47
E.1.7.	Alternative investments .....	47
E.1.8.	Deposits made under assumed reinsurance.....	47
E.1.9.	Cash and cash equivalents.....	47
E.1.10.	Ceding of Best Estimate provisions for insurance liabilities.....	47
E.1.11.	Intangible Assets .....	48
E.1.12.	Receivables from insurance business .....	48
E.1.13.	Other Receivables .....	48
E.1.14.	Accrued Assets.....	48
<b>E.2.</b>	<b>Liabilities .....</b>	<b>48</b>
E.2.1.	Best Estimate of provisions for insurance liabilities .....	49
E.2.2.	Market Value Margin.....	49
E.2.3.	Non-technical provisions .....	49
E.2.4.	Liabilities from insurance business.....	49
E.2.5.	Other liabilities.....	49
E.2.6.	Accrued liabilities .....	50
<b>E.3.</b>	<b>Description of the risk-bearing capital.....</b>	<b>50</b>
<b>E.4.</b>	<b>Capital reconciliation.....</b>	<b>50</b>
<b>F.</b>	<b>Capital management.....</b>	<b>52</b>

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<b>F.1. Capital management strategy – SST Standard .....</b>	<b>52</b>
<b>G. Solvency.....</b>	<b>53</b>
<b>G.1. Solvency overview.....</b>	<b>53</b>
<b>G.2. Capital planning.....</b>	<b>53</b>
<b>G.3. Capital management governance.....</b>	<b>53</b>
<b>Appendix .....</b>	<b>55</b>
<b>Appendix 1 : Financial Statements as of 31.12.2023 .....</b>	<b>55</b>
<b>Appendix 2: Operational Risk – scenarios analysis.....</b>	<b>64</b>
<b>Appendix 3 : Quantitative templates .....</b>	<b>65</b>
<b>Appendix 4 : EH Ré SA sale impact analysis .....</b>	<b>67</b>
<b>Appendix 5 : Glossary .....</b>	<b>68</b>

## Executive Summary

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Reporting and disclosure of its financial situation is a fundamental part of the relationship between an insurance company and its stakeholders, including supervisors and other third parties.

Among these reporting and disclosure requirements, the Financial Condition Report (FCR<sup>1</sup>) production is set out in the circular 'Public Disclosure 2016/2' of the Swiss Financial Market Supervisory Authority (FINMA). It contains information that is required for the purposes of supervision.

The qualitative and quantitative information disclosed in this report is based on the situation at 31.12.2023.

The EUR/CHF rates used in this report are the year-end rates applied by Euler Hermes Reinsurance AG (EH Re AG) in its financial statements 2023 for the balance sheet positions: 1 EUR = 0.9297 CHF (0.9874 in 2022).

In order to fulfil the reporting and disclosure requirements according to FINMA Circular '2016/2 Public Disclosure', the report describes the following areas:

- business activities;
- performance (underwriting, financial, others);
- system of governance and risk management;
- risk profile per each category of risk;
- balance sheet valuation (assets, liabilities, risk margin);
- capital management; and
- solvency requirements.

### Business activities (A)

EH Re AG is the Euler Hermes Group<sup>2</sup> reinsurance company providing reinsurance solutions and capacity for commercial Trade Credit, Surety & Guarantee, and Fidelity business to all EH Group companies as well as to some AZ companies. EH Re AG, together with its 100% owned subsidiary Euler

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<sup>1</sup>Published on [https://www.allianz-trade.com/en\\_GL/regulation.html](https://www.allianz-trade.com/en_GL/regulation.html)

<sup>2</sup> Since March 28<sup>th</sup> 2022, Euler Hermes Group has been rebranded into Allianz Trade and for some activities or departments e.g. communication, both names can be used throughout this report.

Hermes Ré SA (EH Ré SA), reinsure also the business of some joint ventures with external companies as well as the worldwide Surety & Guarantee business of Allianz entities since 2014.

Since a capital restructuring in 2020 in the context of the project REACH, EH Re AG is fully owned by Allianz Re Dublin dac which is held by Euler Hermes Group SAS (45%) and Allianz Europe BV (55%). The shareholder structure is presented in chapter A.2.1.

Besides some parameters' adjustment to existing reinsurance treaties, there are no major changes in the 2023 reinsurance structure compared to 2022. However, EH Re AG has implemented a Financial Year Stop Loss (20% xs 80% net retained loss ratio) starting from January 1<sup>st</sup> 2024. This is accounted for in the SST figures presented in this report.

## Company success (B)

In 2023, EH Re AG overall profitability increased compared to 2022. Earned premiums have increased by CHF 39.9mn (4%) from CHF 1'096.6mn to CHF 1'136.6mn mainly driven by a good performance from TCI (CHF 29mn) and Surety (CHF 18mn) LoBs.

The net financial result is a loss of CHF 18.3mn in 2023, compared to a loss of CHF 115.1mn in 2022. The improved result is driven by the prior year bond portfolio impairment of CHF 154.9mn compared to CHF 1.5mn in 2023. The foreign exchange result has deteriorated from a gain of CHF 5.0mn in 2022 to a loss of CHF 99.8mn in 2023. In addition, an impairment of CHF 16.6mn in the carrying value of the participation in Patrimonia SA was recognized in order to reflect the fair value of the enterprise which will be liquidated in the course of 2024.

The net result of EH Re AG in 2023, including the correction of the 2022 misstatement, is CHF 163mn, up by CHF 52mn (47%) compared to 2022.

## Governance and risk management (C)

EH Re AG management is organized around two management bodies, the Board of Directors (BoD) granted with the executive decision-making power, and the Board of Management (BoM) which takes all fundamental business decisions unless reserved to the BoD.

Governance structures have been implemented to keep EH Re AG within the operational and risk environment of EH Group.

EH Re AG has also implemented four independent key functions (Risk Management which is partly outsourced to EH SA for Solvency 2 related activities, Compliance, Actuarial which is outsourced to EH SA, and Internal Audit which is outsourced to EH Services SAS), constituting the 2<sup>nd</sup> and 3<sup>rd</sup> level of its "three lines of defense" organization.

To ensure the effectiveness of these functions, EH Re AG has set up a Policy Framework which is a set of Corporate Rules aiming to establish binding regulations or guidelines on relevant topics. It includes but is not limited to high Fit & Proper standards for its BoD, BoM, and key function holders, as well as other policies that oversee principles and governance of key functions.

The Risk Management function assesses, measures and monitors EH Re AG's risks through processes among which are the Swiss Solvency Test (SST), the Own Risk and Solvency Assessment (ORSA), and the Top Risk Assessment (TRA). The latter covers strategic risks which cannot be modelled and BoM members are defined as owners, responsible for the assessment as well as the definition and set up of appropriate risk mitigation plans.

## Risk profile (D)

EH Re AG considers the main following risks in its risk profile: insurance, market, credit, liquidity, operational, reputational, and concentration.

The Insurance, Market, and Credit Risk are considered and monitored through the Target Capital (TC) of the SST as well as other quantitative limits. EH Re AG's TC was at CHF 395mn at the end of December 2023, down by CHF 322mn (-45%) compared to 2022. This is mainly explained by a decrease in insurance risk (CHF -227mn) due on one hand to a decrease in reserve risk volume and to the implementation of the Financial Year Stop Loss, and on the other hand to an improvement in the diversification benefit (CHF +122mn) slightly offset by lower expected technical results (CHF -75mn).

EH Re AG diversifies its risk by using different diversification approaches: a Strategic Asset Allocation (SAA) for Market Risk and across investment types, asset managers, geography and industry for Credit Risk. There is no foreseeable specific risk concentration over the business planning period.

Moreover, the forecast and stress simulations performed on liquidity demonstrate that EH Re AG is able to keep its liquidity risk within its Risk Appetite.

## Valuation (E)

The EH Re AG's assets and liabilities are presented and reconciled in the Market Consistent Balance Sheet (MCBS) and local Swiss GAAP.

Overall, EH Re AG's Risk Bearing Capital (RBC) amounts to CHF 990mn, down by CHF 4mn (-0.4%) compared to 2022, after deduction of a planned dividend of CHF 260mn. It is exclusively composed of basic own funds, with no particular restrictions on it.

## Capital management & Solvency requirements (F&G)

EH Re AG complies with FINMA regulatory requirements and strictly applies its Capital Management strategy in terms of solvency.

The 2024 SST Ratio is at 250.7% and significantly up compared to the 140% ratio of 2023 reflecting mainly the impact of lower reserve risk volume and the Financial Year Stop Loss effect on Target Capital (TC) whereas Risk Bearing Capital (RBC) has remained stable. The 2024 SST stands well above the target management ratio of 131% defined in EH Re AG's Risk Appetite policy.

## A. Business activities

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### A.1. Business overview

#### A.1.1. Business overview

EH Re AG is the EH Group/Allianz Trade Group reinsurance company providing reinsurance solutions and capacity for commercial Trade Credit, Surety & Guarantee, and Fidelity business to all EH Group companies. Also, it covers the related non-consolidated companies in Austria, Portugal, Israel and Solunion, the Euler Hermes' Joint Ventures with Mapfre for the Spanish and Latin American countries.

Since the beginning of 2014, EH Re AG has started to assume not only TCI, but also Surety & Guarantee and Fidelity business from EH Group companies as well as from Allianz companies and part of the Mapfre Surety & Guarantee business.

EH Re AG is the center of excellence of EH Group Reinsurance by centralizing the reinsurance needs of the EH Group companies and retroceding partially the risks to the worldwide reinsurance market.

EH Re AG partly reinsures its business to Allianz as well as to other external reinsurers.

#### A.1.2. Business outlook

2023 was a tumultuous year, with another war event materializing (the war in the Middle East), while the world was still not beyond the previous one (the war in Ukraine). We estimate that global real GDP grew by +2.7% in 2023, though vulnerabilities have emerged at several levels.

The economic landscape in 2023 began with a sense of caution, primarily driven by the persistent challenges posed by the energy crisis and the swift normalization (tightening) of monetary conditions in the US and Europe. The Eurozone and the US faced the prospect of a mild recession, influenced by these factors. Additionally, concerns loomed over Europe's energy situation, with uncertainties in gas supply creating negative confidence effects. Geopolitical tensions, including policy shifts in the US and Europe, China's strategic moves, and upcoming elections across the world, added to the uncertainties. Meanwhile, hopes of a robust post-Covid economic rebound in China were cut short by another year of crisis in the real estate sector.

Despite long standing tensions in the Middle East, the outbreak of war between Israel and Hamas on 7 October 2023 caught the world off guard. The most directly impacted areas are of course Palestine and its neighbors, but the escalation of the conflict to the Red Sea and Suez Canal, crucial to global trade, promise to extend the economic consequences of the war globally. These tensions, combined with the ongoing war in Ukraine, cast a shadow on global economic growth.

This context of slower growth, sometimes close to recession, decelerating inflation and increased interest rates has amplified corporate risks. The latest data reveal an increase in insolvencies in most countries, the severity risk remains in check as it is mostly smaller firms that have been going bankrupt. Business insolvencies experienced double-digit increases in 55% of countries, accounting for more



than 60% of global GDP. Moreover, in countries accounting for 40% of global GDP, the rebound has been extremely high, such as the US (+47%), France (+36%), the Netherlands (+59%), Japan (+35%) and South Korea (+41%). Looking ahead, we expect the upside trend in insolvencies to accelerate in 2024, rising by +8% (after +7% in 2023).

EH Re AG will pursue its "safety-oriented" and diversified investment strategy in line with the Allianz Group's Investments Rules.

## A.2. Legal Entity & Group Structure and Related Party Transactions

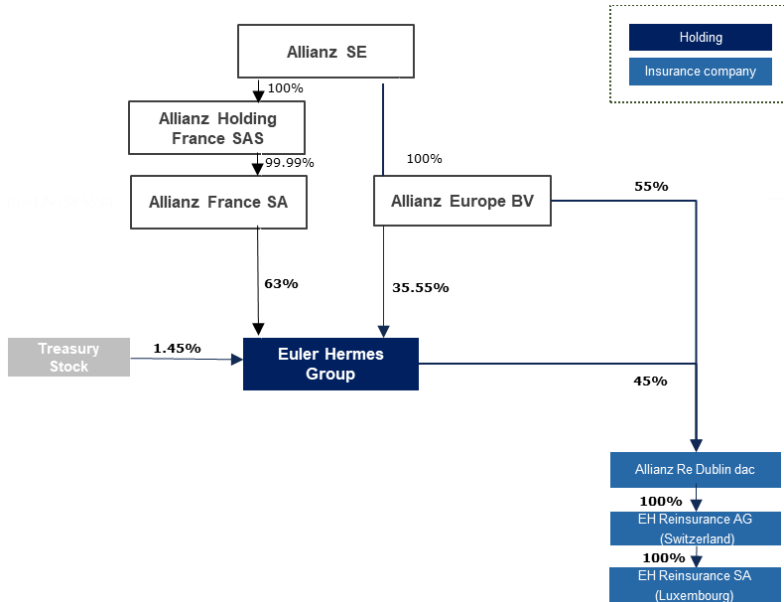
### A.2.1. Legal Entity & Group structure

EH Re AG has its registered office in Wallisellen, Switzerland:

Euler Hermes Reinsurance AG  
 Richtiplatz 1  
 CH-8304 Wallisellen  
 Switzerland

The chart below shows a simplified structure of the shareholders and subsidiaries of EH Re AG:

**Figure 1: EH Re AG simplified group structure**



### A.2.2. Related Party Transactions

#### A.2.2.1. Insurance relationships

As a EH/Allianz Group reinsurance company, EH Re AG has reinsurance relationships with several other Legal Entities (LEs) of EH Group and Allianz Group, by means of reinsurance treaties.

#### A.2.2.2. Financial relationships

EH Re AG has granted the following inter-company loans:

- with EH Ré SA, amounting to CHF 31mn;
- with Allianz Europe BV, amounting to CHF 93mn; and
- With EH Group SAS, amounting to CHF 42mn.

#### A.2.2.3. Operational relationships

EH Re AG has set up several contracts and Service Level Agreements (SLA) to outsource some activities to other LEs within the EH Group, in line with its Outsourcing Policy.

Amongst these outsourcing agreements, some are significant either because of the nature of the outsourced activity or because of the amount of the charged services:

- The actuarial function is outsourced to Euler Hermes SA (EH SA);
- The Internal Audit function is outsourced to Euler Hermes Services SAS;
- EH SA risk function provides support regarding risk management activities e.g. risk policies, operational risk framework, liquidity risk framework, etc.;
- EH Services SAS provides advice and services to support activities, notably in fields of risk underwriting, information and claims management, commercial and marketing, financial services, investment management, and other support (except IT);
- EH Group SAS and EH SA provide support regarding the IT-related activity: applications development, maintenance, and run; and
- Investment accounting is outsourced to EH SA.

#### A.2.2.4. Participations

EH Re AG has investments in affiliated enterprises for a total of CHF 110mn, as follows:

- EH Ré SA: CHF 75mn, corresponding to 100% share in the capital;
- EH Patrimonia SA: CHF 1mn, corresponding to 35% in the capital; and
- EH South Express SA: CHF 17mn, corresponding to 49% share in the capital.

### A.3. External auditor

The 2023 Financial Statements were audited by:

PricewaterhouseCoopers AG (represented by Christian Konopka)  
Birchstrasse 160  
CH-8050 Zurich  
<https://pwc.ch/de.html>

PwC's opinion on the 2023 statutory accounts is that EH Re AG complies with Swiss law and the company's articles of incorporation.

Also, PwC confirmed that during their audit they have not encountered any misstatements, corrected or uncorrected, in performing the audit that could have a significant impact on the closing process or the annual financial statements.

PwC was approved as statutory auditors during the Annual General Meeting on 02.05.2023 for the financial year 2023.

## A.4. Supervisory authority

The supervisory authority of EH Re AG is FINMA:

Swiss Financial Market Supervisory Authority (FINMA)  
Laupenstrasse 27  
CH-3003 Bern  
<https://www.finma.ch/en/>

## A.5. Significant events in 2023 and subsequent events

Significant economic events in 2023 are summarized in the business outlook section and pertain mainly to the consequences of the ongoing geopolitical crisis across the world.

Significant company events can be summarized into (1) the sale of the EH Ré SA fully owned subsidiary for which EH Re AG has signed in 2023 a sale purchase agreement; the necessary regulatory processes have been initiated and the full closing of the transaction is expected to happen in the first half of 2024; the impact assessment on EH Re AG SST ratio is presented in this report (section **Appendix 4 : EH Ré SA sale impact analysis**); (2) the buying of a Financial Year Stop Loss with effect from January 1<sup>st</sup> 2024 aiming at protecting EH Re AG net retained loss ratio (20% xs 80%). It is incorporated in this report.

## B. Company success

### B.1. Underwriting performance

The following table summarizes EH Re AG's underwriting performance:

**Figure 2: EH Re AG underwriting performance**

In CHF mn	EoY 2023	EoY 2022	Δ	Abs %
Earned premiums for own account	1137	1096	41	4%
Other income from insurance business	1	1	0	0%
<b>Total income from the insurance business</b>	<b>1138</b>	<b>1097</b>	<b>41</b>	<b>4%</b>
Claims expenses for own account	-506	-442	-64	15%
Acquisition and administration costs for own account	-418	-418	0	0%

In CHF mn	EoY 2023	EoY 2022	Δ	Abs %
Total expenses from the insurance business	-924	-860	-64	7%
<b>Underwriting result</b>	<b>213</b>	<b>237</b>	<b>-24</b>	<b>10%</b>

Earned premiums have increased by CHF 39.9mn (4%), from CHF 1'097mn to CHF 1'136.6mn, driven by a good performance on Lob TCI (CHF 29mn) and Surety (CHF 18mn).

Since the underwriting year 2019, the EH US Trade Credit business is being ceded directly to the external market. The business of the prior years is still ceded to EH Re AG, as well as EH US World Agency Facultative, Surety & Guarantee line of business. EH Re AG also continues to provide Excess of Loss cover for the EH US Trade Credit line of business.

From underwriting year 2021 onwards, Poland is ceding directly to EH Re AG.

