Arch Insurance (EU) dac
2025 Solvency and Financial Condition Report
31 December 2025

Arch Insurance (EU) dac
30 March 2026

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Contents

Summary

Arch Insurance (EU) dac ("AIEU" or the "Company") is an Irish regulated insurance entity authorised by the Central Bank of Ireland ("CBI"). The Company's ultimate parent is Arch Capital Group Ltd. ("ACGL" and together with its subsidiaries, the "Group" or the "Arch Group"), whose common shares are listed and traded on the NASDAQ stock market in the U.S. ACGL has been part of the S&P 500 index since November 2022.

This Solvency and Financial Condition Report ("SFCR") for AIEU is for year ended 31 December 2025.

The SFCR is produced as part of our compliance with the reporting requirements under Solvency II. It covers the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management.

Business, Strategy & Performance

The Company is a non-life insurance company which writes a diversified portfolio, both in terms of line of business and geography. Its main lines of business are credit insurance, motor insurance and specialty property & casualty ("P&C") insurance business. The underwriting activities of AIEU are managed in the following underwriting divisions: Mortgage, Alwyn Europe, and P&C.

The Company is authorised by the Central Bank of Ireland in all classes of insurance business, except 'Class 18 Assistance'. AIEU writes insurance on a Freedom of Services ("FOS") basis in EU Member States, and via Freedom of Establishment ("FOE") branches in France, Italy, Spain, and the Netherlands. In addition, AIEU has established a UK Third Country Branch authorized by the UK Prudential Regulation Authority ("PRA").

During 2025, the Company wrote gross premium of €413.9m (2024: €384.2m). During 2025, the Company reported a pre-tax profit of €9.3m (2024: pre-tax profit of €11.7m). The decrease in pre-tax profit in 2025 relative to 2024 is mainly due to lower investment returns. The net underwriting result in 2025 was a profit €14.5m (2024 loss of €2.0m). Investment return in 2025 was a loss of €5.2m (2024: gain of €13.7m).

AIEU's underwriting philosophy is to generate an underwriting profit through prudent risk selection and proper pricing across the underwriting cycle. Rates and terms and conditions are under increasing competitive pressure, with pricing holding for many of our material lines of business, albeit at varying levels, based on market dynamics relative to the individual lines. The Company continues to benefit from a financial strength rating of "AA-" from Standard & Poor's Rating Services.

The Company purchases reinsurance on the business it writes to protect it against adverse performance and to efficiently manage capital. The Company's external reinsurance purchases are in the form of both excess of loss and quota share agreements. In addition, the Company cedes underwriting risk under an intra-group quota share agreement with Arch Reinsurance Ltd ("ARL"), a Bermuda domiciled company which is a wholly owned subsidiary of ACGL. ARL had $25.4 billion of capital, comprised of shareholders' equity and debt as at 31 December 2025 (2024: $22.2 billion). More details about the Company's business and performance can be found in Section A.

System of governance

The Company maintains an effective system of governance, which provides for sound and prudent management of its operations.

The Company has designed its system of governance to achieve the following:

- Maintain a clear organizational structure that has well-defined, consistent, and documented lines of responsibility across the Company.
- Ensure staff have the skills, knowledge, and expertise necessary to properly discharge their assigned responsibilities.

- Establish and maintain processes to achieve effective internal reporting and communication of information at all relevant levels within the Company.
- Maintain information systems that produce sufficient, reliable, consistent, timely and relevant information concerning all business activities, the commitments assumed and the risks to which the Company is exposed.
- Safeguard the security, integrity, and confidentiality of information, taking into account the nature of the information in question.
- Ensure that any outsourced responsibilities are delegated and managed appropriately, with ultimate responsibility residing with the Board of Directors ("Board") of the Company.

Appropriate systems, resources and procedures are in place for the Company's operations. The system of governance is based on the principle of proportionality, such that systems and controls are proportionate to the nature, scale and complexity of operations.

In this regard, the Board monitors key aspects of the business and is assisted where appropriate by the Risk and Audit Committees of the Board.

It is not considered necessary, given the scale of the business and the governance structure in place, to appoint an Investment Committee, Nomination Committee, or a Remuneration Committee. In addition, the Board reviews information that would otherwise be addressed by such committees at its meetings.

The principles and requirements of the system of governance, particularly risk management, internal control, internal audit, and outsourcing, are the responsibility of the Board. While retaining these responsibilities, the Board has delegated the authority for day-to-day risk management to AIEU's Executive team. The Company's Chief Risk Officer ("CRO") monitors the Risk Management Framework for operating effectiveness and reports to the Executive Committee, Risk Committee and Board as appropriate.

The Board has approved formal policies, which are a component of the Company's Governance Structure.

The system of governance is assessed via reviews by the Head of Compliance, together with the CRO (2nd line of defence) and periodic evaluation by Internal Audit (3rd line of defence). All related Internal Audit findings and/or reports are presented to the Audit Committee. The Head of Compliance and CRO report to the Risk Committee and the Board. Section B provides further details on the Company's system of governance.

Risk Profile

The Company's risk appetite framework provides an expression of the level of risk it is willing to accept in pursuit of its strategic objectives. The risk appetite framework provides quantitative and qualitative statements which are used to define the general attitude within the organization towards the desired level of risk. Furthermore, the risk appetite framework supports the Company's risk management framework, and it enables the Company to make informed business decisions regarding key risks to which it may be exposed.

In general, the Company has an appetite for insurance (underwriting) risk and a tolerance for other forms of risk. The risk philosophy of the Company encompasses all major risks and focuses on attaining the following business objectives:

- Underwrite business that meets agreed targeted returns.
- Underwrite only carefully selected business lines.
- Manage underwriting volumes in line with the business cycle.
- Limit the downside risk to ensure that the Company maintains a sufficient solvency margin.

To meet these objectives and the Company's overall strategy, performance against risk appetites and risk tolerances & limits, as articulated in the Company's Risk Appetite Statement, is monitored by the CRO and reported to the Risk Committee on a quarterly basis with a defined escalation process for breaches of these key metrics.

The Company's liquidity also remained strong throughout 2025 with no adverse impact resulting from delays in premium collections or accelerated claims settlements. Overall liquidity remained in line with the Company's liquidity risk tolerance limit.

The Company's risk profile is detailed in Section C.

Valuation for Solvency II Purposes

The Company prepares its financial statements in accordance with Generally Accepted Accounting Principles ("GAAP") in Ireland comprised of accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', Financial Reporting Standard 103 'Insurance Contracts', the European Union (Insurance Undertakings: Financial Statements) Regulations 2015 and the Irish Companies Act 2014.

The Company's Solvency II balance sheet is prepared on an economic or fair value basis. The most significant differences between the Solvency II balance sheet and the balance sheet prepared on a GAAP basis arise from:

- the valuation of technical provisions and reinsurer's share of technical provisions.
- the valuation of insurance and intermediary balances receivable / payable and the reinsurance balances receivable /payable.
- the valuation of deferred acquisition costs / deferred ceding commissions.
- the valuation of deferred tax asset / deferred tax liability.

Section D provides a reconciliation between the valuation of assets and liabilities under GAAP and under Solvency II along with further details on valuation for Solvency II purposes.

Capital Management

The Solvency Capital Requirement coverage ratio as at 31 December 2025 was 211% with Eligible Own Funds of €171.1m and a Solvency Capital Requirement of €81.0m. The Company derives its Solvency Capital Requirement from the Standard Formula approach.

The Company has a strong capital base enabling it to meet its solvency requirements and to facilitate the level of activity anticipated throughout its business planning horizon and within the Company's Own Risk and Solvency Assessment Report. Section E provides details about the Company's Capital Management.

Section A – Business and Performance

A.1 Business

A.1.1 Name and Legal Form of the Undertaking

Arch Insurance (EU) dac is incorporated in Ireland as a designated activity company ("dac"). A dac is a corporate form for a private company limited by shares, whose activities are limited by its objects clause, and its constitution comprises a memorandum and articles of association. The address of the registered office of the Company is:

Level 2, Block 3, The Oval
160 Shelbourne Road, Ballsbridge
Dublin 4, Ireland

This SFCR covers the Company on a solo basis.

A.1.2 Insurance Supervisor and Group Supervisor

Insurance Supervisor
Central Bank of Ireland
PO Box 559
New Wapping Street
North Wall Quay
Spencer Dock
Dublin 1 Ireland

Arch Group Supervisor
Bermuda Monetary Authority
BMA House
43 Victoria Street
Hamilton HM 12 Bermuda

A.1.3 External Auditor

Grant Thornton
13-18 City Quay
Dublin 2 Ireland

A.1.4 Description of the ownership details including proportion of ownership interest

AIEU is a wholly owned subsidiary of Arch Financial Holdings Europe II Limited, (an Irish company). Arch Financial Holdings Europe II Limited is a wholly owned subsidiary of Arch Reinsurance Ltd., (a Bermudian reinsurance company). Arch Reinsurance Ltd. is a wholly owned subsidiary of Arch Capital Group Ltd. (a Bermudian company).

A.1.5 Group Structure

The Company's ultimate parent and ultimate controlling party is ACGL, a Bermuda public limited liability company. ACGL prepares group financial statements and is the largest group for which group financial statements are drawn up and of which the Company is a member. Copies of the ACGL group financial statements are available on ACGL's website located at www.archgroup.com or on the website of the U.S. Securities and Exchange Commission located at www.sec.gov.

An organization chart illustrating the Company's position in the Group is included as Appendix 1.

A.1.6 Material Lines of Business and Geographical areas where business is conducted

The following table sets forth summary information regarding gross premiums written, by line of business and geographical location of risk for the year to 31 December 2025 and year to 31 December 2024:

Gross Written Premiums	2025 €'000	2025 % of Total	2024 €'000	2024 % of Total
Gross written premiums - line of business				
Income protection	12,467	3%	11,567	3%
Motor vehicle liability	71,350	17%	61,036	16%
Other motor	17,838	4%	15,259	4%
Marine, aviation and transport	38,389	9%	44,362	12%
Fire and other damage to property	35,900	9%	33,847	9%
General liability	194,260	47%	179,328	46%
Credit and suretyship	43,376	11%	38,661	10%
Miscellaneous financial loss	281	0%	130	0%
Total	**413,861**	**100%**	**384,190**	**100%**
Gross written premiums - by geographic location of risk				
EEA	403,823	98%	369,680	96%
Non EEA	10,038	2%	14,510	4%
Total	**413,861**	**100%**	**384,190**	**100%**

The Company operates from its head office in Ireland and its branches in the UK, France, Italy, Spain and the Netherlands.

For the purposes of this analysis direct, assumed proportional reinsurance and assumed non-proportional reinsurance are not presented separately, rather the direct SII line of business to which the obligations relate has been presented, regardless of the legal form of placement. This is consistent with how the Company manages the business.

A.1.7 Significant Business or Other Events

The Company established a new FOE branch in the Netherlands during 2025. No other significant business or other events occurred during the year that had a material impact on the Company.

A.2 Underwriting Performance

Since the Company prepares its financial statements in accordance with Generally Accepted Accounting Principles ("GAAP") in Ireland comprised of accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', Financial Reporting Standard 103 'Insurance Contracts', the European Union (Insurance Undertakings: Financial Statements) Regulations 2015 and the Irish Companies Act 2014 - the underwriting performance information given in this section is on an Irish GAAP basis.

The following table summarizes the underwriting result for year ended 31 December 2025 and year ended 31 December 2024:

Underwriting Performance	2025 €'000	%	2024 €'000	%
Gross written premiums	413,861		384,190	
Net written premiums	372,482		331,652	
Net earned premiums	368,242		329,227	
Net claims incurred	(196,455)	53.3	(187,463)	56.9
Net acquisition expenses	(98,716)	26.8	(83,532)	25.4
Operating expenses	(36,174)	9.8	(33,226)	10.1
Net underwriting result before Intra-Group reinsurance	**36,897**	**90.0**	**25,005**	**92.4**
Intra-Group reinsurance [1]	(22,391)		(26,974)	
Underwriting income (loss)	**14,506**		**(1,969)**	
Investment return	(5,223)		13,672	
Profit / (Loss) before taxation	9,283		11,703	
Tax on profit / (loss) on ordinary activities	(755)		(3,034)	
Profit / (Loss) after taxation	**8,528**		**8,669**	

Note 1: Intra-Group Reinsurance is presented within one line

The following table summarizes the underwriting result by line of business for year ended 31 December 2025 and year ended 2024:

	2025 €'000	2025 €'000	2024 €'000	2024 €'000
Line of business	**Gross Written Premiums**	**Underwriting Income (Loss)**	**Gross Written Premiums**	**Underwriting Income (Loss)**
Income protection	12,467	550	11,567	460
Motor vehicle liability	71,350	(1,368)	61,036	(67)
Other motor	17,838	27	15,259	(17)
Marine, aviation and transport	38,389	1,585	44,362	(217)
Fire and other damage to property	35,900	3,112	33,847	(2,869)
General liability	194,260	5,792	179,328	(2,998)
Credit and suretyship	43,376	4,816	38,661	3,681
Miscellaneous financial loss	281	(6)	130	56
Total	**413,861**	**14,506**	**384,190**	**(1,969)**

During 2025 the Company wrote gross premium of €413.9m (2024: €384.2m). During 2025 the Company reported a pre-tax profit of €9.3m (2024: pre-tax profit of €11.7m). The decrease in pre-tax profit in 2025 relative to 2024 is mainly due to the lower investment return. The net underwriting result in 2025 was a profit €14.5m (2024: loss of €2.0m). Investment return in 2025 was a loss of €5.2m (2024: gain of €13.7m). Further information on the Company's investment performance is provided in Section A.3 below.

The loss ratio prior to intra-Group reinsurance (net claims incurred divided by net earned premium) was 53.3% in 2025 (2024: 56.9%). The acquisition cost ratio prior to intra-Group reinsurance (net acquisition costs divided by net earned premium) was 26.8% in 2025 (2024: 25.4%). The composition mix by line of business in the earned premiums has changed in 2025 relative to 2024. The operating expense ratio prior to intra-Group reinsurance (operating expense divided by net earned premium) was 9.8% in 2025 (2024: 10.1%). Net operating expenses were €36.2m in 2025 (2024: €33.2m).

Net underwriting result prior to intra-Group reinsurance in 2025 was €36.9m (2024: €25.0m).

The Company purchases both external reinsurance and intra-Group reinsurance on the business it writes to protect it against adverse performance and to efficiently manage capital. The Company benefits from intra-

Group reinsurance, a quota share agreement with ARL. Net underwriting result after intra-Group reinsurance in 2025 was a profit of €14.5m (2024: loss of €2.0m).

A.3 Investment Performance

The Company invests in fixed income securities and short-term investments such as money market funds and deposits with banks. The Company does not invest in equity holdings. The following table summarizes the invested assets of the Company at year ended 31 December 2025 and at year ended 31 December 2024.

Invested Assets	2025 €'000	2025 % of Total	2024 €'000	2024 % of Total
Bonds				
Government Bonds	83,152	46%	68,989	39%
Corporate Bonds	68,922	38%	86,319	49%
Subtotal	152,074	84%	155,308	89%
Short term investments				
Money Market Funds	2,758	2%	1,393	1%
Deposits at Banks	26,889	15%	18,435	11%
Subtotal	29,647	16%	19,829	11%
Total	**181,721**	**100%**	**175,137**	**100%**

All of the investment return and investment expenses and charges relates to the Company's bond and short-term investment portfolio. The following table summarizes the investment performance of the Company for year ended 31 December 2025 and year ended 31 December 2024.

Investment Return	2025 €'000	2024 €'000
Investment income		
Interest income	6,472	6,441
Investment return		
Foreign exchange gains / (losses) on investments	(11,634)	7,021
Unrealised gains on investments	2,437	300
Realised (losses) on investments	(2,499)	(90)
Total investment income and investment return	**(5,223)**	**13,672**
Investment expenses and charges	**(313)**	**(298)**
Net investment return	**(5,537)**	**13,374**

During 2025 the Company had a net investment loss of €5.5m. Prior year net investment return was a gain of €13.4m. Hence, net investment return was €18.9m lower in 2025 than 2024 primarily due to negative foreign exchange movements ("FXGL") and higher realised losses ("RGL") partially offset by higher unrealised gains ("URGL"). FXGL, URGL and RGL for 2025 was a loss of €11.7m which is €18.9m lower than prior year FXGL, URGL and RGL gain for 2024 of €7.2m.

