

Euler Hermes Reinsurance AG

Financial Condition Report

Based on figures at 31/12/2025

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Executive Summary

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 (FCR¹) 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 31.12.2025.

The reporting currency of the Financial Condition Report is the EURO, being the functional currency of Euler Hermes Reinsurance AG ("EH Re AG").

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)

Incorporated in 2005, Euler Hermes Reinsurance AG (EH Re) is a fully owned subsidiary of Allianz Re Dublin Dac, Ireland, and follows the strategic guidance and other rules and policies of Allianz Trade Group and Allianz Group as far as these are in accordance with the interests of EH Re AG and compliant with the local laws. Allianz Trade Group is the world's leading provider of trade-related credit insurance solutions with more than 100 years of client support and responsiveness to changing business environments.

¹Published on https://www.allianz-trade.com/en_GL/regulation.html

Allianz Trade (formerly known as Euler Hermes) is part of the Allianz Group, one of the leading financial services providers worldwide. Since a capital restructuring in 2020 in the context of the project REACH, EH Re is fully owned by Allianz Re Dublin dac which is held by Euler Hermes Group SAS (45%) and Allianz Europe BV (55%).

The rebranding in 2022 to “Allianz Trade” and closer integration within the Allianz Group has enabled Allianz Trade to benefit from the strength of the Allianz Brand and improve market position in the target client segment and distribution channels.

EH Re provides reinsurance solutions and capacity to all Allianz Trade companies, and the related non-consolidated companies in Austria, Israel, and Solunion - the Allianz Trade Joint Venture with Mapfre for the Spanish and Latin American countries. EH Re assumes trade credit insurance from Allianz Trade ceding entities (incl. JVs) as well as surety and fidelity business from Allianz Trade and Allianz Group ceding entities.

EH Re is the center of excellence in terms of Allianz Group Reinsurance in respect of Trade Credit, Surety and Fidelity business lines by centralizing the reinsurance needs of the Allianz companies and retroceding partially the risks on the worldwide reinsurance market.

Company success (B)

In 2025, EH Re AG overall profitability decreased compared to 2024. Earned premiums have decreased by EUR 41mn (-3%), from EUR 1'263mn to EUR 1'222mn, driven by a lower performance on Lob TCI (EUR -60mn) which was partially offset by an increase in Lob Surety (EUR 18mn) and Lob Fidelity (EUR 1mn).

The net financial result has decreased from a gain of EUR 213.2mn in 2024 to a gain of EUR 62.5mn. The result is mainly driven by a decrease in realized gains on investments by EUR 123mn, and a decrease in the result of the Sántis Umbrella Fund by EUR -50.6mn mainly due to the effect of unrealized and realised FX losses.

The net result of EH Re AG in 2025 is EUR 249.1mn, down by EUR 164.3mn (-40%) compared to 2024. The 2024 comparative Profit includes a one-off gain of 124.8m relating to the sale of Euler Hermes Ré SA.

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 only, Compliance, Actuarial which is outsourced to EH SA, and Internal Audit which is outsourced to EH Services SAS), constituting the 2nd and 3rd 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 following main 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 EUR 546.6mn at the end of December 2025, up by EUR 29.1mn (5.6%) compared to 2024. This is mainly explained by a decrease in expected insurance results (EUR 20.5mn) and by the new SST item accounting for a cost of capital (EUR 16mn) in the Market Value Margin.

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 EUR 1'012mn, down by EUR 176mn (-15%) compared to 2024, after deduction of a planned dividend of EUR 350mn. 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 2026 SST ratio is at 185.2% and has decreased compared to the 229.6% ratio of 2025. This is mainly driven by a decrease in Risk Bearing Capital by EUR 176mn following higher expected dividend (EUR 350mn vs EUR 240mn in 2025). Nevertheless, the 2026 SST ratio stands well above the target management ratio of 150% defined in EH Re AG's Risk Appetite policy.

A. Business activities

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, 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

2025 saw continued geopolitical turmoil, and wars in the Middle East and Ukraine continued unabated. Allianz Economic Research estimates that global real GDP grew by +3% in 2025. At the time of writing this report, the US-Israeli strikes on Iran will have implications for energy markets, shipping costs, inflation risks and financial conditions – but everything hinges on how long the conflict lasts and how far the escalation on critical energy infrastructure could go. For the US and Europe, Allianz Economic Research expects lower growth, higher inflation, stronger fiscal pressure and a challenging situation for central banks. Global GDP is expected at +2.6% in 2026 (revised down by –0.5pp), inflation at 3.2% in the US and 3.0% in the Eurozone this year (revised up by +0.7pp and +1.1pp, respectively) and trade growth at +1.5% in 2026 (revised down –0.5pp).

Continued high Government deficits such as -7% of GDP in the US and -3.0% in Europe, will limit the amount of additional support that can be provided by states, and increase the risk of internal fiscal impasse.

According to the Allianz Global Insolvency report, the Allianz Global Insolvency index is set to rise by +5% in 2026 (after increasing by +6% in 2025 and +10% in 2024) as the delayed easing of interest rates and persistent uncertainties continue to pressure companies. Higher energy, metals and fertilizer prices are expected to create a cost-push shock amid weak demand and elevated US tariffs, expected to hover around 10%. Energy producers and defense may benefit, while energy-intensive, transport and consumer sectors face margin pressure. The number of business insolvencies rebounded in four out of five countries in 2025. The US saw another significant rise (+11% to 25,580 cases), while the Eurozone posted a more moderate increase (+3%) compared to the sharp acceleration in 2024. Within the Eurozone, Germany and Italy continued to see notable increases (+10% to 24,300 cases and +17% to 14,000 cases, respectively), while France reached a new historical high of 67,500 cases (+2%). The UK experienced a further decline in insolvencies (-3%) following the reduction in 2024, and China maintained a modest upward trend (+4%).

In Western Europe, nearly half of the sectors have now surpassed their pre-pandemic levels of business insolvencies. The largest increases in 2025 were observed in transportation, construction, and B2B services, continuing the trends seen in 2024. Looking ahead, the delayed easing of interest rates and heightened uncertainty are expected to keep companies in a cautious "wait-and-see" mode, reducing activity and threatening already vulnerable firms. North America and Asia are projected to remain key drivers of the rise in business insolvencies, while Western Europe will face its fourth consecutive year of increases in 2025 (+3%) before a modest improvement in 2026 (-3%). This trend is mirrored by Central and Eastern Europe, where insolvencies are expected to stabilize in 2026 after rising in 2025.

In Germany and Italy, business insolvencies are forecasted to continue increasing in 2026 (+6% each), but the fiscal stimulus announced in Germany could help limit this outlook. In France, insolvencies are expected to decline slightly in 2026 (-4%) after reaching their peak in 2025. The UK, which saw insolvencies reach a 10-year high in 2023, is expected to see a moderate decrease in 2025 (-3%) followed by a larger improvement in 2026 (-7%).

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

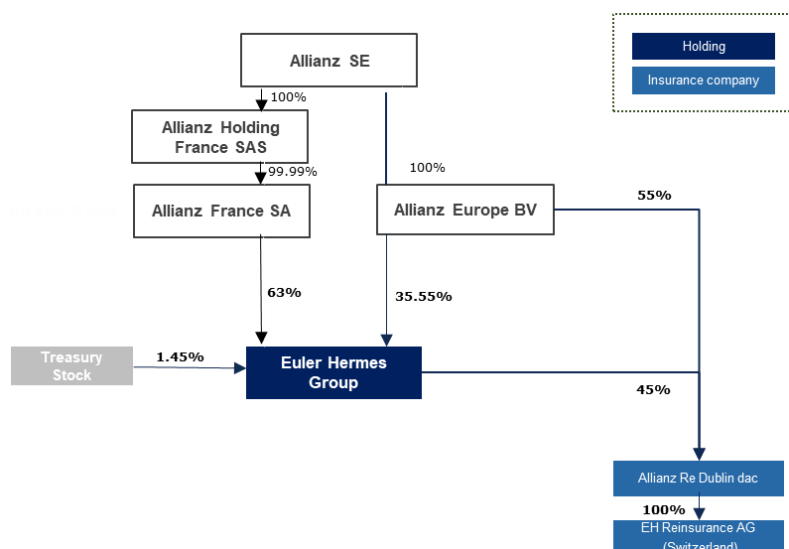
A.2.1. Legal Entity & Group structure

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

Euler Hermes Reinsurance AG
 Richtplatz 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 Allianz Europe BV, amounting to EUR 100mn; and
- With EH Group SAS, amounting to EUR 111mn.

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 mainly related to Solvency 2 framework 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;
- Investment accounting is outsourced to EH SA; and
- Accounting Services are outsourced to EH SA (Romania).

A.2.2.4. Participations

EH Re AG has investments in affiliated enterprises for a total of EUR 15mn, as follows:

- EH Patrimonia SA: EUR 0.5mn, corresponding to 35% in the capital; and
- EH South Express SA: EUR 14.13mn, corresponding to 49% share in the capital.

A.3. External auditor

The 2025 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 2025 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 02.05.2025 for the financial year 2025.

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 2025 and subsequent events

Significant economic events in 2025 are summarized in the business outlook section and pertain mainly to the consequences of the ongoing geopolitical crisis across the world.

With respect to the company's management, a new CEO was nominated and approved by FINMA with effect as of October 1st 2025.

There are no other significant events affecting EH Re AG.

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 EUR mn	EoY 2025	EoY 2024	Var	Var %
Earned premiums for own account	1222	1263	-41	-3%
Other income from insurance business	0.2	0.5	-0.3	-59%
Total income from the insurance business	1222	1264	-41	-3%
Claims expenses for own account	-490	-490	0	0%
Acquisition and administration costs for own account	-490	-504	14	-3%
Total expenses from the insurance business	-980	-994	14	-1%
Underwriting result	243	270	-27	-10%

Earned premiums of 1'222m, decreased by 41m (3.2%) compared to 2024, while net Claims costs remain in line with 2024, with 490.1m for 2025 vs 490.3m for 2024. The decrease of earned premiums is primarily due to the reduction of the cession of Multinational Trade Credit (MNC) business from the Allianz Trade entities to Euler Hermes Reinsurance AG from 95% to 65% in 2025, together with foreign exchange impact of USD depreciation.

The cost of claims has remained stable at EUR 490mn resulting in a slightly increase in loss ratio at 40% in 2025 compared to 39% in 2024. The loss ratio in Trade Credit has slightly decreased (35% in 2025 vs 38% in 2024), Surety has increased (64% in 2025 vs 37% in 2024) and Fidelity increased (65% in 2025 vs 53% in 2024).

The Acquisition and Administration Cost decreased by EUR 14mn (-3%) in 2025 at EUR 490mn (EUR 504mn in 2024).