The cost of claims has increased by CHF 64mn (15%), from CHF 442mn to CHF 506mn, the loss ratio is at 45%. The increase in claims is due to the economic situation. The Loss ratio in Trade Credit has slightly increased (45% in 2023 vs 37% in 2022), Surety has decreased (40% in 2023 vs 66% in 2022) and Fidelity is stable (53% in 2023 vs 50% in 2022).

The total volume of expenses remained stable in 2023 at CHF 417.9mn (2022: CHF 417.7mn). The inwards reinsurance commission rate for Trade Credit decreased by 4% to 37% yoy, driven by one-off sliding scale commission adjustments paid by EH Re AG to the ceding entities at the end of 2022 (as part of the IFRS-17 simplification initiative, whereby variable commissions in prior year reinsurance contracts were converted to a fixed rate). The inwards commission rates for Surety and Fidelity were respectively 39% (-3% pts yoy) and 38% (+/- 0 pts yoy).

The underwriting result shows a profit of CHF 213.2mn, a decrease of CHF 24.1mn compared to 2022 (10%). The net combined ratio has increased from 78% to 81%.

## B.2. Financial performance

The following table summarizes EH Re AG's financial performance:

**Figure 3: EH Re AG financial performance**

In CHF mn	EoY 2023	EoY 2022 <sup>1</sup>	Δ	Abs %
Interests and dividends	27	38	-11	29%
Realized gains on investments	0.2	2.6	-2	92%
Write ups of investments	2	1	1	100%
Investment income from Sántis Umbrella Fund	83.4	n/a	83.4	n/a
Investment income	112.6	41.6	71	171%
Investment management expenses	-1	-2.9	2	66%
Realized losses on investments	0.0	-2.8	3	101%
Unrealized losses on investments	-30.2	-155.9	125.7	81%
Investment expenses	-31.2	-161.7	130.5	80.7%

In CHF mn	EoY 2023	EoY 2022 <sup>1</sup>	Δ	Abs %
Investment result	81.5	-120	201.6	168%
Realized & unreal. currency gains	50.3	112.3	-62	55%
Other financial income	50.3	112.3	-62	55%
Realized & unreal. currency losses	-51.5	-107.4	56	52%
Inc. & exp. From currency translation	-98.5	0	-98.5	n/a
Other financial expenses	-150	-107.4	-42.7	39.7%
<b>Financial result</b>	<b>-18.3</b>	<b>-115.1</b>	<b>96.8</b>	<b>84%</b>

<sup>1</sup>2022 Includes Sántis SIF amounts split across line items. i.e. new presentation from 2023 onwards to include SIF result in single line comparative presentation not updated.

## B.2.1. Analysis per nature of income and expenses

The net financial result is a loss of CHF 18.3mn in 2023, compared to a loss of CHF 115.1mn in 2022. The improved result is driven by the prior year bond portfolio impairment of CHF 154.9mn compared to CHF 1.5mn in 2023. The foreign exchange result has deteriorated from a gain of CHF 5.0mn in 2022 to a loss of CHF 99.8mn in 2023 mainly driven by the EUR/CHF depreciation from 1.03 at YE2022 to 0.93 at YE2023 as a majority of investments are EUR denominated. In addition, an impairment of CHF 16.6mn in the carrying value of the participation in Patrimonia SA was recognized in order to reflect the fair value of the enterprise which will be liquidated in the course of 2024.

During 2023, a material misstatement in the 2022 financial statements was detected regarding the valuation of the financial assets in the Sántis Umbrella Fund and linked to this within the provision for unrealized FX gains (non-technical provisions). These misstatements were corrected in 2023 and resulted in a negative impact on the 2023 profit before tax amounting to CHF 38mn.re

## B.2.2. Analysis per Asset Classes

### B.2.2.1. Investment income

**Figure 4: EH Re AG Investment Income**

In CHF mn	EoY 2023	EoY 2022 <sup>1</sup>	Δ	Abs %
Investments in affiliated enterprises	15.4	12.7	2.7	21%
Bonds	0.4	0.0	0.4	1233%
Intercompany loans	1.9	0.3	1.6	654%
Sántis Umbrella fund	83.4	0	83.4	482%
Bond funds	4.4	8.6	-4.2	49%
Private equity fund of funds	0.2	2.2	-2.0	91%
Property funds	3.5	2.3	1.2	52%
Deposits retained on assumed business	0.2	0.2	0.0	13%
Cash and cash equivalents	3.4	0.0	3.4	0%
<b>Investment income</b>	<b>112.7</b>	<b>41.6</b>	<b>71.1</b>	<b>171%</b>

<sup>1</sup>2022 Includes Sántis SIF amounts split across line items. i.e. new presentation from 2023 onwards to include SIF result in single line comparative presentation not updated

Despite a decrease in the total value of the investments by CHF 153mn, the investment income increased significantly (CHF 71mn) due to the interest rate increase (for bonds and from cash on the bank) and the write up on Sántis.

In 2023 EH Re AG shows the following investment income per asset classes:

- For Investments in affiliated enterprises: income of CHF 15.4mn, CHF 2.7mn increase due to dividend received from EH Patrimonia SA;
- For Bonds: income of CHF 0.4mn, increase of CHF 0.4mn due to some realized gains in 2023;
- For Intercompany loans: income of CHF 1.9mn, increase of CHF 1.6mn due to interest rate increase;
- For Sántis Umbrella Fund: income of CHF 83.4mn allocated to different Financial Statement line items in 2022;
- For Bond funds: income of CHF 2.7mn, CHF 4.2mn decrease;
- For Private Equity funds of funds: income of CHF 0.2mn, CHF 2.0mn decrease;
- For Property funds: income of CHF 3.5mn, CHF 1.2mn increase;
- For Deposits retained on assumed business: income of CHF 0.2mn, stable; and
- For Cash: income of CHF 3.4mn due to interest from banks.

In 2022 and 2023 there was no income from Shares.

### B.2.2.2. Investment expenses

**Figure 5: EH Re AG Investment expenses**

In CHF mn	EoY 2023	EoY 2022	Δ	Abs %
Investments in affiliated enterprises	26.7	0.0	26.7	0%
Bonds	0.0	0.9	-0.9	96%
Bond funds	0.6	11.9	-11.3	95%
Equity funds	0.0	0.1	-0.1	0%
Private equity fund of funds	0.1	0.0	0.1	0%
Property funds	3.7	2.9	0.8	26%
<b>Investment Expenses</b>	<b>31.2</b>	<b>161.6</b>	<b>-130.5</b>	<b>80.7%</b>

Total Investment Expenses decreased by CHF 130.5mn, down to CHF 31.2mn, mainly caused by the decrease of the write downs on Sántis Umbrella Fund in 2023 (CHF -155.4mn).

In 2023, investment expenses according to asset classes were as follows:

- For Investments in affiliated enterprises: expenses of CHF 26.7mn in 2023 due to the write down from EH Patrimonia CHF carrying value;
- For Bonds, expense of CHF 0.04mn, CHF 0.9mn decrease mainly due to no write downs in 2023;

- For Bond funds: expense of CHF 0.6mn, CHF 11.3mn decrease mainly due to the absence of write downs in 2023;
- For Equity funds: expense of CHF 0.0mn in 2023, slight decrease of CHF 0.1mn;
- For Private Equity funds of funds: expense of CHF 0.1mn in 2023, slight increase of CHF 0.1mn; and
- For Property funds: expense of CHF 3.7mn, increase of CHF 0.8mn mainly due to higher write downs in 2023.

### B.3. Performance of other activities

EH Re AG does not have any other source of income and expenses over the reporting period.

## C. Governance and risk management

### C.1. Governance framework

#### C.1.1. Overview

EH Re AG has a Board of Directors (BoD) and a Board of Management (BoM).

EH Re AG has also implemented the following Key Functions:

- Risk function (historically partly outsourced to EH SA);
- Compliance function;
- Actuarial function (outsourced to EH SA); and
- Internal Audit function (outsourced to EH Services SAS).

To ensure the effectiveness of these functions, EH Re AG targets a high Fit and Proper standard for Senior Management and Key Function holders across the company.

Core principles and processes are defined to ensure sufficient knowledge, experience and professional qualifications as well as the necessary integrity and soundness of judgment.

#### C.1.2. Board of Directors (BoD)

##### C.1.2.1. Role and responsibilities of the BoD

The BoD has executive decision-making power for EH Re AG. It defines the strategic targets and supervises the BoM. The BoD defines the BoM's priorities and objectives on an annual basis. It regularly gathers information on the business through the BoD meetings, the BoD Committees as well as from the BoM, other specific reports and regular exchanges with the Chief Executive Officer (CEO) and other BoM members.

In particular, the BoD has the following tasks:

- Executive management and supervision of the company and issuance of relevant instructions;
- Determination of the basic organizational structures of the company (financial, legal, and operational organization);
- Organization of the accounting, financial controls, and financial planning;
- Appointment and revocation of BoM members and representatives of the company and the determination of signature authorities;
- Supervision of the BoM and the whole management of the company regarding the compliance with laws, articles of association, regulations, and directives;
- Preparation of the annual Management Report and the General Assembly including the resolutions passed within the General Assembly;
- Resolutions about capital increases and resulting changes of the Articles of Association;
- Official information to the ad-hoc authorities in case of insolvency; and
- Check of the qualification of the External Auditors in case of specific missions required by law.

The BoD decides about all business matters and legal transactions with fundamental scope for EH Re AG which are not limited to the general assembly or another body of the company via law or articles of association or via this Governance Structure.

Unless the law, the Articles of Association or the Governance Structure do not specify anything else, the management of the company is delegated to the CEO.

In order to prepare, execute or supervise the business, the BoD may set up specific committees and allocate tasks to the individual members of the BoD or the other committees.

#### C.1.2.2. Composition of the BoD

At the end of 2023, the BoD is composed of the following members:

1. Mr. Thorsten Fromhold, Chairman of the Board;
2. Mr. Colm Costello;
3. Ms. Aylin Somersan Coqui;
4. Mr. Wilfried Verstraete;
5. Ms. Marita Kraemer;
6. Mr. Stephan Knipper.

#### C.1.2.3. BoD committees

With the new governance structures after REACH the BoD established the following permanent committees:

- The Audit & Compliance Committee supervising finance and compliance;
- The Risk Committee supervising the risk management;



- The Financial Committee (FiCo) supervising the investment strategy and asset management; and
- The Nomination & Remuneration Committee supervising the appointment and remuneration of BoD and BoM members.

The Audit & Compliance Committee and the Risk Committee are composed of the following members:

1. Mr. Stephan Knipper (Chairman)
2. Ms. Aylin Somersan Coqui;
3. Mr. Wilfried Verstraete;
4. Mr. Colm Costello;
5. Ms. Marita Kraemer.

The FiCo is composed of the following members:

1. Mr. Colm Costello (Chairman);
2. Mr. Thorsten Fromhold;
3. Mr. Wilfried Verstraete;
4. Ms. Aylin Somersan Coqui;
5. Ms. Marita Kraemer;
6. Mr. Stephan Knipper.

The Nomination & Remuneration Committee is composed of the following members:

1. Ms. Marita Kraemer (Chairperson);
2. Mr. Thorsten Fromhold.

The BoD can establish other specific committees according to the management/supervision needs and in the interest of EH Re AG. Other committees are set up and put under the responsibility of the BoM according to management specific requirements

The constitution, organization, roles, and responsibilities of the Committees are defined in the Rules of Procedures of the Board committees and approved by the BoD.

### C.1.3. Board of Management (BoM)

#### C.1.3.1. Role and responsibilities of the BoM

The BoM takes all fundamental business decisions unless reserved to the BoD according to the law or the Articles of Association.

The BoM meetings are called regularly by the CEO and have the purpose of information, consulting and decision-making regarding all important and cross-functional business topics, the determination of a consistent business strategy as well as the coordination with EH Group functions, activities, and entities.

Furthermore, each BoM member leads his/her assigned areas within the scope of the ordinary business activity independently.

### C.1.3.2. Composition of the BoM

The composition of the BoM of EH Re AG at end of 2023 is:

1. Mr. Benoît des Cressonnières, CEO;
2. Ms. Birte Inninger, CFAO; and
3. Mr. Nigel Pryor, CUO.

### C.1.4. Key functions

#### C.1.4.1. Key functions in the organization

To ensure an appropriate and rigorous system of governance, EH Re AG has defined Key Functions that address all areas of the company.

The key function holders at the end of 2023 are:

1. Internal Audit function: EH Group Head of Internal Audit;
2. Compliance function: EH Re AG Compliance Officer;
3. Risk function: EH Re AG Chief Risk Officer (CRO); and
4. Actuarial function: Head of Group Loss Reserving (EH Re AG Responsible Actuary).

#### C.1.4.2. Internal Audit function

The Internal Audit function is outsourced to EH Group Internal Audit (specifically to EH Services SAS). The function is managed by the Chief Audit Executive (CAE). The CAE reports to the EH Group CEO, to the EH Group Audit, Risk and Compliance Committee and to the EH Re AG Audit and Compliance Committee.

##### C.1.4.2.1. Roles and responsibilities

The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

The main task of Internal Audit is to support the organization in achieving its objectives by using a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. This is achieved by independent, objective assurance and consulting activities designed to add value and improve the organization's operations.

Therefore, Internal Audit activities are geared towards helping the company mitigate risks as well as further assist in strengthening the organization's governance processes and structures.

In accordance with the definition of Internal Audit as outlined in the EH Group Audit Policy, Internal Audit must support the company's management to reduce and mitigate risks, as well as to assist in strengthening the organization's governance processes and structures by reviewing activities and procedures in all areas, without scope limitation, with the following objectives of:

- Safeguarding the company's assets;
- Assessing alignment with the company's strategies, objectives, and risks of the organization;
- Strengthening effective Internal Control and Risk Management/Controlling Systems by assessing and evaluating their design and operational adequacy and effectiveness;
- Strengthening compliance with legal and supervisory regulations, as well as corporate principles and guidelines; and
- Assessing effective and efficient organizational performance management and accountability.

In the Three Lines of Defense Model, the Internal Audit function acts as a "Third and Last Line of Defense". See also section C.2.1.2.

#### C.1.4.2.2. Independence

The Internal Audit function has a standing within the EH Re AG organizational structure that ensures the necessary independence. Necessary independence means that no undue influence is exercised over the Internal Audit function. Compliance with the above principles is ensured through adequate reporting lines and information rights.

In order to ensure the objectivity and the independence of the Internal Audit Function, the following specific requirements have been set:

- No auditor holds an operational position;
- Any bonus received by Internal Audit function representatives is based exclusively on achieving qualitative individual targets rather than on the financial results;
- Internal auditors and the Internal Audit Function have the authority to express assessment and recommendations;
- The Chief Audit Executive (CA) reports directly to the EH Group CEO, as well as to the EH Group Audit, Risk and Compliance Committee and to the EH Ré AG Audit and Compliance Committee;
- EH Group Internal Audit has the right to communicate with any employee and obtain information, records, or data necessary to carry out its responsibilities, to the extent legally permitted. It has the responsibility and the right to review activities, procedures, and processes in all areas of EH Group, without limitation;
- Internal auditors are to perform their duties in an unbiased manner; audit findings are to be based upon facts and supported by sufficient documented evidence;

- To ensure the independence and objectivity of internal auditors during audit assignments, the “Allianz Standard Audit Manual” states rules regarding the assignment of auditors. These include besides other to avoid the assignment of internal auditors on audits within the business area in which the respective auditor has been working in the last 12 months, in order to avoid a potential conflict of interests;

Finally, the representative of EH Group Audit confirms annually the independence of the internal audit activity.

### C.1.5. Fit & Proper policy

EH Re AG Fit and Proper Policy facilitates the implementation of regulatory requirements and safeguards a high Fit and Proper standard across Senior Management.

For these positions, the Policy describes core principles and processes to ensure sufficient knowledge, experience, and professional qualifications as well as the necessary integrity and soundness of judgment.

#### C.1.5.1. Definition of Fitness & Propriety

A person is considered Fit if his/her professional qualifications, knowledge, and experience are sufficiently adequate to enable sound and prudent fulfilment of his/her role. Fitness includes leadership experience and management skills, the relevant qualifications, other technical skills, qualifications, knowledge, and experience for the specific role as well as common behaviours and values. A person is considered “Proper” if he/she is of good repute and integrity, considering his/her character, personal behaviour, and business conduct, including criminal, financial and supervisory aspects. Propriety includes honesty and financial soundness required for him/her to fulfil his/her position in a sound and prudent manner.

#### C.1.5.2. Processes for ensuring Fitness and Propriety

Sound processes during recruiting and regular and ad hoc reviews, as well as appropriate training, are necessary to ensure Fitness and Propriety.

##### C.1.5.2.1. Members of the BoD

Members of the BoD are appointed by the General Assembly every year unless specific rules provide otherwise. All members must fulfil the applicable Fit and Proper requirements and must be approved by FINMA.

##### C.1.5.2.2. Senior Management and/or Key Function members

EH Re AG ensures that, during the recruiting process of any member of Senior Management or a Key Function, whether internal or external to EH Re AG, their Fitness and Propriety are assessed. An employment or service contract may only be entered into after the successful completion of the defined recruiting process.

#### C.1.5.2.3. Ad hoc reviews

Ad hoc reviews are required in certain extraordinary situations which give rise to questions regarding a person's Fitness or Propriety.

In this context, not only the particular circumstance which gave rise to the ad hoc review, but the Fitness and Propriety of the person concerned as a whole are reassessed.

#### C.1.5.2.4. Outsourcing of a Key Function

In cases where a Key Function is outsourced in accordance with the EH Re AG Outsourcing Policy, a due diligence of the Provider by the Business Owner is performed. It includes a description of the Fit & Proper Test procedures used by the Provider to ensure the Fitness and Propriety of its personnel and a written confirmation that the Provider's personnel working within the outsourced Key Function is Fit and Proper.

#### C.1.5.2.5. Assessment results

Based on the information gathered at the time of recruiting, regular or ad hoc review, or outsourcing due diligence, each case is assessed individually either at EH Re AG or at EH Group level.

In case the person/body responsible for the assessment concludes that the Senior Management or Key Function holder subject to the assessment is not or no longer fit or proper, the person is removed from the position without delay, in accordance with applicable employment law.

#### C.1.5.2.6. Documentation

The Human Resources function retains all documents collected or established as part of recruiting performance reviews and Career Development Conferences.