ACGL, the Company's ultimate parent, is a USD reporting company. The Company's invested assets are predominately USD denominated assets. This minimizes the volatility in financial reporting at the ultimate parent; however, it increases the volatility in investment return at the Company. The Company performs stress and scenario tests on currency risk. Further information on the Company's stress and scenario tests on currency risk is provided in Section C.2.4 below.

There were no gains or losses recognized directly in equity.

A.4 Performance of other activities

There were no material other income or expenses during the year.

A.5 Any other information

No other material information to report as of 31 December 2025.

Section B – System of Governance

B.1 General information on the system of governance

B.1.1 Overview

The Company is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015 ("Requirements").

The Company's Board of Directors ("Board") is responsible for overseeing, controlling and directing the activities of the Company. The Board retains primary responsibility for corporate governance within the Company at all times. Senior Management also plays an important role in ensuring effective governance.

The terms of reference of the Board require the Board be made up of at least five directors, the majority of whom must be non-executive directors ("NED") or independent non-executive directors ("INED"). At least two members of the Board must be independent non-executive directors.

The Board of Directors as at 31 December 2025 was as follows:

- Ian Britchfield — INED (Board Chair, Risk Committee member)
- Seamus Fearon — NED
- Michael Hammer — NED (Risk Committee Chair)
- Gerald Koenig — INED (Audit Committee member, Risk Committee member)
- Søren Scheuer — NED
- Duncan Smith — CEO (Executive Director, Risk Committee member)
- Ruth Sullivan (née Patterson) — INED (Audit Committee Chair, Risk Committee member)
- Kirsten Valder — NED (Audit Committee member)

The Company Secretary is Karen Hanlon.

The presence of independent non-executive directors ensures that there is an appropriate element of independent challenge and oversight. The presence of ACGL executive management on the Board ensures that the Company's strategic direction remains aligned with the wider Group and ensures there is continuous feedback between, and interaction with, the Company and its parent. This structure enables the Group to retain an appropriate oversight of the Company's operations and to ensure that the business is aligned with the Group's long-term goals.

The Board is responsible for overseeing the business of the Company and supervising management. The Board sets the standards of conduct of the Company, provides direction and oversight, and promotes a culture of integrity. While the Board delegates certain functions to Sub-Committees and Management, this does not absolve the Directors of their responsibility for the Company.

The Board operates under agreed terms of reference and has the following key responsibilities:

- To comply with any obligations for the Board prescribed by the Requirements, the Companies Act 2014 and all other rules, regulations, guidelines and laws applicable.
- The effective, prudent and ethical oversight of the Company.
- Setting the business strategy for the Company.
- Ensuring that the Company complies with its constitution as well as relevant legal, regulatory, and governance requirements.

The Board reserves the following matters specifically to the Board unless, where permitted by applicable Irish law and regulatory requirements, such matters are expressly delegated in writing to management, the Audit

Committee, the Risk Committee, or otherwise. These matters are also subject, where appropriate, to the direction/decision of the shareholder.

- All matters prescribed as being specifically reserved to the Board by the Company's Memorandum and Articles of Association, company law and regulatory requirements.
- Appointment of members of the Board, subject to regulatory approval.
- Approval of minutes of meetings of the Board and acknowledgement of the content of any minutes of any Committee of the Board or management/operational committee.
- Approval or ratification of any recommendation from or action taken by Executive Management or any Committee of the Board, to the extent that any such recommendation or action requires approval or ratification.
- Recommendation and approval of distributions or dividends to the shareholders.
- Review of financial reporting and controls including final approval of the full year Financial Statements and Accounts (after review and recommendation of the Audit Committee).
- Final approval of the reserves for financial accounting and solvency after considering the Actuarial Opinion on Technical Provisions and Actuarial Report on Technical Provisions supporting that Opinion.
- Approval of reports and reliability of regulatory submissions relating to regulatory capital requirements including but not limited to
    - Solvency capital adequacy related to Solvency Capital Requirement ("SCR"),
    - Economic Balance Sheet (Solvency 2) (through approval of the Audit Committee),
    - Group Capital position, and
    - as may be prescribed from time to time.
- Appointment of Auditors.
- Approve and monitor the Investment Strategy and approve the Investment Risk Policy.
- Approval of banking arrangements including:
    - Opening and closing of accounts at any bank, custodian, or intermediary.
    - Lines of credit and arrangements to grant a security interest.
    - Facilities for letters of credit.
- Approval of any changes in the structure of the Board.
- Approval of the business plan, including but not limited to corporate strategy, goals and structure.
- Establishment, appointment to and/or dissolution of, as the case may be, of Committees of the Board and Management/Operational Committees, including prescribing and approving charters and/or terms of reference for such Committees. In doing so, reviewing and satisfying itself as to the relevant expertise, and skill of members and their ability to commit appropriate time to the Committee.
- Appointment and removal of Pre-Approval Controlled Functions ("PCFs").
- Removal from office of the head of a Control Function as defined in the Requirements.
- Ensuring maintenance of a sound system of risk management and internal control and using its product, including:
    - Adopting a structured framework for proactively managing material risk in light of vulnerabilities to the business model, consideration of strategy and factors of change.
    - Determining the nature and extent of significant risks the Company is willing to take in achieving its strategic objectives, by approval of Risk Appetites in accordance with the Risk Policies recommended and promoted by the Risk Committee.
    - Employing risk / reward calculation in key decision making.
    - Considering material issues affecting the corporate risk profile informed by monitoring of identified risk drivers and Key Risk Indicators as recommended by the Risk Committee in relation to both key risks and emerging risks.
    - Final approval of the ORSA Report for submission to regulators.
    - Assurance and providing confirmation of compliance with regulatory reporting requirements.
- Self-assessment of the Board, including in relation to composition, performance, conflicts of interest and any other matter specified in the Requirements. In relation to performance, the Board shall document the fact and results of its review.
- Waiver of any actual or apparent conflict of interest, if legally appropriate, involving the Company.

- Final approval of litigation or arbitration activities, including compromises and settlements of disputed litigation (other than ordinary business course insurance or reinsurance claims, litigation and arbitration).
- Dealings with (including disposal or acquisition of or change of use of) any material asset of the Company.
- Approval of any appointments to Executive Management.
- Assessment of the performance of the Board, and monitoring of the Board Committees.
- Approval of matters outside of Company Policies (e.g., limits, products, investments).
- Approval and monitoring of the Operational Resilience Framework of the Company.
- Approval of the Company's Recovery Plan.
- Approval of material agreements.
- Any other matters not delegated to Executive Management or otherwise delegated by the Board.

The Board has an Audit Committee and a Risk Committee. Both are governed by their respective Terms of Reference.

The duties of the Audit Committee are to:

- Liaise with the external and internal auditors particularly in relation to their audit findings.
- Oversee the relationship with the external auditors.
- Review the integrity of the Company's financial statements and to ensure that they give a "true and fair view" of the financial status of the Company.
- Review any financial announcements and reports and to recommend to the Board whether to approve the Company's annual accounts.
- Assess auditor independence and the effectiveness of the audit process.
- Review and examine management's processes for ensuring the appropriateness and effectiveness of the firm's systems and controls.
- Review all reports on the Company from the auditors and management's responsiveness to same.
- Review and assess the annual internal and external audit plan including adequacy of resources and ensure that it is consistent with the scope of the audit engagement.
- Review and challenge, where necessary:
    - the consistency of, and any changes to, accounting policies.
    - the methods used to account for significant or unusual transactions where different approaches are possible.
    - whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
- Review and approve on behalf of the Board significant regulatory filings and Solvency II Pillar 3 disclosures.
- Consider the Company's arrangements for its employees and stakeholders to raise concerns (including "Whistleblowing") regarding possible wrongdoing in financial reporting and other legal and regulatory matters.

The duties of the Risk Committee are to:

- Liaise at least quarterly with the CRO to discuss the quarterly risk report and other matters under its Terms of Reference.
- Oversee the risk management function and to check quarterly the developments under the Annual Risk Plan.
- Review updated or new Risk Policies and make a recommendation to the Board.
- Review the Annual Plan for the Risk Management Function including a review of adequacy of resources.
- Review at least annually the Risk Management Framework and advise the Board accordingly.
- Ensure that the risk appetite is clearly articulated and reflected within the Risk Appetite Statement and that the Risk Appetite Statement is reviewed at least annually.
- Review at least annually the Risk Register and advise the Board accordingly.

- Review quarterly the Key Risks and advise the Board on the current risk exposures.
- Keep under review the Company's overall risk assessment processes ensuring both qualitative and quantitative metrics are used.
- Review the Company's capability to identify and manage new risk types; to advise the Board, before a decision is taken to proceed with a proposed strategic transaction, including acquisitions or disposals, on risk aspects of such transaction(s) and any implications for the risk appetite and tolerance of the Company.
- Monitor and review emerging risk.
- Review reports on any material breaches of risk limits and the adequacy of proposed action.
- Ensure the Risk Management Function has appropriate access to information to enable it to perform its function effectively.
- Ensure the Risk Management Function has adequate independence and unfettered access to the Board and Chair of the Risk Committee.
- Consider other risk management topics, as defined by the Board.
- Monitor the effectiveness and adequacy of the Company's risk management processes.
- Advise the Board on the effectiveness of strategies and policies with respect to maintaining, on an on-going basis, amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the institution.
- Review reports on compliance risk assessments, regulatory themes, developments and implementation, monitoring and reviews in accordance with the Compliance Plan and any material compliance risk events and engagement with supervisors.
- Review, challenge and advise on the inputs to and outputs from the (at least) annual Own Risk and Solvency Assessment ("ORSA") process and report.
- Review the risk assessment in respect of outsourced activities and outsourced service providers.
- Oversee the Compliance function in relation to its policies, advising, reporting and training activities and to check quarterly the progress of the Annual Compliance Plan, including the monitoring plan.
- Ensure the Compliance Function has adequate resources and independence.
- Review new or materially updated Compliance and Governance Policies and make a recommendation to the Board.
- Advise the Board on the effectiveness of risk mitigation and reinsurance programmes.

B.1.2 Code of Business Conduct

The Company has adopted the Group Code of Business Conduct, ("Ethics Code"), which describes our ethical principles for the conduct of our business. The full text of the Ethics Code and our Corporate Governance Guidelines are available on the Group's website located at www.archgroup.com.

B.1.3 Independent Control Functions

The Company has in place four key independent control functions as required under the Corporate Governance Requirements for Insurance Undertakings 2015. These are:

- Risk Management (See Section B.3)
- Compliance (See Section B.3.8)
- Actuarial (See Section B.5)
- Internal Audit (See Section B.4)

These functions are responsible for providing oversight of and challenge to the business and for providing assurance to the Board in relation to the Company's control framework. Each function has the necessary authority, resources and operational independence to meet their responsibilities.

B.1.4 Material Changes

During 2025, there were changes to the composition of the Board of Directors, including the transition of Søren Scheuer from Executive Director (CEO) to Non-Executive Director, the resignation of Mark Nolan as Non-Executive Director, and the appointment of Duncan Smith as Executive Director and CEO.

No other material changes to Board Committee memberships occurred during the period.

B.1.5 Remuneration Policy and Practices

The ACGL Compensation Committee, in its capacity as a committee of the ACGL Board of Directors, has overall responsibility for approving and evaluating, and making recommendations to the Board regarding compensation plans, policies and programs of the Company for senior executives, as well as compensation parameters for all other employees of the Company and its controlled subsidiaries.

The Company has a Remuneration Policy in place which is guided by principles which are embedded in the Company's risk management framework and in the Group Code of Conduct ("the Code"). The Code embodies the Group's goal of promoting an organizational culture that encourages the highest standards of ethical business conduct. The Remuneration Policy follows compensation parameters established and approved by ACGL Compensation Committee.

The Board of the Company is responsible for the implementation and administration of the Remuneration Policy. It is not considered necessary, given the scale of the business and the governance structure in place in Ireland and within the Arch Group, to appoint a separate Remuneration Committee of the Board. At least annually, the Risk Committee of the Company will review the Remuneration Policy against the Company's risk framework and provide any recommendations to the Board. The Board will review the Risk Committee's recommendations and ultimately approve the Remuneration Policy for implementation if appropriate.

The CEO is responsible for reporting to the Board on the implementation and operation of this Remuneration Policy, and consequent controls and processes. The Head of Compliance and CEO will present recommendations for changes to the Remuneration Policy to the Risk Committee.

The Head of Compliance and Senior HR Business Partner will monitor the implementation of the Remuneration Policy, then conferring with the CEO and, if needed, Group Human Resources staff, confirm that the Remuneration Policy is being implemented appropriately. Reasonable evidence of the implementation shall be provided to the Head of Compliance.

Responsibility for the determination of fixed salary levels rests with the CEO. For departmental staff, consultation is undertaken with department heads. The remuneration of the CEO is set at the Group level.

The principal features of our compensation programs and policies are summarized below.

- **Key Principles:**

  Remuneration decisions are designed to encourage employees to meet the strategic aims and objectives of the Company within a framework of prudent and effective risk management and system of internal controls. Remuneration decisions should also take into account financial and non-financial considerations, as well as an employee's functions, responsibilities and experience.

- **Material Risk Takers:**

  With respect to Material Risk Takers specifically, the Policy also embodies the Group's guiding principles to emphasize long-term compensation tied to Group performance in order to mitigate excessive risk-taking. Arch philosophy requires exercise of judgment in making compensation decisions for employees after reviewing the Group's and Company's overall performance and long-term interests and evaluating an employee's performance during the year against established objectives, leadership qualities, scope of responsibilities and current compensation. Specific factors affecting compensation decisions include key financial metrics, such as growth in book value, return on capital, after-tax operating income, combined ratio and investment performance, as well as achieving strategic objectives and supporting the Arch Group's values by promoting a culture of integrity through compliance with law and its ethic policies. Fixed (base salary) and variable (bonus) components of remuneration may be adjusted upwards or downwards based on these considerations. A component of variable compensation is granted in the form of annual multi-year vesting equity awards which all the Material Risk Takers are eligible to receive. Equity awards make stock price appreciation over an extended period fundamental in realising a compensation benefit. By emphasising long-term performance through using long-term incentives, we align our Material Risk Takers' interests with our shareholders' interests and create a strong retention tool. Equity awards may not vest less than one year from the date of grant and generally vest in equal parts over three years. The Group can modify or terminate elements of the compensation program for Material Risk Takers which create a fully flexible bonus policy, including the possibility of no pay-out of the variable cash component and no issuance of new equity awards.

- **Formula Approach:**

  Material Risk Takers and some senior non-Material Risk Takers who perform an underwriting or underwriting support function and who are eligible to receive cash bonuses will be granted them based on a "Formula Approach", which is determined by ACGL. Under the Formula Approach, a bonus pool is established for each business segment based on underwriting performance during a given underwriting year. Further, individual performance is factored using a modifier to the target which becomes the basis for future pay-outs for that specific underwriting year. For each underwriting year, the bonus pool will be recalculated annually as actual underwriting results emerge, and any resultant payments will be made to the employees over a 10-year development period. A deferral period of three years is in place for a substantial portion of the bonus in that the bonus is paid out over ten years. The Group adopts this approach because it believes that much of its business requires multiple years to determine whether the business written has been successful (in terms of return on capital). The Group believes that making payments to employees over a period of years as actual results become known effectively aligns pay with performance. Thus, performance-based remuneration is awarded in a manner which promotes sound risk management, does not induce excessive risk-taking and encourages the highest standards of ethical business conduct.

- **Risk Management:**

  We believe our approach to evaluation of performance and the design of our compensation programs assists in mitigating excessive risk-taking that could harm our Company. We emphasize variable compensation that is tied to Company performance. For senior management, we emphasize long-term compensation that vests over a multi-year period. Furthermore, and as discussed above, the Formula Approach is based on underwriting performance during a given underwriting year. For each underwriting year, the bonus pool will be recalculated annually as actual underwriting results emerge, and any resultant payments will be made to the participants over a 10-year development period. Since much of our business requires multiple years to determine whether we have been successful in our assessment of risk, we have structured our plan in this manner so that incentive payments are made to employees as actual results become known. In addition, senior management is subject to our clawback policy and share ownership guidelines with hedging/pledging restrictions.

