



# **Solvency and Financial Condition Report**

**QBE Europe SA/NV**

For the year ended 31 December 2025

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# Summary

This document (the Solvency and Financial Condition Report, or 'SFCR') sets out qualitative and quantitative information on the business and performance, system of governance, risk profile, valuation for solvency purposes and capital management on a Solvency II basis of QBE Europe SA/NV ('QBE Europe' or 'the Company') for the year ended 31 December 2025.

QBE Europe is a Belgium incorporated insurer and reinsurer authorised by the National Bank of Belgium ('NBB') and regulated by the Belgian Financial Services and Markets Authority ('FSMA') with respect to conduct of business. QBE Europe underwrites insurance and reinsurance business across the European Economic Area ('EEA') or worldwide on a Freedom of Services ('FOS') and Freedom of Establishment ('FOE') basis from its head office (based in Brussels, Belgium) and its European Economic Area ('EEA') branches. QBE Europe underwrites risks from the UK through its UK and Bermudian branches and has a Representation Office in Colombia, Latin America dedicated solely to reinsurance business.

QBE Europe's UK Branch is authorised and regulated by the Prudential Regulatory Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') with respect to conduct of business. It is also regulated by the NBB and FSMA as part of QBE Europe.

The Company is a wholly owned subsidiary of QBE Holdings (EO) Limited ('QHEO') which is a wholly owned subsidiary of QBE European Operations plc ('EO plc'). The ultimate parent of EO plc is the Sydney headquartered QBE Insurance Group Limited ('QBE Group'). QBE Group is listed on the Australian Securities Exchange ('ASX') and is a globally recognised general insurer and reinsurer.

As the holding company of QBE Group's European Operations, EO plc owns, through its wholly owned subsidiary QHEO, other subsidiary undertakings alongside QBE Europe, including QBE UK Limited ('QBE UK'), QBE Corporate Limited ('QBE Corporate') and QBE Underwriting Limited ('QUL'). QBE UK is a UK incorporated and authorised (re)insurer. QBE Corporate participates in two Lloyd's syndicates (Syndicate 2999 and Syndicate 386). These Syndicates are managed by EO Group's Lloyd's managing agent, QUL.

For the purposes of this document the EO Group is defined as EO plc and its subsidiary undertakings including QBE Europe, QBE UK, QBE Corporate and QUL.

This SFCR has been prepared in accordance with the NBB Rules and Solvency II Regulations.

## Business and Performance

Key drivers of the business model and performance are the gross premium income written by the Company, the claims experience in relation to the net premium income, performance of the investment portfolio and management of the underlying expense and commission base.

The global macroeconomic environment and inflationary pressures remained a concern during 2025.

The Company continues to monitor the ongoing conflicts in Ukraine and the Middle East and any resulting developments that may impact its assessment of potential exposures of its subsidiaries. The direct (re)insurance losses related to these issues identified to date are not significant. The safety and wellbeing of QBE's people and supporting its customers remain its primary concerns, and the Company continues to stay close to developments as they unfold.

In an increasingly competitive marketplace for talent, the Company has continued to focus on establishing QBE as the employer of choice and emphasising the global employee value proposition, 'Why QBE'.

All externally imposed capital requirements have been met during the year.

## Underwriting Performance

Details of the Company's underwriting performance and comparison to the prior year on a Belgian Generally Accepted Accounting Principles ('BE GAAP') basis are set out in **Section A.2** and summarised in the table below.

Key metrics	2025 €'m	2024 €'m
Gross Written Premium	2.403	2.138
Net Earned Premium	1.504	1.477
Claims Ratio	62,7%	65,9%
Commission and Expense Ratio	33,6%	32,1%
Net Combined Operating Ratio (NCOR)	95,8%	97,9%

Gross written premium ('GWP') for the year totalled €2.403m (2024: €2.138m).

The Company has reported a profit for the year of €84m, and a combined operating ratio of 95,8% (2024: 97,9%) which was underpinned by improved underwriting performance and net investment income.

In 2025, the Company entered into a retrospective reinsurance arrangement. This covers certain prior year claims reserves within this entity.