The total expenses from the Insurance business is at EUR 980mn in 2025 decreasing by EUR 14mn (-1%) vs 2024 (EUR 994mn).

The underwriting result shows a profit of EUR 243mn decreasing by EUR 27mn compared to 2024. The net combined ratio has increased by 1.5% from 78.7% in 2024 to 80.2% in 2025.

B.2. Financial performance

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

Figure 3: EH Re AG financial performance

in EUR mn	EoY 2025	EoY 2024	Var	Var %
Interests and dividends	18.2	18.2	0	0%
Realized gains on investments	3.1	126.5	-123	-98%
Write ups of investments	2.8	0.5	2.3	423%
Investment Result from Sántis Umbrella Fund	31.6	82.2	-50.6	-61.6%
Investment income	55.6	227.5	-171.8	-76%
Investment management expenses	-1.2	-2.7	1.5	-55%
Realized losses on investments	-0.1	0.0	0.1	-486%
Unrealized losses on investments	-2.7	-2.6	-0.1	5%
Investment expenses	-4	-5.3	-1.3	-24.5%
Investment result	51.6	222.2	-153.4	-69%
Realized & unreal. currency gains	213.6	92	121.6	132%
Other financial income	213.6		121.6	132%
Realized & unreal. currency losses	-219	-100.4	-118.6	118%
Interests expenses	-0.8	-0.6	-0.2	22%
Other financial expenses	-219.8	-101	-118.8	118%
Financial results	45.5	213.2	-167.7	-79%

B.2.1. Analysis of Financial Result

The net financial result is a EUR 45mn profit in 2025 compared to a gain of EUR 213mn in 2024. The decrease relates to the one-off gain on sale of Euler Hermes Ré SA (EUR 124.8mn) in 2024, and a lower net result of the Sántis Umbrella Fund (EUR -50.6mn) mainly due to the effect of unrealized and realised FX losses. The net effective foreign exchange result, excluding the Sántis Umbrella Fund was a loss of EUR 5.4mn, compared to a loss of EUR 8.4mn in 2024 Analysis per Asset Classes.

B.2.1.1. Investment income

Figure 4: EH Re AG Investment Income

In EUR mn	EoY 2025	EoY 2024	Var	Var %
Investments in affiliated enterprises	0.5	126	-125.5	-100%
Bonds	0.4	0.4	0.0	8%
Intercompany loans	2.4	2.2	0.2	11%
Fixed-term deposits	0.2	0	0.2	
Bond funds	6	4.2	1.8	43%
Private equity fund of funds	2.7	1.9	0.8	42%
Property funds	6.5	3.4	3.1	91%
Deposits retained on assumed business	0.4	0.4	0.0	0%
Cash and cash equivalents	4.9	6.8	-1.9	-27%
Sântis Umbrella fund result	31.6	82.2	-50.6	-62%
Investment income	55.6	277.5	-171.8	-76%

The total value of the investments of EUR 2'435mn remained broadly in line with 2024 , the investment income decreased significantly due to the exceptional realized gain on the sale of Euler Hermes Ré SA in Luxembourg in 2024.

In 2025 EH Re AG, excluding the net result of the Sântis Umbrella Fund (disclosed separately above) shows the following investment income per asset classes:

- Investments in affiliated enterprises: income of EUR 0.5mn, no realized gain on the sale of Euler Hermes Ré SA in Luxembourg for EUR 124.8mn and less dividend from Participations (EUR -0.7mn);
- Bonds: income of EUR 0.4mn, same as in 2024;
- Intercompany loans: income of EUR 2.4mn, slight increase of EUR 0.2mn due to the increase of loans provided to EH Group;
- Fixed-term deposits: income of EUR 0.2mn: new short term investment;
- Bond Funds: income of EUR 6mn, EUR 1.8mn decrease;
- Private equity funds of funds: income of EUR 2.7mn, EUR 0.8mn increase;
- Property funds: income of EUR 6.5mn, EUR 3.1mn decrease;
- Deposits retained on assumed business: income of EUR 0.4mn, stable;
- Cash: income of EUR 4.9mn, decrease of EUR 1.8mn due to less interest from banks.

In 2024 and 2025 there was no income from Shares.

B.2.1.2. Investment expenses

Figure 5: EH Re AG Investment expenses

In EUR mn	EoY 2025	EoY 2024	Var	Var %
Investments in affiliated enterprises	0.1	2.2	-2.1	-95%
Bonds	0.1	0.1	0	0%
Bond funds	2	1.5	0.5	36%
Equity funds	0	0	0	0%
Private equity fund of funds	0.1	0	0.1	23%

In EUR mn	EoY 2025	EoY 2024	Var	Var %
Property funds	1.7	1.5	0.2	13%
Investment Expenses	4.0	5.3	1.3	-25%

Total Investment Expenses, excluding the Sântis Umbrella Fund, decreased by EUR 1.3mn, primarily due to one-off expenses in 2024 associated with the sale of Euler Hermes Ré SA in Luxembourg.

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;
- 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 2025, the BoD is composed of the following members:

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

C.1.2.3. BoD committees

The BoD has 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:

- Mr. Stephan Knipper (Chairman);

1. Mrs. Aylin Somersan Coqui;
2. Mr. Fabrice Desnos;
3. Mr. Colm Costello;
4. Mrs. Marita Kraemer.

The FiCo is composed of the following members:

1. Mr. Colm Costello (Chairman);
2. Mr. Thorsten Fromhold;
3. Mr. Fabrice Desnos;
4. Mrs. Aylin Somersan Coqui;
5. Mrs. Marita Kraemer;
6. Mr. Stephan Knipper.

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

1. Mrs. 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 the end of 2025 is the following:

1. Mr. Philippe Dessèvre, CEO (new);

2. Mr. Matthew Arnet, CFAO;
3. Mr. Nigel Pryor, CUO; and
4. Mr. Florim Amidi, CRO.

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 2025 are:

1. Internal Audit function: EH Group Chief Audit Executive;
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 Re 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 behaviors and values. A person is considered "Proper" if he/she is of good repute and integrity, considering his/her character, personal behavior, 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 3 years 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 performance reviews and Career Development.

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** shall assist the BoD with respect to the implementation and control of the investment strategy as approved by the BoD. The Financial Committee reviews the investment strategy of the Company and provides advices to the CEO and CFAO according to the guidelines defined by the Group Financial Committee and the strategy approved by the BoD. Key activities of the Financial Committee are:

- oversight of planning and development of the Company's investment income;
- management of the asset allocation process and recommendation to the BoD on the annual Strategic Asset Allocation;
- approval of derivatives strategies;
- monitoring of asset management mandates and their performance.

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

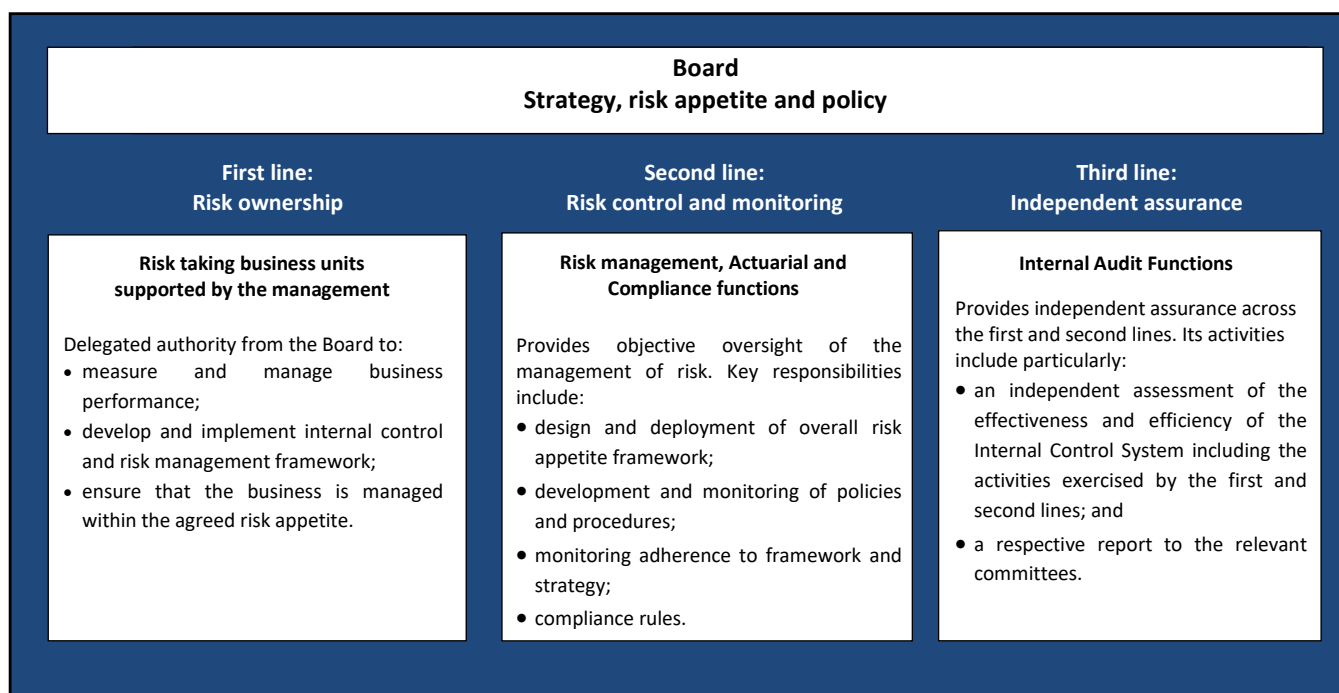
- Providing recommendations to the Board of Directors on the appointment of members of the Board of Directors, the Board Committees, and the Management. The Committee will thereby consider its provisions on the composition of the Board of Directors. It will also verify the integrity, competence, experience, 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 Re AG 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, Legal², 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 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.

² 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.

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 across the EH Group. Within EH Re AG, the CRO acts as governance caretaker in charge of the implementation of the Group governance framework.