B.1.6 Supplementary Pension / Early Retirement Schemes

The Company operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the Company in independently administered funds. The contributions to the defined contribution plan are recognized as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

B.1.7 Material Transactions

We are not aware of any material insurance or other business transactions between the Company and shareholder controllers, persons who exercise significant influence, the Board or senior executives during the reporting period. During 2025, there were no material changes made to the intra-group quota share agreement with Arch Reinsurance Ltd ("ARL") which is considered a material transaction. Any contractual negotiations are carried out on an arm's length basis, ensuring that appropriate governance and controls, including transfer pricing, are applied.

B.1.8 Assessment of Adequacy of System of Governance

The system of governance has been established taking account of the principle of proportionality, such that it is appropriate to the size, nature and scale of the Company's operations. The Compliance Function and the Company Secretary conduct an annual review of the Corporate Governance Requirements. Accordingly, the system of governance is considered adequate for the Company.

B.2 Fitness, Probity & Individual Accountability Framework Requirements

B.2.1 Fit, Proper and Individual Accountability Framework (IAF) Process

The Company's Fitness, Probity & Conduct Standards Policy sets out the guidelines to ensure that employees meet both the Central Bank of Ireland's Fitness and Probity Standards and the Individual Accountability Framework (IAF) Act 2023, throughout their employment at the Company.

The CEO is responsible for implementing this policy, while the Head of Compliance is responsible for providing advice, implementing a monitoring program, and reviewing the policy at least annually.

The Human Resource business partner, with guidance from the Head of Compliance, identifies and maintains a record of PCF and CF role holders. The Board and the CBI must approve the appointment, before the Company can appoint a person to a PCF role.

The Fitness, Probity & Conduct Standards Policy sets out a number of steps that must be carried out before proposal of a PCF to the CBI. These include, but are not limited to:

- A competency interview to establish evidence of the required competencies.
- A full chronological interview to establish patterns and trends in behaviour that should indicate integrity and competency.
- A full and thorough screening by an independent third-party company with a recognized reputation for pre-employment screening, where necessary.
- Pre-employment screening which may include identity verification, credit and bankruptcy checks, self-certification on conflicts of interests, directorship checks, education and professional qualifications validation, employment reference checks, compliance, and regulatory checks.
- Board approval.

B.2.2 Professional Qualifications, Skills, and Expertise

The Company ensures that all persons who hold key positions or functions are fit to provide sound and prudent management through their professional qualifications, knowledge and experience and are proper by being of good repute and integrity.

As described above, the Fitness, Probity & Conduct Standards Policy sets out the due diligence that must be performed before a candidate is proposed to the CBI for a PCF role, appointed to a CF role or appointed to a senior management position. The process aims to ensure that key function holders and decision makers have the requisite employment experience, technical skills, professional qualifications, and key competencies to perform their duties to the highest standard.

All employees are monitored on an on-going basis through a formal performance appraisal process and continuing professional development ("CPD"). Specific requirements include:

- An appraisal meeting focuses on development by reviewing the employee against a set of competencies specific to their role and on setting objectives for the next year and measurement of goals during the first three months of employment. Competency and compliance with Fitness & Probity and Conduct Standards, as applicable, are also reviewed at this meeting.
- Formal appraisal meetings are held annually to ensure that staff continues to meet their goals and to set new objectives for the year ahead.
- In line with IAF expectations employees are required to act in accordance with their decision-making responsibilities. Employees are required to maintain an on-going record of their CPD/training.
- Employees are required to attend a minimum level of training courses and maintain a minimum standard of competency. Examples of areas covered by on-going training are work specific roles; general insurance; legal issues and regulations.
  Employees are also required to complete in-house training, including code of conduct training, anti-harassment training and anti-money laundering training.
- Head of Compliance issues reminder emails to PCF holders/relevant staff periodically to attest whether they have completed sufficient/ appropriate training in order to effectively discharge their roles and responsibilities.

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

B.3.1 Risk Management Function

The Board has appointed a CRO, who is responsible for the Risk Management Function. The Board has approved a Risk Management Charter and Terms of Reference for the CRO and the Risk Management Function, and it reviews the Terms of Reference annually. The Risk Committee has approved the annual risk plan and reviews the plan annually.

The CRO's primary responsibility is to the Board, and reports to the Board periodically with direct access to the Chair of the Board. The CRO also reports to the Risk Committee, at least quarterly.

The Risk Management Function and CRO carry out the following duties:

- Ensure that the Company and its branches have and maintain effective processes to identify, monitor, manage and report on the risks to which the Company is or might be exposed.
- Maintain robust interaction and frequent dialogue with AIEU Compliance Function to ensure a strong 2nd Line of Defence.
- Measure and assess the controls of material risks.
- Implement the risk management framework and risk policies.
- Prepare a regular risk report, including a view of all current and future material risks, for review by the Risk Committee.
- Provide comprehensive and timely information on AIEU's material risks which enables management and the Board of Directors (the "Board") to understand the overall risk profile.
- Collaborate with key stakeholders to identify, assess, and mitigate consumer protection risks, ensuring alignment with regulatory obligations and the fair treatment of consumers.
- Proactively consult on consumer protection risks with the ability to influence decisions.
- To be the central point for risk reporting.

- Prepare an Annual Plan for the risk function.
- Maintain a Risk Function calendar of activities.
- Report on the effectiveness of the risk management system.
- Provide advice on risk management to all stakeholders.
- Provide education and training on risk matters to colleagues and staff in affiliate companies.
- Promote a strong risk culture by increasing awareness of good practice and lessons learned from incidents or near misses.
- Co-ordinate the annual refresh of the risk policies.
- Maintain the risk register.
- Lead the ORSA process.
- Lead the Capital Management Plan process.
- Lead the Recovery Plan process.
- Identify, assess, and report on emerging risks; and
- Facilitate the setting of the risk appetite by the Board.

B.3.2 Risk Management Process and Procedures

As described above, the Risk Management Function produces regular risk reports, including the quarterly CRO report. This reporting aims to provide the Board and Risk Committee with sufficient oversight of the Risk Management Framework and the risks to which the company is exposed.

The ORSA process is carried out throughout the year, which facilitates integration with decision making, culminating in the annual ORSA report which is owned and shaped by the Board.

The Company has a Risk Management Framework in place which is designed to support the Company's decision-making procedures by providing consistent, reliable and timely risk information and protecting capital from risks that exceed established risk tolerances.

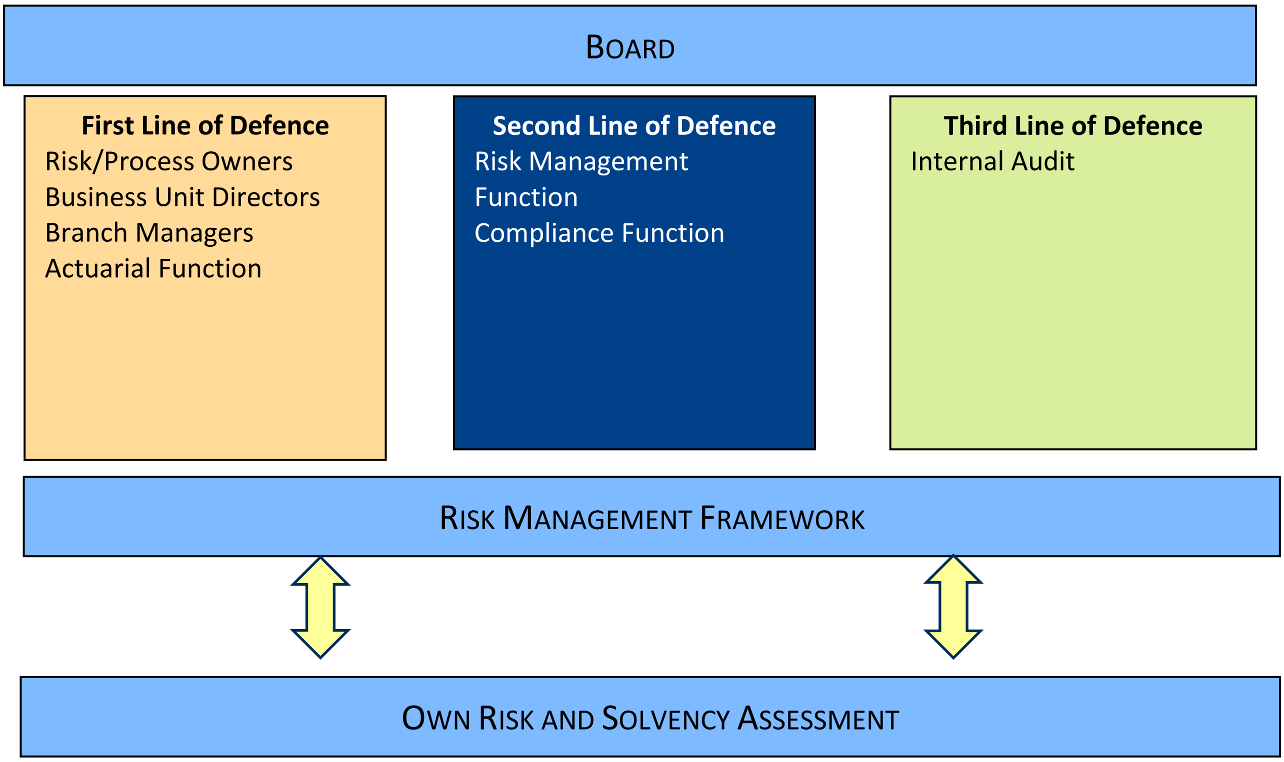
The following narrative provides an overview of the Risk Management Framework, which sets out the Company's methodology for identifying, measuring, managing and reporting on the key risks affecting the Company. It outlines the Company's approach to risk identification and assessment and provides an overview of the Company's risk appetite and tolerance for each of the following major risks:

- Underwriting and Reserving.
- Investment, including Asset/Liability Management ("ALM"), Liquidity and other related items
- Counterparty credit risk.
- Operational, including Group, Strategic, Climate Change, Reputational, Cybersecurity and other
- associated risks.

The Risk Management Framework includes details of the Company's:

- Risk philosophy and policies to address the material risks confronting the Company.
- Approach and procedures to control and/or mitigate these risks.

The Risk Management Framework follows the Three Lines of Defence model, and fits into the overall governance structure as follows:



The actions and policies implemented to meet the Company's business management and regulatory obligations form the core of this framework. The Company has adopted a holistic approach to risk management by analysing risk from both a top-down and bottom-up perspective.

Risk Identification and Assessment

The Risk Committee of the Board provides governance oversight of the top-down and bottom-up review of the Company's risks. The scope of this review includes underwriting, market, liquidity, counterparty credit, and operational risks. The CRO, operating within the second lines of defence, supports the Risk Committee by facilitating risk identification and providing analysis.

The CRO is responsible for maintaining the Risk Register and continuously reviewing and challenging risk assessments, including the impact of emerging risks and significant business developments.
Newly identified high-level risks or changes to inherent or residual risk are subject to challenge and discussions at the Risk Committee.

Risk Monitoring and Control

The Company's Risk Management Framework requires risk owners to monitor key risks on a continuous basis. Risk owners have ultimate responsibility for the day-to-day management of each designated risk, reporting to the CRO on the satisfactory management and control of the risk and timely escalation of significant issues that may arise in relation to that risk.

The CRO is responsible for overseeing the monitoring of all risks across the business and for communicating to the relevant risk owners if he becomes aware of issues, or potential and actual breaches of risk appetite, relevant to the assigned risks.

A key element of these monitoring activities is the evaluation of the Company's position relative to risk tolerances and limits approved by the Board.

Risk Reporting

On a quarterly basis, the CRO compiles the results of the key risk review process into a report to the Risk Committee for review and discussion during its scheduled meetings. The report includes:

- An overview of selected key risks (e.g., Underwriting, Market, Credit).
- Changes in the rating of high-level risks in the Risk Register.
- A risk dashboard that depicts the status of risk limit and tolerance metrics.
- Summary of largest exposures and concentration risks.
- Reinsurance arrangements, including outstanding and uncollectible recoveries.

Key risk management matters reviewed at the Risk Committee meeting are presented for discussion by the Board. The CRO is responsible for the immediate escalation of any significant risk matters to the Company Executive Management, the Risk Committee and/or the Board, as appropriate for review and approval of the necessary remediation actions.

B.3.3 Implementation and Integration of ORSA

The Company adopts an integrated approach to developing, measuring, and reporting its ORSA as a fundamental component of the Risk Management Framework. The ORSA process establishes the link between the Company's risk profile, its Board-approved risk appetite including approved risk tolerances and limits, its business strategy, and its overall solvency requirements.

The ORSA is the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short- and long-term risks the Company faces or may face and to determine the capital necessary to ensure that overall solvency needs are met at all times. The ORSA also makes the link between actual reported results and the capital assessment.

The ORSA process and reporting are integral parts of the Company's business strategy, tailored specifically to fit into the Company's organizational structure and risk management system with the appropriate techniques in place to assess its overall solvency needs, taking into consideration the nature, scale and complexity of the risks inherent in the business.

The Company also takes the results of the ORSA into account for its system of governance, including long-term capital management, business planning and new product development. It also contributes to various strategic decision-making including how best to optimize capital management, establishing the most appropriate premium levels, and deciding whether to retain or transfer risks.

The ORSA is the basis for risk reporting to the Board and its committees and acts as a mechanism to embed the Risk Management Framework within the Company's decision-making processes and operations. The Board has delegated responsibility for supervision and oversight of the ORSA to the Risk Committee. This oversight includes regular reviews of the ORSA process and output.

An ORSA Report is produced annually at a minimum, and the results of each assessment are reported to the Board. The Board actively participates in the ORSA process by steering how the assessment is performed and challenging its results, including suggesting and challenging stress scenarios. This assessment is also taken into account when formulating strategic decisions for the Company.

B.3.4 Performance, Documentation and Review of the ORSA

The ORSA process is a circular process that relies on key elements of the business:

- **The Board outputs** - Strategy / Capital Management Plan / The Board Risk Appetite.
- **Business Planning** - providing the basis for the base case projections.

- **The Solvency II Pillar I Standard Formula** – projections over the business planning horizon & base assumptions used.
- **The Risk Committee** - who review, challenge & approve the ORSA process, test scenarios, and output.
- **The Actuarial Function** - who quantify technical provisions and provide other input into the Pillar I model.
- **The Risk Function** and **Management** who assess the outputs and prepare the reports.
- **The Risk Committee & Board's assessment** of the output and resultant capital, strategy & risk appetite review.
- **ORSA Reporting to the National Competent Authorities** in accordance with regulatory requirements.

Each run of the ORSA process will be appropriately documented to evidence each of its constituent parts, and this record will be retained for any later scrutiny.

The documentation shall contain:

- A summary of the Board strategy for the Company.
- The Risk Appetite Statement.
- The Pillar I standard assumptions & output.
- The schedule of scenarios to be tested, cross-referenced to the Risk categories in the Board's risk appetite, and quantification of deviations from the base assumptions.
- The scenario test results.
- The ORSA report.
- Any Risk Committee Minutes relating to scrutiny & challenge of the ORSA process & outputs.
- Any Board minutes relating to ORSA output review & challenge – resultant strategy decisions and risk appetite review.
- A record of the output to the National Competent Authorities.

B.3.5 Relationship between the ORSA, Solvency Needs, and Capital and Risk Management Systems

The Company has both a Capital Management Policy and Capital Management Plan in place. The Risk Management Function is responsible for developing and maintaining the Capital Management Plan. The Risk Committee reviews and monitors the plan and presents it to the Board for approval. The Audit Committee is responsible for monitoring the alignment of the investment strategy with the plan.

The Capital Management Plan incorporates the output from the ORSA and associated reporting. The plan also sets out triggers for corrective capital actions relative to the Company's Solvency Ratios, both in terms of Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR").

The Company's capital planning process aims to be dynamic and forward-looking in relation to the Company's risk profile and shall take into account the output from the Company's risk management activities and the ORSA process and associated reporting as part of capital planning activities.

As such, capital planning activities take into account any current or anticipated changes in the Company's risk profile, such as those reflected in its business plan, and forecast the related impact on capital. In addition, as part of its capital planning, the Company integrates projected capital needs with its business planning and financial forecasting processes.

The Capital Management Plan identifies a number of potential capital sources and associated corrective actions that may be implemented to restore sufficient capitalisation, depending on the severity of the Company's capital requirements.