The underwriting result also reflects quota share agreements, under which premiums and losses for QBE Reinsurance Europe Limited ('QBE Re') catastrophe business (2024 and 2025 underwriting years) and Bermuda branch (2025 underwriting year) are fully ceded to QBE Capital (Global) Ltd<sup>1</sup> ('QBE Capital').

## Investment Performance

QBE Europe's investment strategy remained consistent in 2025, focused predominantly on government bonds and high-quality investment-grade credit, with a moderate allocation to the Enhanced Income portfolio and selective risk assets. The year was shaped by moderating global growth and heightened geopolitical uncertainty as tariff pressures and fragmented trade persisted. Bond yields stayed elevated as expectations for deep rate cuts eased and central banks maintained cautious, divergent stances amid uneven inflation progress. Portfolio returns were strong and above plan expectations. Further details of investment performance and comparison to the prior year are set out in Section A.3.

## System of Governance

The Board of Directors ('Board') of the Company is collectively responsible for the long-term sustainable success of the Company. The role of the Board is to provide leadership, to oversee the design and implementation of the Company's strategy and ensuring it is consistent with EO Group and QBE Group, and to set a framework of prudent and effective controls which enable risk to be assessed and managed.

The Board ensures that the necessary resources are in place for the Company to meet its objectives and reviews the performance of management in delivering on the Company's strategic aims.

The Board has an established management committee ('QEMC') which is responsible for the day-to-day management and operations of the Company.

Changes to the composition of the Board and QEMC during the year and subsequently are included in **Section B.1.4**.

QBE Europe performs on an annual basis a review of the effectiveness of its system of governance. The assessment as well as any necessary improvement measures identified are presented to the Board of Directors.

The process of assessing the adequacy of the System of Governance is explained in **Section B.3.13**. The second line also conducts annual review of the effectiveness of the three lines of defence model across EO

<sup>1</sup> Formerly known as Equator Reinsurances Limited.

Group. The 2025 review concluded that the EO Group's Three Lines Model remains appropriate, including for QBE Europe, with appropriate checks and balances to support effective risk governance and management throughout the EO Group. The dedicated QBE Europe independent control functions supported by the respective EO teams on an outsourced services basis are in place to ensure that the control functions activities are addressed at the entity level.

Each year there is a formal Board Effectiveness Review ('BER'), which is facilitated by QBE Group with the assistance of an independent external advisor. In May 2025, the QBE Group undertook a BER, including QBE Europe. Comments supporting continuous improvement of effectiveness of the Board arising from the review were discussed by the Board and a number of actions were agreed at their meeting in July.

During the year the Board Charter, together with the Terms of Reference for the QEMC, were reviewed with enhancements made to reflect the ongoing assessment of key responsibilities.

For more information on the Systems of Governance, see **Section B**.

## Risk Profile

The Company is exposed to various risks and uses a number of methods and techniques to identify, assess, evaluate and mitigate these risks on a continuous basis. The main risks comprise:

- Strategic risk;
- Insurance risk;
- Credit risk;
- Market risk;
- Liquidity risk;
- Operational risk;
- Compliance risk; and
- Group risk.

To address these risks, the Company uses a number of risk mitigation techniques, as described in **Section C**. A dedicated risk management function ensures that these risks are fully understood and their impact on the Company is comprehensively evaluated.

The Company has identified a number of top risks, which are considered executive management focus areas. The top risk with the highest potential impact and likelihood throughout 2025 was 'Economic and Geopolitical Uncertainty'.

Other top risks for the Company with a material impact or high likelihood rating during 2025 include Cyber Security risk, Climate Change risk, risks related to Heightened Regulatory Supervision, Market Cycle Management risk, risks related to running Modernisation programme at QBE and the risk driven by QBE's reliance on a limited number of the key Distribution Partners.

The Company commenced monitoring a new Operational Complexity top risk from Q1 2025, reflecting the increased operational and execution challenges arising from implementing the Company's strategic objectives. Risks related to Artificial Intelligence and Data have also been in focus during 2025.

## Valuation for Solvency Purposes

QBE Europe reports statutory accounts on a BE GAAP basis. The method of valuing assets and liabilities under Solvency II regulations differs in some cases from the methods used under BE GAAP. The valuation of assets, technical provisions and other liabilities under Solvency II compared to the statutory accounts basis is explained in **Section D**. Adjustments made to move from BE GAAP statutory basis of total equity to Solvency II excess of assets over liabilities and own funds are set out in **Section E.1.6**.