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
Risk Appetite	<ul style="list-style-type: none">• Exposure limits• Financial limits• Reinsurance limits• Capital Ratio framework	<ul style="list-style-type: none">• EH Re AG CUO• EH Re AG CRO	<ul style="list-style-type: none">• S24. EH_Re AG Reinsurance Standards• P02. EH Re AG Capital Management Policy• FR01. EH Re AG Guidelines for Management Ratio and Financial Limits• P01. EH Re AG Risk Strategy inc Risk Appetite
Risk Capital Requirements	<ul style="list-style-type: none">• SST balance sheet• SST computations and projections	<ul style="list-style-type: none">• EH Re AG CRO	<ul style="list-style-type: none">• P02. EH Re AG Capital Management Policy• S10. EH Re AG- Standards for ORSA

Area	Scope	Control Owner	Main Documentation
Investment Management	<ul style="list-style-type: none"> • Strategy and asset allocation • Execution • Performance monitoring 	<ul style="list-style-type: none"> • Allianz Trade Investment & Treasury • EH Re AG CFAO • EH Re AG CRO 	<ul style="list-style-type: none"> • S04. EH Re AG- Investment Management Framework
Operational Risk	<ul style="list-style-type: none"> • Operational risk appetite • Operational risk capital • Internal control assessment 	<ul style="list-style-type: none"> • EH Re AG CRO 	<ul style="list-style-type: none"> • S09. EH Re AG- Operational Risk Management Standards

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 risk³, 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 1Q 2025. It was approved by the BoM on April 15th 2025.

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	Probability	Reputational Impact	Economic Impact	Severity	Control Effectiv.	Actual Score	Target Score
R1	Default of a reinsurer	Y	1	2	2	2	2	1	1
R2	Non-compliance with international and local regulations	Y	2	2	1	2	2	1	1
R3	Incorrect data input within FSR1	Y	3	2	1	2	2	1	1
R4	Disputed claim	Y	1	3	2	3	2	2	2
R5	Target Operating Model	Y	3	2	2	2	2	2	2
R6	Talent retention	New	2	2	1	2	3	2	1
R7	Global Economic Crisis	Y	2	2	5	5	2	4	4
R8	Inadequate Reinsurance Capacity	Y	1	2	5	5	2	4	4
R9	Geopolitical Risk	New	3	2	4	4	2	4	4
R10	IT Service Continuity	New	3	2	2	2	3	2	1

³ Since 2022, EH Re AG accounts for capital requirements for operational risk into its ORSA

Compared to 2024, the following evolutions can be highlighted:

- Out of scope risks

The former top risk on key people's risk has been removed following the implementation the action plan.

- New risks

The following new risks have been identified:

- Talent retention: this is to address the challenges resulting from a competitive Swiss market for reinsurance skills;
- Geopolitical risk: this is in response to the ongoing geopolitical crisis and the additional impact of US protectionist measures on the global economy;
- IT service continuity: this is to address the gaps in terms of service delivery.

D.2.2.Target Capital

EH Re AG uses the FINMA SST model. EH Re AG calculates the SST figures in EUR.

This methodology was used to calculate the TC. The comparison between the TC and the AC (available capital, 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 EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var %
Underwriting Risk	320	268	53	20%
Reserving Risk	597	619	-22	-4%
Diversification	-381	-350	-31	9%
Expected Shortfall Insurance	536	536	0	0%
Market Risk	127	143	-16	-11%
Credit Risk	157	180	-23	-13%
Diversification	-26	-43	17	-40%
Expected Shortfall Insurance, Market and Credit Risk	794	817	-22	-3%
Impact of Scenarios	47	0	47	100%
Expected Shortfall Insurance, Market and Credit Risk incl. Scenarios	841	817	24	3%
Expected Insurance Result	-264	-284	21	-7%
Expected Financial performance over 1 year risk free	-14	-15	0	-3%
Effect of the capital cost reserve on the target capital	-16	0	-16	100%
Insurance & Market & Credit Risks = Target Capital	547	518	29	6%
Target Capital	547	518	29	6%
Risk Bearing Capital	1'012	1'188	-176	-15%

NB: Totals and/or variations might appear different from "SST 2026 minus SST 2025" 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 EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var %
Attritional Events Premium Risk (AEP)	452	481	-29	-6%
Individual Events 1 (IE1)	215	256	-41	-16%
Natural Catastrophe Events (NE)	0	0	0	
Diversification (Premium Risk)	-159	-194	35	-18%
Underwriting Risk (netgross)	508	544	-35	-7%
Stop Loss Effect	-188	-276	88	-32%
Underwriting Risk	320	268	53	20%

The CY Risk is calculated using FINMA Stand Re module AEP and IE1. The CY Attritional Events Premium Risk (AEP) decreased by EUR 29mn (6%) to EUR 452mn. The decrease in AEP is driven by a decrease in premiums, as well as a decrease in volatility.

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 decreased by EUR 41mn, this is mainly driven by both a lower mean-frequency as well as lower as-if adjusted severities on the experience scenarios.

The net CY Risk however increased by EUR 53mn. This increase is driven by effects of the Stop Loss cover: on one hand, individual AEP and IE1 simulated losses are lower than last year leading to fewer simulated claims reaching the stop loss attachment point and on the other hand due to an increased absolute attachment point of the stop loss due to an increase of the net retained premium.

D.2.2.2. Previous Year (PY) Risk

Figure 11: EH Re AG Reserve Risk

in EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var %
Attritional Events Reserve Risk (AER)	511	553	-42	-8%
Individual Events 2 (IE2)	436	409	27	7%
Diversification	-350	-343	-7	2%
Reserving Risk	597	619	-22	-4%

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 amount to EUR 436mn, which represents a slight increase compared to EUR 409mn from SST 2025. The increase is driven by the Own scenario (China-Taiwan) where the severity has increased by EUR 107mn whilst the frequency remained unchanged. The updated severity was taken from a scenario analysis performed in the 2025 ORSA exercise.

The decrease in AER is explained by the portfolio contraction. While the reserves have slightly decreased, the coefficients of variation have remained stable.

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.

Figure 12: EH Re AG Insurance Risk

in EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var %
Underwriting Risk (netgross)	508	544	-35	-7%
Stop Loss Effect	-188	-276	88	-32%
Underwriting Risk	320	268	53	20%
Attritional Events Reserve Risk (AER)	511	553	-42	-8%
Individual Events 2 (IE2)	436	409	27	7%
Diversification	-350	-343	-7	2%
Reserving Risk	597	619	-22	-4%
Diversification	-132	-100	-32	32%
Stop Loss Effect	-249	-250	1	0%
Insurance Risk	536	536	0	0%

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.

The Stop Loss on a Financial Year basis which has been introduced in 2024 is still in place and impacts both previous years and current year risks. The Stop Loss has a positive impact and has effectively reduced the insurance risk by EUR 249mn.

Insurance Risk remains at EUR 536mn. This stable result is due to the Financial Year (“FY”) Stop Loss where the limits are unchanged compared to last year. Underwriting Risk has increased due to an increase in the retention under the Underwriting Year (“UWY”) Stop Loss, despite a reduction in AEP and IE1 due to reduction in business volumes. Reserve Risk has decreased due to a reduction in reserve volume.

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 2025 and 2024:

Figure 13: Market Risk evolution

in EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var %
Diversification effects risk	-95	-121	26	-22%
Standalone interest rate risk	98	109	-10	-10%
Standalone CHF rate risk	1	1	0	-20%
Standalone EUR rate risk	90	94	-4	-4%
Standalone USD rate risk	4	10	-6	-58%
Standalone GBP rate risk	7	9	-2	-24%
Standalone spread risk	75	79	-4	-5%
Standalone currency risk	23	50	-27	-53%
Equity risk	1	2	-1	-48%
Real estate risk	16	17	0	-2%
Private Equity risk	7	7	0	-3%
Participation risk	0	0	0	0%
Total market risk	126	143	-16	-11%

NB: Totals and/or variations might appear different from “SST 2026 minus SST 2025” due to rounding

The decrease in market risk is mainly driven by an overall decrease in investment volume, resulting in decreases on all risk levels, as shown in the table above. The decrease in volume is mostly seen on GBP and USD instruments, leading to reduced interest rate risk (9.5%) and currency risk (53.3%).

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 increased by EUR 23mn (13%) compared to SST 2025.

Figure 14: Credit Risk split per class

in EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var %
Central governments, central banks and supranational organisations	351	329	22	7%
Public-sector entities	131	210	-79	-38%

in EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var %
Bank and security dealers	772	720	52	7%
Corporate positions	2024	2139	-115	-5%
Multilateral development banks	88	80	7	9%
Stock exchanges, clearing houses and central counterparties	0	0	0	0%
Swiss covered bonds	1	1	0	2%
Bank for International Settlements	33	0	33	0%
Total	3,399	3,479	-80	-2%
Credit Risk	157	180	-23	-13%

The decrease in the credit risk is driven by the decrease in the amount of exposed assets to credit risk. Following the technical guidelines on credit risk issued by FINMA, concentration risk was considered by grouping Allianz entities to one singular counterparty-id.

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 EUR 26mn compared to EUR 43mn in the SST 2025, which is driven by the overall decreases in Credit and Market risk.

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 2025, 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 EUR 264mn after discounting and net of retrocession. This amount is made up of the following components:

Figure 15: EH Re AG expected underwriting performance

in EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var %
Net expected written Premium	1,437	1,468	-31	-2%
Net expected losses	-543	-581	38	-6%
Net expected costs	-631	-603	-28	5%
Expected Insurance Result	264	284	-21	-7%

D.2.2.8. Expected Financial Performance

An expected investment return of EUR 15mn is estimated based on the SST Standard Model. The table below shows investment returns per asset type as per FINMA's Standard Model.

Figure 16: Investment returns per asset type

in EUR mn	Expected return 2026	Exposure 2026
Mortgages	1.5%	-

in EUR mn	Expected return 2026	Exposure 2026
Corporates	0.7%	1,925
Equity	4.0%	3.2
Hedge funds	2.0%	-
Private equity	5.0%	15.6
Real estate	3.0%	84.6
Delta Remainder	0.0%	-
Expected financial performance		14

D.2.2.9. Stress tests

The four stress tests defined by FINMA for the purpose of SST 2026 are linked to Market Risk. These are consistent with the stress tests performed for SST 2025 with the exception of the Decoupling scenario that has replaced the previous Stagflation scenario. 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 17: Impact of the stress tests on the risk-bearing capital

in EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var %
Global recession	-17	16	-33	-203%
Global depression	-29	2	-31	-1819%
Real estate crisis in Switzerland	-48	-65	18	-27%
Decoupling	-71	n/a	n/a	n/a

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

Following recent geopolitical developments, the former Stagflation scenario was replaced by the Decoupling scenario. The narrative is as follows. The US government is raising import tariffs on further products and introducing additional protectionist measures. Existing conflicts are escalating and disrupting supply chains. The US government's trade policy is increasing pressure on prices. Combined with rising uncertainty and falling consumer confidence, the price increases lead to a reduction in overall demand and thus to a recession. The European governments decide against a trade dispute and largely refrain from imposing import tariffs. In contrast to the US, production capacity in Europe is not fully utilized, so price increases cannot be fully enforced. The economic outlook is clouded, not least because of US trade policy and high geopolitical uncertainty. The European countries (European Union, United Kingdom, Switzerland) are entering a recession. As such, the scenarios carry a negative impact to the risk bearing capital this year.