When considering the sources of capital and corrective actions, the Company ensures alignment with Solvency II Own Fund requirements.

Any material changes in the Company's underlying risks, such as shifts in business mix, reinsurance strategy and investment strategy, are modelled for potential impact upon the Company's capital requirements. The aim of this process is to ensure that all material risks feed into the capital requirements analysis, and in some cases also trigger further investigation through stress testing.

Recovery Planning and Regulatory Compliance

In addition to the Capital Management Plan and Policy, AIEU has established a Board-approved pre-emptive Recovery Plan and Policy. Following the introduction of formal recovery planning requirements for insurers under Section 48 of the Central Bank (Supervision and Enforcement) Act 2013, guidelines were issued to ensure compliance. These regulatory guidelines have been fully integrated into the preparation of the Company's Recovery Planning process.

The Company updates and refreshes its Recovery Plan annually, with Board approval, ensuring it remain aligned with evolving regulatory requirements. The Recovery Plan defines recovery indicators with pre-established limits and thresholds that would trigger specific remedial actions. It also outlines the available options to restore the Company's financial position should it come under financial stress.

B.3.6 Approval Process

The Company records the actual performance of the overall capital assessment and analyses the assessment of any deviations in its risk profile from the assumptions underlying the capital requirements. Analysis is conducted to a level of detail that enables a third party to evaluate the assessments performed.

The CRO prepares a quarterly report for the Risk Committee covering risk management in general, including relevant ORSA topics, for discussion in the Risk Committee meetings. The Risk Register is presented to the Risk Committee on an annual basis for review, followed by Board approval. Any material changes in the risk management strategy, policies, processes, procedures and/or capital requirements analysis are presented to the Board for approval.

The ORSA policy and the ORSA report are reviewed by the Risk Committee and recommended to the Board for approval.

A.6 Internal Control System

B.3.7 Internal Control System

The Company maintains an effective internal control system, which includes administrative and accounting procedures, an internal control framework, appropriate reporting arrangements and a compliance function.

The Board is responsible for monitoring the establishment and maintenance of the system of controls used to assess and manage exposure to all areas of risk. The objectives of these controls are to ensure that the Company's risk strategy is maintained, and risk remains within the appetite and tolerances set by the Board. The Company's internal control framework provides an appropriate level of reporting on the control environment to the Board.

Controls are detailed in the Risk Register, which associates elements within the category of risk to one or more mitigating controls. The Company's internal control framework includes reviews of both the design and effectiveness of key controls, with results of this periodic evaluation reported to the Board.

B.3.8 Compliance Function

Implementation of the Compliance Function

The Board has appointed a Head of Compliance, who is responsible for the Compliance Function. In addition, the Board has approved a Compliance Function Terms of Reference and Charter ("Compliance Charter") and a Compliance Plan. Both have to be reviewed on an annual basis and any changes to the Compliance Charter have to be approved by the Board, while material changes to the Compliance Plan have to be approved by the Risk Committee.

The Compliance Charter contains, among other topics: Mission Statement, Guiding Principles, Roles and Responsibilities, Limitations, Activities, Planning and Reporting of the Compliance Function.

While the Board retains primary responsibility for compliance and governance within the Company at all times, senior management plays an important part in ensuring effective governance and compliance and hence is responsible for operating effective oversight consistent with Board policy. The role of the Compliance Function is to assist and advise the Board and management with their responsibilities. In addition, senior management and all staff members are responsible for their own regulated activities and for complying with relevant rules, legislation, standards, contracts, policies and procedures relevant to their work.

The high-level goals of the Compliance Function are:

- To ensure that a proportionate compliance infrastructure is in place;
- To identify and manage compliance risks;
- To implement a review and monitoring program; and
- To help the business to meet requirements with applicable legislation and regulation.

The Head of Compliance produces and submits an Annual Compliance Plan to the Risk Committee for approval. The Compliance Plan ensures that the Compliance Function's work has a focus with measurable output that is understood by and aligns with expectations of the business. It determines the actions that the Compliance Function needs to achieve in the next 12 months.

The Compliance Plan shall cover at least the following:

- Compliance Objectives.
- Compliance Resources.
- Provision of regulatory staff training.
- Revision of existing policies and procedures.
- Preparation of new policies and procedures.
- Monitoring – details of a risk-based monitoring review program.
- Projects – on-going and planned business or regulatory projects.

The Head of Compliance is required to make following internal reports:

- Quarterly to the Risk Committee.
- Ad-Hoc to the Audit Committee
- To the Executive Committee; and
- Promptly once any medium or major compliance issues are identified by reporting to the relevant person and the CEO.

Independence and Authority

The Head of Compliance does not hold any other responsibilities for the Company besides compliance. The Head of Compliance attends Committee and Board meetings and reports to the Risk Committee and the Board on all relevant matters, with ad-hoc reporting to the Audit Committee.

The Compliance function is authorized to review all areas of the Company and has full, free, and unrestricted access to all Company activities, records, property, and personnel. Compliance has full and direct access to the Board and the authority to escalate matters to ACGL where required.

B.4 Internal Audit Function

The purpose of Internal Audit ("IA") is to enable Arch to thrive and confront challenges with confidence. IA fulfils its purpose by providing the Audit Committee and management with independent, risk based, and objective assurance, advice, insight, and foresight to strengthen Arch's ability to create, protect and sustain value.

IA adheres to the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework, which includes the Global Internal Audit Standards. The Arch Group Chief Audit Executive of IA ("CAE") or the AIEU Head of IA ("Head of IA") will report periodically to senior management and the Company's Audit Committee regarding IA's conformance with the Global Internal Audit Standards, which will be assessed through a quality assurance and improvement program.

The Company's systems of governance and internal controls are subject to periodic evaluation by Internal Audit. Results from all Internal Audit evaluations are presented to the Audit Committee.

B.4.1 Maintenance of Independence

The Head of IA will report functionally to the Audit Committee on behalf of the Company's Board of Directors and administratively (i.e., day-to-day operations) to the CAE.

The CAE will be positioned at a level within ACGL that enables IA services and responsibilities to be performed without interference from management, thereby establishing the independence of IA. The CAE will report functionally to the ACGL Audit Committee on behalf of the ACGL Board and administratively to the Executive Vice President, Chief Financial Officer and Treasurer of ACGL. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the ACGL Audit Committee, when necessary, without interference and supports IA's ability to maintain objectivity.

The CAE and Head of IA will ensure that IA remains free of all conditions that threaten the ability of its team members to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of IA determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties, such as the Audit Committee, management or others. The Head of IA will confirm to the Company's Audit Committee, at least annually, the organizational independence of IA. The Head of IA will disclose to the Audit Committee any interference IA encounters related to the scope, performance, or communication of IA work and results. The disclosure will include communicating the implications of such interference on IA's effectiveness and ability to fulfil its mandate.

B.5 Actuarial function

The Board has approved the Head of Actuarial Function ("HoAF"), who is responsible for the Actuarial Function. The Board has approved terms of reference for the Actuarial Function and reviews the terms of reference annually. The terms of reference state that the Actuarial Function must be free from influence from other functions and the Board.

The HoAF's primary responsibility is to the Board. The HoAF in performing their duties acts independently of the Company's business units. The Board provides oversight to ensure the HoAF has adequate resources and authority to operate effectively.

The main activities of the Actuarial Function in a Solvency II environment shall include the requirements of the Solvency II Directive, the Central Bank of Ireland's Domestic Actuarial Regime, and the Central Bank of Ireland's Guidance for (Re)Insurance Undertakings on the Head of Actuarial Function Role, including:

- Coordinate the calculation of Technical Provisions.
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of Technical Provisions.
- Assess the sufficiency and quality of the data used in the calculation of Technical Provisions.
- Compare best estimates against experience.
- Inform the Board of the reliability and adequacy of the calculation of Technical Provisions.
- Oversee the calculation of Technical Provisions in the cases set out in the regulations.
- Express an opinion on the overall underwriting policy.
- Express an opinion on the adequacy of reinsurance arrangements.
- Contribute to the effective implementation of the risk management system.
- Provide an Actuarial Opinion on Technical Provisions.
- Provide the Actuarial Report on Technical Provisions.
- Provide an Actuarial Function Report.
- Express an opinion on each ORSA process.

On an annual basis the HoAF prepares an Actuarial Opinion on Technical Provisions ("AOTP") and presents the Actuarial Report on Technical Provisions ("ARTP") to the Board of Directors. The ARTP is prepared in line with relevant regulatory and Actuarial Standards of Practice.

The actuarial function comprises experienced, fully qualified, individuals with in-depth knowledge of actuarial and financial mathematics. The function is staffed appropriately given the nature, scale and complexity of the risks inherent in the Company's operations.

ACGL's Chief Actuary oversees actuarial policies throughout the Group, as well as development of Group-wide actuarial techniques and education. This individual provides an independent assessment of the Group's reserves to the ACGL Audit Committee each quarter.

B.6 Outsourcing

B.6.1 Outsourcing Policy

The Company defines outsourcing as contracting out part or all of an internal business process to a third-party provider (either outside or inside the Arch Group of companies). In this regard the Company may use the external service provider's processes and controls to perform the agreed upon services. However, the Company will retain all decision making and ultimate responsibility over the business function and maintain the appropriate monitoring mechanisms to ensure adherence to a service level agreement.

AIEU operates an Outsourcing Policy which is approved by the Board. The Outsourcing Policy outlines the Company's policy with regard to the outsourcing of critical or important functions or activities which are essential to the operation of the Company.

The Outsourcing Policy addresses the following key areas:

- The definition and scope of outsourcing arrangements.
- Roles and responsibilities for the governance and oversight of outsourcing.
- Identification and assessment of critical or important functions or activities (CIFAs).
- Due diligence, contractual and regulatory requirements for outsourcing arrangements.
- Risk assessment, monitoring and ongoing oversight of service providers.
- Business continuity, contingency planning and exit strategies for outsourcing arrangements.

All regulatory requirements including those relating to critical or important functions or activities are met. The key independent control functions (as described in section B.1.3) are managed within the Company with an element of service support from outsourced providers.

A summary of critical or important functions or activities outsourced by the Company, including services provided within the Arch Group or by third-party providers, is set out in the table below.

Type of Supplier	Critical or Important Function or Activity that is outsourced	Location of Service Provider
Arch Group	Investment Management Services	Bermuda
Arch Group	HR, Legal, Financial Consolidation, Tax, IT, Internal Audit and Administrative Services	USA, Bermuda, UK
Arch Group	Underwriting, Claims, Finance, Compliance, Risk Management, Actuarial and Administrative Services	EEA, UK
Third Party	Underwriting Delegated Authority	EEA, UK
Third Party	Claims Handling Services	EEA, UK

B.7 Any other information

No other material information to report as of 31 December 2025.

Section C – Risk Profile

Overview

The Company's risk appetite framework provides an expression of the level of risk it is willing to accept in pursuit of its strategic objectives. The risk appetite framework provides quantitative and qualitative statements which are used to define the general attitude within the organization towards the desired level of risk. Furthermore, it not only supports the Company's risk management framework; it also enables the Company to make informed business decisions regarding the key risks to which it may be exposed by these decisions.

In general, the Company has an appetite for insurance (underwriting) risk and a tolerance for other forms of risk. The risk philosophy of the Company encompasses all major risks and focuses on attaining the following business objectives:

- Underwrite business that meets agreed targeted returns.
- Underwrite only carefully selected business lines.
- Manage underwriting volumes in line with the business cycle.
- Limit the downside risk to ensure the Company maintains a sufficient solvency margin.

The following table shows the composition by sub-module of the SCR at year ended 31 December 2025.

Risk Category	Description	Allocated % of Undiversified SCR at 31/12/2025
Underwriting Risk	Risk of losses from business already written or planned to be written over the next year	44.7%
Market Risk	Risk of losses from market movements, including exchange rates and investment returns	27.8%
Credit Risk	Risk of losses from counterparty defaults, including reinsurers and other counterparties	17.0%
Operational Risk	Risk of operational losses	10.5%

C.1 Underwriting risk

C.1.1 Key Underwriting Risks

Underwriting Risk refers to the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing or risk quantification assumptions which includes the fluctuations in the timing, frequency, and severity of insured events. At a risk policy level, we consider underwriting risk is linked to reserving risk.

Furthermore, the nature of the business we write means we are exposed to regulatory, legislative, and fiscal changes, economic factors and changes in behaviour.

The resulting key underwriting and reserving risks identified by management are:

- Reserve Risk: The risk of loss, or adverse change, in the value of insurance liabilities due to the occurrence, amount, and timing of claims, inadequate pricing and provisioning assumptions.
- Pricing Risk: The risk of loss due to inadequate pricing of business pre-claim.
- Catastrophic Risk: The risk of loss from infrequent high severity claims from natural or man-made disasters.

The Company writes a mix of short tail and long tail business. The long tail business, primarily liability and credit business, has greater uncertainty in respect of reserve development.

C.1.2 Material Concentrations

An identified risk to the Company is an inappropriate concentration of underwriting risks, through over-exposure to a particular geographic region, line of business / peril or insured. The risk is monitored in the Risk Register and is managed through a number of controls, including the setting of exposure limits, modelling of catastrophe ("CAT") exposure and quarterly measurement and reporting of accumulations. Single Realistic Disaster Scenario events (net of expected reinsurance recoverables) at a 1-in-250-year return period are limited to less than 25% of shareholders equity. After controls, the risk is considered medium impact; therefore, the concentration of underwriting risk is not considered to be material.

C.1.3 Underwriting Risk Mitigation

AIEU purchases external reinsurance protection to mitigate the impact of catastrophic claims and/or to manage accumulations of risk. In addition, Intra-Group quota share reinsurance is in place to mitigate the impact of attritional losses.

In addition, underwriting risk is further mitigated through a number of controls and practices, which include the following:

- Underwriting Guidelines are in place and approved by the Board. These are reviewed and updated as required.
- Underwriters are required to access legal counsel for review and opinion on non-standard contract wording.
- Business performance is monitored regularly, including consideration of market factors, pricing trends and strategic challenges.
- Actual performance is compared against expected each quarter.
- Actuarial review of reserves by the Company and Group actuaries.
- Periodic underwriting audits.

C.1.4 Stress and Sensitivity Testing

Stress and scenario testing is carried out as part of the ORSA process, which is conducted at least annually. These tests consider moderate as well as extreme but plausible stresses and assess the impact on the Company's capital position.

We considered a number of scenarios in the ORSA which aim to reflect the underwriting and reserving risk to which the company is exposed. Numerous Realistic Disaster Scenarios ("RDS") were devised in conjunction with the underwriting team; these represent very adverse scenarios to which the Company could be exposed. The projected SCR and Own Funds were then calculated under each of these scenarios, allowing us to assess the capital impact of each scenario.

Due to the Company's capital strength, while the stresses showed deterioration in the Company's capital position, the results indicate that the Company remains resilient to most severe but plausible scenarios. In particularly severe scenarios, the SCR ratio may reduce materially before the application of management actions; however, the Company has identified credible management actions which would support the restoration of the solvency position. The Company's underwriting risk profile is therefore considered to be resilient to most shocks.

C.2 Market risk

C.2.1 Key Market Risks

Market Risk is the risk of changes in income or values of assets arising from fluctuations in political and economic variables (systemic), including interest rates, currency exchange rates, equity markets, commodity markets and real estate markets. It is the risk of loss, or adverse change, resulting directly or indirectly from fluctuations in the prices of assets. Market Risk includes the following specific components:

- Currency Risk
- Interest Rate Risk
- Spread Risk
- Property Risk
- Equity Risk

Market Risk is also affected by:

- Concentration Risk: The risk that the Company will suffer losses from lack of diversification with regards to a particular sector, industry, geographic region, security, or asset class in the investment portfolio. Concentration Risk also includes the risk of failure to identify and manage correlation risk between insurance/reinsurance operations and invested assets.
- Investment Credit Risk: The risk of loss, or adverse change in financial condition, resulting from fluctuations in the credit standing of issuers of securities and counterparties to which undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentration risk.