#### C.1.5.3. Training

EH Re AG ensures that, on an ongoing basis, relevant professional training is available to Senior Management and Key Function members, to enable them to continuously meet the Fitness requirements of their roles.

Learning and development training programs offered internally ensure a deep understanding of the strategic priorities of EH Re AG and EH Group as well as the building of executive skills and abilities. All Senior Management and Key Function members take part in courses relevant to their Fitness at least once within a three-year period.

In support of Propriety, the Compliance function provides regular training on ethical business behavior such as conflicts of interest, anti-fraud and anti-corruption, and other topics, providing employees with clear rules for proper behavior, both for themselves and their teams.

## C.2. Risk management system

### C.2.1. Risk management framework

#### C.2.1.1. Risk governance structure

The **Audit & Compliance Committee** is responsible for:

- Monitoring the financial reporting process, including the preparation of the financial statements as well as any investment/divestment, financing, and cash management plans and their implementation;
- Monitoring the financial policy, including the appropriation of income and payment of dividends;
- Monitoring the statutory audit of the annual financial statements and the independence of the statutory auditor;
- Monitoring the functioning of the Actuarial function; and
- Monitoring the activities, adequacy, and effectiveness of the Company's internal control including Internal Audit and compliance management systems.

The **Risk Committee** is responsible for:

- Preparing and proposing the Risk Strategy, Risk Appetite, and Limits;
- Operational execution of the Limits framework and overseeing the Risk management system;
- Preparing and proposing the Solvency Assessment; and
- Defining and operationalizing group-wide Risk Standards (including the corporate rules of the risk policy framework).

The **FiCo** is responsible for approving individual Financing Transactions in line with risk and capital considerations.

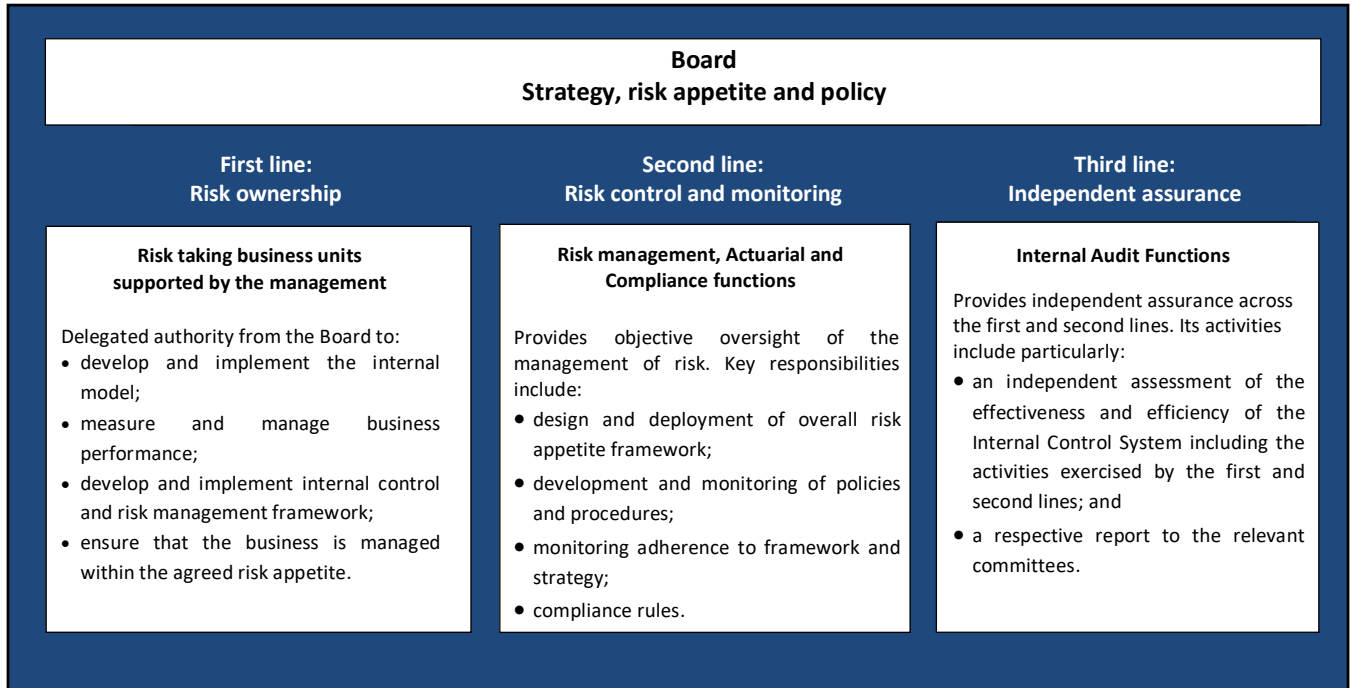
The **Nomination and Remuneration Committee** is responsible for:

- Providing recommendations to the Board of Directors on the appointment of members of the Board of Directors, the Board Committees, and the Management. The Committee will thereby consider its provisions on the composition of the Board of Directors. It will also verify the integrity, competence, experience, and independence of each candidate;
- Monitoring the remuneration policy and its consistent implementation, especially with a view to its impact on risk management, business strategy, and the long-term interests of the Company; and
- Providing recommendations to the Board of Directors on the remuneration policy and the individual remuneration of the members of the Board of Directors, the Board Committees, and the Management.

### C.2.1.2. Three-lines-of-defence organization

EH has adopted the “Three lines of defense” model for risk governance, with clear responsibilities between the different organizational functions. It defines as the first line of defense the Operating Business, as second-line control functions the Actuarial, Compliance, Legal<sup>3</sup>, Accounting & Reporting, and Risk functions, and as third-line the Internal audit. This model is described hereafter:

**Figure 6: “Three lines of defence” model**



### C.2.2. Risk strategy and risk appetite

The Risk Strategy reflects the general approach towards the management of all material risks arising from the conduct of business and the pursuit of business objectives.

The Risk Appetite elaborates on the Risk Strategy through the establishment of the specific level of risk tolerance for all material quantified and non-quantified risks, and thereby the desired level of

<sup>3</sup> In addition to the Independent Control Functions determined by the Solvency II Law (Actuarial, Internal Audit, Compliance and Risk), Legal and Accounting & Reporting have been designated as key functions.

confidence, in relation to clearly defined risk and performance criteria, considering shareholders' expectations and requirements imposed by regulators and rating agencies.

The Risk Strategy and Risk Appetite are reviewed at least once a year by the BoD, along with the Planning Dialogue process during which the business strategy and projections are set. This ensures that the business strategy and Risk Strategy are aligned. The Risk Appetite is then adjusted accordingly.

The whole process of setting/revising the business strategy, Risk Strategy and Risk Appetite is a top-down process, cascaded from the EH Group to the LEs and to EH Re AG. The cascading process is performed through dedicated meetings between the Group and EH Re AG top management, aiming at aligning the Group expectations and EH Re AG forecasts.

EH Re AG Risk Appetite is monitored quarterly by the risk committee; in case of breaches, action plans are set up and monitored quarterly. Its components are described in more detail in section D.1.

### C.3. Internal control system

#### C.3.1. Internal Control Framework principles

The internal control framework is laid out in EH Re AG Governance and Control Policy, as approved by the BoM and BoD.

The internal control system has the following objectives:

- To create a solid control environment, by ensuring that every member of personnel is aware of the importance of internal control and the role that they must play in the internal control system;
- To perform control procedures that are commensurate with the risks carried by EH Re AG activities and processes;
- To provide relevant information to the management bodies as part of their decision-making processes; and
- To ensure compliance with the applicable laws and regulations.

With respect to the areas of control, activities, and reporting aspects, the controls are performed within EH Re AG in accordance with requirements regarding independence.

The internal controls describe all the activities undertaken by and within EH Re AG specific control objectives, such that the controls are put in place and applied across all segments and sectors of activity. These controls ensure a permanent assessment of the effectiveness of relevant processes and procedures, their coherence, and their proportional nature within EH Re AG, as well as the potential actions that may be taken to rapidly address any deficiencies.

The internal control system encompasses different control concepts. In addition to general aspects related to control activities, specific controls are also performed. Alongside these controls, reports are submitted to management.



The centralization of the internal control-related information within the EH Group is assumed by the EH Group Risk based on the “Governance and Control Policy”.

The EH Re AG Risk function fulfils both a support role and an oversight role within the internal control system.

## C.3.2. General elements of the internal control system framework

### C.3.2.1. Key functions and three-lines-of-defence model

EH Re AG has implemented Key Functions and a three-lines-of-defense model; each Key Function has a proper policy to define its major principles and processes.

*Further details are also provided in sections C.1.4 and C.2.1.2.*

### C.3.2.2. Committee and Policy framework

The EH Group Legal department is in charge of defining, updating the Committee, and coordinating the update of the Policies.

Committees are dedicated decision-making bodies put in place to facilitate business steering and to safeguard the Group’s oversight. The Committee framework defines the set of committees in place and their functional rules: mandates, authority, and appropriate independence.

The Policy Framework is a set of Corporate Rules aiming to establish binding regulations or guidelines of group-wide relevant topics. It includes four levels (from top to bottom): Code of Conduct, Policies, Standards, and Functional Rules.

The Corporate Rules include the Risk Policy Framework (RPF) under the responsibility of the Risk function within EH Re AG.

## C.3.3. Specific control areas

The following table presents a brief description of the main control areas set by EH Re AG:

**Figure 7:** Control areas set by EH Re AG

Area	Scope	Control Owner	Main Documentation
<b>Risk Appetite</b>	<ul style="list-style-type: none"> <li>Exposure limits</li> <li>Financial limits</li> <li>Reinsurance limits</li> <li>Capital Ratio framework</li> </ul>	<ul style="list-style-type: none"> <li>EH Re AG CUO</li> <li>EH Re AG CRO</li> </ul>	<ul style="list-style-type: none"> <li>S24. EH_Re AG Treaty Rules</li> <li>P02. EH Re AG Capital Management Policy</li> <li>FR01. EH Re AG Guidelines for Management Ratio and Financial Limits</li> <li>P01. EH Re AG Risk Strategy inc Risk Appetite</li> </ul>

Area	Scope	Control Owner	Main Documentation
<b>Risk Capital Requirements</b>	<ul style="list-style-type: none"> <li>• SST balance sheet</li> <li>• SST computations and projections</li> </ul>	<ul style="list-style-type: none"> <li>• EH Re AG CRO</li> </ul>	<ul style="list-style-type: none"> <li>• P02. EH Re AG Capital Management Policy</li> <li>• S10. EH Re AG- Standards for ORSA</li> </ul>
<b>Investment Management</b>	<ul style="list-style-type: none"> <li>• Strategy and asset allocation</li> <li>• Execution</li> <li>• Performance monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Allianz Trade Investment &amp; Treasury</li> <li>• EH Re AG CFAO</li> <li>• EH Re AG CRO</li> </ul>	<ul style="list-style-type: none"> <li>• S04. EH Re AG-Investment Management Framework</li> </ul>
<b>Operational Risk</b>	<ul style="list-style-type: none"> <li>• Operational risk appetite</li> <li>• Operational risk capital</li> <li>• Internal control assessment</li> </ul>	<ul style="list-style-type: none"> <li>• EH Re AG CRO</li> </ul>	<ul style="list-style-type: none"> <li>• S09. EH Re AG-Operational Risk Management Standards</li> </ul>

## D. Risk profile

### D.1. Risk profile overview

EH Re AG Risk Appetite is defined according to its available capital, its reinsurance structure (for the retrocession), and the quality of the assumed business from the different LoBs as well as the assumed exposure. EH Re AG follows the EH Group's Risk Appetite.

The EH Group Risk Appetite defines the quantity of risk that EH Group and EH Re AG agree to take, in accordance with the Group strategy / Risk Strategy, to reach a desired level of profitability and, accordingly, the adequate Return on Risk Capital (RoRC).

Thereby, EH Re AG is expected:

- To keep the applicable risk indicators within the targeted zone and not to fall below the respective minimum values;
- Not to exceed the applicable limits; and
- To adhere to the applicable policies, standards, and guidelines.

EH Re AG adheres to the EH group Risk Appetite definition based on the following five core elements:

- Setting target ratings for top risks;
- Managing concentration risk by defining quantitative financial limits;
- Allocating capital and defining minimum and target capital ratios;
- Managing liquidity; and
- Defining policies, standards, and guidelines, in line with the EH Group activities.

Although the quantitative assessment of the own solvency needs does not include additional risks except those covered by the SST model, EH Re AG has identified risks which complement the risk

profile: liquidity risk, operational risk<sup>4</sup>, reputational risk, outsourcing risk, and strategic risk. They are managed through appropriate risk procedures implemented by EH Re AG and assessed in the scope of the TRA process. These risks are monitored and mitigated through the EH Re AG internal control system.

## D.2. Current risk profile

### D.2.1. Top risks

The EH Re AG most recent annual top risks assessment was carried out in 4Q 2023 as part of the ORSA process. It was approved by the BoM on November 15<sup>th</sup> 2023.

The following table summarizes the outcome. The actual scores (A) result from the assessment of the frequency (P) and impact (I) for each Top Risk, the impact being the highest score between the economic impact and the reputational impact.

**Figure 8: Top Risk Assessment summary**

#	Risk	Retained	CE	P	I	A	T	Description and retention decision
R1	Default of a reinsurer	Y	4	1	2	1	1	The likelihood of a major reinsurer default is historically deemed as rare but given the current economic environment and the growing appetite for external reinsurance, the risk has been retained.
R2	Non-compliance with international regulations	Y	4	2	3	1	1	The risk has been re-assessed and maintained as it is critical in the current geopolitical and regulatory environment. This covers regulatory and political risk dimensions.
R3	Incorrect data input within FSRI	Y	4	4	3	3	3	The risk has been re-assessed and maintained as it is critical to the operation activities of EH Re.
R4	Disputed claim	Y	4	1	3	1	1	The company would face a dispute with an external reinsurer from the panel on the coverage of a claim.
R5	Target Operating Model	Y	3	4	3	3	2	The company is increasingly exposed to deviations from the Target Operating Model due to evolving CUW practices deviating from UW rules resulting in increasing demand for non standard reinsurance treaties and to increased complexity in decision layers in a context of deteriorating resources.
R6	Key people and resources	Y	2	4	4	4	2	The company is over-exposed to a high risk around key people and resources due to increasing internal operational pressure combined with insufficient and deteriorating resources situation and strong demand for similar resources on the market.
R7	Global Economic Crisis	Y	4	2	5	4	4	This is an AZT-wide risk integrated into EH Re TRA given its reinsurance role. This is to ensure that potential impacts on reinsurance capacities are identified and mitigated.
R8	Reinsurance Market Capacity Shortage	Y	4	2	5	4	4	The likelihood of a capacity shortage is deemed more and more likely in the current market context with successive economic and geopolitical crisis potentially leading to higher losses and reducing reinsurers' appetite.

Compared to 2022, the following evolutions can be highlighted:

- Out of scope risks

<sup>4</sup> Since 2022, EH Re AG accounts for capital requirements for operational risk into its ORSA

There are no risks excluded from the previous TRA. Only new risks have been added.

- New risks

The following risks have been newly identified:

- Global Economic Crisis: in the current geopolitical environment and uncertainty created, this top risk is integrated to ensure that potential impacts on reinsurance capacities are timely identified and mitigated;
- Reinsurance Market Capacity Shortage: this risk is integrated to anticipate reduced appetite for Trade Credit insurance and Surety Guarantee businesses from external reinsurers in case of severe economic downturn and higher losses across the market.

## D.2.2. Target Capital

EH Re AG uses the FINMA SST model. EH Re AG calculates the SST figures in EUR. However, for presentation purposes, the results have been translated to CHF by using the year-end rate presented in the Executive Summary.

This methodology was used to calculate the TC. The comparison between the TC and the AC (available capita, which corresponds to Risk Bearing Capital) using the SST ratio is presented in section F.1.

The table hereunder shows the quantified risks and other elements resulting in the SST TC.

**Figure 9: Breakdown of the Target Capital**

in CHF mn	SST 2024	SST 2023	Var
Underwriting Risk	305	234	71
Reserving Risk	420	589	-169
Diversification	-239	-110	-129
<b>Expected Shortfall Insurance</b>	<b>486</b>	<b>713</b>	<b>-227</b>
Market Risk	195	181	14
Credit Risk	101	139	-38
Diversification	-171	-49	-122
<b>Expected Shortfall Insurance, Market and Credit Risk</b>	<b>610</b>	<b>984</b>	<b>-373</b>
Expected Shortfall Insurance, Market and Credit Risk incl. Scenarios	610	984	-417
Expected Insurance Result	-203	-278	75
Expected Financial performance over 1 year risk free	-13	-14	1
<b>Insurance &amp; Market &amp; Credit Risks = Target Capital</b>	<b>395</b>	<b>692</b>	<b>-298</b>
*Risk Margin	n/a	24	
<b>Target Capital</b>	<b>395</b>	<b>716</b>	<b>-322</b>
<b>Risk Bearing Capital</b>	<b>990</b>	<b>994</b>	<b>-4</b>

\*Risk margin: Starting 1st January 2024, there has been a change in the presentation; the risk margin is part of the Risk Bearing Capital (RBC).

NB: Totals and/or variations might appear different from "SST 2024 minus SST 2023" due to rounding

The following sections provide explanations about the evolutions of the quantified risks considered in the SST TC calculation: premium, individual events, reserve, market, credit and expected performances.

### D.2.2.1. Current Year (CY) Risk

**Figure 10: EH Re AG Premium Risk**

in CHF mn	SST 2024	SST 2023	Var
Attritional Events Premium Risk (AEP)	277	284	-7
Individual Events 1 (IE1)	213	211	2
Natural Catastrophe Events (NE)	0	0	0
Diversification (Premium Risk)	-157	-161	4
Underwriting Risk (netgross)	333	334	-1
Stop Loss Effect	-28	-100	72
<i>Underwriting Risk</i>	<i>305</i>	<i>234</i>	<i>71</i>

The CY Risk is calculated using FINMA Stand Re module AEP and IE1.

The CY Attritional Events Premium Risk (AEP) decreased by CHF 7mn (3%) to CHF 277mn. While there was an increase in premiums due to growth in business and an increase in volatility, this was offset by the currency rate leading to a decrease in the AEP Target Capital.