D.2.3. Liquidity ratios

D.2.3.1. 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 :

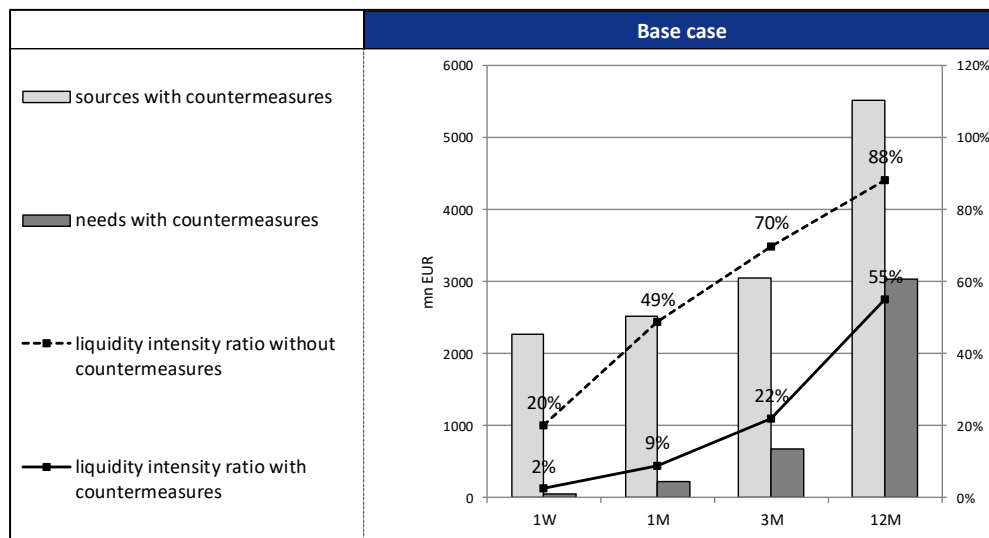
Condition	Consequence
No warning level (<80%)	No further actions required by the Risk function.
Warning level (80%-100%)	Explanation of status in liquidity risk report by the Risk function.
Limit breach (>100%)	EH Re AG prepares a remediation plan to bring back the liquidity ratio in the green zone.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

D.2.3.2. 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 2025, over different time horizons (1 week, 1 month, 3 months, 12 months):

Figure 18: Base case scenario liquidity analysis



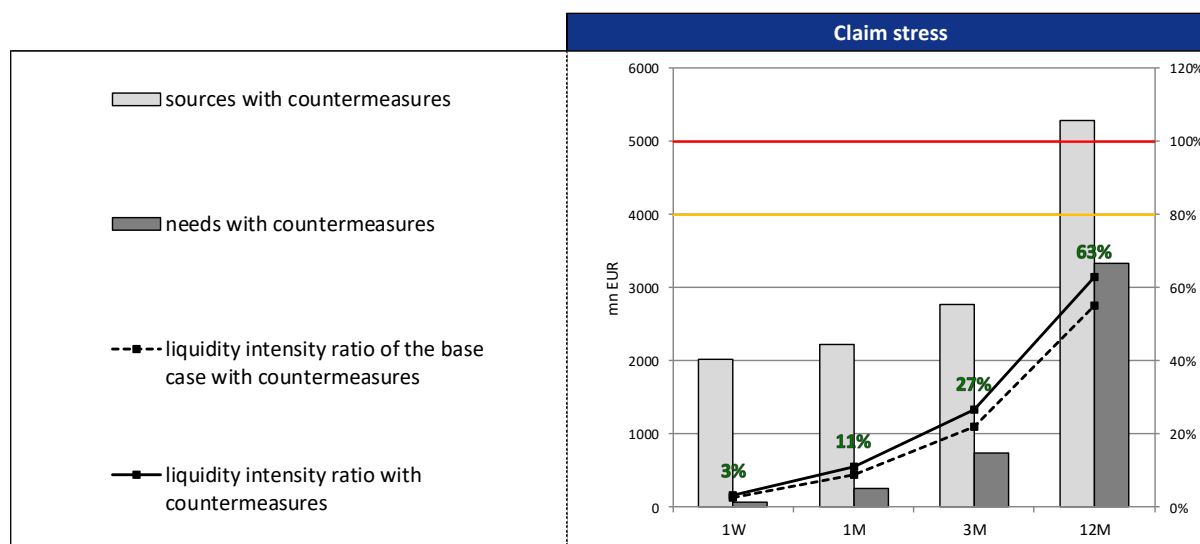
EH Re AG’s liquidity ratio would be below the alert level (80%) in the 3 months horizon and border line in the 12 months horizon without considering countermeasures. However, considering countermeasures (such as the sale of invested assets), the ratio would significantly drop and remain well in the green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

D.2.3.3. 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 2025: a deterioration of the claims situation.

The following graph shows the liquidity impact from the stress scenario:

Figure 19: Stress scenario liquidity analysis



In this stress scenario, the liquidity ratio calculated at 4Q 2025 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.2.4. Quantitative limits

D.2.4.1. Financial Risk and Sensitivity Limits

The following table summarizes the level of the sensitivity limits in place. All the sensitivities are within the limits defined. It must also be noted that the Financial VaR excludes the insurance risk and only covers investment risk.

Figure 20: Financial limits applied at EH Re AG level in EUR mn

Limit type	2025		2024	
	Actual value	Limit	Actual value	Limit
Credit VaR (CVaR)	459	640	462	640
Financial VaR	184	492	187	485
Duration gap	2.3	3.6	2.5	3.7
EQ -30% sensitivity	-5	-58	-6	-58

D.2.4.2. Asset allocation limits

The table below shows the usage of the limit allocation per asset:

Figure 21: Investment limit allocation usage

Fixed Income	Equity	Alternatives/Other	Real Estate
94.6%	0%	1,7%	3,8%

No breach through excess exposure is observed at 4Q 2025 for the different asset categories.

D.2.4.3. Credit exposure limits (CRisP)

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

EH Group and EH Re AG Risk functions monitor 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 4Q2025.

D.2.5. 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 22: Policies, Standards & Guidelines within the Risk Policy Framework of EH Re AG

Title	Description
Code of Conduct	The Code of Conduct reflects our values and principles and thus gives our employees guidance in their actions and decisions.
Risk Policy (incl Risk Strategy & Appetite)	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.

Title	Description
Capital Management Policy	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 adequate capitalization in line with regulatory requirements and the Group's risk appetite.
Actuarial Policy	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.
Audit Policy	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.
Compliance Policy	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.
Fit and Proper Policy	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.
Governance and Control Policy	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.
Outsourcing Policy	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.
Accounting and Reporting Policy	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.
Legal Policy	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.
Information Technology and Information Security Policy	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).
Standard for Compliance with Economic Sanctions	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.
Privacy Standard	This standard provides minimum requirements with respect to the processing and transfer of personal data.
Standard for Credit Risk Management	This standard provides minimum requirements with respect to the management of credit risks.

Title	Description
Standard for Investment Management Organization	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.
Standard for P&C Underwriting	This standard provides minimum requirements with respect to all P&C underwriting activities and management of the corresponding risks
Standard for Operational Risk Management	This standard provides minimum requirements with respect to the management of operational risks.
Standard for Own Risk and Solvency Assessment	This standard provides minimum requirements with respect to the implementation, conduct and documentation of a solvency assessment.
Standard for Top Risk Assessment	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.
Reinsurance Standards	This standard provides minimum requirements with respect to the transfers of insurance risks either within the Allianz Group or to non-Allianz Group companies.
Standard for Reputational Risk and Issues Management	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.
Standard for Tax Management	This standard provides minimum requirements with respect to tax-relevant processes, methods and structures to adhere when conducting tax activities, including tax risk management.
Standard for Information and Document Management	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).

A Solvency 2 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 23: 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):** This process is designed to collect operational risk-related information (e.g. losses, gains, and near-misses) that have occurred. This information is used to support and corroborate the identification and assessment of risks during the RCA and NFRM process, as well as the assessment of control effectiveness;
- **Scenario Analysis (ScA):** This process is designed to identify and quantify operational risk scenario that could lead to material financial impact and for which risk capital need to be accounted for;
- **The Risk and Control Assessment (RCA):** This process is designed to review risks and controls to ensure that all operational risks are identified and mitigated by effective controls;
- **Top Risk Assessment (TRA):** The TRA process is defined in section D.2.1;
- **Non-Financial Risk Management (NFRM):** This framework is designed to consolidate all granular underlying assessment (e.g. OREC, RCA, etc) at an aggregated level with a risk rating assignment for driving the controls' testing strategy.

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

EH Re AG relies on the EH Group framework for Environmental, Social and Governance (ESG) due diligence which is applied to both 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.2.4.3, 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 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

EH Re AG has renewed the Allianz Trade and Allianz Group internal and external 2026 reinsurance program in respect of Trade Credit, Surety, and Fidelity lines of business as from 1st January 2026 onwards. Compared to 2025, the proportional cession of Surety business has been reduced leading to an increase of EH Re AG average retention from around 47% to 58%. The 2nd layer of the Stop Loss treaty cover was increased by 10% points of net retained loss ratio (from 110% to 120%), representing a 67% increase in nominal coverage. Apart from this the overall, reinsurance protection purchased by EH Re AG remains broadly unchanged compared to 2025.

In addition, EH Re AG has launched in 2026 a new line of business covering Third Party reinsurance. The risk appetite has been set in a prudent way and this new LoB is not expected to have a significant impact on the current risk profile.

Overall, the risk profile of EH Re AG is expected to remain relatively stable over 2026 compared to 2025 as reflected by the stabilizing target capital for 2026.

D.5. Off-balance sheet items

EH Re AG off-balance sheet items 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. These can be found under Appendix 1, section 5.1

E.Valuation

E.1. Preamble

The SST balance sheet valuation rely on either the Swiss GAAP balance sheet which is subsequently reclassified into the statutory balance sheet of the SST template, or on the IFRS balance sheet data when available given the similarities with the SST MCBS valuation approach. This is further explained in the next sections.