The Company's primary investment objective is to preserve capital and ensure adequate liquidity for policyholder claims, while supplementing the return on equity ("ROE") generated by the insurance underwriting operations. The key market risks identified by management are:

- Failure or impairment of investment counterparty
- Exposure to foreign currency fluctuations

C.2.2 Material Concentrations

AIEU has a diversified portfolio of assets with no material risk concentrations in non-government securities. The Company's investment guidelines have specific single issuer limits, including sovereign and supranational single issuer limits, to prevent asset risk concentrations. Exposure to foreign currency fluctuations (USD relative to Euro) constitutes a material risk concentration.

C.2.3 Market Risk Mitigation

The Company mitigates investment risk through the implementation of appropriate controls. These include:

- Regular Board and Senior Management oversight.
- Formal agreements which delegate investment authority to Arch Investment Management Ltd. ("AIM").
- Investment Guidelines which are structured to ensure sufficient liquidity and prevent over-exposure to any one risk sector.
- Detailed Investment Guidelines which outline minimum and maximum investment category allocations and tolerable thresholds for Investment Credit Risk
- Analysis of quarterly Investment Guideline compliance confirmations issued by Investment Managers, as summarized by ACSI personnel, and reviewed by the Company.
- Appropriate trade due diligence and guideline compliance.
- Utilisation of company approved brokers, investment managers and 3rd party service providers.
- Quarterly testing of Investment Guideline compliance and subsequent review with AIEU Executive Committee.
- Investment portfolio reporting from AIM to the Company Senior Management and the Board. This reporting includes performance and risk summaries and includes duration analysis.
- Accounting reconciliations across holdings and risk data.
- Linkage between ALM and the limits for asset classes, as approved by the Board and set out in the Investment Risk Policy.

C.2.4 Stress and Sensitivity Testing

We have performed an ORSA stress scenario analysis to evaluate the Company's exposure to market risk in light of an economic crisis and geopolitical instability. In the selected scenario, we assessed the impact of higher losses in our mortgage insurance business, the effects of interest rate movements on bond prices, and the consequences of exchange rate fluctuations, and a broader deterioration in economic conditions including increased corporate defaults and the potential impact of a major geopolitical or terrorism-related event.

Due to the Company's capital strength, while the stress test indicated some deterioration in the Company's capital position, the scenario was considered not likely to result in a breach of the SCR. The Company's market risk profile is therefore considered to be resilient to most shocks.

C.2.5 Prudent Person Principle

The Company seeks to manage investment assets subject to the Prudent Person Principle which states that the Board must discharge its duties with the care, skill, prudence and diligence that a prudent person acting in a similar capacity would use in the conduct of an enterprise of similar character and objectives.

The Board has outlined the following risk management objectives in order to minimise its exposure to Investment Risk in line with the overall Company Risk Appetite:

- the Company shall adopt a conservative approach to investments and seek to safeguard the assets of shareholders.
- the Company shall hold sufficient investment values and investment liquidity to ensure all liabilities are met as they fall due.
- the Company shall ensure that there are appropriate policies, strategies, and procedures in place to meet these objectives.

The Company adopts a conservative approach to investments and as articulated in the Company risk management philosophy, limits Investment Risk such that the overall portfolio will primarily consist of high-quality fixed income securities, with limited allocations to other asset classes in accordance with the Company's Investment Guidelines. New investment products initiatives fall into the category of other investments and include investments such as equities and all alternative investments. Participation in new investment products are subject to Board approval. In circumstances where new products are being considered by the Company, the following steps will be undertaken:

- Detailed information will be provided describing the nature of the investment such that the Board has full information to properly evaluate the risk.
- The finance function will document the impact of the new product, including an assessment of whether it complies with the prudent person principle.
- A presentation will be made to the Board to explain the rationale for the proposed investment.
- The Risk Committee will separately review the material and consider the impact on the Company's risk appetite and risk profile.

C.3 Credit risk

C.3.1 Key Credit Risks

The Company maintains a low appetite for investment credit risk, which is recommended by the Company Senior Management and approved by the Board.
The Company is exposed to credit risk from the following sources:

- Investments in fixed income securities
- Deposits with banking counterparties
- Reinsurance counterparties
- Premiums collectable from insured parties and insurance intermediaries.

The key risk is that one or more of these counterparties fail.

The exposure to counterparty default risk includes banks where the Company has short term deposits, insured and insurance intermediary receivable balances and reinsurance agreements including the quota share reinsurance agreement with ARL.

C.3.2 Material Concentrations

As at December 31, 2025, the reinsurance recoverable from the quota share reinsurance agreement with ARL is a material risk concentration, however this risk is mitigated by assets in trust to partially collateralise the net recoverable.

C.3.3 Credit Risk Mitigation

The Company mitigates credit risk through the implementation of appropriate controls, processes and procedures.

At purchase, credit quality is determined using an internal methodology applied to available external credit ratings, which provides a consistent composite measure where multiple agency ratings exist. Securities must achieve a minimum composite rating equivalent to B3/B- or higher to be eligible for inclusion in the portfolio.

Reinsurance and premium receivables are closely monitored and controlled, with short credit periods mitigating any risk exposure. Furthermore, other than the inter-group Quota Share reinsurance, other reinsurance arrangements are split across a number of counterparties, thereby reducing single name exposure.

In addition, AIEU requires some counterparties, including ARL, to post significant collateral against reinsurance balances, further mitigating this risk. The collateral posted by ARL is held in a trust account for the benefit of the Company. Collateral is required to be maintained at a minimum level based on a percentage of the net amount recoverable by the Company from ARL. In the event that ARL's rating were to be downgraded this minimum percentage would be subject to graduated increase with the increased percentage being a function of the rating following any such downgrade.

C.3.4 Stress and Sensitivity Testing

Due to the high level of reinsurance ceded, the Company is exposed to a material amount of counterparty default (credit) risk. As one of the company's most material risks, a downgrade of the Company's intra-Group affiliate ARL was considered. The Company is able to withstand the shock of a significant downgrade in ARL's credit rating without breaching the SCR.
Due to the Company's capital strength, while the stresses showed deterioration in the Company's capital position, none of the scenarios were considered likely to result in a breach of the SCR. The Company's credit risk profile is therefore considered to be resilient to most shocks.

C.4 Liquidity risk

Liquidity risk is the risk of the Company's inability to realize investments and other assets in order to settle its financial obligations when they fall due. One of the objectives of the investment risk policy of the Company is that the Company shall hold sufficient investment values and investment liquidity to ensure all liabilities are met as they fall due. To achieve this objective, the investment risk appetite requires that the majority of the portfolio be invested in investment-grade securities. Risk limits and tolerances have been also set in respect of (i) asset-liability duration matching and (ii) availability of liquid assets. These risk appetites, risk limits and tolerances are monitored by the risk function and reported to the Board and Risk Committee. The Company considers that the composition of its assets in terms of their nature, duration and liquidity are appropriate in order to meet its obligations as they fall due.

C.4.1 Risk Exposure and Material Risk Concentrations

The Company considers its exposure to this risk as low. The Company monitors its liquidity in compliance with its investment risk policy and stated limits and tolerances in respect of the percentage of assets which are invested in liquid investments.

C.4.2 Risk Mitigation

Liquidity risk is mitigated by the cash held in investments and bank accounts. There are no planned changes to risk mitigation over the business planning horizon.

C.4.3 Expected Profit in Future Premium

As of 31 December 2025, the expected profit in future premium is €205.5m. The expected profit included in future premiums is calculated as the difference between the technical provisions without a risk margin and a calculation of the technical provisions without a risk margin, under the assumption that the premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future are not received, for any reason other than the insured event having occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy. The calculation of the expected profit included in future premiums is carried out separately for the homogeneous risk groups used in the calculation of the technical provisions. Loss-making policies are only offset against profit-making policies within a homogeneous risk group. The calculation is performed gross of reinsurance, gross of taxation payments of the Company and net of taxation payments which are, or are expected to be, charged to policy holders or are required to settle the insurance or reinsurance obligations.

C.5 Operational risk

C.5.1 Key Operational Risks

Operational Risk means the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events.

It also includes the risk of loss resulting from failure to comply with laws and regulations as well as prudent ethical standards and contractual obligations, and the exposure to litigation from all aspects of business activities.

Within Operational Risk, the Company also includes:

- Group Risk: Risks related to regulated or unregulated entities within the Group, implicit or explicit exposure to losses throughout the group (“contagion risk”), risks related to inter-company transactions and double gearing, the extent to which practical, legal, or regulatory barriers to the transfer of capital between group members exist, and other additional risks which individual members of a group face by virtue of their group membership.
- Strategic Risk: Risk that strategic business decisions prove to be ill-founded or poorly executed. Examples of such risk include mergers and acquisitions, moving into new markets, business lines, or regions, changes to the operating model, or failing to anticipate or react to a more general shift in the economic environment, demographics, etc.
- Reputational Risk: The potential adverse impact of an economic loss through deterioration of reputation, credibility or standing with insurance partners, other customers, brokers and the investor community.

The Company’s management has identified the following key operational risks:

- Over reliance and other factors lead to loss of key staff.
- Financial statements are not completely or accurately prepared.
- Inaccurate Regulatory Reporting Under Solvency II Rules.
- Inadequate Governance Policies, Procedures and Controls.

- Over-Reliance on one Distribution Partner/Intermediary.
- Direct financial impacts of poor-quality claims handling.
- IT environment and cyber security operation.
- Over-Reliance on Outsource Service Providers.
- Ineffective Operational Processes Causing Failure of Strategy.
- Internal / External Fraud.
- Business Continuity and Operational Resilience Risk.
- Inappropriate Training, Competencies and Resources.
- Regulatory Risk.
- Indirect Impacts of Poor Quality Claims Servicing.
- Inadequate Product Suitability and Transparency.
- Climate Change Risk.
- E&O / Litigation Risk within Claims Function.
- Outsourcing & Third-Party Risk.
- Inadequate Monitoring & Oversight of Branch Operations.

Those risks classified under the Operational Risk profile have been identified, assessed and articulated in the Company's Risk Register. Relevant risk and control owners report to the CRO, who in turn reports to the Risk Committee. The Risk Committee provides oversight and strategic guidance on the identification of new, emerging, or evolving risks. It reviews risk trends and potential control enhancements but does not have direct responsibility for implementing risk management activities, which remain with the operational and risk management functions. The Committee ensures that material risk is escalated appropriately and that risk appetite considerations are aligned with the Company's strategic objectives.

With respect to Regulatory Risk, the Company's Head of Compliance has the responsibility for monitoring new and pending legislation from the CBI or Irish Government, the European Insurance and Occupational Pensions Authority ("EIOPA") and relevant bodies in other applicable jurisdictions for items that could potentially impact the Company. In addition, applicable international risks are identified through discussions, meetings and memos with/from law and accounting firms within the jurisdiction of all ACGL entities.

The Company holds economic capital, based on the Solvency II Standard Formula, against operational risk. The economic capital measured in respect of operational risk increased due to the growth in the Company's existing business.

C.5.2 Material Concentrations

There are no material Operational Risk concentrations.

C.5.3 Operational Risk Mitigation

The Company has put in place a strong internal control framework which mitigates operational risk. In particular, the following are key controls in managing this risk:

- Appropriate segregation of duties across all functions.
- Systems access controls.
- Four-eyes oversight of all key areas.
- Regular management accounting process including reconciliations and checks.
- Business Continuity and a Crisis Incident Management Plan.
- An effective Operational Resilience Framework.
- All outsourced arrangements conducted under formal agreements and in accordance with the Outsourcing Policy.
- Ongoing oversight and regular audits of outsourced service providers.
- All material contracts are reviewed by the Company's Legal team.
- Appropriate reporting to ACGL on all relevant matters to enable oversight.
- Business plans and budgets reviewed quarterly.

- Appropriate governance structures, including quarterly Board meetings.

C.5.4 Stress and Sensitivity Testing

Operational risk is included in the Standard Formula. However, as part of its ORSA process, the Company also considers those areas of operational risk which may not be adequately covered, such as implementation and compliance with Solvency II and other relevant regulation, and other group risks. In addition, operational risk is indirectly stress tested through other risks, such as a credit down-grade of the intra-Group quota share partners. Operational risk comprises a moderate part of the Company's risk profile and the stress tests prove the Company's capital buffer to be sufficiently resilient to withstand this risk.

C.6 Other material risks

Emerging Risks

Emerging risks are newly developing or evolving risks that are difficult to quantify but may have the potential to materially impact the Company's risk profile over time.

The Company maintains a structured approach to identifying and monitoring emerging risks. The Risk Function undertakes horizon scanning and engages with internal stakeholders and the Group Risk Function to identify potential emerging risk themes relevant to the business.

Identified emerging risks are recorded in an Emerging Risk Log and reviewed periodically by the Emerging Risk Group (ERG). Emerging risks are assessed based on their potential impact and expected timeframe to crystallisation and are reported through the Company's governance framework, including the Executive Committee and Board Risk Committee.

Where appropriate, emerging risks may be incorporated into the Risk Register and are also considered as part of the Company's ORSA and forward-looking risk assessments.

Climate Change

Climate Change Risk is recognised by the Company as a key risk within its Risk Register and may affect the Company's risk profile over time. As part of the Arch Group, the Company benefits from group-wide initiatives and frameworks designed to support the identification, assessment and management of climate-related risks.

The Risk Function works closely with the Group Risk Function and relevant stakeholders to monitor climate-related developments and assess their potential implications for the Company's risk profile and business strategy.

In 2025, the Company completed its third Climate Change Risk Materiality Assessment, in line with the Central Bank of Ireland's Guidance for (Re)Insurance Undertakings on Climate Change Risk. This assessment considered the potential impact of physical, transition and liability risks, supporting the ongoing integration of climate-related considerations into the Company's risk management framework.

Climate-related risks are monitored on an ongoing basis and are considered within the Company's broader risk management processes, including risk identification, exposure management and forward-looking risk assessments.

Sustainability

As part of the Arch Group, the Company considers sustainability-related risks within its broader risk management framework. The Group continues to develop its approach to managing and reporting on sustainability-related matters.

During 2025, Arch published its 2024 Sustainability Report, 2024 Sustainability Accounting Standards Board (SASB) Disclosure Report, and 2024 Task Force on Climate-related Financial Disclosures (TCFD) report. These reports outline the Group's approach to managing sustainability-related risks and opportunities.

The Group's sustainability framework focuses on five core impact areas that drive our sustainability initiatives. By organizing our strategy under these pillars, we encompass the Group's collective achievements and sustainability progress across our operations: business (enterprise risk management and underwriting); operations (data protection of customers and employees, ethics and greenhouse gas goals), investments (responsible investment approach); people (including learning and development) and community engagement (corporate philanthropy). AIEU contributes to these Group disclosures and incorporates relevant local regulatory requirements where applicable.

Cyber Risk

With the increased dependency on electronic data storage within the Company and the industry, there is increasing cyber security risk of data theft, and malicious data and service disruption. For AIEU, IT security standards are established and monitored at Group level with oversight from the Company's Head of IT (PCF-49). Performance in relation to information security, including the required periodic activities, is monitored by Management and the Audit Committee.

As part of its broader ICT risk management framework, the Company has implemented measures aligned with the Digital Operational Resilience Act (DORA), which became applicable in January 2025. This includes enhancements relating to ICT risk management, incident reporting, operational resilience testing and third-party risk management.

Additionally, a number of other risks are considered relevant for the Company, including group risk, strategic risk and reputational risk. While these risks have not been fully quantified, they are included within the ORSA and are continuously assessed to maintain regulatory compliance.

Risk Exposure and Material Risk Concentrations

The Company considers the most material exposures in this category of risk are (i) the potential for inappropriate business strategy, (ii) the potential for regulatory breaches and (iii) potential group risk.

Risk Mitigation

Risk controls, risk monitoring and reporting are considered to be the main methods of risk mitigation.

C.7 Any other information

No other material information to report as of 31 December 2025.

Section D – Valuation for Solvency Purposes

D.1 Assets

The table below sets out the value of the assets of the Company as at 31 December 2025 and as at 31 December 2024 under Solvency II and Irish GAAP.