EH Re AG has considered the following prescribed IE1 events:

- Experience scenarios: These scenarios are derived from as-if adjusted large historical event losses of the reinsurer by applying as-if adjustments to make them representative of the situation of the current year;
- Portfolio structure scenarios: Portfolio structure scenarios are defined in terms of the inward reinsurance portfolio;
- Political Risk: For this non-experience scenario, it is assumed that a significant political incident takes place; and
- Implications of a financial market turndown: For this non-experience scenario, it is assumed that a significant financial market incident takes place.

Additionally, two own scenarios were modelled to estimate the theoretical impact of the default of EH's major insurance buyers.

Based on these scenarios, a frequency-severity model is fitted for IE1 events, with Poisson frequency and Generalized Pareto severity. The IE1 risk increased by CHF 2mn, this is mainly driven by the re-parametrization of the scenarios.

The net CY Risk however increased by CHF 71mn. This increase is mainly driven by the decrease in recoveries from the outward Stop Loss covers due to a positive shift of the underlying distributions (less risk in the tails).

#### D.2.2.2. Previous Year (PY) Risk

**Figure 11: EH Re AG Reserve Risk**

in CHF mn	SST 2024	SST 2023	Var
Attritional Events Reserve Risk (AER)	393	551	-158
Individual Events 2 (IE2)	365	325	40
Diversification	-280	-287	7
Reserve Risk (netgross)	478	589	-111
Stop Loss Effect	-58	0	-58
<i>Reserve Risk</i>	<i>420</i>	<i>589</i>	<i>-169</i>

The PY Risk is calculated using the FINMA Stand Re modules AER and IE2. EH Re AG has considered the following IE2 events:

- Global shock to expected claims inflation: The scenario assumes an excess of the expected inflation path;
- PY loss increase: This scenario assumes that in the current year a reported loss event from a prior accident year develops worse than expected;
- Retrocession default on reserve: For this scenario, it is assumed that the two retrocessionaires with the highest technical reserves default in the current year, with 100% loss given default;
- Underpricing: This scenario assumes that the underwriting/pricing has underestimated the loss ratios for reserving for the previous two underwriting years; and
- Own scenario – China invades Taiwan: The scenario assumes that China faces extensive trade and financial sanctions akin to those on Russia and Belarus, forcing the Asia-Pacific region to choose sides between China and the US. It assumes shortages of key intermediate goods, a significant supply chain bottleneck with an inflation shock, and a drop in consumer spending and investments, potentially triggering a recession despite substantial monetary/fiscal intervention.

Based on these scenarios a frequency-severity model is fitted for IE2 events, with Poisson frequency and Generalized Pareto severity. The IE2 centered Expected Shortfall amounted to CHF 365mn, which represents an increase compared to CHF 325mn calculated in SST 2023.

The decrease in AER is driven by the improvement in AER volatility. While the reserves have increased resulting from the portfolio growth, the coefficient of variation decrease more significantly than the increase in reserves.

Additionally, the implementation of the new Stop Loss on a Financial Year basis, set for 2024, impacts both previous years and current year risks. On the previous years' risks, the newly modelled Stop Loss has effectively reduced the reserve risks by CHF 58mn.

Overall, the reserve risk has improved, thanks to the introduction of the new Financial Stop Loss and lower volatility in AER.

### D.2.2.3. Insurance Risk

The Insurance Risk is the result after aggregation of the Reserve and Premium Risks. EH Re AG aggregates insurance risk using FINMA Stand Re model's methodology.

The model output of the aggregation component is the distribution of the one-year change in the risk-bearing capital (discounted, net of outward retrocession) related to the one-year non-life Insurance Risk.

Insurance Risk decreased by CHF 227mn (32%) compared to SST 2023. The decrease is fully explained by changes in both CY risk and PY risk described in the sections above.

### D.2.2.4. Market Risk

The EH Re AG's Market Risk is estimated by using FINMA's standard model "SST Tool". The interest rate risk is estimated based on both reserve liability and fixed income investment cash flows.

The table below shows the details of the Market Risk evolution between 2023 and 2024:

**Figure 12: Market Risk evolution**

Risk factors in CHF mn	SST 2024	SST 2023	Difference
Diversification effects risk	-114	-120	6
Standalone interest rate risk	83	94	-11
Standalone CHF rate risk	1	1	0
Standalone EUR rate risk	71	84	-13
Standalone USD rate risk	9	7	1
Standalone GBP rate risk	6	5	1
Standalone spread risk	73	81	-9
Standalone currency risk	58	50	7
Equity risk	2	2	0
Real estate risk	17	20	-4
Private Equity risk	6	5	1
Participation risk	71	47	24
<b>Total market risk</b>	<b>195</b>	<b>181</b>	<b>14</b>

*NB: Totals and/or variations might appear different from "SST 2024 minus SST 2023" due to rounding*

The increase in market risk has multiple drivers. The main movements are:

- An increase of 50% (CHF 24mn) in participation risk, which is driven by the increase in the market value of the EH Ré SA Luxembourg participation;

- A decrease of 16% (CHF 13mn) in EUR rate risk, which is driven by the decrease in the market value of the fixed-income investments. Fixed income remains the largest investment class, predominantly denominated in EUR;
- An increase of 15% (CHF 7mn) in currency risk driven by the increase in the market value of the fixed-income investments and slightly offset by the increase in the market value of the insurance liabilities;
- A decrease of 11% (CHF 9mn) in spread risk driven by improved ratings for fixed income and an amelioration in diversification;

The investments are still dominated by EUR similar to last year.

#### D.2.2.5. Credit Risk

The Credit Risk is computed using the standard approach, that is based on the Merton model. The Basel III approach is therefore only applicable in case of assets where the Merton model cannot be applied.

The rating sources for reinsurance (i.e. retrocession exposures) and investments exposures are defined by Allianz risk rating waterfall approach, based on ratings provided by rating agencies (S&P, Moody's and Fitch).

The exposure split per counterparty class is shown below, the Credit Risk on EH Re AG's portfolio decreased by CHF 38mn (27%) compared to EoY 2022.

**Figure 13: Credit Risk split per class**

Exposure without credit risk mitigation (CRM) in CHF mn	SST 2024	SST 2023	Difference	Relative Difference
Central governments and central banks	221	240	-19	-8%
Public-sector entities	194	243	-49	-20%
Bank and security dealers	782	546	235	43%
Corporate positions	1'481	2'496	-1'015	-41%
BIS, IMF and multilateral development banks	68	32	36	113%
Stock exchanges, clearing houses and central counterparties	2	2	0	-2%
Swiss mortgage bonds	7	9	-3	-31%
<b>Total</b>	<b>2'753</b>	<b>3'568</b>	<b>-815</b>	<b>-23%</b>
<b>Credit Risk</b>	<b>101</b>	<b>139</b>	<b>-38</b>	<b>-27%</b>

The decrease in the credit risk is driven by the decrease in the amount of exposed assets to credit risk.



### D.2.2.6. Insurance, Market & Credit Risks

The correlation assumed between Insurance and Credit Risk as well as between Insurance and Market Risk is 80% as prescribed by FINMA for monoliner credit insurers.

The diversification between market, credit and insurance risks amounts to CHF 171mn compared to CHF 49mn in the SST 2023.

Other changes and movements to overall insurance, market & credit risks are explained in the sections above.

### D.2.2.7. Expected Underwriting Performance

For the financial year 2024, the following figures are budgeted for written premium, claims volume, and expenses.

These figures are based on the historical experience and the expected premium volume from the EH Group LEs and its Operating Units. The expected insurance result for the current underwriting year is CHF 203mn after discounting and net of retrocession. This amount is made up of the following components:

**Figure 14:** EH Re AG expected underwriting performance

Insurance Result in CHF mn	SST 2024	SST 2023
Net expected written Premium	1'085	1'216
Net expected losses	462	506
Net expected costs	421	433
<b>Expected Insurance Result</b>	<b>203</b>	<b>278</b>

### D.2.2.8. Expected Financial Performance

An expected investment return of CHF 13mn is estimated based on the SST Standard Model. The table below shows investment returns per asset type as per FINMA's Standard Model.

**Figure 15:** Investment returns per asset type

in CHF mn	Expected return 2023	Exposure 2023
Mortgages	1.5%	-
Corporates	0.7%	1'708
Equity	4.0%	6
Hedge funds	2.0%	-
Private equity	5.0%	13
Real estate	3.0%	86
Delta Remainder	0.0%	-
<b>Expected financial performance</b>		<b>13</b>

### D.2.3. Stress tests

The four stress tests defined by FINMA for the purpose of SST 2024 are linked to Market Risk. These are consistent with the stress tests performed for SST 2023. The results are not included in the target capital calculation.

The table below shows the impact on the risk-bearing capital of the different stress tests performed over the last two years:

**Figure 16: Impact of the stress tests on the risk-bearing capital**

in CHF mn	SST 2024	SST 2023	Difference	Relative Difference
Global recession	-13	-40	27	-67%
Global depression	-80	-106	26	-24%
Real estate crisis in Switzerland	-168	-178	10	-6%
Stagflation	-241	n/a	n/a	n/a

It has to be noted that the Real Estate scenario integrates as well the Global Depression scenario which serves as trigger for the real estate crisis.

The overall impact on risk-bearing capital decreased compared to the previous year and the stagflation scenario is newly added. The main reasons for this decrease are the changes in the scenario parametrization and the de-risking of the investment portfolio.

### D.2.4. Liquidity ratios

#### D.2.4.1. General principles

In accordance with EH Re AG's Liquidity Risk Management Standard, an analysis has been performed to identify liquidity resources and liquidity needs and to project the evolution of EH Re AG's liquidity ratio over different time horizons and in different conditions.

The liquidity ratio is defined as the fraction of liquidity needs over liquidity resources:

- Liquidity resources mainly come from premiums, reinsurance receivables, and investment inflow; and
- Liquidity needs mainly include claims and related expenses, reinsurance payables, operating expenses, dividends and the planned purchase of assets.

EH Re AG's Risk Appetite defines the following thresholds for the liquidity ratio management:

- Ratio > 100%: Red (action level);
- 100% > Ratio > 80%: Amber (alert level); and
- Ratio < 80%: Green.

In case of breach, depending on materiality, different escalation procedures are in place :

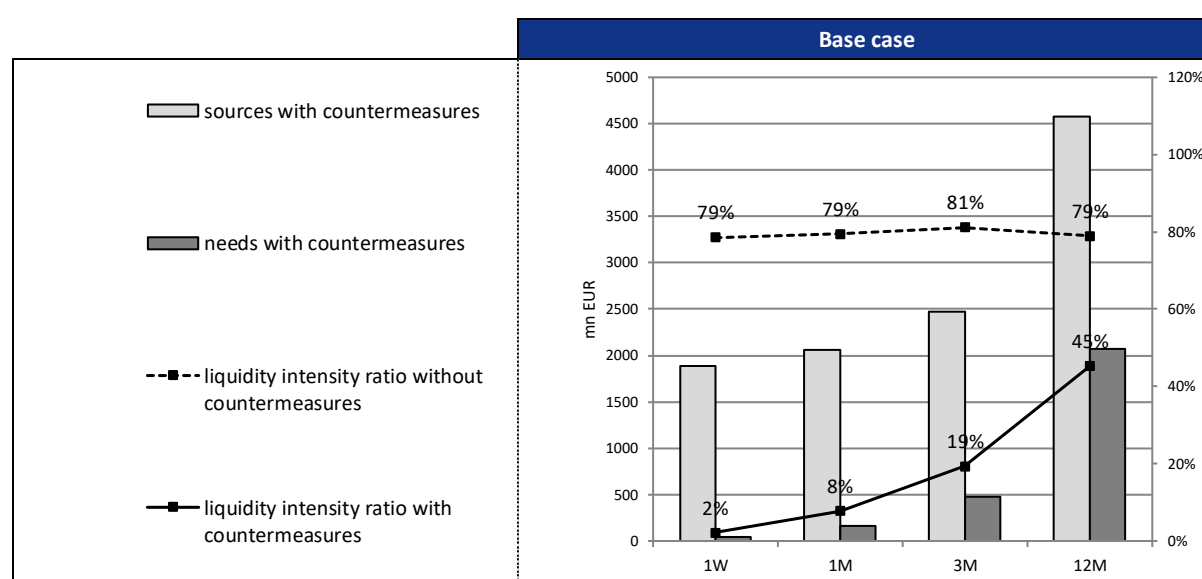
Condition	Consequence
No warning level (<80%)	No further actions required by the Risk function.
Warning level (80%-100%)	Explanation of status in liquidity risk report by the Risk function.
Limit breach (>100%)	EH Re AG prepares a remediation plan to bring back the liquidity ratio in the green zone. The remediation plan is proposed to the RiCo for approval and further notified to the BoD.

#### D.2.4.2. Base case scenario analysis

The base case scenario analysis corresponds to the projection of the liquidity resources and needs under current market conditions.

The following graph shows the base case scenario liquidity analysis performed in 4Q 2023, over different time horizons (1 week, 1 month, 3 months, 12 months):

**Figure 17: Base case scenario liquidity analysis**



*NB: For EH Group reporting consolidation, the calculation is performed in Euros.*

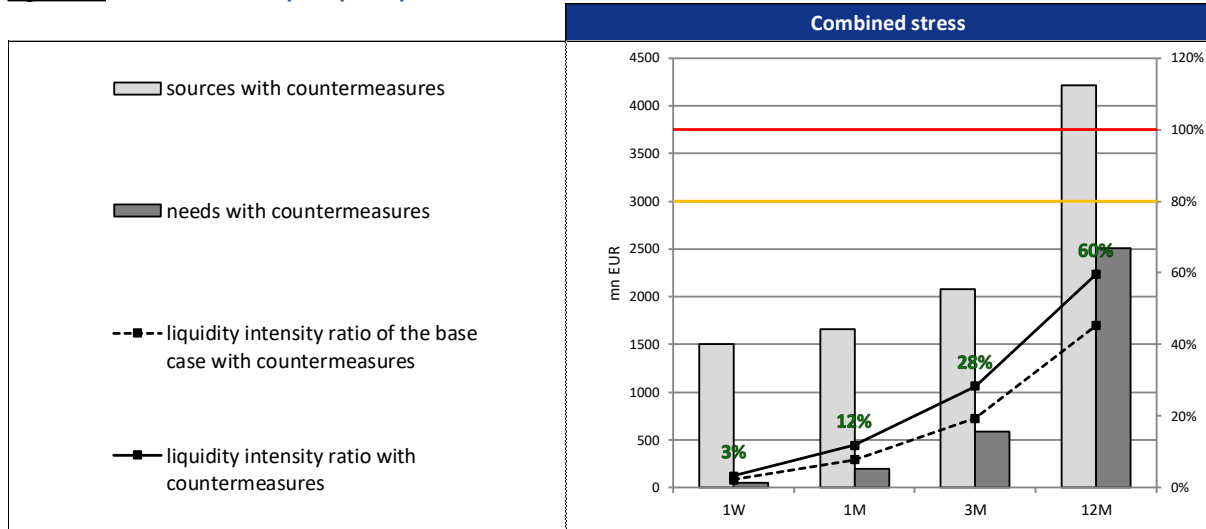
EH Re AG's liquidity ratio would be marginally higher than the alert level (80%) in the 3 months horizon and border line in the 12 months horizon without considering countermeasures. However, considering countermeasures (such as the sale of invested assets), the ratio would significantly drop and remain well in the green zone.

#### D.2.4.3. Stress scenario analysis

EH Re AG identified several liquidity stress scenarios and chose to perform the one which appeared to be the most relevant in 2023: a deterioration of the market conditions leading to an economic crisis, a recession event which implies an increase of the claim frequency for credit insurers.

Thus, a combination of a market stress scenario and a recession scenario (reserve risk and credit risk) was simulated. The following graph shows the combined liquidity analysis stress scenario:

**Figure 18: Stress scenario liquidity analysis**



NB: For EH Group reporting consolidation, the calculation is made in Euros.

In this combined stress scenario, the liquidity ratio calculated at 4Q 2023 remains well below the 80% alert level for the different time horizons, both excluding and including countermeasures.

EH Re AG is therefore able to maintain its liquidity within its Risk Appetite in a base case situation as well as in an extreme stress situation thanks to the adequate liquidity of its assets.

## D.2.5. Quantitative limits

### D.2.5.1. Financial Risk and Sensitivity Limits

The following table summarize the level of the sensitivity limits in place. All the sensitivities are within the limits defined. Following the sharp interest increase, the Financial VaR limit and especially the leeway has been adjusted to the upper range to avoid minor breaches. It must also be noted that the Financial VaR excludes the insurance risk and only covers investment risk.

**Figure 19: Financial limits applied at EH Re AG level in CHF mn**

Financial limits applied at EH Re AG level (in CHF mn)	2023		2022	
	Actual value	Limit	Actual value	Limit
Credit VaR (CVaR)	444	545	387	645
Financial VaR	160	516	177	173
Duration gap	2.5	4.2	2.7	4
EQ -30% sensitivity	-4	-56	-3	-4

### D.2.5.2. Asset allocation limits

The table below shows the usage of the limit allocation per asset class at EH Re level (combined view between EH Ré SA and EH Re AG):

**Figure 20: Investment limit allocation usage at EH Re level**

Fixed Income	Equity	Alternatives/Other	Real Estate
94%	0%	1%	4%

No breach through excess exposure is observed at 4Q 2023 for the different asset categories.

### D.2.5.3. Credit exposure limits (CRisP)

The Allianz Credit Risk Platform (CRisP) used for limit management is applied at EH Group for identification, assessment, and management of exposure concentration risk arising from the Investment, Reinsurance receivables and Credit insurance exposures.

EH Group Risk function monitors on a quarterly basis the limit consumption situation and reports any breach and proposed action to the EH Re AG RiCo.

There is no recorded breach of Credit exposure limits as of 4Q2023.

## D.2.6. Risk Policy Framework

As indicated in section C.3.2.2, EH Re AG has put in place a Risk Policy Framework (RPF). This framework is a set of policies, standards, and guidelines overarching the Risk Management System of EH Re AG. It describes the core risk management principles, processes, and key definitions to ensure all material risks are managed within the Risk Appetite and it is monitored by the Risk function.