E.2. 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 2025 (EoY 2024) and SST 2026 (EoY 2025):

Figure 24: Asset (SST vs Swiss GAAP)

in EUR mn	SST BS 2026	Statutory BS 2025	Difference 2026	SST BS 2025	Statutory BS 2024	Difference 2025
Real estate	14	-	14	14	-	14
Participations	-	15	-15	-	15	-15
Fixed-income securities	-	-	-	9	8	1
Loans	208	211	-3	167	171	-4
Equities	3	3	-	6	6	-
Collective investment schemes	2'109	2'107	2	2'188	2'229	-40
Alternative investments	25	24	1	10	9	0
Deposits made under assumed reinsurance contracts	24	24	-	23	23	0
Cash and cash equivalents	207	267	-60	217	166	50
Share of technical provisions from reinsurance	946	1'055	-109	1'041	1'124	-83
Fixed assets	0	-	0	0	-	0
Intangible assets	-	0	0	-	0	0
Receivables from insurance and reinsurance companies	468	252	216	491	291	200
Other receivables	30	27	4	17	14	3
Accrued assets	0	0	0	0	0	0
Total Assets	4'035	3'984	51	4'184	4'057	127

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.2.1. Real estate

The real estate is valued at EUR 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.2.2. Participations

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

Figure 25: Participations valuation

in EUR mn	SST BS 2026	Statutory BS 2025	Difference
EH Patrimonia SA	-	0.5	-0.5
EH South Express SA	-	14	-14
Participations	-	15	-15

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.2.3. 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 Sântis Umbrella

Fund as well as some separate investments into bond funds, which are shown under Collective investment schemes. This year, there are no more separate fixed income securities either due to00 having reached maturity or due to being sold off.

E.2.4. Loans

The SST balance sheet value of the intercompany loans is evaluated at the market value and the difference compared to the Annual report is stable compared to last year.

E.2.5. Equities

There is no difference in valuation between the SST balance sheet and the Annual report. They amount to EUR 3mn.

E.2.6. Collective investment schemes

The collective investment schemes consist of property funds, private equity funds, and bond funds. The decrease compared to last year is mainly due to a decrease in the volume of the investment into the Sántis 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 Sántis 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.2.7. Alternative investments

The alternative investment schemes consist of private equity and private debt. The private equity and private debt is valued at EUR 8mn in the Annual Report. In the SST balance sheet, the market value of the private equity is shown and amounts to EUR 8mn.

E.2.8. Deposits made under assumed reinsurance

There is no difference in valuation between the SST balance sheet and the Annual report. They amount to EUR 24mn.

E.2.9. Cash and cash equivalents

Cash and cash equivalents amount to EUR 207mn in the SST balance sheet, EUR 60mn lower than in the Annual Report. This is due to the “look-through” approach on EH Patrimonia SA, EH South Express SA and Sántis Umbrella Fund.

E.2.10. 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-conform value. In combination with the decrease in UPR due to the application of the expected Loss ratio below 100%, this leads to a difference of EUR 109mn between the SST balance sheet and the Annual Report.

E.2.11. Intangible Assets

Intangible assets are set to zero in the SST balance sheet, which is a minor difference to the Annual report.

E.2.12. Receivables from insurance business

In the SST balance sheet, the receivables from insurance and reinsurance business include reclassification of reinsurance payables & receivables between assumed and ceded reinsurance contracts, together with accrued commission on premium reserves (analogously to the IFRS BS, whereas in the Annual report this is considered on the liability side). Moreover, a cash-pooling position with Allianz was allocated to cash in the Annual report, but is a receivable under IFRS BS. The different allocations result in a valuation difference of EUR 216mn compared to the Annual report.

E.2.13. Other Receivables

Other receivables are valued at EUR 30mn in the SST balance sheet vs EUR 27mn in the Annual Report. This is mainly due to the “look-through” approach on EH Patrimonia SA, EH South Express and Sântis Umbrella Fund offset by corporate tax items which are valued at 0 in the SST balance sheet.

E.2.14. Accrued Assets

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

E.3. 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 2025 (EoY 2024) and SST 2026 (EoY 2025):

Figure 26: Liabilities (SST vs Swiss GAAP)

in EUR mn	SST BS 2026	Statutory BS 2025	Difference 2025	SST BS 2025	Statutory BS 2024	Difference 2024
Best Estimate of provisions for insurance liabilities	2'357	2'580	-223	2'563	2'729	-166
Market Value Margin	49	-	49	26	0	26
Non-technical provisions	1.4	38	(36.4)	0.6	0.6	0
Deposits retained on ceded reinsurance	0.06	0.06	0	0.04	0.04	0
Liabilities from insurance business	219	97	122	161	61	100
Other liabilities	5	2	3	2	2	0
Accrued liabilities	40	40	0.7	3	47	-44
Total	2'672	2'757	-85	2'756	2'840	-84

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

E.3.1. 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. In combination with the decrease in UPR due to the application of the expected combined ratio below 100%, this leads to a difference of EUR 223mn between the SST balance sheet and the Annual Report.

E.3.2. Market Value Margin

As of 1st January 2024, the market value margin is considered into the risk bearing capital (RBC) calculations. For SST 2026, the inclusion of the calculation for the cost of capital ("CoC") provision for the current year is now mandatory in the MVM estimation. EH Re AG calculates the market value margin using FINMA's standard method. The market value margin is estimated at EUR 49mn, which represents an increase of EUR 23mn compared to last year, mainly driven by the new inclusion of the CoC for the current year.

The 2026 market value margin corresponds to the expected discounted capital costs at the end of 2026 required by the insurance company to fulfil its insurance liabilities. It is estimated based on the FINMA Standard Model.

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.3.3. Non-technical provisions

The non-technical provisions in the SST balance sheet are provisions for stock-based compensation. The difference observed in the non-technical provisions is driven by the introduction of a new account, 'Provision for unrealized currency gains'. Since assets and liabilities are measured at market value and translated using current FX rates, unrealized currency gains should be set to zero in the SST BS.

E.3.4. Liabilities from insurance business

As mentioned in Section E.2.12, in the SST balance sheet, reclassification of reinsurance payables & receivables between assumed and ceded reinsurance contracts, together with accrued commission on premium reserves, resulting in a difference of EUR 122mn compared to the Annual report.

E.3.5. Other liabilities

The other liabilities consist of other short-term liabilities and there is a minor difference in valuation between the SST balance sheet and the Annual report, driven by the “look-through” approach on EH South Express.

E.3.6. Accrued liabilities

The accrued liabilities are EUR 0.7mn lower in the local GAAP compared to the SST report. This is driven by differences between IFRS and statutory tax provisions.

E.4. Description of the risk-bearing capital

Overall, the risk-bearing capital decreased by EUR 176mn between 2025 and 2026.

Figure 27: Breakdown of the risk-bearing capital

Item in EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var %
Total Assets	4'035	4'184	-150	-4%
Total Liabilities	2'672	2'756	-84	-3%
Assets minus Liabilities	1'362	1'428	-66	-5%
Deductions (dividends)	350	240	110	46%
RBC	1'012	1'188	-176	-15%

The assets have decreased by EUR 150mn which is mainly due to the decrease in collective investment schemes by EUR 79mn, in the receivables from insurance and reinsurance companies by EUR 23mn, in cash and cash equivalents by EUR 10mn and in the share of technical provisions from reinsurance by EUR 95mn. This is partially offset by an increase in loans by EUR 41mn and in other receivables by EUR 13mn.

The liabilities decreased by EUR 84mn which is explained by a decrease in the gross Best Estimate of provisions for insurance liabilities by EUR 206mn partially offset by an increase in Liabilities from insurance business of EUR 58mn, in Accrued liabilities of EUR 37mn and of the MVM of EUR 23mn due to the inclusion of the capital cost reserve.

The planned dividends and intangible assets are deducted from the assets over liabilities to calculate the risk-bearing capital. The planned dividend is EUR 110mn higher compared to last year.

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

E.5. 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 EUR mn	Reconciliation	Section
Annual report Equity	1,227	
Assets - Real estate	14	E.1.1

in EUR mn	Reconciliation	Section
Assets - Participations	-15	E.1.2
Assets - Fixed-income securities	0	E.1.3
Assets - Loans	-3	E.1.4
Assets - Equities	0	E.1.5
Assets - Collective investments schemes	2	E.1.6
Assets - Alternative investments	1	E.1.7
Assets - Deposits made under assumed reinsurance contracts	0	E.1.8
Assets - Cash and cash equivalents	-60	E.1.9
Assets - Ceding of BE provisions for insurance liabilities	-109	E.1.10
Assets - Intangible assets	0	E.1.11
Assets - Receivables from insurance business	216	E.1.12
Assets - Other receivables	4	E.1.13
Assets - Accrued assets	0	E.1.14
Liabilities - BE of provisions for insurance liabilities	223	E.2.1
Liabilities - Market Value Margin	-49	E.2.2
Liabilities - Non-technical provisions	36	E.2.3
Liabilities - Liabilities from insurance business	-122	E.2.4
Liabilities - Other liabilities	-3	E.2.4
Liabilities - Accrued liabilities	-1	E.2.5
Assets minus liabilities	135	
Deductions (Dividends)	350	
Risk Bearing Capital	1'012	

Further details and explanations on the reconciliation are provided in sections E.1 and E.3.

The statutory equity of EH Re AG increased by EUR 9mn from EUR 1'218mn to EUR 1'227mn in the financial year 2025. As of 31st December 2025, it is composed of share capital amounting to EUR 430mn, statutory capital reserves amounting to EUR 148mn, statutory retained earnings amounting to EUR 215mn, voluntary retained earnings (balance brought forward) amounting to EUR 184mn, and the annual profit for the financial year 2025 of EUR 249mn.

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 or Group company. 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 EUR 135mn 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

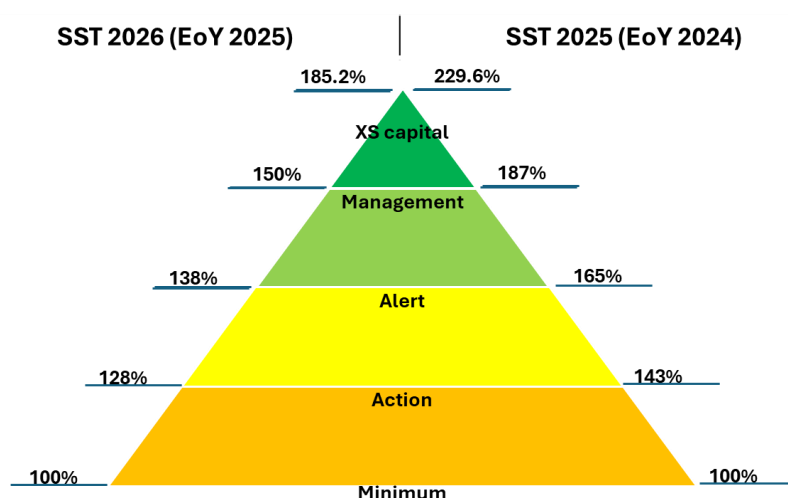
EH Re AG steers primarily its solvency through the SST standard model. In that respect, EH Re AG has set a target management ratio of 150% and an action barrier ratio of 128%. Deviations against these thresholds are regularly monitored by the Risk Committee and the BoD. If EH Re AG falls below the action barrier ratio, the BoD takes the necessary measures to re-establish its SST ratio above.