Assets	Year ended 31/12/2025		Year ended 31/12/2024	
	Solvency II	Irish GAAP	Solvency II	Irish GAAP
	€'000	€'000	€'000	€'000
Deferred Tax Asset	0	2,583	0	910
Deferred Acquisition Costs	0	38,216	0	38,206
Investments	154,832	154,832	156,701	156,702
Cash and Cash Equivalents	26,889	26,889	18,435	18,435
Insurance and Intermediaries Receivable	7,272	92,692	11,905	91,405
Reinsurance Balances Receivable	54,777	35,149	35,709	31,939
Deposits to Cedants	16,891	16,541	14,178	13,828
Other Assets and non-insurance receivables	23,924	23,924	19,766	19,767
Reinsurer's Share of Technical Provisions	390,803	768,124	362,034	706,532
Total assets	**675,388**	**1,158,951**	**618,728**	**1,077,723**

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

D.1.1 Deferred tax assets / (liabilities)

Under Irish GAAP, deferred tax assets / (liabilities) are the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Under Solvency II, deferred tax additionally reflects temporary differences arising from the re-measurement of assets and liabilities on a Solvency II basis. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and if they relate to income taxes levied by the same taxation authority on the same taxable entity.

D.1.2 Deferred acquisition costs

In the Irish GAAP financial statements, acquisition costs which represent commission and other related expenses are deferred over the year in which the related premiums are earned. To the extent that acquisition costs are deferred and considered irrecoverable against the related unearned premiums, they are written off to net operating expenses as incurred.

Solvency II balance sheet is prepared based on the best estimate of future cash flow basis. Therefore, deferred acquisition costs are excluded from the Solvency II balance sheet.

D.1.3 Investments

The Company's investments are valued at fair value under Irish GAAP and Solvency II based on market prices at the reporting date, which are quoted prices in active markets for identical assets. Where there are no quoted prices available, the fair value is determined using inputs that are observable for the assets.
The valuation of investments is consistent with the accounting valuation under Irish GAAP.

D.1.4 Cash and cash equivalents

Cash and cash equivalents are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. There are no significant estimates or judgements used in valuing cash holdings due to the nature of the asset.
The valuation of cash and cash equivalents is consistent with the accounting valuation under Irish GAAP.

D.1.5 Insurance and intermediaries' receivables

Insurance and intermediaries' receivables balance represents premiums owed from policyholders. Outstanding premiums are valued at fair value and due to the short-term nature of the receivable no adjustments to valuation are required. The valuation of insurance and intermediaries' receivables under Solvency II is consistent with the accounting valuation under Irish GAAP except that the share of insurance and intermediaries' balances which are not yet due at the valuation date are deducted from the balance and included in the technical provisions cashflow.

D.1.6 Reinsurance balances receivable

Reinsurance balances receivable represents amounts owed from reinsurers. The valuation of reinsurance balances receivable under Solvency II is consistent with the accounting valuation under Irish GAAP except that the share of reinsurance balances receivable which are not yet due at the valuation date are excluded from the balance and included in the technical provisions cashflow.

D.1.7 Deposits to cedants

These balances are valued at fair value reflecting the amount held at the balance sheet date, translated at the closing exchange rate for balances not denominated in the reporting currency. No estimates or judgements are required in the valuation.

The valuation of deposits to cedants is consistent with the accounting valuation under Irish GAAP.

For Solvency II reporting purposes, negative values against an individual deposit to cedants account may not be included within deposits to cedants, which results in a difference in presentation only, with no impact on valuation or own funds. Accordingly, negative balances are reclassified as other liabilities, resulting in an increase in deposits to cedants that is offset by a corresponding increase in other liabilities value.

D.1.8 Other assets and non-insurance receivables

Other assets and non-insurance receivables have been valued using the alternative valuation method in accordance with Solvency II. The Directors have used the cost approach or current replacement cost approach, being the closest to the fair value of these assets.

The valuation of other assets and non-insurance receivables is consistent with the accounting valuation under Irish GAAP.

D.2 Technical provisions

D.2.1 Results summary

The following table sets out the Solvency II technical provisions as at 31 December 2025:

Solvency II Line of Business	Claims Provisions	Premium Provisions	Risk Margin	Gross Technical Provisions	Recoverables from Reinsurance contracts	Net Technical Provisions
Income protection	6,888	(640)	40	6,288	5,399	889
Motor vehicle liability	118,167	10,137	345	128,648	96,347	32,301
Other motor	29,579	2,534	81	32,194	24,261	7,933
Marine, aviation and transport	29,257	(2,290)	919	27,886	23,568	4,318
Fire and other damage to property	40,398	2,116	2,593	45,108	38,182	6,926
General liability	343,311	(2,655)	1,689	342,345	297,355	44,989
Credit and suretyship	27,559	(194,827)	1,963	(165,305)	(108,304)	(57,002)
Miscellaneous financial loss	37	51	1	88	12	77
Non-proportional health	100	(10)	0	90	77	13
Non-proportional casualty	11,764	187	45	11,996	10,833	1,163
Non-proportional marine, aviation and transport	43	(7)	0	37	32	5
Non-proportional property	2,866	497	10	3,373	3,041	332
Total	**609,969**	**(184,907)**	**7,685**	**432,746**	**390,803**	**41,944**

The following table sets out the Solvency II technical provisions as at 31 December 2024:

Solvency II Technical Provisions (€'000) as at 31 December 2024						
Solvency II Line of Business	**Claims Provisions**	**Premium Provisions**	**Risk Margin**	**Gross Technical Provisions**	**Recoverables from Reinsurance contracts**	**Net Technical Provisions**
Income protection	6,613	344	59	7,017	5,978	1,039
Motor vehicle liability	113,262	10,003	483	123,748	97,480	26,267
Other motor	28,395	2,501	111	31,007	24,439	6,567
Marine, aviation and transport	27,109	(8,338)	863	19,634	15,851	3,784
Fire and other damage to property	40,492	5,422	573	46,488	41,199	5,289
General liability	293,990	2,536	2,222	298,746	251,539	47,207
Credit and suretyship	19,676	(152,198)	2,897	(129,625)	(84,827)	(44,798)
Miscellaneous financial loss	69	25	1	95	62	33
Non-proportional health	60	3	0	64	54	9
Non-proportional casualty	9,811	542	59	10,413	9,217	1,195
Non-proportional marine, aviation and transport	432	48	3	484	416	67
Non-proportional property	582	109	3	695	624	70
Total	**540,490**	**(139,001)**	**7,275**	**408,764**	**362,034**	**46,730**

D.2.2 Calculation Methodology

Under Solvency II an economic balance sheet is required – which requires a market valuation of technical provisions. The overarching principle for valuing technical provisions under Solvency II is the current amount undertakings would have to pay if they were to transfer their (re)insurance obligations immediately to another undertaking.

The starting point for valuing the Company's Technical Provisions (TPs) is the Company's Irish GAAP basis reserves for loss and allocated loss adjustment expenses (Loss Reserves). Cash flows associated with those Loss Reserves, along with unearned premium reserves and provisions for other components of economic basis TPs, are calculated for each homogenous risk group using the approach outlined below.

(a) Best Estimate Liability

The best estimate liability ("BEL") is calculated from the cashflows in respect of the claims provisions and premium provisions. The best estimate liability represents the present value of future cashflows. The present value is calculated based on the timing of cashflows and on yield curves provided by EIOPA. The best estimate liability is determined on a gross, ceded and net basis for both the claims provisions and the premium provisions.

(b) Premium Receivable

Premium receivable in respect of the portion of the GAAP premium receivable not yet due on the valuation date is included in the premium provisions cashflows. A consistent approach is applied to calculation of ceded premium payable.

(c) Premium in respect of Bound Business

The Company's technical provision calculation allows for (i) business that is bound and incepted and (ii) business that is bound but not yet incepted ("BBNI") at the valuation date.

The premium provisions include the future premium cashflows in respect of the bound and incepted business and the BBNI business up to the relevant contract boundary.

(d) Future loss and allocated loss adjustment expense

The Company reviews the level of GAAP Loss Reserves and removes any implicit or explicit margins in the GAAP Loss Reserves. Future loss and allocated loss adjustment expense cashflows are projected in respect of the GAAP Loss Reserves, net of any implicit or explicit margins, in order to calculate claims provisions.

Future loss and allocated loss adjustment expense cashflows are projected in respect of the GAAP unearned premium reserves and BBNI premium in order to calculate premium provisions. The projection uses business planning assumptions in respect of future loss ratios on unearned premium reserves and not yet incepted business.

(e) ENIDs

The Solvency II technical provisions must allow for events not in data ("ENIDs"). An ENID loading has been derived by the Company using a truncated distribution approach and is applied to future claim cashflows in both the claims provisions and premium provisions.

(f) Expenses

Acquisition costs directly attributable to the future premium receivable are determined based on the terms of the contracts which generate the premium receivable.
In addition, an allowance for unallocated loss adjustment expenses, administrative expenses and investment management expenses associated with the settlement of the best estimate liabilities is included in the technical provisions.

(g) Adjustment for counterparty default

An adjustment for counterparty default is applied to the ceded technical provisions. The adjustment for counterparty default uses the Probability of Default ("PD") consistent with the Credit Quality Steps specified in EIOPA guidance in respect of the AM Best financial strength rating for reinsurance counterparties.

(h) Risk Margin

The Risk Margin is calculated based on Method 2 from Guideline 61 in the EIOPA Guidelines on the valuation of technical provisions (EIOPA-BoS-14-166). This method projects future SCR values based on the assumption that the SCR to Net BEL ratio is constant through time. A ratio of SCR to Net BEL is determined as of the valuation date. This ratio is applied to future BEL estimates at each 1-year interval until liabilities are fully runoff to estimate future SCR requirements. The estimated future SCR includes Counterparty Default risk Type 1 excluding cash, Underwriting risk excluding future premium and Operational risk. A 6% cost of capital is applied to all SCR estimates through time to estimate the cost of capital to support the liabilities. The resulting series of cost of capital requirements are present valued to the valuation date using the yield curve for the reporting currency of the Company with a 1-year lag per the EIOPA guidance material.

D.2.3 Material Changes since the Last Reporting Period

None

D.2.4 Impact of Reinsurance

The held provisions for Solvency II correspond to the probability-weighted average of all future cash flows including cash flows recoverable from reinsurance contracts and special purpose vehicles. This takes account of the time value of money, using the relevant risk-free interest rate, and the adjustment for the expected losses due to the default of the counterparty (i.e. bad debt).

Recoverables from reinsurance contracts are shown separately on the asset side of the balance sheet (as "recoverables from reinsurance contracts"). Recoveries due on settled claims do not sit within the technical provisions, i.e. those where collection notes have been sent out but not received – reinsurance receivables.

Calculation of amounts recoverable from reinsurance contracts are performed under the same principles as for calculation of the gross best estimate. Risk margins are not required in respect of reinsurance and special purpose vehicle recoverables, as risk margins are calculated at a net level.

Gross and net best estimate reserves are estimated separately for each underwriting year. Reinsurance cash flows are then derived as the difference between gross and net cash flows.

Reserves are calculated on both gross and net (post intra-Group quota share) bases. The net figures are produced in two stages:

- Firstly applying all external reinsurance; and
- Secondly applying the intra-Group quota share reinsurance.

Cash inflows stemming from ceded reinsurance income are calculated as a factor of net premiums. In addition, the principle of correspondence underlying the calculation of reinsurance recoveries is also considered, as set out in the next section.

D.2.5 Level of Uncertainty

Uncertainty in the technical provisions arises from a number of sources:

- The estimates for outstanding losses are based on known information at the balance sheet date. Ultimate settlement of these claims may differ from these estimates.
- The estimates for future losses on both expired and unexpired business are based on actuarial assumptions reflecting past performance and anticipated future changes. These assumptions may ultimately prove to differ from actual experience.

- The estimates of future premium from bound and incepted business and BBNI business are based on known information at the balance sheet date and actuarial assumptions reflecting past performance and anticipated future changes. Ultimate premiums received may differ from these estimates.
- The estimates for expenses are based on reasonable judgement reflecting past experience of expenses and on assumptions as to the run-off period. Either of these factors may differ from ultimate experience.
- Events not in data are, by their nature unpredictable and any allowance made could prove to be over-prudent or insufficient.

The Company follows a robust process in setting appropriate assumptions underlying the calculation of technical provisions. Actual performance is monitored against expectations on an ongoing basis to ensure assumptions are updated as required.

Stress testing was performed on the Solvency II Technical Provisions as at the end of December 31st 2025 in order to give an indication of sensitivity in respect of future claim payments. The following table shows the impact on technical provisions from an increase in the future cashflow in respect of loss and allocated loss adjustment expenses (including allowance for ENIDs) from €825.5m to €949.3m, which is an increase of 15%:

As at 31 December 2025	Company Held €'000	Stress Case €'000	Variance €'000
Gross Technical Provisions	432,746	550,186	117,440
Net Technical Provisions	41,944	57,174	15,231

The above results of sensitivity testing should be considered in the context of the Company's solvency profile. As at December 31st 2025, the Company's SCR was €81.0m, against which it held eligible own funds of €171.1m, equating to SCR coverage ratio of 211%.

D.2.6 Material Differences between Irish GAAP and Solvency II

Whilst some of the approaches and techniques applied under Solvency II are similar to those followed under the existing Irish GAAP rules, there are other rules where there will be significant differences. These include:

- Movement to a cash flow basis for valuation of both gross business and reinsurance.
- Removal of any implicit or explicit margins within technical provisions to give a "true best estimate" for solvency purposes, defined as the mean of the full range of possible future outcomes.
- Introduction of the valuation of very low probability extreme events including latent claims, referred to as an allowance for "events not in data" or ENIDs.
- Removal of the requirements to hold an unearned premium reserve and to allow for other non-monetary items. These are replaced by "premium provisions", valued on a best estimate basis. This also includes a requirement to take account of all future premium cash inflows.
- Movement to recognising contracts on a "legal obligation basis". This will mean the inclusion of business currently not valued as part of the Irish GAAP valuation – for example 1 January renewals entered into prior to a 31 December valuation.
- Introduction of discounting of cash flows.
- Introduction of the principle of a market consistent basis and calculation of a "risk margin".
- Valuation of liabilities segmented by at minimum, the Solvency II lines of business.

D.2.7 Other Comments

The Company does not apply the matching adjustment referred to in Article 77 b of Directive 2009/138/EC, the volatility adjustment referred to in Article 77 d of Directive 2009/138/EC, the transitional adjustment to the risk-free interest rate term structure referred to in Article 308 c of Directive 2009/138/EC, or the transitional deduction referred to in Article 308 d of Directive 2009/138/EC.

Due to the nature of the business and the low level of materiality in respect of policyholders opting to lapse, no lapse assumption has been applied to future premium in the calculation of technical provisions.
Future management actions are not considered relevant for this business.

D.2.8 Irish GAAP to Solvency II Comparison

The table below sets out the movement analysis between Irish GAAP and Solvency II for the Company as at 31 December 2025 and as at 31 December 2024:

Technical Provisions	Year ended 31/12/2025			Year ended 31/12/2024		
Irish GAAP basis and Solvency II basis	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Best Estimate Claims Provisions	609,969	534,022	75,946	540,490	471,968	68,522
Best Estimate Premium Provisions	(184,907)	(143,219)	(41,688)	(139,001)	(109,934)	(29,068)
Best Estimate Liability	425,061	390,803	34,259	**401,489**	**362,034**	**39,453**
Risk Margin	7,685	-	7,685	7,275	-	7,275
Technical Provisions	**432,746**	**390,803**	**41,944**	**408,764**	**362,034**	**46,730**
GAAP Reserves (Losses and ALAE)	**703,228**	**621,237**	**81,991**	**632,447**	**557,304**	**75,143**
Remove Margins	(72,334)	(64,664)	(7,669)	(76,072)	(67,072)	(9,000)
Allowance for ENID	14,937	13,230	1,707	8,634	7,707	927
Change of Expense Basis	4,835	-	4,835	5,202	-	5,202
Adjustment for Counterparty Default	-	(271)	271	-	(242)	242
Discounting Impact	(40,699)	(35,511)	(5,188)	(29,720)	(25,729)	(3,991)
Solvency II Claims Provisions	**609,969**	**534,022**	**75,946**	**540,490**	**471,968**	**68,522**
	-	-	-			
GAAP Reserves (Unearned Premium)	**168,472**	**146,889**	**21,583**	**172,708**	**149,230**	**23,479**
Remove Unearned Premium Reserve	(168,472)	(146,889)	(21,583)	(172,708)	(149,230)	(23,479)
Future Premium	(401,408)	(380,644)	(20,764)	(337,741)	(326,162)	(11,579)
Future Acquisition Costs	36,789	88,334	(51,546)	32,731	76,914	(44,183)
Future Losses and ALAE	170,938	147,966	22,972	158,016	137,621	20,395
Allowance for ENID	8,733	7,534	1,199	6,545	5,661	885
Change of Expense Basis	2,941	-	2,941	3,256	-	3,256
Adjustment for Counterparty Default	-	(77)	77	-	(66)	66
Discounting Impact	(2,898)	(6,332)	3,433	(1,809)	(3,902)	2,093
Solvency II Premium Provisions	**(184,907)**	**(143,219)**	**(41,688)**	**(139,001)**	**(109,934)**	**(29,068)**

The movement from Irish GAAP basis reserves and Solvency II Technical Provisions applies in the same manner for each Line of Business.