EH Re AG continues to fully implement the EH Group Risk Policy Framework which remains under the responsibility of EH Group with respect to implementation and oversight.

Based on EH Group RPF, EH Re AG reviews and updates its RPF on a yearly basis, adapting the Group requirements to its reinsurance company specificities.

The Risk Policy Framework is composed of several documents in which the Risk Policy (incl. Risk Strategy & Risk Appetite Policy) represents the core document. The Risk Policy is reviewed on an annual basis and is approved by the BoD.

The following table lists all the documentation included in the RPF of EH Re AG with a short description of each document.

**Figure 21: Policies, Standards & Guidelines within the Risk Policy Framework of EH Re AG**

Title	Description
<b>Code of Conduct</b>	The Code of Conduct reflects our values and principles and thus gives our employees guidance in their actions and decisions.
<b>Risk Policy (incl Risk Strategy &amp; Appetite)</b>	The policy establishes a set of guiding principles and a common framework for risk management. It also defines the overall risk appetite with respect to all material quantified and non-quantified risks.
<b>Capital Management Policy</b>	The Capital Management Policy (CMP or Policy) establishes the core principles and processes for the capitalization of the Allianz Group including its subsidiaries. Its main objective is to ensure an adequate capitalization in line with regulatory requirements and the Group's risk appetite.
<b>Actuarial Policy</b>	The Actuarial Policy ('Policy') sets the framework for actuarial work within the Allianz Group in general and facilitates the implementation of regulatory requirements with respect to the Actuarial Function.
<b>Audit Policy</b>	The purpose of the Audit Policy (the "Policy") is to ensure that the organization and work of the Allianz Group's (the "Group") Internal Audit functions worldwide adhere to a consistent set of minimum rules and operating procedures such that the effectiveness of the controls necessary to achieve the Group's goals is ensured.
<b>Compliance Policy</b>	The Compliance Policy (Policy) establishes the core principles and tasks of a Compliance Function within Allianz Group. It ensures that the organization and work of the Allianz Group's Compliance functions worldwide adheres to a consistent set of minimum rules.
<b>Fit and Proper Policy</b>	The Fit and Proper Policy (Policy) facilitates the implementation of regulatory requirements and safeguards a high Fit and Proper standard across the Allianz Group for Supervisory Board members, Senior Management and Key Function Members.
<b>Governance and Control Policy</b>	The Governance and Control Policy (Policy) outlines general aspects of the Group's system of governance and shall, thus, facilitate the implementation of regulatory requirements. It describes core principles and processes to ensure an effective management and oversight of the Allianz Group's business.
<b>Outsourcing Policy</b>	Outsourcing of Functions or Services that are essential to the operation of the Outsourcing OE directly affect customer interests. In order to appropriately safeguard these interests, certain principles and processes have to be observed in order to adequately assess, mitigate and control the risks associated with the Outsourcing and ensure business continuity in case of adverse events or termination.
<b>Accounting and Reporting Policy</b>	This Accounting and Reporting Policy ('Policy') defines the framework for the provision of reliable and high quality financial and non-financial information by Allianz Group, and shall, thus, facilitate the implementation of regulatory and accounting requirements as well as non-financial reporting guidelines and standards. It aims to minimize any Accounting and Reporting risk to protect the Group's financial stability and reputation.
<b>Legal Policy</b>	The Legal Policy (Policy) establishes core principles of the Legal Function within Allianz Group, its key responsibilities and tasks as well as its organizational framework.
<b>Information Technology and Information Security Policy</b>	This policy provides minimum requirements with respect to the core principles, the responsibilities and tasks as well as the organizational framework for Information Technology (IT) and Information Security (IS).

Title	Description
<b>Standard for Compliance with Economic Sanctions</b>	This Standard for Compliance with Economic Sanctions ('Standard') shall ensure that all relevant functions within Allianz' business segments (in particular investments, financial services, underwriting, operations, claims, payments and related functions) consider the requirements of economic sanctions in the markets in which Allianz operates.
<b>Privacy Standard</b>	This standard provides minimum requirements with respect to the processing and transfer of personal data.
<b>Standard for Credit Risk Management</b>	This standard provides minimum requirements with respect to the management of credit risks.
<b>Standard for Investment Management Organization</b>	This standard provides minimum requirements with respect to organizational setup and procedural elements concerning the management of investments of own financial assets of insurance and reinsurance legal entities.
<b>Standard for P&amp;C Underwriting</b>	This standard provides minimum requirements with respect to all P&C underwriting activities and management of the corresponding risks
<b>Standard for Operational Risk Management</b>	This standard provides minimum requirements with respect to the management of operational risks.
<b>Standard for Own Risk and Solvency Assessment</b>	This standard provides minimum requirements with respect to the implementation, conduct and documentation of a solvency assessment.
<b>Standard for Top Risk Assessment</b>	This standard provides minimum requirements with respect to the performance of an overarching qualitative risk management assessment, covering all risk categories, in order to identify and remediate significant threats to financial results, operational viability or the delivery of key strategic objectives.
<b>Standard for Outgoing Reinsurance</b>	This standard provides minimum requirements with respect to the all transfers of insurance risks either within the Allianz Group or to non-Allianz Group companies.
<b>Standard for Reputational Risk and Issues Management</b>	This standard provides minimum requirements with respect to protection of the company's reputation and the management of reputational Risks that arise in the course of business.
<b>Standard for Tax Management</b>	This standard provides minimum requirements with respect to tax-relevant processes, methods and structures to adhere when conducting tax activities, including tax risk management.
<b>Standard for Information and Document Management</b>	This standard provides minimum requirements, including rules and principles, for managing the Documents.

## D.3. Other risk management processes

### D.3.1. Operational Risk Management

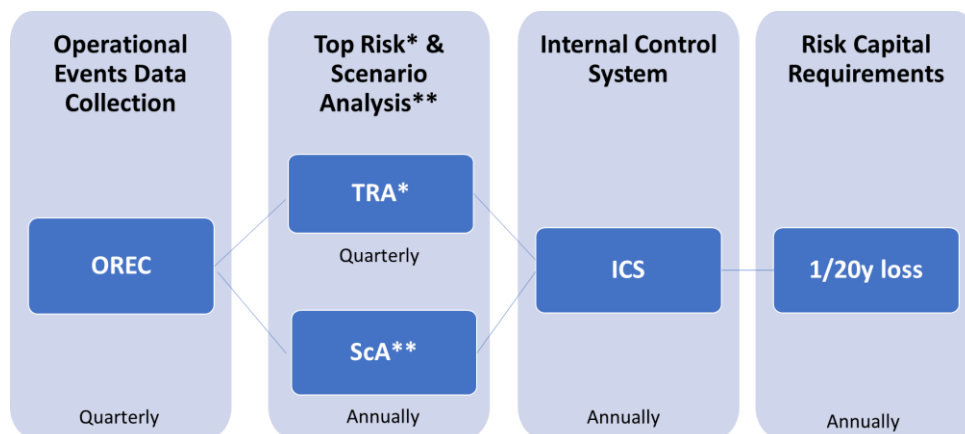
The operational risk management framework establishes the core approach by which operational risks are managed. Specifically, the management framework aims to:

- Generate awareness of the operational risks;

- Learn from past operational failures and events that either did or could have resulted in operational losses;
- Reduce operational losses and other subsequent consequences, including reputational damage and missed opportunities, resulting from the occurrence of operational risk events; and
- Enable management to conclude on the effectiveness of the internal control system (i.e. the portion related to operational risk management).

In the Solvency II context, an internal model component is used to estimate the potential loss at the 99.5% quantile of the operational loss distribution. Legal and compliance risk are included, while strategic and reputational risk events are excluded.

**Figure 22: Operational Risk management overview**



In accordance with EH Risk Policy Framework, EH Re AG has implemented an ORM framework aiming at keeping the Operational Risks under control.

- **The Operational Risk Event Capture (OREC):** Information regarding actual operational risk-related losses, gains, and near-misses that have occurred is recorded via the OREC process. This information is used to support and corroborate the identification and assessment of risks during the IRCS process, as well as the assessment of control effectiveness;
- **The Internal Control System (ICS):** The IRCS is a risk management process by which EH Re AG ensures, through the performance of a qualitative based analysis, that significant operational risk is identified, assessed, and prioritized for improved management and ensured that the controls underlying their management are effective. This “in-depth” assessment is performed on a yearly basis and reviewed on a quarterly basis;
- **Project Risk Management (PRM):** The objective of the PRM is to ensure that projects, including the transition to BAU, are delivered on time, on budget, and of adequate quality and to make sure that future BAU risks are recognized during project initiation and prior to project approval so that sufficient budget is provided for implementing adequate mitigation measures as well as automated controls for the future BAU;



- **Deficiency Tracking Tool (DTT):** DTT is a process linked to IRCS-Financial Reporting which aims to reference all controls which have been identified as deficient outside the regular IRCS control testing phase;
- **Top Risk Assessment Process (TRA):** The TRA process is defined in section D.2.1; and
- **Scenario Analysis (ScA):** Each year, “Scenario Analysis” workshops are organized with EH Re AG experts in order to set the IM parameters to be used to calculate the Operational RC.

ICS, OREC, and TRA results are used as an input to support the definition of the modelling parameters for the level 2 Risk Categories.

### D.3.2. Reputational Risk Management

Reputational risk is defined as an unexpected drop in the value of in-force business or value of future business caused by a decline in the reputation of Allianz Trade from the perspective of its stakeholders. A reputational risk becomes a reputational issue once it becomes known to the public and begins to trigger the realization of adverse reputational impacts.

EH Re AG has established a core set of principles and processes for the management of Reputational Risk. A management process depending on whether the root cause of the reputational risk is considered direct or indirect in nature has been set up.

#### D.3.2.1. Direct reputational risk

Direct reputational risks are consciously and actively taken on during the course of specific business transactions.

- Assessment of direct reputational risk

Direct reputational risks are consciously and actively taken-on during the course of specific business transactions. The management of direct reputational risk requires balancing the benefits of a given business decision against the potential reputational impacts, considering Allianz Trade reputational risk strategy defined.

- a. Assessment of direct reputational risk

The potential for direct reputational risk must be always considered throughout the course of all business activities. The first line of defense needs to be vigilant about potential reputational risks they might encounter during their day-to-day business. If a reputational risk is recognized for a proposed or ongoing business transaction, it is required to perform a reputational risk assessment. The reputational risk assessment is performed through the reputational risk matrix that provides a reputational risk score on a scale of 1-5 based on an assessment of (potential) stakeholder perception:

- If a risk is assessed as having a reputational risk score of 3 or higher the escalation process defined must be applied;

- If a risk is assessed as having a reputational risk score of 2 or lower, no escalation process is required. Hence, it is at the discretion of the first line of defense to decide whether the risk shall be accepted or only accepted under conditions.

The Allianz Trade Communication function is responsible for the review of the reputational risk assessment performed by the first line of defense.

#### b. Referral of reputational risk

All direct reputational risks identified and assessed as having a reputational risk score of 3 or higher trigger a mandatory referral. In addition to these mandatory referrals, the Allianz Trade Communication or the Allianz Trade Risk function may also at their discretion request the submission of a referral for any proposed or ongoing business transaction.

The escalation of referral process decisions is as follows:

- If any Allianz Trade function does not wish to accept the referral decision they may request Allianz Trade Risk to initiate a further escalation to the Allianz Trade BoM;
- Allianz Trade Risk will coordinate submission of the referral to the Group BoM.

If decided by Allianz Trade BoM, Allianz Trade Risk will coordinate submission of the referral to Allianz Group Finance Risk Committee (GFRC) and communicate AZ GFRC's decision back to all parties involved within the best effort period of time.

#### D.3.2.2. Indirect reputational risk

Indirect reputational risks are inherent in the operations of EH Re AG and not related to specific business transactions. These risks normally result from the occurrence of non-reputational risk events (e.g. operational risk), whereby the non-reputational risk event triggers incidental reputational damage. Indirect reputational risks are managed through the Top Risk Assessment (TRA) and ICS processes, which apply the same reputational risk assessment methodology used for direct reputational risk. Thus, the top risks identified and assessed as having a reputational risk score of 3 or higher are designated as indirect reputational risks for EH Re AG (see section D.2.1 for top risk assessment).

#### D.3.2.3. Reputational Risk monitoring

To monitor the direct reputational risk management activities, EH Group has implemented several methods that allow EH Re AG to benefit from:

- Media coverage analysis regarding EH Group; and
- Reporting to the EH Group RiCo on a quarterly basis of all direct reputational risks identified and assessed as exceeding EH Group's Risk Appetite.

In case of breaches, a referral process has been defined and implies the involvement of the following stakeholders: EH Group Communication department, EH Group Risk function, Commercial underwriter's function, EH Group BoM and Allianz Group Finance Risk Committee (GFRC).

#### D.3.2.4. ESG Risk

At EH Group level, a strong Environmental, Social and Governance (ESG) due diligence is applied to both key counterparts: the insured client and their clients (the buyers). The ESG assessment of the insured clients is managed by the commercial underwriting team, whereas the buyers' ESG assessment process is managed by the credit underwriting team. The ESG Office supports the ESG integration for both parties.

### D.3.3. Concentration

#### D.3.3.1. Concentration Risk Exposure

As mentioned in section D.2.5.3, at EH Group level the CRisP tool is used to identify, assess and manage exposure Concentration Risk across its three different portfolios: Investment, Reinsurance, and Credit insurance.

#### D.3.3.2. Assets

The assets are well-diversified and mainly invested in bonds with a high rating.

EH Re AG's largest investments are either safe bond investments or investments in other EH Group entities (loans and participations) as well as Real Estate funds. The accumulation risk is therefore small, given that the largest investments have high-quality rating. Apart from the capital investments, the other assets like receivables and reinsurance recoverable are also distributed to a large number of counterparties and therefore well diversified.

#### D.3.3.3. Liabilities

EH Re AG is only exposed to 3 lines of business, of which Trade Credit is clearly the dominant line. Therefore, diversification possibilities within the insurance portfolio are limited. Considering that the business is credit insurance there is a clear link to the economic environment.

## D.4. Future risk profile

### D.4.1. General description

In 2024, EH Re AG will directly benefit from the EH Group growth strategy with a 5% target growth in premium. Accordingly, and as we anticipate an acceleration of insolvencies in 2024, we expect our insurance risk target capital to increase mainly through premium risk while reserves volatility has started to stabilize. Moreover, with our new Financial Stop Loss providing additional protection against adverse events, we do not expect any major impact on our insurance risk target capital. Nevertheless, according to the actual profitability trend of the inward business, the expected annual

results achieved by EH Re AG should enable the financing of additional risk capital requirements over 2024.

As we continue to grow our investment portfolio with financial markets expected to continue improving, we expect some compensation effect from our investment risk on our total target capital through diversification. Consequently, we expect our assets basis to moderately grow and therefore our risk bearing capital as well. This would further limit any negative impact from the target capital on EH Re AG SST ratio which stands significantly well above its 131% target ratio.

## D.5. Off-balance sheet items

The following table discloses off-balance sheet items within EH Re AG. They are mainly made of:

- Letters of Credit provided by EH Re AG, e.g. in context of reinsurance agreements;
- Investment Commitment provided by EH Re AG that will result in investments in different class of assets at a future date; and
- Bank guarantee or cash positions pledged.

The most material off-balance sheet items are the commitments made through letters of credit and investment commitments.

**Figure 23:** Off-Balance sheet items

Type of item	Beneficiary	Issue date (signature date)	Expected maturity (expiration date)	Actual corrected amount for current closing in transaction currency	Actual corrected transaction currency
Guarantee	Euler Hermes North America Insurance Company	6/30/2018	12/31/2023	65,000,000	USD
Guarantee	Allianz Global Risks US Insurance Company	6/30/2018	12/31/2023	15,500,000	USD
Guarantee	Euler Hermes North America Insurance Company	3/31/2017	12/31/2023	10,000,000	CAD
Guarantee	Internal Revenue Service, Washington DC, USA	12/15/2011	12/31/2023	75,000	USD

Type of item	Beneficiary	Issue date (signature date)	Expected maturity (expiration date)	Actual corrected amount for current closing in transaction currency	Actual corrected transaction currency
Guarantee	Partner Reinsurance Company of the US-Canadian branch Ontario	1/1/2018	12/31/2023	13,500,000	CAD
Guarantee	Partner Re USA, Stamford, Connecticut	1/1/2018	12/31/2023	72,200,000	USD
Commitment to invest in private equity funds or similar financial instruments	IPUT	6/28/2016	12/31/2023	1,370,344	EUR
Commitment to invest in private equity funds or similar financial instruments	C/O Cordiant Capital Inc.	10/25/2019	12/31/2024	2,852,231	USD
Commitment to invest in private equity funds or similar financial instruments	C/O Cordiant Capital Inc.	12/22/2014	12/31/2023	14,677,512	USD
Commitment to invest in private equity funds or similar financial instruments	Five Arrows Secondary Opportunities	12/12/2019	12/12/2029	2,275,000	EUR
Commitment to invest in private equity funds or similar financial instruments	Five Arrows Secondary Opportunities	8/12/2016	12/31/2023	4,380,000	EUR
Commitment to invest in private equity funds or similar financial instruments	Logistis	12/14/2014	3/27/2023	1,919,998	EUR
Guarantee	Euler Hermes North America Insurance Company	3/31/2017	3/31/2023	10,000,000	CAD

Type of item	Beneficiary	Issue date (signature date)	Expected maturity (expiration date)	Actual corrected amount for current closing in transaction currency	Actual corrected transaction currency
Commitment to invest in private equity funds or similar financial instruments	APEH	12/23/2009	Unlimited	737,500	EUR
Commitment to invest in private equity funds or similar financial instruments	IDINVEST SECONDARY FUND II	9/5/2012	Unlimited	202,150	EUR
Commitment to invest in private equity funds or similar financial instruments	APEF	11/23/2021	11/23/2035	17,897,281	EUR
Commitment to invest in private equity funds or similar financial instruments	Allianz Global Diversified Private Debt Feeder Fund SA, SICAV-RAIF	12/3/2021	12/3/2031	6,250,304	EUR
Commitment to IC loan to EH Group	Euler Hermes Group SAS	12/1/2022	11/30/2032	87,302,772	EUR
Borrow	Euler Hermes Group SA	12/8/2022	4/30/2026	71,006,255	EUR

## E. Valuation

### E.1. Assets

The following table shows the valuation of the different classes of assets in the SST report and in the Annual Report (Swiss GAAP) and their evolution between SST 2023 (EoY 2022) and SST 2024 (EoY 2023):

**Figure 24: Asset (SST vs Swiss GAAP)**

Assets in CHF mn	SST BS 2024	Statutory BS 2024	Difference 2024	SST BS 2023	Statutory BS 2023	Difference 2023
Real estate	14	0	14	18	0	18
Participations	142	93	49	94	177	-83
Fixed-income securities	7	7	0	7	7	0
Loans	160	166	-6	145	160	-15
Equities	6	6	0	6	1	6
Collective investment schemes	1'795	1'853	-57	1'864	1'846	17

Assets in CHF mn	SST BS 2024	Statutory BS 2024	Difference 2024	SST BS 2023	Statutory BS 2023	Difference 2023
Alternative investments	10	3	8	10	3	7
Deposits made under assumed reinsurance contracts	9	9	0	17	17	0
Cash and cash equivalents	162	90	72	34	29	5
Share of technical provisions from reinsurance	893	987	-93	789	871	-82
Fixed assets	0.1	0	0.1	0.2	0.0	0
Intangible assets	0	0	0	0	0	0
Receivables from insurance and reinsurance companies	212	208	4	321	226	95
Other receivables	75	73	2	84	9	75
Other assets	0	0	0	0	0	0
Accrued assets	0.3	0.3	0	1	0.2	1
<b>Total Assets</b>	<b>3'487</b>	<b>3'494</b>	<b>-7</b>	<b>3'391</b>	<b>3'347</b>	<b>44</b>

The main evolutions and differences of valuation are explained in the following paragraphs. Minor differences in figures may exist compared to previous sections due to rounding on more granular level.