Figure 29: Equity overview

Item in EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var %
Total Assets	4'035	4'184	-150	-4%
Total Liabilities	2'672	2'756	-84	-3%
Assets minus Liabilities	1'362	1'428	-66	-5%
Deductions (dividends)	350	240	110	46%
Core capital	1'012	1'188	-176	-15%

The Risk Bearing Capital has significantly decreased compared to SST 2025 (EoY 2024) as explained under E.4. The following graph shows the SST ratio and capital ratios regime evolution between 31.12.2025 and 31.12.2024.

Figure 30: SST capital ratio regime



The 2026 SST ratio has decreased from 229.6% to 185.2%, driven mainly by the decrease in RBC combined with a slight increase in TC as highlighted previously. However, the ratio remains well above the target management ratio of 150%.

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 31.12.2025 compared to 31.12.2024:

Figure 31: SST ratio overview

in EUR mn	SST 2026 (EoY 2025)	SST 2025 (EoY 2024)	Var	Var%
Target Capital (TC)	547	518	29	6%
Risk Bearing Capital (RBC)	1'012	1'188	-176	-15%
SST Ratio	185.2%	229.6%	-44.4%	

The 2026 SST ratio stands at 185.2%, well above the 150% target ratio. Its relative change (-20%) compared to 2025 remains below the threshold (-33%) requiring notification to FINMA (art. 23, OS-FINMA).

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 31.12.2025

The below financial statements are planned for approval by the BoD on April 30th 2026.

Balance sheet as at 31 December	Notes	2025	2024
		EUR	EUR
ASSETS			
Investments			
Investments in affiliated enterprises	3.1	14,617,180	14,632,009
Bonds		0	8,361,750
Intercompany loans	3.2	210,583,511	171,006,255
Shares		1,832,341	901,902
Säntis Umbrella fund	3.3	1,936,434,143	2,036,802,547
Bond funds		126,379,755	132,022,963
Private equity fund of funds		9,206,587	7,716,590
Property funds		60,602,249	66,912,902
Fixed-term deposits		75,000,000	0
		<u>2,434,655,766</u>	<u>2,438,356,917</u>
Deposits retained on assumed business		23,709,620	22,881,884
Cash and cash equivalents	2.7	191,728,592	166,264,610
Unearned premium reserve ceded	3.6	116,893,831	108,433,161
Rebates reserve ceded	3.6	44,955,709	52,526,113
Outstanding claims reserve ceded	3.6	893,215,111	963,350,606
Reinsurer's share of technical reserves		<u>1,055,064,651</u>	<u>1,124,309,881</u>
Intangible Assets		64,043	12,288
Reinsurance receivables	3.4 & 3.5	139,927,358	189,839,687
Assumed accruals	3.4 & 3.5	111,645,188	101,426,781
Receivables from insurance and reinsurance		<u>251,572,546</u>	<u>291,266,468</u>
Other receivables		26,511,430	13,615,303
Accrued interest	3.4 & 3.5	217,257	483,876
-			
TOTAL ASSETS		3,983,523,905	4,057,191,226

Balance sheet as at 31 December	Notes	2025	2024
		EUR	EUR
LIABILITIES AND SHAREHOLDERS' EQUITY			
Unearned premium reserve assumed	3.6	233,902,926	220,316,467
Rebates reserve assumed	3.6	141,384,820	165,185,573
Outstanding claims reserve assumed	3.6	2,204,500,918	2,343,592,617
Technical reserves		2,579,788,665	2,729,094,657
Provision for unrealized currency gains		36,350,199	0
Provisions for stock based compensation		1,385,403	600,446
Non-technical provisions		37,735,602	600,446
Deposits retained ceded		59,514	41,270
Reinsurance payables	3.4 & 3.5	60,841,804	27,382,749
Ceded accruals	3.4 & 3.5	36,155,981	33,239,971
Liabilities from insurance and reinsurance		96,997,785	60,622,720
Other short-term liabilities		2,335,400	1,803,273
Other liabilities		2,335,400	1,803,273
Accrued payables	3.4 & 3.5	3,207,500	3,079,656
Tax payables		36,583,314	44,271,016
TOTAL LIABILITIES		2,756,707,780	2,839,513,038
Share capital		430,485,650	430,485,650
Statutory capital reserves			
General capital reserves		18,261,400	18,261,400
Capital contribution reserves		129,914,478	129,914,478
Statutory retained earnings		215,353,044	215,353,044
Profit carried forward		183,663,616	10,246,393
Annual profit		249,137,937	413,417,222
TOTAL SHAREHOLDERS' EQUITY	3.7	1,226,816,125	1,217,678,188
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,983,523,905	4,057,191,226

Income statement for the year	Notes	2025	2024
		EUR	EUR
Written premium assumed		2,118,457,437	2,156,567,482
Written premium ceded		-883,616,558	-878,955,580
Written premium for own account		1,234,840,879	1,277,611,902
Change in unearned premium reserve assumed	4.1	-27,524,062	-25,013,032
Change in unearned premium reserve ceded	4.1	14,804,066	10,506,091
Earned premiums for own account		1,222,120,884	1,263,104,961
Other income from the insurance business		202,582	467,277
Total income from the insurance business		1,222,323,465	1,263,572,238
Claims paid assumed		-809,080,114	-626,658,721
Claims paid ceded		287,904,321	247,314,691
Change in claims reserve assumed	4.1	71,341,024	-151,619,009
Change in claims reserve ceded	4.1	-40,235,588	40,627,582
Claims expenses for own account		-490,070,357	-490,335,456
Commissions paid		-854,149,746	-846,334,524
Administration expenses	4.2 & 4.3	-12,747,644	-12,213,285
Acquisition and administration costs		-866,897,391	-858,547,809
Reinsurers' share of the acquisition and administration costs		377,265,095	354,856,590
Acquisition and administration costs for own account		-489,632,295	-503,691,219
Total expenses from the insurance business		-979,702,653	-994,026,676
Underwriting result		242,620,813	269,545,563
Interest and dividends	4.4	18,169,327	18,195,362
Realized gains on investments	4.4	3,068,356	126,487,229
Write ups of investments	4.4	2,767,943	530,651
Investment income from general investments		24,005,627	145,213,242
Investment result from Sántis Umbrella Fund	4.6	31,613,125	82,241,223
Investment income		55,618,751	227,454,464
Investment management expenses	4.5	-1,225,873	-2,719,722
Realized losses on investments	4.5	-54,278	13,228
Unrealized losses on investments	4.5	-2,717,396	-2,585,344
Investment expenses from general investments		-3,997,547	-5,291,838
Investment expenses		-3,997,547	-5,291,838
Investment result		51,621,205	222,162,626
Realised & unreal. currency gains		213,576,750	91,978,169
Other financial income		213,576,750	91,978,169
Realised & unreal. currency losses		-218,992,193	-100,380,225
Interests expenses		-745,907	-610,738
Other financial expenses		-219,738,100	-100,990,963
Operating result		288,080,668	482,695,395
Extraordinary currency translation	2.6	0	-29,540,742
Profit before taxes		288,080,668	453,154,653
Direct taxes		-38,942,731	-39,737,430
Annual profit		249,137,937	413,417,222

Statement of cash flows	2025	2024
	EUR	EUR
Annual profit	249,137,937	413,417,222
Adjustments to reconcile net income to net cash flow provided by operating activities		
Depreciation and amortization	5,822	8,615
Inc. & exp. from currency translation	0	29,463,431
Unrealized currency gains & Losses	0	10,182,833
Provisions for stock based compensation	784,957	85,170
Net unrealized investment gains/losses	-31,660,142	-80,186,530
Net realized investment gains/losses	-3,014,078	-126,500,457
Net change in:		
Technical reserves	-65,316,322	175,548,752
Reinsurer's share of technical reserves	34,198,908	-48,895,932
Accruals and provisions	59,088,656	31,444,086
Receivables from insurance and reinsurance	1,627,898	-64,039,224
Reinsurance payables	33,459,055	-7,148,149
Deposits retained on assumed business	-809,492	-13,232,898
Taxes payable	-37,334,094	-22,963,585
Other assets and liabilities, net	-11,385,455	65,897,123
Cash flow from operating activities	228,783,651	363,080,458
Disposals of investments (without affiliated enterprises)	20,203,458	0
Acquisitions of investments (without affiliated enterprises)	-75,927,186	-13,583,996
Investment in affiliated enterprises	0	180,518,326
Sántis Umbrella fund	131,981,316	-148,143,557
Loans to consolidated affiliated enterprises	-39,577,257	7,491,187
Cashflow for unpaid capital to subsidiary	0	-44,832,692
Cash flow from investing activities	36,680,331	-18,550,732
Dividend paid to shareholders	-240,000,000	-275,000,000
Cash flow from financing activities	-240,000,000	-275,000,000
CHANGE IN CASH AND CASH EQUIVALENTS	25,463,982	69,529,726
Cash and cash equivalents as of 31st December / 1st January	166,264,610	96,862,757
Currency translation as per 1st January	0	-127,873
CASH AND CASH EQUIV. AS OF 31st DECEMBER	191,728,591	166,264,610

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).

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 acquisition cost or market value.

Säntis 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.

Fixed-term deposits are valued at nominal value.

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, since 2024, the financial statements are presented in EUR, no longer in CHF and the translation from EUR into CHF is no longer performed.

2.6 Information on the company and basis of presentation / Functional and presentation currency

On 2nd December 2024, the Extraordinary General Meeting resolved to adopt the new provisions of Art. 621 para. 2 and 3 of the Swiss Code of Obligations and to change the currency in which the share capital is determined from CHF to EUR, effective as of January 1, 2024. The exchange rate applied for the conversion of share capital corresponds to the rate published by SIXT as of January 1, 2024, i.e., EUR 0.9309 for CHF 1.

In accordance with Art. 621 para. 2 of the Swiss Code of Obligations (CO), when the share capital is determined in a foreign currency, the same currency must be used for commercial accounting and the presentation of the financial statements. As shown in the equity movement schedule, the change in the currency of the share capital as of January 1, 2024, affected various equity positions in the functional currency EUR but had no impact on the total shareholders' equity in EUR.

In accordance with Art. 958d para. 3 of the Swiss Code of Obligations, a company whose financial statements are kept in a currency other than the local currency must also disclose the equivalent values in the local currency. However, these are purely informative, as the currency in which the share capital is determined remains relevant for commercial and company law purposes.

Effective January 1, 2024, CHF equivalents are determined annually by translating all financial statements at the closing rate, with the exception of individual equity positions. The conversion differences shown in the equity movement schedule in CHF result from exchange rate movements at the respective balance sheet dates. As the CHF counter-values are for information purposes only, these translation differences are not recorded in the CHF income statement.