D.3 Other liabilities

The table below sets out the value of the liabilities of the Company as at 31 December 2025 and as at 31 December 2024 under Solvency II and Irish GAAP.

Liabilities	Year ended 31/12/2025		Year ended 31/12/2024	
	Solvency II	Irish GAAP	Solvency II	Irish GAAP
	€'000	€'000	€'000	€'000
Deferred Tax Liability	8,288	0	9,816	0
Deferred Ceding Commission	0	38,547	0	47,771
Reinsurance payables	12	76,318	440	86,245
Insurance and intermediaries payables	28,100	28,100	20,464	20,464
Deposits from reinsurers	1,985	1,985	1,861	1,861
Other liabilities and non-insurance payables	33,202	32,852	15,705	15,355
Technical Provisions	432,746	871,701	408,764	805,156
Total liabilities	**504,333**	**1,049,503**	**457,050**	**976,852**

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

D.3.1 Deferred ceded acquisition costs

In the Irish GAAP financial statements, ceded acquisition costs which represent commission and other related expenses are deferred over the year in which the related reinsurers' share of premiums are earned. To the extent that ceded acquisition costs are deferred and considered irrecoverable against the related reinsurers' share of unearned premiums, they are written off to net operating expenses as incurred.
Solvency II balance sheet is prepared based on the best estimate of future cash flow basis. Therefore, deferred ceded acquisition costs are being excluded from the Solvency II balance sheet.

D.3.2 Reinsurance payables

Reinsurance payables balance represents amounts due to reinsurers in respect of ceded premiums. Reinsurance payables are valued at fair value and due to the short-term nature of the payables no adjustments to valuation are required. The valuation of reinsurance payables is consistent with the accounting valuation under Irish GAAP except that the share of reinsurance payables which are not yet due at the valuation date are deducted from the balance and included in the technical provisions cashflow.

D.3.3 Insurance and intermediaries payable

Insurance and intermediaries' payables balance represents amounts owed to policyholders. The valuation of insurance and intermediaries' payables is consistent with the accounting valuation under Irish GAAP except that the share of insurance and intermediaries payables balances which are not yet due at the valuation date are deducted from the balance and included in the technical provisions cashflow.

D.3.4 Deposits from reinsurers

These balances are valued at fair value reflecting the amount held at the balance sheet date, translated at the closing exchange rate for balances not denominated in the reporting currency. No estimates or judgements are required in the valuation.
The valuation of deposits from reinsurers is consistent with the accounting valuation under Irish GAAP.

D.3.5 Other liabilities and non-insurance payables

Other liabilities and non-insurance payables have been valued using the alternative valuation method in accordance with Solvency II. The Directors have used the cost approach or current replacement cost approach, being the closest to the fair value of these liabilities.
The valuation of other liabilities and non-insurance payables is consistent with the accounting valuation under Irish GAAP.

D.4 Alternative methods for valuation

As previously stated, (i) other assets and non-insurance receivables and (ii) other liabilities and non-insurance payables have been valued using the alternative valuation method in accordance with Solvency II.

D.5 Any other information

The Company has a number of risk management policies in place that aim to protect the balance sheet against various risks. These include the investment risk policy and underwriting and reserving risk policy. Further information on the Company's risk management is provided in Section B above.

D.5.1 Going Concern

The directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the SFCR is authorised for issue ('the period of assessment') and have prepared the SFCR on a going concern basis.

In making this assessment the directors considered the impact of the current geo-political and macroeconomic climate and ongoing conflicts in Iran, Ukraine and between Israel/Hamas on the Insurance industry and the Company's business, including:

- the Company's capital position and the surplus over its Solvency Capital Requirements and Minimum Capital Requirements reflect the fact that the Company expects to have sufficient Own Funds to meet its Solvency Requirements.
- the outcome of the stress and sensitivity tests carried out by the Company as part of its Own Risk and Solvency Assessment ("ORSA") process.
- forecasts for the period of assessment which are influenced by the Company's/Group's historic performance and its past record of achieving strategic objectives.
- the Company's level of reinsurance.
- the credit rating of the Company's ultimate parent and principal reinsurance counterparties.
- the company's liquidity position and conservative investment strategy.

On that basis, the Directors consider it appropriate to prepare the SFCR on a going concern basis. As such the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

No other material information to report as of 31 December 2025.

Section E – Capital Management

E.1 Own Funds

E.1.1 Management of Own Funds

The Company has adopted a capital management policy setting out the methodology and procedures to provide oversight of the Company's own funds. The strategic objectives articulated in the capital management policy are (i) to ensure compliance with the Company's regulatory capital requirements, (ii) to manage and allocate capital efficiently to achieve sustainable returns and facilitate growth objectives as articulated in the Company's business plans; and (iii) to ensure access to capital markets on competitive terms, so that the Company's overall cost of capital is minimised. To achieve these objectives, the Company strives to maintain capital levels that are consistent with its risk appetite, corporate strategy, and statutory minimum requirements, at both a point in time and on a forward-looking basis. The Company's time horizon for both business planning and capital planning spans five years.

The Company has adopted a capital management plan which is reviewed annually and sets out the methodology and procedures to provide oversight of the Company's own funds. The capital management plan articulates solvency capital thresholds, corrective actions to be taken if the thresholds are reached and potential sources of capital for the Company and their estimated timeframe of realisation.

High level roles and responsibilities in relation to capital management activities are outlined below.

- Board: Sole responsibility for approving the capital management policy and plan. Overall responsibility for monitoring capital management.
- Risk Committee: Reviews the capital management policy and plan and makes recommendations to the Board. Responsible for reviewing and monitoring the key capital management metrics and tolerances and presenting key capital management information to the Board on an ongoing basis.
- Audit Committee: Responsible for aligning the investment strategy with the capital management policy and plan and ensuring an appropriate level of funds are available to meet the Company's obligations.
- Finance Function: Responsible for producing the reports necessary for appropriate monitoring that the capital management policy is being followed and monitoring execution of the capital management plan.
- Actuarial Function: Responsible for maintaining the capital models, which amongst other things, calculate the solvency capital requirement for the Company.
- Risk Management Function: Responsible for maintaining and developing the capital management policy and plan.

In the event that the ongoing monitoring indicates that Company's capital position is outside of risk appetite, corrective actions shall, as deemed appropriate, be taken. Proposed corrective actions shall be initiated by the Finance Function, after receiving approval from the Board on the appropriate corrective action to be taken.

The Company has identified management actions which would provide capital relief if required:

- Restricting line sizes / product redesign / repricing.
- Discontinue / Run off certain lines of business.
- Adjustment of investment strategy.

Estimated timeframe for realization of relief from the management actions is twelve months.

Other potential sources of capital which the Company has identified are:

- Additional capital sourced from Group through contributed capital, capital loan or additional reinsurance arrangements.
- Capital sourced from outside parties, e.g. merger, private equity.

Estimated timeframe for realization of relief from the potential sources of capital from the Group is 1 to 3 months. Estimated timeframe for realization of relief from outside parties is three months to one year.

There have been no material changes to capital management during 2025.

In addition to the Company's capital management plan and policy, AIEU have in place a Board approved Recovery Plan and Policy.

E.1.2 Classification of Own Funds

The following table shows the Company's Own Funds by Tier as at 31 December 2025 and 31 December 2024:

Own Funds ***Tier***	***Composition***	**Year ended 31/12/2025 €'000**	**Year ended 31/12/2024 €'000**
Tier 1	Paid in Capital	97,252	97,252
Tier 1	Reconciliation Reserve	73,802	64,428
Tier 1 subtotal before Deduction		171,054	161,680
Tier 1 Deduction (Capital Contribution)		-	-
Tier 1 Total		171,054	161,680
Tier 2 Total		0	0
Tier 3 Total		0	0
Total eligible own funds to meet the SCR		**171,054**	**161,680**
Total eligible own funds to meet the MCR		**171,054**	**161,680**

The Company's Own Funds consist of Tier 1 Own Funds comprised of paid-in capital and reconciliation reserve. The reconciliation reserve equals the excess of assets over liabilities less other own funds items as at the reporting date and represents retained earnings less adjustments from GAAP to Solvency II valuation.

E.1.3 Terms and Conditions of Own Funds

There is no restriction on the availability or the eligibility or transferability of the own funds.

E.1.4 Differences in Own Funds between Financial Statements and Solvency II Valuation

The difference between the equity shown in the Company's financial statements and the Solvency II eligible own funds arises due to (i) the valuation of technical provisions, (ii) the inclusion of a portion of the GAAP balances/receivables in the technical provisions, (iii) the ineligibility of the deferred acquisition costs, (iv) the adjustment to the deferred tax net asset and (v) the removal of the non-eligible own funds.

Differences in Own Funds between Financial Statements and Solvency II Valuation	Year ended 31/12/2025 €'000	Year ended 31/12/2024 €'000
Financial Statement Shareholders' Funds	**109,448**	**100,872**
Adjustments for Solvency II:		
Difference in valuation of net Technical Provisions	61,634	51,894
Balances / Receivables included in Technical Provisions	10,514	10,076
Removal of net Deferred Acquisition Costs	330	9,564
Adjustment to deferred tax net asset	(10,872)	(10,726)
Excess of Assets over Liabilities	**171,054**	**161,680**
Solvency II Non-Eligible Own Funds	-	-
Total eligible own funds to meet the SCR	**171,054**	**161,680**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Calculation of SCR and MCR

In respect of the calculation of the SCR and MCR:

- The Company uses the Standard Formula.
- Undertaking specific parameters are not used.
- No capital add-ons are applied to the SCR figures.
- The simplifications outlined in Articles 107, 108, 110, 111 and 112 Commission Delegated Regulation (EU) 2015/35 apply to the Counterparty default risk sub-module.
- No simplifications have been used in the other risk sub-modules.
- The MCR is calculated based on the Linear MCR based on the net of reinsurance best estimate technical provisions and the net of reinsurance written premiums in the last 12 months. Then a floor of 25% of the SCR and a cap of 45% of the SCR is applied with an absolute floor of €4.0m also applied to derive the final MCR requirement.

The SCR is €81.0m as at 31 December 2025 and was €77.4m as at 31 December 2024. A breakdown of SCR by risk category is set out in the following table:

SCR by Risk Category	Year ended 31/12/2025 €'000	Year ended 31/12/2024 €'000
Market risk	33,727	33,686
Counterparty default risk	20,676	20,362
Life underwriting risk	-	-
Health underwriting risk	682	702
Non-life underwriting risk	53,621	49,843
Diversification	(26,118)	(25,533)
Basic Solvency Capital Requirement	**82,589**	**79,061**
Operational Risk	12,752	12,045
Loss-absorbing capacity of deferred taxes	(14,301)	(13,666)
Solvency Capital Requirement	**81,039**	**77,439**

The MCR is €20.3m as at 31 December 2025 and was €19.4m as at 31 December 2024. The following table shows the inputs used to calculate the MCR:

Inputs for MCR	**Year ended 31/12/2025**		**Year ended 31/12/2024**	
Line of Business	**Net of Reinsurance Best Estimate €'000**	**Net of Reinsurance written premiums in last 12 months €'000**	**Net of Reinsurance Best Estimate €'000**	**Net of Reinsurance written premiums in last 12 months €'000**
Income Protection	849	1,801	979	1,679
Motor Vehicle Liability	31,956	8,944	25,784	8,719
Other Motor	7,852	2,562	6,456	2,180
Marine, Aviation and Transport	3,399	5,445	2,920	6,376
Fire and Other Damage to Property	4,333	4,176	4,716	3,177
General Liability	43,301	26,736	44,986	23,068
Credit and Suretyship	0	5,360	0	4,394
Miscellaneous financial loss	76	37	32	19
Non-proportional health reinsurance	12	51	9	37
Non-proportional casualty reinsurance	1,118	513	1,136	618
Non-proportional marine, aviation and transport reinsurance	5	41	64	17
Non-proportional property reinsurance	322	111	67	95
Linear MCR	15,407		14,325	
SCR	81,039		77,439	
Combined MCR	20,260		19,360	
Absolute Floor of the MCR	4,000		4,000	
Minimum Capital Requirement	**20,260**		**19,360**	

The Company's SCR and MCR increased during 2025. The SCR for Non-life underwriting risk and Counterparty default risk increased due to the higher level of premium written during the year compared to prior year. The SCR for operational risk increased due to the increase in Technical Provisions.

The loss-absorbing capacity of deferred taxes is higher as at 31 December 2025 relative to 31 December 2024, reflecting an increase in amount of Basic Solvency Capital Requirement, the SCR for Operational risk, premium written during the year and the level of expected profits over the business planning period, compared to the prior year business plan.

E.2.2 SCR ratio and MCR ratio

The ratio of eligible own funds to SCR is 211% and the ratio of eligible own funds to MCR is 844% as at 31 December 2025. The ratio of eligible own funds to SCR was 209% and the ratio of eligible own funds to MCR was 835% as at 31 December 2024.

SCR ratio and MCR ratio	**Year ended 31/12/2025 €'000**	**Year ended 31/12/2024 €'000**
Total eligible own funds to meet the SCR	171,054	161,680
Total eligible own funds to meet the MCR	171,054	161,680
SCR	81,039	77,439
MCR	20,260	19,360
Ratio of eligible own funds to SCR	**211%**	**209%**
Ratio of eligible own funds to MCR	**844%**	**835%**

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

The Company is not using the duration-based equity risk sub-module. This is not applicable to the Company as it does not provide retirement benefits.

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

This section is not applicable to the Company as it does not use an approved internal model.

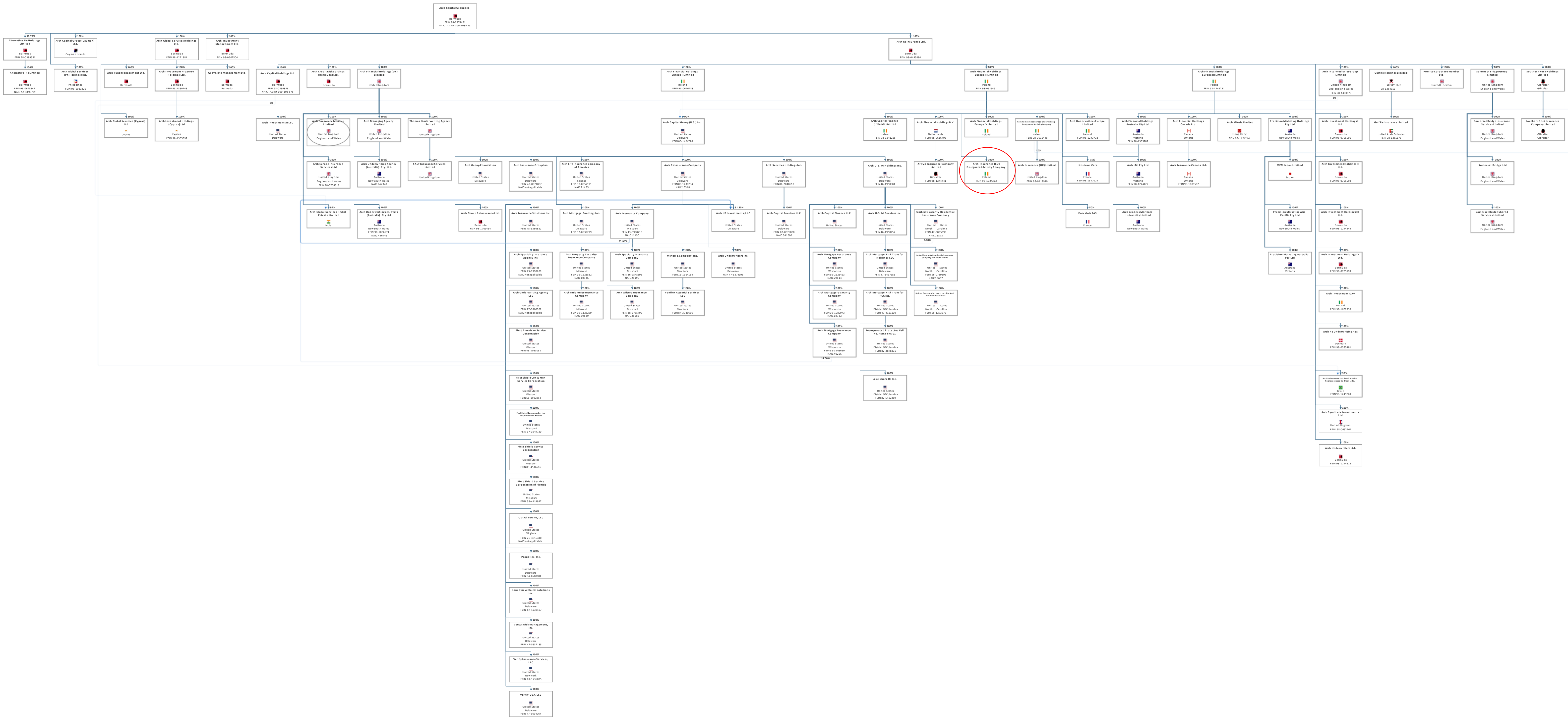
E.5 Non-compliance with the MCR and non-compliance with the SCR

The Company complies with the Solvency Capital Requirement and Minimum Capital Requirement during 2025.