## Capital Management

The Company's primary capital management objective is to maintain sufficient own funds to cover the Solvency Capital Requirement ('SCR') with an appropriate surplus. The Company has adopted a Capital Appetite Framework ('CAF') setting out the target and appetite levels of capital. The Company's Capital Recovery Plan sets out potential remediation actions in the event that capital falls below prescribed thresholds. The CAF and Capital Recovery Plan have been approved by the Board of the Company and senior management carry out regular reviews, on at least a quarterly basis, to monitor the ratio of Eligible Own Funds ('EOF') over SCR.

The Company has an approved Internal Model ('IM') which it uses as the basis for the SCR.

As at 31 December 2025 and 2024, the Company reported the following EOF, SCR and SCR coverage ratios, and Minimum Capital Requirement ('MCR') coverage ratios:

	Eligible own funds to meet the SCR	SCR	SCR coverage ratio <sup>2</sup>	Eligible own funds to meet the MCR	MCR	MCR coverage ratio <sup>1</sup>
	€'m	€'m	%	€'m	€'m	%
2025	2.223	1.470	151,2%	1.817	538	337,7%
2024	1.934	1.568	123,3%	1.514	572	264,4%

The QBE Europe EOF available to cover the SCR are made up of Tier 1 unrestricted (78%) and Tier 2 (22%) own funds. Tier 2 EOF of QBE Europe include €400m of Tier 2 ancillary own funds in the form of irrevocable Standby Letters of Credit issued by external banks and €80m of subordinated debt, whilst Tier 3 EOF of €6m relates to deferred tax assets.

No foreseeable dividend was recognised as at 31 December 2025 and no dividends have been paid during 2025 or subsequently.

In 2025, QBE Europe entered a retrospective reinsurance arrangement covering certain prior year claim reserves which provides benefit to the IM SCR.

The movement in EOF to cover the SCR during the year is shown in **Section E.1.2**.

The Company satisfied and complied with the MCR and SCR coverage requirements throughout the reporting period.

For more information on capital management, see **Section E**.

<sup>2</sup> Underlying calculations run to the nearest euro EOF to meet SCR/MCR, hence rounding differences may occur with the SCR/MCR cover ratios shown above.

# Directors' Report

## Statement of Directors' responsibilities

The Directors acknowledge their responsibility for ensuring that the Solvency and Financial Condition Report ('SFCR') has been prepared in all material respects in accordance with NBB rules and Solvency II regulations.

The Directors are satisfied that to the best of their knowledge and belief:

Throughout the financial year to 31 December 2025 QBE Europe SA/NV has complied in all material respects with the requirements of the NBB rules and Solvency II Regulations as applicable; and

It is reasonable to believe that in respect of the period from 31 December 2025 to the date of the publication of the SFCR, QBE Europe SA/NV has continued so to comply and that it will continue so to comply for the remainder of the financial year to 31 December 2026.

By order of the Board:

Director  
QBE Europe SA/NV  
Registered Number 0690.537.456  
Belgium  
1 April 2026

# Section A: Business and Performance

## A.1 Business

### A.1.1 Business Overview

The Company's name and legal form is QBE Europe SA/NV and the supervisory authority responsible for its financial supervision is the NBB. QBE Europe writes (re)insurance business across the EEA on a FOS basis through its head office (based in Brussels, Belgium) and FOE basis through its EEA branches, and in the UK and Bermuda through its UK and Bermudian branches.

On 19 May 2023 an application for QBE Europe's UK branch to obtain permanent UK Part 4a permission was approved by the PRA and FCA, alongside approval of the required Senior Managers under the UK Senior Managers and Certification Regime ('SM&CR') regime. This authorisation extends to both the UK branch and any cross-border activities undertaken into the UK from QBE Europe's offices in continental Europe. The UK branch of QBE Europe is subject to supervision in the UK by the PRA in respect of prudential matters and the FCA from a conduct perspective.

The entire issued share capital of the Company is owned by QHEO, which is a wholly owned subsidiary of EO plc, both incorporated in England and Wales. EO plc is the ultimate UK insurance holding company at which level group supervision is applied by the PRA.