### E.1.1. Real estate

The real estate is valued at CHF 14mn in the SST balance sheet whereas no real estate is presented in the Annual Report. This is due to the “look-through” approach on EH South Express SA where the real estate is valued with a market-based approach.

### E.1.2. Participations

The following table shows the detail of the valuation in the SST report and the Annual Report:

**Figure 25: Valuation of the investment in affiliated enterprises (SST vs Swiss GAAP)**

in CHF mn	SST BS 2024	Statutory BS 2024	Difference
EH Ré SA	142	75	68
EH Patrimonia SA		1	-1
EH South Express SA		17	-17
<b>Participations</b>	<b>142</b>	<b>93</b>	<b>49</b>

The SST value of the participation in EH Ré SA is based on its SII MVBS equity.

The SST value of the participation in EH Patrimonia SA and EH South Express SA is established through a “look-through” approach and therefore not considered under the participation balance sheet position.

### E.1.3. Fixed-income securities

The SST balance sheet value of the fixed-income securities is evaluated at the market value. Similar to the previous year, EH Re AG holds most of the fixed-income securities through the Sántis Umbrella

Fund as well as some separate investments into bond funds, which are shown under Collective investment schemes.

#### E.1.4. Loans

The SST balance sheet value of the intercompany loans is evaluated at the market value. The change in this position is due to an additional loan to the EH Group compared to the prior year.

#### E.1.5. Equities

There is no difference in valuation between the SST balance sheet and the Annual report. They amount to CHF 6mn.

#### E.1.6. Collective investment schemes

The collective investment schemes consist of property funds, private equity funds, and bond funds. The increase compared to last year is mainly due to an increase in the market value of the investment into the Sântis Umbrella Fund, which holds most of the fixed-income securities of EH Re AG. The difference compared to the Annual report is due to the “look-through” approach on Sântis Umbrella Fund where the bond funds are valued with a market-based approach, and the valuation at market price in the SST BS for the property funds and bond funds that EH Re AG holds directly.

#### E.1.7. Alternative investments

The alternative investment schemes consist of private equity. The private equity is valued at CHF 3mn in the Annual Report. In the SST balance sheet, the market value of the private equity is shown and amounts to CHF 10mn.

#### E.1.8. Deposits made under assumed reinsurance

There is no difference in valuation between the SST balance sheet and the Annual report. They amount to CHF 9mn.

#### E.1.9. Cash and cash equivalents

Cash and cash equivalents amount to CHF 162mn in the SST balance sheet, CHF 90mn higher than in the Annual Report. This is due to the “look-through” approach on EH Patrimonia SA, EH South Express SA and Sântis Umbrella Fund.

#### E.1.10. Ceding of Best Estimate provisions for insurance liabilities

The reserves were discounted for the time value of money using the risk-free rates provided in the SST StandRe template and the expected run-off of the claims. Additionally, the unearned premium reserves are adjusted with the expected Loss ratio to attain a market consistent value. With the change in interest rates seen in 2023, the decreasing effect of discounting is quite pronounced even with the short-tailed nature of the business. In combination with the decrease in UPR due to the



application of the expected Loss ratio below 100%, this leads to a difference of CHF 93mn between the SST balance sheet and the Annual Report.

### E.1.11. Intangible Assets

There is no difference in valuation between the SST balance sheet and the Annual report. Intangible assets are deducted in order to derive the risk-bearing capital.

### E.1.12. Receivables from insurance business

In the SST balance sheet, the receivables from insurance and reinsurance business include the accrued RI commission on EBNR for ceded business (analogously to the IFRS BS, whereas in the Annual report this is considered on the liability side). These different allocations result in a valuation difference of CHF 4mn compared to the Annual report.

### E.1.13. Other Receivables

Other receivables are valued at CHF 135mn in the SST balance sheet vs CHF 73mn in the Annual Report. This is mainly due to the “look-through” approach on EH Patrimonia SA, EH South Express and Sántis Umbrella Fund offset by corporate tax items which are valued at 0 in the SST balance sheet.

### E.1.14. Accrued Assets

There is no difference in valuation between the SST balance sheet and the Annual report.

## E.2. Liabilities

The following table shows the valuation of the different classes of liabilities in the SST report and the Annual Report (Swiss GAAP) and their evolution between SST 2023 (EoY 2022) and SST 2024 (EoY 2023):

**Figure 26: Liabilities (SST vs Swiss GAAP)**

Liabilities in CHF mn	SST BS 2024	Statutory BS 2024	Difference 2024	SST BS 2023	Statutory BS 2023	Difference 2023
Best Estimate of provisions for insurance liabilities	2'143	2'337	-194	1'940	2'116	-176
Market Value Margin	16	0	16	n/a		
Non-technical provisions	0.5	9.7	-9.2	0.4	7.3	-6.9
Deposits retained on ceded reinsurance	0	0	0	0.5	0.5	0
Liabilities from insurance business	71	67	4	206	110	95
Other liabilities	2	43	-41	2	46	-44
Accrued liabilities	4	32	-28	2	18	-17
<b>Total</b>	<b>2'236</b>	<b>2'489</b>	<b>-253</b>	<b>2'149</b>	<b>2'298</b>	<b>-149</b>

The main evolutions and differences of valuation are explained in the following paragraphs.

### E.2.1. Best Estimate of provisions for insurance liabilities

The reserves were discounted for the time value of money using the risk-free rates provided in the SST standard template and the expected run-off of the claims. Additionally, the unearned premium reserves are adjusted with the expected combined ratio to obtain a market consistent value. With the change in interest rates seen in 2023, the decreasing effect of discounting is quite pronounced even with the short-tailed nature of the business. In combination with the decrease in UPR due to the application of the expected combined ratio below 100%, this leads to a difference of CHF 194mn between the SST balance sheet and the Annual Report.

### E.2.2. Market Value Margin

As of 1st January 2024, the market value margin is considered into the risk bearing capital (RBC) calculations.

EH Re AG calculates the market value margin using FINMA's standard method. The market value margin is estimated at CHF 16mn, which represents a decrease of CHF 8mn compared to last year.

The 2024 market value margin corresponds to the expected discounted capital costs at the end of 2023 required by the insurance company to fulfil its insurance liabilities. It is estimated based on the FINMA Standard Model. The main driver for the decrease in market value margin is the decrease in reserve risk.

The credit risk within the SST model is based on the asset portfolio. Hence it is reasonable to develop credit risk in line with the development of the best estimate liabilities because of the assets backing the liabilities. The market value margin of the credit risk is estimated by running off the credit risk using the same pattern as for PY risk.

### E.2.3. Non-technical provisions

In local GAAP, the provision for unrealized currency gains accounts for CHF 9.7mn. This provision is not considered in the SST balance sheet. The Non-technical provisions in the SST balance sheet are provisions for stock-based compensation.

### E.2.4. Liabilities from insurance business

As mentioned in Section E.1.12, in the SST balance sheet, the accrued RI commission on EBNR for ceded business is considered on the asset side, resulting in a difference of CHF 4mn compared to the Annual report.

### E.2.5. Other liabilities

The difference between the statutory and the SST valuations mainly comes from the difference in the treatment of unpaid capital. In the Annual Report, the unpaid capital for the subsidiary accounts for

CHF 43mn. This is not recognized in the SST balance sheet as it is considered in the valuation of the EH Ré SA participation.

### E.2.6. Accrued liabilities

The accrued liabilities are CHF 28mn higher in the local GAAP compared to the SST report. This is driven by corporate tax items which are valued at 0 in the SST balance sheet.

## E.3. Description of the risk-bearing capital

Overall, the risk-bearing capital decreased by CHF 4mn between 2023 and 2022.

**Figure 27: Breakdown of the risk-bearing capital**

Item in CHF mn	SST 2024	SST 2023	Difference
Total Assets	3'487	3'391	96
Total Liabilities	2'236	2'150	87
Assets minus liabilities	1'250	1'241	9
Deductions	260	247	13
<b>RBC</b>	<b>990</b>	<b>994</b>	<b>-4</b>

The assets have increased by CHF 96mn which is mainly due to the increase in cash and cash equivalents by CHF 218mn, in the share of technical provisions from reinsurance by CHF 105mn, in other receivables by CHF 51mn, and in participations by CHF 48mn. This is partially offset by a decrease in collective investment schemes by CHF 278mn, in receivables from insurance and reinsurance companies by CHF 109mn.

The liabilities increased by CHF 87mn which is explained by an increase in the gross Best Estimate of provisions for insurance liabilities by CHF 204mn, in the market value margin by CHF 16mn which is now included under Liabilities of the SST balance sheet. This was partially offset by a decrease in other liabilities by CHF 134mn.

The planned dividends and intangible assets are deducted from the assets over liabilities to calculate the risk-bearing capital. The planned dividend is CHF 13mn higher compared to last year.

There is no supplementary capital. No particular restrictions exist on EH Re AG's available capital.

## E.4. Capital reconciliation

The following table shows the reconciliation between the Annual Report equity and the SST available capital.

**Figure 28: Reconciliation between the Annual Report equity and the SST bearing capital**

in CHF mn	Reconciliation	Section
<b>Annual report Equity</b>	<b>1'022</b>	
Assets - Real estate	14	E.1.1
Assets - Participations	33	E.1.2
Assets - Fixed-income securities	0	E.1.3
Assets - Loans	-6	E.1.4
Assets - Equities	0	E.1.5
Assets - Collective investments schemes	-57	E.1.6
Assets - Alternative investments	8	E.1.7
Assets - Deposits made under assumed reinsurance contracts	0	E.1.8
Assets - Cash and cash equivalents	72	E.1.9
Assets - Ceding of BE provisions for insurance liabilities	-93	E.1.10
Assets - Intangible assets	0	E.1.11
Assets - Receivables from insurance business	4	E.1.12
Assets - Other receivables	2	E.1.13
Assets - Accrued assets	0	E.1.14
Liabilities - BE of provisions for insurance liabilities	-194	E.2.1
Liabilities - Market Value Margin	16	E.2.2
Liabilities - Non-technical provisions	-9	E.2.3
Liabilities - Liabilities from insurance business	4	E.2.4
Liabilities - Other liabilities	-41	E.2.5
Liabilities - Accrued liabilities	-28	E.2.6
Assets minus liabilities	228	
Deductions (Dividends)	260	
<b>Risk bearing capital</b>	<b>990</b>	

Further details and explanations on the reconciliation are provided in sections E.1 and E.2.

The statutory equity of EH Re AG decreased by CHF 65mn from CHF 1'087mn to CHF 1'022mn in the financial year 2023. As of 31<sup>st</sup> December 2023, it is composed of share capital amounting to CHF 401mn, statutory capital reserves amounting to CHF 189mn, statutory retained earnings amounting to CHF 200mn, voluntary retained earnings (balance brought forward) amounting to CHF 52mn, and the annual profit for the financial year 2023 of CHF 181mn.

The equity is fully paid in. The 100% direct shareholder is Allianz Re Dublin DaC, and the ultimate shareholder is Allianz SE, Munich.

The equity does not include any guarantee towards any other external company, Group company, or the 100% subsidiary EH Ré SA, Luxembourg. The statutory equity as reported in the annual report is fully available and bears no restriction of any kind. There is no hybrid capital.

The difference of CHF 92mn between the statutory equity and the difference between market consistent assets and liabilities mainly result from different valuation approaches. The valuation rules according to Swiss Code of Obligations and regulatory rules for the preparation of the annual financial

statements of a reinsurance company can differ substantially from the regulations according to the SST.

## F. Capital management

### F.1. Capital management strategy – SST Standard

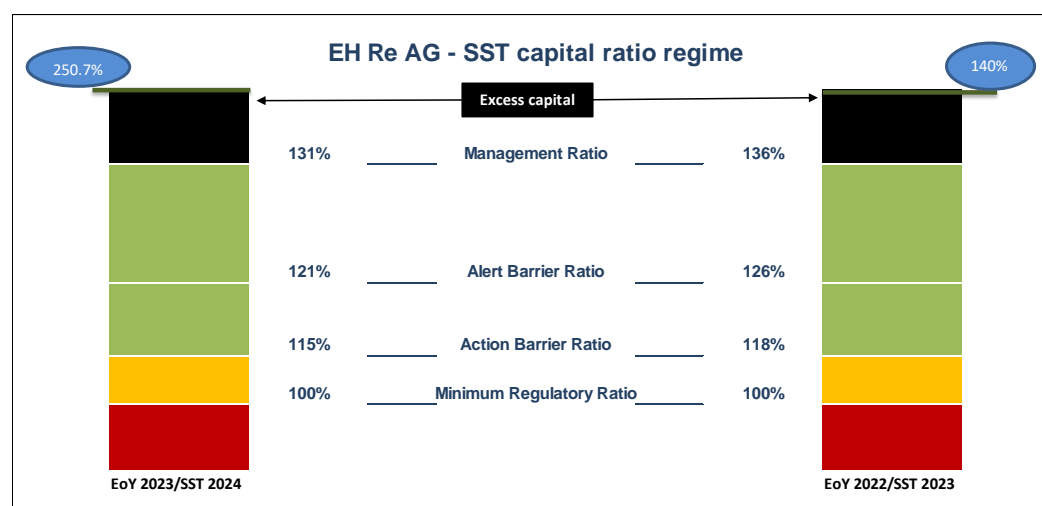
EH Re AG steers primarily its solvency through the SST standard model. In that respect, EH Re AG has set a target management ratio of 131% and an action barrier ratio of 115%. Deviations against these thresholds are regularly monitored by the Risk Committee and the BoD. If EH Re AG falls below the action barrier ratio, the BoD takes the necessary measures to re-establish its SST ratio above.

**Figure 29: Equity overview**

in CHF mn	SST 2024	SST 2023	Var	Relative Var
Total Assets	3'487	3'391	96	2.8%
Total Liabilities	2'236	2'150	87	4%
Assets minus liabilities	1'250	1'241	9	0.7%
Deductions	260	247	13	5.3%
<b>Core capital</b>	<b>990</b>	<b>994</b>	<b>-4</b>	<b>-0.4%</b>

The Risk Bearing Capital is very stable compared to SST 2023 (EoY 2022). The following graph show the SST ratio and capital ratios regime evolution between 31.12.2023 and 31.12.2022.

**Figure 30: SST capital ratio regime**



The 2024 SST ratio has significantly increased from 140% to 250.7% and is well above the target management ratio of 131%. This is mainly due to an improvement in reserve risk volatility as well as to the implementation of the new Financial Year based Stop Loss. The impact of future significant events on the risk profile is presented in section D.4.

## G. Solvency

### G.1. Solvency overview

The current information about solvency (risk-bearing capital and TC) is identical to the information which EH Re AG has submitted to FINMA in the SST Report.

The following table shows the SST ratio as of 31.12.2023 compared to 31.12.2022:

**Figure 31: SST ratio overview**

in CHF mn	SST 2024	SST 2023	Var	Relative Var
Target Capital (TC)	395	716	-322	-45%
Risk Bearing Capital (RBC)	990	994	-4	-0.4%
<b>SST Ratio</b>	<b>250.7%</b>	<b>140%</b>	<b>110.7%</b>	<b>79%</b>

The SST ratio stands at 250.7%, well above the 131% target ratio.

### G.2. Capital planning

EH Re AG capital planning is defined as part of EH Group capital planning process.

In the yearly planning process, EH Group, together with its Legal Entities, reviews its risk strategy and capital requirements over a three-year planning horizon. Based on the projections, the BoM of EH Group approves the capital plan and the capital ratio regime of all its Legal Entities before this can be used for capital management purposes, including dividend policy. The resulting capital plan is also presented to the Supervisory Board of EH Group.

EH Re AG dividend level is defined as the excess capital over its target management ratio.

### G.3. Capital management governance

**EH Re AG BoM** is responsible for sound organizational and operational structures and procedures to ensure compliance with the Capital Management strategy. More specifically, the responsibilities are:

- Ensuring an adequate capitalization of EH Re AG operations, under its regulatory requirements;
- Optimizing the return on the shareholder's invested capital through EH Re AG processes and procedures; and
- Ensuring that the necessary information of EH Re AG's risk profile is provided to EH Group and to the BoD, at least on a quarterly basis.

**EH Re AG Risk function** has the following responsibilities with regards to capital management:

- Reviewing this Capital Management framework in compliance with local regulatory requirements;

- Management and controlling of local capital target levels;
- Enactment of capital measures such as capital increases, dividends;
- Regular reporting of capital levels and stress tests;
- Providing the capital and dividend plan figures in the annual planning process.