E.6 Any other information.

No other material information to report as of 31 December 2025.

Appendix 1 – ACGL Organizational Chart



Notes:
*Third party entities which are less than 50% owned by an Arch company are not shown on this chart
*For each entity the following is listed: ownership percentage, country flag, FEIN #, company name, jurisdiction, NAIC# or equivalent, region/state

Note 1: Arch Financial Holdings (UK) Limited owns 12 more corporate member companies which are presented under one heading of Arch Corporate Member Limited

Appendix 2 – Quantitative Reporting Templates

S.02.01.02 Balance Sheet (€'000)

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	106
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	154,832
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	0
Equities - listed	**R0110**	0
Equities - unlisted	**R0120**	0
Bonds	**R0130**	152,075
Government Bonds	**R0140**	83,152
Corporate Bonds	**R0150**	68,922
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	2,758
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	0
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	0
Reinsurance recoverables from:	**R0270**	390,803
Non-life and health similar to non-life	**R0280**	390,803
Non-life excluding health	**R0290**	385,636
Health similar to non-life	**R0300**	5,167
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	0
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	0
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	16,891
Insurance and intermediaries receivables	**R0360**	7,272
Reinsurance receivables	**R0370**	54,777
Receivables (trade, not insurance)	**R0380**	1,811
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	26,889
Any other assets, not elsewhere shown	**R0420**	22,007
Total assets	**R0500**	675,388

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	432,746
Technical provisions – non-life (excluding health)	R0520	426,726
TP calculated as a whole	R0530	0
Best Estimate	R0540	419,082
Risk margin	R0550	7,645
Technical provisions - health (similar to non-life)	R0560	6,020
TP calculated as a whole	R0570	0
Best Estimate	R0580	5,980
Risk margin	R0590	40
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
TP calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
TP calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Other technical provisions	R0730	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	1,985
Deferred tax liabilities	R0780	8,288
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	28,100
Reinsurance payables	R0830	12
Payables (trade, not insurance)	R0840	32,852
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	350
Total liabilities	R0900	504,334
Excess of assets over liabilities	R1000	171,054

S.05.01.02 Premiums, claims and expenses by line of business (€'000)

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**							
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss
		C0020	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0120**
Premiums written									
Gross - Direct Business	**R0110**	11,108	71,350	17,838	37,912	29,001	191,673	41,179	281
Gross - Proportional reinsurance accepted	**R0120**	1,019	0	0	191	6,088	678	0	0
Gross - Non-proportional reinsurance accepted	**R0130**								
Reinsurers' share	**R0140**	10,327	62,406	15,275	32,657	30,912	165,615	35,819	244
Net	**R0200**	1,801	8,944	2,562	5,445	4,176	26,736	5,360	37
Premiums earned									
Gross - Direct Business	**R0210**	11,118	67,971	16,993	35,906	34,032	190,993	45,662	200
Gross - Proportional reinsurance accepted	**R0220**	1,050	0	0	89	5,313	664	0	0
Gross - Non-proportional reinsurance accepted	**R0230**								
Reinsurers' share	**R0240**	10,362	59,499	14,544	30,864	34,633	165,426	40,005	173
Net	**R0300**	1,806	8,472	2,449	5,132	4,712	26,231	5,658	27
Claims incurred									
Gross - Direct Business	**R0310**	4,819	38,534	9,633	23,877	21,821	97,713	8,119	130
Gross - Proportional reinsurance accepted	**R0320**	195	0	0	59	4,438	322	0	0
Gross - Non-proportional reinsurance accepted	**R0330**								
Reinsurers' share	**R0340**	4,263	32,517	8,167	20,380	23,746	84,476	6,861	113
Net	**R0400**	751	6,016	1,466	3,555	2,512	13,560	1,258	18
Changes in other technical provisions									
Gross - Direct Business	**R0410**								
Gross - Proportional reinsurance accepted	**R0420**								
Gross - Non- proportional reinsurance accepted	**R0430**								
Reinsurers'share	**R0440**								
Net	**R0500**								
Expenses incurred	**R0550**	533	3,824	956	-16	-948	7,073	-416	16
Other expenses	**R1200**								
Total expenses	**R1300**								

S.05.01.02 Premiums, claims and expenses by line of business (€'000) (continued)

		Line of Business for: **accepted non-proportional reinsurance**				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written						
Gross - Direct Business	**R0110**					400,342
Gross - Proportional reinsurance accepted	**R0120**					7,976
Gross - Non-proportional reinsurance accepted	**R0130**	340	3,843	286	1,074	5,543
Reinsurers' share	**R0140**	289	3,330	245	964	358,084
Net	**R0200**	51	513	41	111	55,777
Premiums earned						
Gross - Direct Business	**R0210**	-	-	-	-	402,876
Gross - Proportional reinsurance accepted	**R0220**	-	-	-	-	7,116
Gross - Non-proportional reinsurance accepted	**R0230**	350	3,763	134	938	5,184
Reinsurers' share	**R0240**	298	3,243	115	839	360,000
Net	**R0300**	52	520	19	99	55,177
Claims incurred						
Gross - Direct Business	**R0310**	-	-	-	-	204,646
Gross - Proportional reinsurance accepted	**R0320**	-	-	-	-	5,014
Gross - Non-proportional reinsurance accepted	**R0330**	65	1,826	88	783	2,762
Reinsurers' share	**R0340**	55	1,569	75	715	182,938
Net	**R0400**	10	256	13	68	29,484
Changes in other technical provisions						
Gross - Direct Business	**R0410**					
Gross - Proportional reinsurance accepted	**R0420**					
Gross - Non- proportional reinsurance accepted	**R0430**					
Reinsurers'share	**R0440**					
Net	**R0500**					
Expenses incurred	**R0550**	14	71	14	67	11,187
Other expenses	**R1200**	-	-	-	-	0
Total expenses	**R1300**					11,187

S.04.05.21 — Activity by country – location of risk

		Home country	Top 5 countries: non-life IT	DK	NL	ES	FR
		C0010	C0020				
Premiums written (gross)							
Gross Written Premium (direct)	**R0020**	116,252	106,521	24,158	24,001	17,410	18,291
Gross Written Premium (proportional reinsurance)	**R0021**	977	1,283	604	-	135	58
Gross Written Premium (non-proportional reinsurance)	**R0022**	1,837	2,075	225	140	-	-
Premiums earned (gross)							
Gross Earned Premium (direct)	**R0030**	117,378	103,303	22,633	23,001	17,192	18,418
Gross Earned Premium (proportional reinsurance)	**R0031**	853	1,366	488	-	117	41
Gross Earned Premium (non-proportional reinsurance)	**R0032**	1,513	1,816	187	78	-	-
Claims incurred (gross)							
Claims incurred (direct)	**R0040**	64,279	50,102	8,403	13,267	10,426	9,833
Claims incurred (proportional reinsurance)	**R0041**	712	514	331	-	98	15
Claims incurred (non-proportional reinsurance)	**R0042**	615	834	82	40	-	-
Expenses incurred (gross)							
Gross Expenses Incurred (direct)	**R0050**	34,107	42,780	6,929	9,049	6,833	7,839
Gross Expenses Incurred (proportional reinsurance)	**R0051**	142	414	155	-	19	14
Gross Expenses Incurred (non-proportional reinsurance)	**R0052**	261	704	35	27	-	-

S.17.01.02 Non-life technical provisions (€'000)

		Direct business and accepted proportional reinsurance							
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss
		C0030	C0050	C0060	C0070	C0080	C0090	C0100	C0130
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**	-640	10,137	2,534	-2,290	2,116	-2,655	-194,827	51
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-537	-5,483	-1,371	-2,097	1,506	-4,506	-131,436	-18
Net Best Estimate of Premium Provisions	**R0150**	-103	15,620	3,905	-193	610	1,851	-63,392	69
Claims provisions									
Gross	**R0160**	6,888	118,167	29,579	29,257	40,398	343,311	27,559	37
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	5,935	101,831	25,632	25,665	36,675	301,861	23,132	30
Net Best Estimate of Claims Provisions	**R0250**	952	16,336	3,947	3,592	3,723	41,450	4,427	7
Total Best estimate - gross	**R0260**	6,248	128,303	32,113	26,966	42,515	340,656	-167,268	88
Total Best estimate - net	**R0270**	849	31,956	7,852	3,399	4,333	43,301	-58,965	76
Risk margin	**R0280**	40	345	81	919	2,593	1,688	1,963	1
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**								
Best estimate	**R0300**								
Risk margin	**R0310**								
Technical provisions - total									
Technical provisions - total	**R0320**	6,288	128,648	32,194	27,886	45,108	342,345	-165,305	88
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	5,399	96,347	24,261	23,568	38,182	297,355	-108,304	12
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	889	32,301	7,933	4,318	6,926	44,989	-57,002	77

S.17.01.02 Non-life technical provisions (€'000) (continued)

		Accepted non-proportional reinsurance				Total Non-Life obligation
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010					
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050					
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross	R0060	-10	187	-7	497	-184,907
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-9	299	-6	438	-143,219
Net Best Estimate of Premium Provisions	R0150	-2	-112	-1	59	-41,689
Claims provisions						
Gross	R0160	100	11,764	43	2,866	609,969
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	86	10,534	37	2,603	534,021
Net Best Estimate of Claims Provisions	R0250	14	1,230	6	263	75,947
Total Best estimate - gross	R0260	89	11,951	36	3,364	425,061
Total Best estimate - net	R0270	12	1,118	5	322	34,259
Risk margin	R0280	0	45	0	10	7,685
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290					
Best estimate	R0300					
Risk margin	R0310					
Technical provisions - total						
Technical provisions - total	R0320	90	11,996	37	3,373	432,746
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	77	10,833	32	3,041	390,803
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	13	1,163	5	332	41,944

S.19.01.21 Non-life insurance claims information (€'000)

Annex I

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0020**	2

Gross Claims Paid (non-cumulative)

(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**		**C0170**	**C0180**
Prior	**R0100**											3,213	**R0100**	3,213	180,571
N-9	**R0160**	19	1,986	1,918	704	46	1,462	2,000	1,382	949	297		**R0160**	297	10,763
N-8	**R0170**	14	3,577	2,442	75	2,928	2,775	1,412	2,832	3,646			**R0170**	3,646	19,703
N-7	**R0180**	3,071	5,346	54	4,032	2,511	4,241	2,537	1,178				**R0180**	1,178	22,970
N-6	**R0190**	2,645	11,990	16,248	9,296	12,160	6,743	4,636					**R0190**	4,636	63,719
N-5	**R0200**	4,300	13,365	14,506	12,933	15,941	9,951						**R0200**	9,951	70,995
N-4	**R0210**	7,761	15,802	21,320	33,001	17,959							**R0210**	17,959	95,843
N-3	**R0220**	5,386	22,131	36,699	19,152								**R0220**	19,152	83,368
N-2	**R0230**	3,918	15,914	21,514									**R0230**	21,514	41,347
N-1	**R0240**	10,748	45,640										**R0240**	45,640	56,388
N	**R0250**	9,151											**R0250**	9,151	9,151
												Total	**R0260**	136,337	654,819

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**		**C0360**
Prior	**R0100**											45,498	**R0100**	42,144
N-9	**R0160**	14,301	22,288	17,368	17,034	17,044	18,786	16,085	13,502	10,394	10,475		**R0160**	9,728
N-8	**R0170**	8,839	23,758	22,738	21,838	17,920	15,663	16,284	10,932	7,527			**R0170**	7,016
N-7	**R0180**	7,784	23,996	33,626	33,240	28,346	22,674	14,026	13,237				**R0180**	12,377
N-6	**R0190**	19,161	83,497	82,691	67,807	48,038	32,495	26,699					**R0190**	25,612
N-5	**R0200**	28,524	97,153	89,124	80,591	61,805	48,769						**R0200**	46,444
N-4	**R0210**	31,731	107,117	102,029	85,130	71,268							**R0210**	67,324
N-3	**R0220**	43,323	114,036	103,503	92,027								**R0220**	87,036
N-2	**R0230**	51,158	101,652	95,586									**R0230**	89,480
N-1	**R0240**	90,835	155,712										**R0240**	144,615
N	**R0250**	83,868											**R0250**	78,194
												Total	**R0260**	609,969

S.23.01.01 Own funds (€'000)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	97,252	97,252			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070	-	-			
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	73,802	73,802			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	-				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	171,054	171,054	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	171,054	171,054			
Total available own funds to meet the MCR	R0510	171,054	171,054			
Total eligible own funds to meet the SCR	R0540	171,054	171,054			
Total eligible own funds to meet the MCR	R0550	171,054	171,054			
SCR	R0580	81,039				
MCR	R0600	20,260				
Ratio of Eligible own funds to SCR	R0620	211%				
Ratio of Eligible own funds to MCR	R0640	844%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	171,054	-
Own shares (held directly and indirectly)	R0710	-	-
Foreseeable dividends, distributions and charges	R0720	-	-
Other basic own fund items	R0730	97,252	-
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-	-
Reconciliation reserve	R0760	73,802	-
Expected profits			-
Expected profits included in future premiums (EPIFP) - Life business	R0770		-
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	205,561	-
Total Expected profits included in future premiums (EPIFP)	R0790	205,561	-

S.25.01.21 Solvency capital requirement – for undertakings on Standard Formula (€'000)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	33,727		
Counterparty default risk	R0020	20,676		
Life underwriting risk	R0030	0	None	
Health underwriting risk	R0040	682	None	
Non-life underwriting risk	R0050	53,621	None	
Diversification	R0060	(26,118)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	82,589		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	12,752
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(14,301)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	81,039
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	81,039
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	1

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	(14,301)
LAC DT justified by reversion of deferred tax liabilities	R0650	(8,288)
LAC DT justified by reference to probable future taxable profit	R0660	(6,013)
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	(14,301)

S.28.01.01 Minimum capital requirement – only life or only non-life or reinsurance activity (€'000)

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	15,407

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030	849	1,801
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	31,956	8,944
Other motor insurance and proportional reinsurance	R0060	7,852	2,562
Marine, aviation and transport insurance and proportional reinsurance	R0070	3,399	5,445
Fire and other damage to property insurance and proportional reinsurance	R0080	4,333	4,176
General liability insurance and proportional reinsurance	R0090	43,301	26,736
Credit and suretyship insurance and proportional reinsurance	R0100	0	5,360
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	76	37
Non-proportional health reinsurance	R0140	12	51
Non-proportional casualty reinsurance	R0150	1,118	513
Non-proportional marine, aviation and transport reinsurance	R0160	5	41
Non-proportional property reinsurance	R0170	322	111

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	15,407
SCR	R0310	81,039
MCR cap	R0320	36,468
MCR floor	R0330	20,260
Combined MCR	R0340	20,260
Absolute floor of the MCR	R0350	4,000
		C0070
Minimum Capital Requirement	R0400	20,260