Exchange rates used:

01.01.2024 : 1 CHF = 1.0742 EUR

31.12.2024: 1 CHF = 1.0635 EUR

31.12.2025: 1 CHF = 1.0747 EUR

The audited balance sheet as at 31.12.2023 in CHF was translated into EUR to determine the 2024 opening balance sheet. Asset and liabilities were converted from CHF into EUR using the SIX Group exchange rate (CHF/EUR 1.0742). This rate is the historic rate that will be applied in future years for equity positions. Since 31.12.2025 the Allianz Group-wide exchange rate is used as a translation exchange rate for equivalent values in CHF.

As the exchange rate applied for the conversion of the share capital derived from the exchange rate used for translation of the financial statements 2023 from the functional currency EUR into CHF and from the historical exchange rate applied for investments in affiliated enterprises, Euler Hermes Reinsurance AG has adjusted the converted book values of the balance sheet positions (except the equity positions) as per 1.1.2024 in order to keep the statutory book values in the functional currency as they were presented in the financial statements 2023. This resulted in the following extraordinary effects as per 1.1.2024 with an impact on the 2024 income statement of Euler Hermes Reinsurance AG:

- EUR 1.4m extraordinary gain from currency translation due to the different exchange rate applied for restatements as per 1.1.2024 compared to the financial statements 2023 for all balance sheet positions (except equity);
- EUR 30.9m extraordinary loss from currency translation due to the difference between the historical exchange rate applied for Investment in affiliated enterprises and the exchange rate applied for translation of the financial statements 2023.

2.7. Cash and Cash equivalents

For the year 2025, the Allianz Cash Pooling is included under cash equivalents, amounting to EUR 93,723,271.

The Allianz Cash Pooling arrangement is considered a notional pooling. This pooling is conducted with Allianz SE, which holds an AA rating from S&P.

3. Balance sheet positions

	EUR 2025	EUR 2024
3.1 Investment in affiliated enterprises		
<i>Equity investments</i>	Share capital	Share capital
35% shares (2024: 35%) of Euler Hermes Patrimonia SA, Bruxelles	500,000	500,000
49% shares (2024: 49%) of Euler Hermes South Express SA, Bruxelles	28,986,452	28,986,452

	EUR 2025	EUR 2024
3.2 Intercompany loans		
Loan to Allianz Europe BV	100,000,000	100,000,000
Loan to Euler Hermes Group SAS	110,583,511	71,006,255
Total intercompany loans	210,583,511	171,006,255

	EUR 2025	EUR 2024
3.3 Sántis Umbrella fund		
Single Investor Fund, NAV in EUR	1,936,434,143	2,036,802,547

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	EUR	2025	2024
Reinsurance receivables due from group companies		131,940,579	174,308,222
Other receivables due from group companies		94,071,752	99,439,687
Assumed accruals due from group companies		110,420,332	99,316,911
Accrued interests due from group companies		32,007	476,865
Reinsurance payables due to group companies		-45,869,653	-11,013,487
Ceded accruals due to group companies		-24,340,947	-22,186,481
Accrued payables due to group companies		-1,134,436	-888,876

3.6 Technical provision

2025 EUR	Unearned premium reserve		Outstanding claims reserve	Total
		Rebates reserve		
Assumed	233,902,926	141,384,820	2,204,500,918	2,579,788,665
Ceded	-116,893,831	-44,955,709	-893,215,111	-1,055,064,651
Technical provision net 2025	117,009,095	96,429,111	1,311,285,808	1,524,724,014
2024 EUR	Unearned premium reserve		Outstanding claims reserve	Total
		Rebates reserve		
Assumed	220,316,467	165,185,573	2,343,592,617	2,729,094,657
Ceded	-108,433,161	-52,526,113	-963,350,606	-1,124,309,881
Technical provision net 2024	111,883,305	112,659,459	1,380,242,011	1,604,784,776

3.7 Equity roll forward

EUR	Share capital	Statutory capital reserves	Statutory retained earnings	Profit carried forward	Total equity
as per 01.01.2024	430,485,650	202,755,250	215,353,044	230,667,021	1,079,260,965
Dividend		-54,579,372		-220,420,628	-275,000,000
Annual profit				413,417,222	413,417,222
as per 31.12.2024	430,485,650	148,175,878	215,353,044	423,663,616	1,217,678,188
as per 01.01.2025	430,485,650	148,175,878	215,353,044	423,663,616	1,217,678,188
Dividend				-240,000,000	-240,000,000
Annual profit				249,137,937	249,137,937
as per 31.12.2025	430,485,650	148,175,878	215,353,044	432,801,553	1,226,816,125

4. Income statement positions

4.1 Changes in technical provision

2025 EUR	Unearned premium reserve	Rebates reserve	Outstanding claims reserve	Total
Assumed	-27,524,062	23,800,752	71,341,024	67,617,715
Ceded	14,804,066	-7,570,404	-40,235,588	-33,001,927
Changes in technical provision net 2025	-12,719,996	16,230,348	31,105,436	34,615,788

2024 EUR	Unearned premium reserve	Rebates reserve	Outstanding claims reserve	Total
Assumed	-25,013,032	1,448,216	-151,619,009	-175,183,824
Ceded	10,506,091	-2,209,882	40,627,582	48,923,791
Changes in technical provision net 2024	-14,506,941	-761,666	-110,991,427	-126,260,034

4.2 Positions to be disclosed from the administration expenses

	EUR	2025	2024
Personnel expenses	EUR	7,069,430	6,671,752
Amortization and depreciation on non-current assets	EUR	5,822	8,615

4.3 Auditor fees

	EUR	2025	2024
Audit fees	EUR	113,714	115,330
Other fees	EUR	-	-
Total auditor fees		113,714	115,330

4.4 Investment income

2025 EUR	Curr. income	Write-ups	realized gains	Total income
Investments in affiliated enterprises (1)	483,634	-	-	483,634
Bonds	18,339	-	408,904	427,242
Intercompany loans	2,441,033	-	-	2,441,033
Fixed-term deposits	185,250	-	-	185,250
Shares	-	-	3,253	3,253
Bond funds	4,142,758	1,857,455	-	6,000,213
Equity funds	-	-	-	0
Private equity fund of funds	-	-	2,656,199	2,656,199
Property funds	5,606,676	910,488	-	6,517,164
Deposits retained on assumed business	373,789	-	-	373,789
Cash and cash equivalents	854,796	-	-	854,796
Cash equivalents	4,063,053	-	-	4,063,053
Investment income from general investments	18,169,327	2,767,943	3,068,356	24,005,627

<u>2024 EUR</u>	<u>Curr. income</u>	<u>Write-ups</u>	<u>realized gains</u>	<u>Total income</u>
Investments in affiliated enterprises (1)	1,213,250	-	124,787,022	126,000,272
Bonds	21,746	376,510	-	398,256
Intercompany loans	2,198,556	-	-	2,198,556
Shares	-	-	-	0
Bond funds	4,198,530	-	-	4,390,188
Equity funds	-	-	-	0
Private equity fund of funds	-	154,141	1,700,207	2,295,302
Property funds	3,444,290	-	-	2,811,678
Other securities	-	-	-	0
Deposits retained on assumed business	374,802	-	-	374,802
Cash and cash equivalents	2,478,224	-	-	2,478,224
Cash equivalents	4,265,965	-	-	4,265,965
Investment income from general investments	18,195,362	530,651	126,487,229	145,213,242

* Reclassification of investment income for 440'954 EUR from Private equity fund of funds into Property fund, and for 191'659 EUR from Bond funds into Property funds

4.5 Investment expenses

<u>2025 EUR</u>	<u>Investment expenses</u>	<u>Write downs</u>	<u>realized losses</u>	<u>Total expense</u>
Investments in affiliated enterprises	92,170	14,829	-	106,999
Bonds	-	-	54,278	54,278
Intercompany loans	-	-	-	0
Fixed-term deposits	-	-	-	0
Shares	-	-	-	0
Bond funds	693,514	1,324,989	-	2,018,503
Equity funds	-	-	-	0
Private equity fund of funds	58,053	-	-	58,053
Property funds	382,135	1,377,578	-	1,759,713
Other securities	-	-	-	0
Deposits retained on assumed business	-	-	-	0
Cash and cash equivalents	-	-	-	0
Investment expenses from general investments	1,225,873	2,717,396	54,278	3,997,547

<u>2024 EUR</u>	<u>Investment expenses</u>	<u>Write downs</u>	<u>realized losses</u>	<u>Total expense</u>
Investments in affiliated enterprises	1,436,133	734,986	-	2,171,119
Bonds	50,978	-	-	50,978
Intercompany loans	-	-	-	0
Shares	-	-	13,228	-13,228
Bond funds	777,629	703,739	-	1,481,368
Equity funds	-	-	-	0
Private equity fund of funds	47,045	-	-	47,045
Property funds	407,937	1,146,619	-	1,554,556
Other securities	-	-	-	0
Deposits retained on assumed business	-	-	-	0
Cash and cash equivalents	-	-	-	0
Investment expenses from general investments	2,719,722	2,585,344	-13,228	5,291,838

4.6 Investment from Sántis Umbrella Fund

2025 EUR	Curr. income	Write-ups	realized gains	FX Unrealized /realized Gains	Total income
	47,613,010	16,336,125	4,742,919	11,641,290	80,333,344
2025 EUR	Investment expenses	Write downs	realized losses	FX Unrealized /realized Losses	Total expense
	2,746,628	1,517,065	322,244	44,134,282	48,720,219
Sántis Umbrella Fund result FY2025 gain/(loss)					31,613,125
2024 EUR	Curr. income	Write-ups	realized gains	FX Unrealized /realized Gains	Total income
	41,785,965	23,061,268	4,356,626	20,645,385	89,849,244
2024 EUR	Investment expenses	Write downs	realized losses	FX Unrealized /realized Losses	Total expense
	2,500,456	3,461,781	453,681	1,192,104	7,608,021
Sántis Umbrella Fund result FY2024 gain/(loss)					82,241,223

5. Additional information

5.1 Guarantees and commitments given

EH Reinsurance AG has lease commitments amounting to CHF 57'737 (2024: CHF 11'296).

EH Reinsurance AG has entered a commitment with CORDIANT regarding future drawdowns limited by the unfunded amount as per December 31 2025 of USD 19'023'891 (2024: USD 17'529'743).

EH Reinsurance AG has entered a commitment with FASO V regarding future drawdowns limited by the unfunded amount as per December 31 2025 of EUR 3'612'500 (2024: EUR 2'275'000).

EH Reinsurance AG has entered a commitment with FASO IV regarding future drawdowns limited by the unfunded amount as per December 31 2025 of EUR 4'380'000 (2024: EUR 4'380'000).