## Appendix

### Appendix 1 : Financial Statements as of 31.12.2023

The below financial statements are planned for approval by the BoD on May 7<sup>th</sup> 2024.

Balance sheet as at 31 December	Notes	2023	2022
		CHF	CHF
<b>ASSETS</b>			
Investments			
Investments in affiliated enterprises	3.1	93,296,681	177,355,672
Bonds		7,497,231	7,087,901
Intercompany loans	3.2	165,948,422	160,165,224
Shares		733,069	635,913
Säntis Umbrella fund	3.3	1,679,420,508	1,789,780,629
Bond funds		112,587,661	116,650,794
Private equity fund of funds		5,342,617	3,919,818
Property funds		62,828,437	68,377,914
		2,127,654,626	2,323,973,865
Deposits retained on assumed business		8,907,550	16,814,472
Cash and cash equivalents		90,052,955	28,821,556
Unearned premium reserve ceded	3.6	89,687,835	81,446,538
Rebates reserve ceded	3.6	50,955,125	44,399,812
Outstanding claims reserve ceded	3.6	846,131,333	745,076,862
Reinsurer's share of technical reserves		986,774,293	870,923,212
Intangible Assets		19,792	40,809
Reinsurance receivables	3.4 & 3.5	103,637,311	118,915,252
Assumed accruals	3.4 & 3.5	104,017,138	106,656,079
Receivables from insurance and reinsurance		207,654,449	225,571,331
Other receivables		72,682,071	8,545,528
Accrued interest	3.4 & 3.5	291,960	222,930
<b>TOTAL ASSETS</b>		<b>3,494,037,696</b>	<b>3,474,913,703</b>



Balance sheet as at 31 December	Notes	2023	2022
		CHF	CHF
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Unearned premium reserve assumed	3.6	177,464,403	161,093,798
Rebates reserve assumed	3.6	155,123,616	135,327,467
Outstanding claims reserve assumed	3.6	2,004,236,570	1,819,363,484
Technical reserves		2,336,824,589	2,115,784,749
Provision for unrealized currency gains		9,175,850	97,085,383
Provisions for stock based compensation		479,050	426,456
Non-technical provisions		9,654,900	97,511,839
Deposits retained ceded		-24,708	504,980
Reinsurance payables	3.4 & 3.5	32,103,250	73,001,486
Ceded accruals	3.4 & 3.5	35,106,517	37,377,740
Liabilities from insurance and reinsurance		67,209,767	110,379,226
Other short-term liabilities		1,659,674	1,278,374
Unpaid capital to subsidiary		41,680,791	44,270,020
Other liabilities		43,340,465	45,548,394
Accrued payables	3.4 & 3.5	3,618,223	1,593,159
Tax payables		28,703,079	16,657,843
<b>TOTAL LIABILITIES</b>		<b>2,489,326,315</b>	<b>2,387,980,190</b>
Share capital		400,750,000	400,750,000
Statutory capital reserves			
General capital reserves		17,000,000	17,000,000
Capital contribution reserves		171,750,000	171,750,000
Statutory retained earnings		200,477,606	200,477,606
Profit carried forward		51,718,407	185,982,214
Annual profit		163,015,368	110,973,693
<b>TOTAL SHAREHOLDERS' EQUITY</b>	3.7	<b>1,004,711,381</b>	<b>1,086,933,513</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,494,037,696</b>	<b>3,474,913,703</b>

Income statement for the year	Notes	2023	2022
		CHF	CHF
Written premium assumed		1,951,643,561	1,844,085,900
Written premium ceded		-802,756,991	-739,057,457
<b>Written premium for own account</b>		<b>1,148,886,570</b>	<b>1,105,028,443</b>
Change in unearned premium reserve assumed	4.1	-25,207,691	-13,874,073
Change in unearned premium reserve ceded	4.1	12,871,062	5,480,426
<b>Earned premiums for own account</b>		<b>1,136,549,941</b>	<b>1,096,634,796</b>
Other income from the insurance business		907,414	781,237
<b>Total income from the insurance business</b>		<b>1,137,457,355</b>	<b>1,097,416,033</b>
Claims paid assumed		-522,028,374	-329,347,428
Claims paid ceded		171,460,874	120,315,149
Change in claims reserve assumed	4.1	-307,493,380	-340,349,146
Change in claims reserve ceded	4.1	151,714,400	106,948,227
<b>Claims expenses for own account</b>		<b>-506,346,480</b>	<b>-442,433,198</b>
Commissions paid		-748,385,588	-685,085,937
Administration expenses	4.2 & 4.3	-13,870,045	-12,069,955
Acquisition and administration costs		-762,255,633	-697,155,892
Reinsurers' share of the acquisition and administration costs		344,309,350	279,454,605
<b>Acquisition and administration costs for own account</b>		<b>-417,946,283</b>	<b>-417,701,287</b>
<b>Total expenses from the insurance business</b>		<b>-924,292,763</b>	<b>-860,134,485</b>
<b>Underwriting result</b>		<b>213,164,592</b>	<b>237,281,548</b>
Interest and dividends	4.4	27,111,400	37,956,613
Realized gains on investments	4.4	192,153	2,641,849
Write ups of investments	4.4	1,987,756	978,878
<b>Investment income from general investments</b>		<b>29,291,309</b>	<b>41,577,340</b>
<b>Investment result from Sántis Umbrella Fund</b>	4.6	<b>83,385,667</b>	<b>0</b>
<b>Investment income</b>		<b>112,676,976</b>	<b>41,577,340</b>
Investment management expenses	4.5	-1,034,508	-2,927,623
Realized losses on investments	4.5	27,636	-2,851,719
Unrealized losses on investments	4.5	-30,182,458	-155,877,537
<b>Investment expenses</b>		<b>-31,189,330</b>	<b>-161,656,879</b>
<b>Investment result</b>		<b>81,487,646</b>	<b>-120,079,539</b>
Realised & unreal. currency gains		50,227,966	112,347,809
<b>Other financial income</b>		<b>50,227,966</b>	<b>112,347,809</b>
Realised & unreal. currency losses		-51,484,992	-107,358,347
Inc. & exp. from currency translation		-98,528,673	0
<b>Other financial expenses</b>		<b>-150,013,665</b>	<b>-107,358,347</b>
<b>Operating result</b>		<b>194,866,539</b>	<b>122,191,471</b>
Interests expenses		-498,937	-616,928
<b>Profit before taxes</b>		<b>194,367,602</b>	<b>121,574,543</b>
<b>Direct taxes</b>		<b>-31,352,234</b>	<b>-10,600,850</b>
<b>Annual profit</b>		<b>163,015,368</b>	<b>110,973,693</b>

Statement of cash flows	2023	2022
	CHF	CHF
<b>Annual profit</b>	163,015,368	110,973,693
Depreciation and amortization	25,743	25,334
Inc. & exp. from currency translation	98,528,673	0
Provisions for stock based compensation	52,594	16,328
Net realized investment gains/Losses	27,974,913	155,108,529
Change in:		
Technical reserves	221,039,840	300,241,395
Reinsurance receivables	17,916,882	66,746,490
Reinsurance payables	-40,898,236	9,319,306
Ceded business, net	-118,651,992	-84,982,318
Deposits retained assumed	7,906,922	-1,902,832
Taxes payable	12,045,236	-2,237,986
Other assets and liabilities, net	-61,799,209	3,426,365
<b>Cash flow from operating activities</b>	<b>327,156,734</b>	<b>556,734,304</b>
Disposals of investments (without affiliated enterprises)	2,898,877	4,349,175
Acquisitions of investments (without affiliated enterprises)	-21,468,002	-14,427,092
Investment in affiliated enterprises	84,058,991	-28,622,748
Säntis Umbrella fund	-37,034,083	-372,720,628
Loans to consolidated affiliated enterprises	-5,783,198	-22,253,483
Cashflow for unpaid capital to subsidiary	-2,589,229	-2,183,433
<b>Cash flow from investing activities</b>	<b>20,083,357</b>	<b>-435,858,208</b>
Dividend paid to shareholders	█ -245,237,500	-129,950,000
<b>Cash flow from financing activities</b>	<b>-245,237,500</b>	<b>-129,950,000</b>
Effect of foreign currency translation	█ -40,771,192	24,487,509
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>61,231,399</b>	<b>15,413,604</b>
Cash and cash equivalents as of 1st January	28,821,554	13,407,950
<b>CASH AND CASH EQUIV. AS OF 31st DECEMBER</b>	<b>90,052,953</b>	<b>28,821,554</b>

## Notes to the financial statements

### 1. Information on the company and basis of presentation

Euler Hermes Reinsurance AG (EH Reinsurance AG) is headquartered in Wallisellen, Switzerland. The accompanying financial statements have been prepared in accordance with accounting principles defined in the Swiss Code of Obligations (CO), in the Insurance Supervision Act (ISA) and its related ordinances and the ISO-FINMA ordinance.

EH Reinsurance AG employs like in the prior year more than 10 but less than 50 employees (fulltime equivalent).

During 2023, a material misstatement in the 2022 financial statements was detected regarding the valuation of the financial assets in the Sántis Umbrella Fund and linked to this within the provision for unrealized FX gains (non-technical provisions). These misstatements were corrected in 2023 and resulted in a negative impact on the 2023 profit before tax amounting to CHF 38 million

### 2. Accounting principles

#### 2.1 Investments

Loans and investments in affiliates are initially recognized at their acquisition costs. Loans are subsequently valued at nominal value less necessary bad debt provisions. Investments in affiliates are subsequently valued at lower of acquisition costs or closing net asset value.

Bonds are valued at lower of amortized cost or market value.

Shares are valued at fair value.

The other investments are valued at the lower of cost or market.

Sántis Umbrella Fund is valued at Net Asset Value. EHRE AG recognizes the SIF shares at their NAV which is defined by the application of the amortized-cost valuation and lower-cost-or-market principles with respect to the bonds in the SIF.

#### 2.2 Reinsurer's share of technical reserves

Reinsurers' share of technical reserve is in accordance to the signed agreements.

#### 2.3 Receivables

Receivables are valued at nominal value less necessary bad debt provisions.

#### 2.4 Claims reserves

Claims reserves assumed including IBNR are recorded with the respective values when reported by the ceding group insurance companies.

#### 2.5 Translation of foreign currencies

The functional currency of the company is EUR. For statutory reporting purposes, a translation into CHF is done. All Assets and Liabilities were revalued at Year End FX rates except investments in affiliated companies and the equity is revalued at historical FX rates. Income statement line items were revalued with the average FX rate.

Rates used:

	2023	2022
Year end rates	0.92969636	0.98744952
Average rates	0.97153405	1.00491403

Existing provision for unrealized FX in amount of 97'085'383 CHF decreases due to FX loss from translation, resulting in total remaining provision of 9'175'850 CHF.

### 3. Balance sheet positions

#### 3.1 Investment in affiliated enterprises

	2023	2022
<i>Equity investments</i>		Share capital (EUR)
100% shares (2022: 100%) of Euler Hermes Ré SA, Luxembourg.	61,055,000	61,055,000
35% shares (2022: 35%) of Euler Hermes Patrimonia SA, Bruxelles	500,000	140,519,874
49% shares (2022: 49%) of Euler Hermes South Express SA, Bruxelles	28,986,452	28,986,452

#### 3.2 Intercompany loans

	2023	2022
Loan to Euler Hermes Ré SA (EUR 33'100'000) in CHF	30,772,950	32,684,579
Loan to Allianz Europe BV (EUR 100'000'000) in CHF	92,969,636	98,744,952
Loan to Euler Hermes Group SAS (EUR 45'397'441.55) in CHF	42,205,836	28,735,693

**Total intercompany loans** **165,948,422** **160,165,224**

#### 3.3 Sántis Umbrella fund

	2023	2022
Single Investor Fund, NAV in CHF	1,679,420,508	1,789,780,629

#### 3.4 Receivables and liabilities from the insurance business

All receivables and liabilities from the insurance business come from insurance companies.

#### 3.5 Receivables due from and liabilities due to group companies

	2023	2022
Reinsurance receivables due from group companies	92,807,059	119,008,391
Other receivables due from group companies	64,694,545	501,862
Assumed accruals due from group companies	105,789,714	95,140,001
Accrued interests due from group companies	306,962	212,067
Reinsurance payables due to group companies	-13,855,475	-41,353,475
Ceded accruals due to group companies	-22,320,337	-22,304,020
Accrued payables due to group companies	-608,888	-745,717

#### 3.6 Technical provision

2023	Unearned premium reserve	Rebates reserve	Outstanding claims reserve	Total
Assumed	177,464,403	155,123,616	2,004,236,570	2,336,824,589
Ceded	-89,687,835	-50,955,125	-846,131,333	-986,774,293
<b>Technical provision net 2023</b>	<b>87,776,568</b>	<b>104,168,491</b>	<b>1,158,105,237</b>	<b>1,350,050,296</b>
2022	Unearned premium reserve	Rebates reserve	Outstanding claims reserve	Total
Assumed	161,093,798	135,327,467	1,819,363,484	2,115,784,749
Ceded	-81,446,538	-44,399,812	-745,076,862	-870,923,212
<b>Technical provision net 2022</b>	<b>79,647,260</b>	<b>90,927,655</b>	<b>1,074,286,622</b>	<b>1,244,861,537</b>

#### 3.7 Equity roll forward

	Share capital	Statutory capital reserves	Statutory retained earnings	0	Total equity
<b>as per 01.01.2022</b>	<b>400,750,000</b>	<b>188,750,000</b>	<b>200,477,606</b>	<b>315,932,214</b>	<b>1,105,909,821</b>
Dividend				-129,950,000	-129,950,000
Annual profit				110,973,693	110,973,693
<b>as per 31.12.2022</b>	<b>400,750,000</b>	<b>188,750,000</b>	<b>200,477,606</b>	<b>296,955,907</b>	<b>1,086,933,513</b>
Dividend				-245,237,500	-245,237,500
Annual profit				163,015,368	163,015,368
<b>as per 31.12.2023</b>	<b>400,750,000</b>	<b>188,750,000</b>	<b>200,477,606</b>	<b>214,733,774</b>	<b>1,004,711,381</b>

**4. Income statement positions****4.1 Changes in technical provision**

<b>2023</b>	Unearned premium reserve	Rebates reserve	Outstanding claims reserve	<b>Total</b>
Assumed	-25,207,691	-19,796,149	-307,493,380	<b>-352,497,220</b>
Ceded	12,871,062	6,555,313	151,714,400	<b>171,140,775</b>
<b>Changes in technical provision net 2023</b>	<b>-12,336,629</b>	<b>-13,240,836</b>	<b>-155,778,980</b>	<b>-181,356,445</b>

<b>2022</b>	Unearned premium reserve	Rebates reserve	Outstanding claims reserve	<b>Total</b>
Assumed	-13,874,073	-23,799,962	-340,349,146	<b>-378,023,181</b>
Ceded	5,480,426	7,592,435	106,948,227	<b>120,021,088</b>
<b>Changes in technical provision net 2022</b>	<b>-8,393,647</b>	<b>-16,207,527</b>	<b>-233,400,919</b>	<b>-258,002,093</b>

**4.2 Positions to be disclosed from the administration expenses**

	<b>2023</b>	<b>2022</b>
Personal expenses	6,011,983	5,106,656
Amortization and depreciation on non-current assets	25,743	25,334

**4.3 Auditor fees**

	<b>2023</b>	<b>2022</b>
Audit fees	57,535	155,842
Other fees	20,313	12,394
<b>Total auditor fees</b>	<b>77,848</b>	<b>168,236</b>

**4.4 Investment income**

<b>2023</b>	Curr. income	Write-ups	realized gains	<b>Total income</b>
Investments in affiliated enterprises	15,437,265	-	5,283	<b>15,442,548</b>
Bonds	20,983	371,276	-	<b>392,259</b>
Intercompany loans	1,902,704	-	-	<b>1,902,704</b>
Shares	-	-	-	<b>0</b>
Bond funds	2,719,802	1,616,479	-	<b>4,336,281</b>
Equity funds	-	-	-	<b>0</b>
Private equity fund of funds	2,052	-	186,870	<b>188,922</b>
Property funds	3,493,618	-	-	<b>3,493,618</b>
Other securities	-	-	-	<b>0</b>
Deposits retained on assumed business	168,044	-	-	<b>168,044</b>
Cash and cash equivalents	999,544	-	-	<b>999,544</b>
Cash equivalents	2,367,389	-	-	<b>2,367,389</b>
<b>Investment income from general investments</b>	<b>27,111,400</b>	<b>1,987,756</b>	<b>192,153</b>	<b>29,291,309</b>

<b>2022</b>	Curr. income	Write-ups	realized gains	<b>Total income</b>
Investments in affiliated enterprises	12,702,187	-	-	<b>12,702,187</b>
Bonds	20,914	-	11,741	<b>32,654</b>
Intercompany loans	252,803	-	-	<b>252,803</b>
Säntis Umbrella fund	14,770,085	88,543	458,689	<b>15,317,317</b>
Bond funds	7,755,443	890,334	-	<b>8,645,777</b>
Private equity fund of funds	3,245	-	2,171,419	<b>2,174,664</b>
Property funds	2,299,819	-	-	<b>2,299,819</b>
Deposits retained on assumed business	150,884	-	-	<b>150,884</b>
Cash and cash equivalents	1,233	-	-	<b>1,233</b>
<b>Investment income 2022</b>	<b>37,956,612</b>	<b>978,878</b>	<b>2,641,849</b>	<b>41,577,339</b>

**4.5 Investment expenses**

<b>2023</b>	<b>Investment expenses</b>	<b>Write downs</b>	<b>realized losses</b>	<b>Total expense</b>
Investments in affiliated enterprises	-	26,742,485	-	<b>26,742,485</b>
Bonds	41,199	-	-	<b>41,199</b>
Intercompany loans	-	-	-	<b>0</b>
Shares	-	-	27,636	<b>-27,636</b>
Bond funds	618,694	-	-	<b>618,694</b>
Equity funds	-	0	-	<b>0</b>
Private equity fund of funds	29,359	110,063	-	<b>139,422</b>
Property funds	345,256	3,329,910	-	<b>3,675,166</b>
<b>Investment expenses from general investments</b>	<b>1,034,508</b>	<b>30,182,458</b>	<b>-27,636</b>	<b>31,189,329</b>
<b>2022</b>	<b>Investment expenses</b>	<b>Write downs</b>	<b>realized losses</b>	<b>Total expense</b>
Investments in affiliated enterprises	-	-	-	<b>0</b>
Bonds	37,561	858,730	-	<b>896,291</b>
Shares	-	-	32,948	<b>32,948</b>
Säntis Umbrella fund	1,888,759	142,748,877	1,208,072	<b>145,845,708</b>
Bond funds	618,172	9,665,327	1,610,699	<b>11,894,198</b>
Equity funds	-	-	-	<b>0</b>
Private equity fund of funds	20,772	41,054	-	<b>61,827</b>
Property funds	362,358	2,563,550	-	<b>2,925,907</b>
<b>Investment expenses 2022</b>	<b>2,927,623</b>	<b>155,877,537</b>	<b>2,851,719</b>	<b>161,656,879</b>

**4.6 Investment from Säntis Umbrella Fund**

<b>2023</b>	<b>Curr. income</b>	<b>Write-ups</b>	<b>realized gains</b>	<b>FX Unrealized /realized Gains</b>	<b>Total income</b>
	<b>28,040,556</b>	<b>55,905,837</b>	<b>3,677,542</b>	<b>1,597,986</b>	<b>89,221,921</b>
<b>2023</b>	<b>Investment expenses</b>	<b>Write downs</b>	<b>realized losses</b>	<b>FX Unrealized /realized Losses</b>	<b>Total expense</b>
	<b>2,057,156</b>	<b>504,178</b>	<b>35,426</b>	<b>3,239,494</b>	<b>5,836,255</b>
<b>Säntis Umbrella Fund result FY2023 gain/(loss)</b>					<b>83,385,667</b>

**5. Additional information****5.1 Guarantees and commitments given**

EH Reinsurance AG purchased a bank guarantee in the amount of USD 75'000 (2022: USD 75'000).