EH Reinsurance AG has entered a commitment with IPUT regarding future drawdowns limited by the unfunded amount as per December 31 2025 of EUR 1'370'344 (2024: 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 2025 of EUR 12'216'347 (2024: EUR 15'043'844).

EH Reinsurance AG has entered a commitment with AGDPDF regarding future drawdowns limited by the unfunded amount as per December 31 2025 of EUR 2'681'774 (2024: EUR 3'042'309).

EH Reinsurance AG has entered a commitment with AGDPDF II regarding future drawdowns limited by the unfunded amount as per December 31 2025 of EUR 7'721'600 (2024: EUR 0).

EH Reinsurance AG has entered a commitment with AIPC regarding future drawdowns limited by the unfunded amount as per December 31 2025 of EUR 6'277'773 (2024: EUR 0).

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 2025 of EUR 5'820'185 (2024: EUR 45'397'442).

EH Reinsurance AG has entered into commitments with a bank to provide letter of credits to Group companies in amount of USD 63'000'000 and CAD 10'000'000 to meet any valid claims, in case of EH Reinsurance AG would face bankruptcy (2024: USD 81'000'000 and CAD 10'000'000).

EH Reinsurance AG has entered into commitments with a bank to provide letter of credits to external parties in amount of USD 141'600'000 and CAD 20'900'000 to meet any valid claims, in case of EH Reinsurance AG would face bankruptcy (2024: USD 101'075'000 and CAD 16'500'000).

Appropriation of available earnings and distribution of a dividend

As at 31 December	2025	2024
	EUR	EUR
Balance brought forward	183,663,616	10,246,393
Annual profit	249,137,937	413,417,222
Profit carried forward	432,801,553	423,663,616
Balance carried forward	432,801,553	423,663,616
Proposed Dividend	-350,000,000	-240,000,000
Profit carried forward	82,801,553	183,663,616

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) and used to calibrate Operational Risk Capital in the Solvency II Internal Model.

Risk Category	Evaluation - Scenario		
	Storyline	1-in-20 Years loss amount (in EUR)	Frequency in years
Improper Business or Market Practices	Risk of breach in local regulations leading to penalties.	250,000	0.2
Suitability, Information Disclosure and Fiduciary Duty	Risk of 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.	250,000	0.2
Human Resources Management	Risk of disruption due to the departure of key people or a significant part of a team, further exacerbated by the absence of back-up solution and executable succession plan.	220,000	0.2
Trade Counterparties	Risk of rejection of claim by an external reinsurer due to an incomplete or inaccurate reinsurance contract.	225,000	0.2

Appendix 3 : Quantitative templates

Financial situation report: quantitative template "Solvency Solo"		Currency: CHF or currency for SST reporting Amounts stated in millions		
		Ref. date previous period in EUR millions	Adjustments previous period in EUR millions	Ref. date reporting year in EUR millions
Derivation of RBC	Market conform value of assets minus market conform value of liabilities	1'428		1'362
	Deductions	-240		-350
	Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital	-		-
	Core capital	1'188		1'012
	Supplementary capital	-		-
	RBC	1'188		1'012
		Ref. date previous period in EUR millions	Adjustments previous period in EUR millions	Ref. date reporting year in EUR millions
Derivation of target capital	Insurance risk	536		536
	Market risk	143		127
	Credit risk	180		157
	Diversification effects	-43		-26
	Other effects on target capital	-299		-248
	Target capital	518		547
		Ref. date previous period in %	Adjustments previous period in %	Ref. date reporting year in %
SST ratio		230%	0	185%

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

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

		EUR		
		Ref. date	Adjustments	Ref. date
		previous period	previous period	reporting year
Market conform value of investments	Real estate	14	-	14
	Participations	-	-	-
	Fixed-income securities	9	-	-
	Loans	167	-	208
	Mortgages	-	-	-
	Equities	6	-	3
	Other investments	2'198	-	2'134
	Collective investment schemes	2'188	-	2'109
	Alternative investments	10	-	25
	Structured products	-	-	-
	Other investments	-	-	-
Total investments	2'395	-	2'359	
Market conform value of other assets	Financial investments from unit-linked life insurance	-	-	-
	Receivables from derivative financial instruments	-	-	-
	Deposits made under assumed reinsurance contracts	23	-	24
	Cash and cash equivalents	217	-	207
	Share of technical provisions from reinsurance	1'041	-	946
	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	-	-	-
	Reinsurance: non-life insurance business	1'041	-	946
	Direct insurance: health insurance business	-	-	-
	Reinsurance: health insurance business	-	-	-
	Direct insurance: other business	-	-	-
	Reinsurance: other business	-	-	-
	Direct insurance: unit-linked life insurance business	-	-	-
	Reinsurance: unit-linked life insurance business	-	-	-
	Fixed assets	0	-	0
	Deferred acquisition costs	-	-	-
	Intangible assets	0	-	-
	Receivables from insurance business	491	-	468
	Other receivables	17	-	30
Other assets	-	-	-	
Unpaid share capital	-	-	-	
Accrued assets	0	-	0	
Total other assets	1'789	-	1'675	
Total market conform value of assets	Total market conform value of assets	4'184	-	4'035
Market conform value of liabilities (including unit linked life insurance)	Best estimate of insurance liabilities	2'563	-	2'357
	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	-	-	-
	Reinsurance: non-life insurance business	2'563	-	2'357
	Direct insurance: health insurance business	-	-	-
	Reinsurance: health insurance business	-	-	-
	Direct insurance: other business	-	-	-
	Reinsurance: other business	-	-	-
	Best estimate of unit-linked life insurance liabilities	-	-	-
	Direct insurance: unit-linked life insurance business	-	-	-
Reinsurance: unit-linked life insurance business	-	-	-	
Market value margin	26	-	49	
Market conform value of other liabilities	Non-technical provisions	1	-	1
	Interest-bearing liabilities	-	-	-
	Liabilities from derivative financial instruments	-	-	-
	Deposits retained on ceded reinsurance	0	-	0
	Liabilities from insurance business	161	-	219
	Other liabilities	2	-	5
	Accrued liabilities	3	-	40
Subordinated debts	-	-	-	
Total market conform value of liabilities	Total market conform value of liabilities	2'756	-	2'672
Market conform value of assets minus market conform value of liabilities		1'428	-	1'362

Financial situation report: quantitative template
"Performance Solo Reinsurance"

Currency: CHF or annual report currency
Amounts stated in millions

		EUR			
		Total		Miscellaneous	
		Previous year	Reporting year	Previous year	Reporting year
1	Gross premiums	2,157	2,118	2,157	2,118
2	Reinsurers' share of gross premiums	-879	-884	-879	-884
3	Premiums for own account (1 + 2)	1,278	1,235	1,278	1,235
4	Change in unearned premium reserves	-25	-28	-25	-28
5	Reinsurers' share of change in unearned premium reserves	11	15	11	15
6	Premiums earned for own account (3 + 4 + 5)	1,263	1,222	1,263	1,222
7	Other income from insurance business	0	0	0	0
8	Total income from underwriting business (6 + 7)	1,264	1,222	1,264	1,222
9	Payments for insurance claims (gross)	-627	-809	-627	-809
10	Reinsurers' share of payments for insurance claims	247	288	247	288
11	Change in technical provisions	-152	71	-152	71
12	Reinsurers' share of change in technical provisions	41	-40	41	-40
13	Change in technical provisions for unit-linked life insurance	-	-	-	-
14	Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	-490	-490	-490	-490
15	Acquisition and administration expenses	-859	-867	-859	-867
16	Reinsurers' share of acquisition and administration expenses	355	377	355	377
17	Acquisition and administration expenses for own account (15 + 16)	-504	-490	-504	-490
18	Other underwriting expenses for own account	-	-	-	-
19	Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	-994	-980	-994	-980
20	Investment income	227	56		
21	Investment expenses	-5	-4		
22	Net investment income (20 + 21)	222	52		
23	Capital and interest income from unit-linked life insurance	-	-		
24	Other financial income	92	214		
25	Other financial expenses	-101	-220		
26	Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	483	288		
27	Interest expenses for interest-bearing liabilities	-	-		
28	Other income	-	-		
29	Other expenses	-	-		
30	Extraordinary income/expenses	-30	-		
31	Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	453	288		
32	Direct taxes	-40	-39		
33	Profit / loss (31 + 32)	413	249		

Appendix 4 : Glossary

Terms of abbreviations	Description
AC	Available Capital
AEP/AER	Attritional Events Premium/Reserve Risk
ARC	Audit, Risk & Compliance Committee
AZT	Allianz Trade
BE	Best Estimate
BoD	Board of Directors
BoM	Board of Management
CAE	Chief Audit Executive
CEO	Chief Executive Officer
CFAO	Chief Financial and Administrative Officer
CHF	Swiss franc
CRisP	Credit Risk Platform
CRO	Chief Risk Officer
CUO	Chief Underwriting Officer
CUW	Commercial Underwriting
CY	Current Year
EBNR	Earned But Not Reported
EH	Euler Hermes
EH Group	Euler Hermes Group
EH Re AG	Euler Hermes Reinsurance AG
EH SA	Euler Hermes SA
EoY	End of Year
ESG	Environmental, Social and Governance
EUR	Euro
FCR	Financial Condition Report
FiCo	Financial Committee
FINMA	Swiss Financial Market Supervisory Authority
FRSI	Reinsurance Tool
FX	Foreign Exchange
GAAP	Generally Accepted Accounting Principles
GBP	British Pound sterling
GovCC	Governance and Control Committee
IE1/IE2	Individual Events 1/2
IT	Information Technology
LE	Legal Entity
LoB	Line of Business
MCBS	Market Consistent Balance Sheet
MVM	Market Value Margin
NFRM	Non-Financial Risk Management
OREC	Operational Risk Event Capture
ORM	Operational Risk Management
ORSA	Own Risk and Solvency Assessment
P&C	Property & Casualty
PY	Prior Year
QS	Quota Share
RBC	Risk Bearing Capital
RCA	Risk & Control Assessment
RiCo	Risk Committee
RM	Risk Margin
RoRc	Return on Risk Capital
RPF	Risk Policy Framework
S2	Solvency 2
S&P	Standard & Poor's
SCR	Solvency Capital Requirement
SAA	Strategic Asset Allocation
ScA	Scenario Analysis
SLA	Service Level Agreement
SST	Swiss Solvency Test
Stand Re	Standard formula to calculate insurance risk for reinsurance companies
TC	Target Capital
TCI&S	Trade Credit Insurance & Surety
ToM	Target Operating Model
TRA	Top Risk Assessment
USD	United States Dollar
UW	Underwriting
VaR	Value at Risk
XoL	Excess of Loss