EH Reinsurance AG has pledged cash position of USD 75'000 (2022: USD 75'000).

EH Reinsurance AG has lease commitments amounting to CHF 56'845 (2022: CHF 82'901).

EH Reinsurance AG has entered a commitment with CORDIANT regarding future drawdowns limited by the unfunded amount as per December 31 2023 of USD 17'529'743 (2022: USD 15'221'441).

EH Reinsurance AG has entered a commitment with FASO V regarding future drawdowns limited by the unfunded amount as per December 31 2023 of EUR 2'275'000 (2022: EUR 1'990'000).

EH Reinsurance AG has entered a commitment with FASO IV regarding future drawdowns limited by the unfunded amount as per December 31 2023 of EUR 4'380'000 (2022: EUR 4'380'000).

EH Reinsurance AG has entered a commitment with AEW Logistis regarding future drawdowns limited by the unfunded amount as per December 31 2023 of EUR 1'919'998 (2022: EUR 3'680'000).

EH Reinsurance AG has entered a commitment with IPUT regarding future drawdowns limited by the unfunded amount as per December 31 2023 of EUR 1'370'344 (2022: EUR 1'370'344).

EH Reinsurance AG has entered a commitment with APEF regarding future drawdowns limited by the unfunded amount as per December 31 2023 of EUR 17'378'474 (2022: EUR 11'546'748).

EH Reinsurance AG has entered a commitment with AGDPDFP regarding future drawdowns limited by the unfunded amount as per December 31 2023 of EUR 4'245'419 (2022: EUR 5'427'136).

EH Reinsurance AG has entered a loan commitment with Euler Hermes Group SAS regarding future drawdowns limited by the unfunded amount as per December 31 2023 of EUR 71'006'255 (2022: EUR 87'302'722).

EH Reinsurance AG has entered into commitments with a bank to provide letter of credits to Group companies in amount of USD 65'000'000 and CAD 10'000'000 to meet any valid claims, in case of EH Reinsurance AG would face bankruptcy (2022: USD 60'000'000 and CAD 30'000'000).

EH Reinsurance AG has entered into commitments with a bank to provide letter of credits to external partners in amount of USD 72'200'000 and CAD 13'500'000 to meet any valid claims, in case of EH Reinsurance AG would face bankruptcy (2022: USD 47'800'000 and CAD 9'250'000).

**5.2 Guarantee received**

EH Reinsurance AG has an unlimited financial guarantee from Euler Hermes Group SAS.

## Appropriation of available earnings and distribution of a dividend

As at 31 December	2023	2022
	CHF	CHF
Balance brought forward	51,718,407	185,982,214
Annual profit	163,015,368	110,973,693
<b>Profit carried forward</b>	<b>214,733,775</b>	<b>296,955,907</b>
Release of capital contribution reserves (reallocation from capital contribution reserves to free reserves)	85,266,225	0
Balance carried forward	214,733,775	296,955,907
<b>Proposed Dividend *)</b>	<b>-300,000,000</b>	<b>-245,237,500</b>
<b>Profit carried forward</b>	<b>0</b>	<b>51,718,407</b>

\*) The dividend payment shall be EUR 275'000'000 and the difference between EUR 275'000'000 paid and translated with the exchange rate at the time of the dividend payment and CHF 300'000'000 shall be allocated to the retained earnings to be carried forward.



## Appendix 2: Operational Risk – scenarios analysis

Given its specific activity and organization, EH Re AG does not bear many material operational risk categories. The following table shows the significant risk scenarios defined in the course of the scenarios analysis process (ScA), in order to calibrate the Operational Risk in the Solvency II Internal Model.

Risk  Category	Evaluation - Scenario		
	Storyline	1-in-20 Years loss amount (in EUR)	Frequency in years
<b>Improper Business or Market Practices</b>	The risk in scope for the reinsurance business of EH Re AG would materialize through the relationship with external reinsurers and could be exacerbated by the current economic sanctions if an undue payment is made to the wrong counterparty. As a result, the major current risk and scenario to be considered here is linked to the undue payment to a sanctioned beneficiary while the risk surrounding the external reinsurers is deemed as immaterial.	500,000	0.2
<b>Suitability, Information Disclosure and Fiduciary Duty</b>	The 1-in-20year storyline would be a breach of confidentiality related to buyer confidential information disclosed in reinsurance treaties. The ceding company's shareholders could sue EH, resulting in a settlement or in contractual penalties.	100,000	0.2
<b>Human Resources Management</b>	EH Re AG day to day activities are disrupted due to the departure of a key people or a significant part of a team, further exacerbated by the absence of back-up solution and executable succession plan. Given the technical expertise required across most of the areas and teams, it is assumed that the leaving staff cannot be replaced within a reasonable timeframe (3 months) leading to a loss incurred by the need to hire on urgent mode external consultants to fill the gap.	220,000	0.3
<b>Transportation Disruption and Other Disruptions</b>	Business disruption and therefore delay or non-provision of services due to unavailability of personnel because of a pandemic event or geopolitical event, resulting in incremental operational costs or financial losses.	150,000	0.2

## Appendix 3 : Quantitative templates

Financial situation report: quantitative template "Simplified SST Balance Sheet Solo"		Currency: CHF or currency for SST reporting			
EH Re FX rate 31.12.2023 EUR-CHF: 0.93		Amounts stated in millions			
		Ref. date previous period	Adjustments previous period	Ref. date reporting year	
Market conform value of investments	Real estate	18	-	14	
	Participations	94	-	142	
	Fixed-income securities	7	-	7	
	Loans	145	-	160	
	Mortgages	-	-	-	
	Equities	6	-	6	
	Other investments	1,874	-	1,806	
	Collective investment schemes	1,864	-	1,795	
	Alternative investments	10	-	10	
	Structured products	-	-	-	
	Other investments	-	-	-	
	Total investments	2,145	-	2,135	
	Market conform value of other assets	Financial investments from unit-linked life insurance	-	-	-
		Receivables from derivative financial instruments	-	-	-
Deposits made under assumed reinsurance contracts		17	-	9	
Cash and cash equivalents		34	-	162	
Reinsurers' share of best estimate of provisions for insurance liabilities		789	-	893	
Direct insurance: life insurance business (excluding unit linked life insurance)		-	-	-	
Reinsurance: life insurance business (excluding unit linked life insurance)		-	-	-	
Direct insurance: non-life insurance business		-	-	-	
Direct insurance: health insurance business		-	-	-	
Reinsurance: non-life insurance business		789	-	893	
Reinsurance: health insurance business		-	-	-	
Direct insurance: other business		-	-	-	
Reinsurance: other business		-	-	-	
Direct insurance: unit-linked life insurance business		-	-	-	
Reinsurance: unit-linked life insurance business		-	-	-	
Fixed assets		0	-	0	
Deferred acquisition costs		-	-	-	
Intangible assets		0	-	0	
Receivables from insurance business		321	-	212	
Other receivables	84	-	75		
Other assets	-	-	-		
Unpaid share capital	-	-	-		
Accrued assets	1	-	0		
Total other assets	1,246	-	1,352		
<b>Total market conform value of assets</b>	<b>Total market conform value of assets</b>	<b>3,391</b>	<b>-</b>	<b>3,487</b>	
Market conform value of liabilities (including unit linked life insurance)	Best estimate of provisions for insurance liabilities	1,940	-	2,143	
	Direct insurance: life insurance business (excluding unit linked life insurance)	-	-	-	
	Reinsurance: life insurance business (excluding unit linked life insurance)	-	-	-	
	Direct insurance: non-life insurance business	-	-	-	
	Direct insurance: health insurance business	-	-	-	
	Reinsurance: non-life insurance business	1,940	-	2,143	
	Reinsurance: health insurance business	-	-	-	
	Direct insurance: other business	-	-	-	
	Reinsurance: other business	-	-	-	
	Best estimate of provisions for unit-linked life insurance liabilities	-	-	-	
	Direct insurance: unit-linked life insurance business	-	-	-	
	Reinsurance: unit-linked life insurance business	-	-	-	
	Market value margin	n/a	24	16	
Market conform value of other liabilities	Non-technical provisions	0	-	0	
	Interest-bearing liabilities	-	-	-	
	Liabilities from derivative financial instruments	-	-	-	
	Deposits retained on ceded reinsurance	1	-	-0	
	Liabilities from insurance business	206	-	71	
	Other liabilities	2	-	2	
	Accrued liabilities	2	-	4	
Subordinated debts	-	-	-		
<b>Total market conform value of liabilities</b>	<b>Total market conform value of liabilities</b>	<b>2,150</b>	<b>24</b>	<b>2,236</b>	
	<b>Market conform value of assets minus market conform value of liabilities</b>	<b>1,241</b>	<b>-24</b>	<b>1,250</b>	

## Financial situation report: quantitative template "Solvency Solo"

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

EH Re FX rate 31.12.2023 EUR-CHF: 0.93

		Ref. date previous period	Adjustments previous period	Ref. date reporting year
		in CHF millions	in CHF millions	in CHF millions
Derivation of RBC	Market conform value of assets minus market conform value of liabilities	1,241	-24	1,250
	Deductions	-247		-260
	Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital	-		-
	<b>Core capital</b>	994	-24	990
	Supplementary capital	-		-
	<b>RBC</b>	994	-24	990

		Ref. date previous period	Adjustments previous period	Ref. date reporting year
		in CHF millions	in CHF millions	in CHF millions
Derivation of target capital	Underwriting risk	713		486
	Market risk	181		101
	Diversification effects	-49		-171
	Credit risk	139		101
	Market value margin and other effects on target capital	24	-24	-
	<b>Target capital</b>	716	-24	395

	Ref. date previous period	Adjustments previous period	Ref. date reporting year
	in %	in %	in %
<b>SST ratio</b>	140%	-	251%

**Financial situation report: quantitative template**  
**"Performance Solo Reinsurance"**

Currency: CHF or annual report currency  
 Amounts stated in millions

	Total		Miscellaneous	
	Previous year	Reporting year	Previous year	Reporting year
Gross premiums	1'844	1'952	1'844	1'952
Reinsurers' share of gross premiums	-739	-803	-739	-803
Premiums for own account (1 + 2)	1'105	1'149	1'105	1'149
Change in unearned premium reserves	-14	-25	-14	-25
Reinsurers' share of change in unearned premium reserves	5	13	5	13
Premiums earned for own account (3 + 4 + 5)	1'097	1'137	1'097	1'137
Other income from insurance business	1	1	1	1
<b>Total income from underwriting business (6 + 7)</b>	<b>1'097</b>	<b>1'137</b>	<b>1'097</b>	<b>1'137</b>
Payments for insurance claims (gross)	-329	-522	-329	-522
Reinsurers' share of payments for insurance claims	120	171	120	171
Change in technical provisions	-340	-307	-340	-307
Reinsurers' share of change in technical provisions	107	152	107	152
Change in technical provisions for unit-linked life insurance	-	-	-	-
<b>Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)</b>	<b>-442</b>	<b>-506</b>	<b>-442</b>	<b>-506</b>
Acquisition and administration expenses	-697	-762	-697	-762
Reinsurers' share of acquisition and administration expenses	279	344	279	344
Acquisition and administration expenses for own account (15 + 16)	-418	-418	-418	-418
Other underwriting expenses for own account	-	-	-	-
<b>Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)</b>	<b>-860</b>	<b>-924</b>	<b>-860</b>	<b>-924</b>
Investment income	42	29		
Investment expenses	-162	-37		
<b>Net investment income (20 + 21)</b>	<b>-120</b>	<b>81</b>		
Capital and interest income from unit-linked life insurance	-	-		
Other financial income	112	50		
Other financial expenses	-107	-150		
<b>Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)</b>	<b>122</b>	<b>195</b>		
Interest expenses for interest-bearing liabilities	-1	-0		
Other income	-	-		
Other expenses	-	-		
Extraordinary income/expenses	-	-		
<b>Profit / loss before taxes (26 + 27 + 28 + 29 + 30)</b>	<b>122</b>	<b>194</b>		
Direct taxes	-11	-31		
<b>Profit / loss (31 + 32)</b>	<b>111</b>	<b>163</b>		

## Appendix 4 : EH Ré SA sale impact analysis

The sale scenario impact analysis is presented below with a potential impact of +66.4%pt on the SST ratio of EH Re AG.

in EUR Mio.	SST 2024	SST 2024 after Sale of EH Ré SA	Scenario impact
<b>RBC</b>	<b>1,064.7</b>	<b>1,042.2</b>	<b>-22.5</b>
<b>Total Target Capital (TC)</b>	<b>424.7</b>	<b>328.6</b>	<b>-96.1</b>
<b>SST Ratio</b>	<b>250.7%</b>	<b>317.1%</b>	<b>66.4%</b>

## Appendix 5 : Glossary

Terms / Abbreviations	Description
<b>AC</b>	Available Capital
<b>AEP/AER</b>	Attritional Events Premium/Reserve Risk
<b>ARC</b>	Audit, Risk & Compliance Committee
<b>AZT</b>	Allianz Trade
<b>BE</b>	Best Estimate
<b>BoD</b>	Board of Directors
<b>BoM</b>	Board of Management
<b>CAE</b>	Chief Audit Executive
<b>CEO</b>	Chief Executive Officer
<b>CFAO</b>	Chief Financial and Administrative Officer
<b>CHF</b>	Swiss franc
<b>CoViD-19</b>	Corona Virus Disease 2019
<b>CRisP</b>	Credit Risk Platform
<b>CRO</b>	Chief Risk Officer
<b>CUO</b>	Chief Underwriting Officer
<b>CUW</b>	Commercial Underwriting
<b>CY</b>	Current Year
<b>DTT</b>	Deficiency tracking Tool
<b>EBNR</b>	Earned But Not Reported
<b>EH</b>	Euler Hermes
<b>EH Group</b>	Euler Hermes Group
<b>EH NAM</b>	Euler Hermes North America
<b>EH Re AG</b>	Euler Hermes Reinsurance AG
<b>EH Ré SA</b>	Euler Hermes Reinsurance SA
<b>EH SA</b>	Euler Hermes SA
<b>EoY</b>	End of Year
<b>ESG</b>	Environmental, Social and Governance
<b>EUR</b>	Euro
<b>FCR</b>	Financial Condition Report
<b>FiCo</b>	Financial Committee
<b>FINMA</b>	Swiss Financial Market Supervisory Authority
<b>FRSI</b>	Reinsurance Tool
<b>FX</b>	Foreign Exchange
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GBP</b>	British Pound sterling
<b>GovCC</b>	Governance and Control Committee
<b>ICOFR</b>	Internal Control over Financial Reporting
<b>IE1/IE2</b>	Individual Events 1/2

Terms / Abbreviations	Description
<b>IRCS</b>	Integrated Risk and Control System
<b>IT</b>	Information Technology
<b>LE</b>	Legal Entity
<b>LoB</b>	Line of Business
<b>MCBS</b>	Market Consistent Balance Sheet
<b>MVM</b>	Market Value Margin
<b>OREC</b>	Operational Risk Event Capture
<b>ORM</b>	Operational Risk Management
<b>ORSA</b>	Own Risk and Solvency Assessment
<b>P&amp;C</b>	Property & Casualty
<b>PRM</b>	Project Risk Management
<b>PY</b>	Prior Year
<b>QS</b>	Quota Share
<b>RBC</b>	Risk Bearing Capital
<b>RCSA</b>	Risk & Control Self-Assessment
<b>RiCo</b>	Risk Committee
<b>RM</b>	Risk Margin
<b>RoRC</b>	Return on Risk Capital
<b>RPF</b>	Risk Policy Framework
<b>S2</b>	Solvency 2
<b>S&amp;P</b>	Standard & Poor's
<b>SCR</b>	Solvency Capital Requirement
<b>SAA</b>	Strategic Asset Allocation
<b>ScA</b>	Scenario Analysis
<b>SLA</b>	Service Level Agreement
<b>SST</b>	Swiss Solvency Test
<b>Stand Re</b>	Standard formula to calculate insurance risk for reinsurance companies
<b>TC</b>	Target Capital
<b>TCI&amp;S</b>	Trade Credit Insurance & Surety
<b>TCU</b>	Transactional Cover Unit
<b>ToM</b>	Target Operating Model
<b>TRA</b>	Top Risk Assessment
<b>USD</b>	United States Dollar
<b>UW</b>	Underwriting
<b>VaR</b>	Value at Risk
<b>WA</b>	World Agency
<b>XoL</b>	Excess of Loss