The entire issued share capital of EO plc is owned by QBE Insurance Holdings Pty Limited. QBE Insurance Holdings Pty Limited is ultimately wholly owned by QBE Group. QBE Group is listed on the ASX and is subject to supervision by the Australian Prudential Regulation Authority ('APRA').

Details of shareholders of QBE Group are disclosed in **Section 7 'Additional Information'** of the **QBE Group 2025 Annual Report**<sup>3</sup>.

The principal activity of the Company is the transaction of insurance and reinsurance business. The Company continues this activity through the development of its existing lines of business, while actively seeking new opportunities for expansion and profitable growth. The strategic ambition of QBE Group, of which the Company forms a part, is to remain focused on further improving an already very strong business.

The Company underwrites life and non-life reinsurance businesses, as well as trade credit, property, casualty, financial lines, marine and motor direct insurance business.

### Geographical locations

The Company has its head office in Brussels, Belgium and underwrites (re)insurance business across the EEA and worldwide, either on a FOS or through FOE from its EEA branches in Denmark, France, Germany, Ireland, Italy, the Netherlands, Spain and Sweden.

QBE Europe's UK Branch is authorised as a 'Third Country Branch' by the PRA and regulated by the FCA with respect to conduct of business. The UK branch is also regulated by the NBB as part of QBE Europe.

The Bermuda branch is authorised and regulated by the Bermuda Monetary Authority ('BMA'), as well as by the NBB.

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<sup>3</sup> QBE Group 2025 Annual Report is available at '<https://www.qbe.com/investor-relations/reports-presentations/annual-results>'.

The table below shows all the Company's branch locations:

Locations
Belgium - Head Office
Bermuda - Branch
Denmark - Branch
France - Branch
Germany - Branch
Ireland - Branch
Italy - Branch
Netherlands - Branch
Spain - Branch
Sweden - Branch
United Kingdom - Branch

The Company also has a Representation Office in Colombia, Latin America.

## A.1.2 Names and Contact Details of Supervisory Authorities

The Company's regulator is the NBB. The Company is also regulated by the Belgian FSMA with respect to conduct of business. Other supervisory bodies also to note:

- QBE Europe's UK branch is authorised and regulated by the PRA and regulated by the FCA with respect to conduct of business. It is also regulated by the NBB and the FSMA as part of QBE Europe; and
- QBE Europe's Bermuda branch is regulated by the BMA and NBB as part of QBE Europe.

## QBE Europe SFCR for the year ended 31 December 2025

Contact details are as follows:

<b>National Bank of Belgium</b> Boulevard de Berlaimont / de Berlaimontlaan 14 1000 Brussels Telephone: +32 (0) 2 221 21 11 <a href="http://www.nbb.be">www.nbb.be</a>	<b>The Belgian Financial Services and Markets Authority</b> The FSMA's contact details are as follows: Rue du Congrès/Congresstraat 12-14 1000 Brussels Telephone: +32 (0) 2 220 52 11 <a href="http://www.fsma.be">www.fsma.be</a>
<b>Prudential Regulation Authority</b> 20 Moorgate London EC2R 6DA Telephone: +44 (0) 203 4617 000 <a href="http://www.bankofengland.co.uk/prudential-regulation">www.bankofengland.co.uk/prudential-regulation</a>	<b>Bermuda Monetary Authority</b> BMA House 43 Victoria Street Hamilton HM12 (441) 295 5278 <a href="http://www.bma.bm">www.bma.bm</a>
<b>Financial Conduct Authority</b> 12 Endeavour Square London E20 1JN Telephone: +44 (0) 207 066 1000 <a href="http://www.fca.org.uk">www.fca.org.uk</a>	

### A.1.3 Name and Contract Details of the External Auditor

The contact details of external auditors of the Company are as follows:

#### **PwC Bedrijfsrevisoren BV - PwC Reviseurs d'Entreprises SRL**

Culliganlaan 5,  
1831 Diegem  
Telephone: +32 (0)2 710 42 11  
[www.pwc.be](http://www.pwc.be)

### A.1.4 Group Structure Chart

Group structure charts showing the ownership of EO plc and the structure of the EO Group at 31 December 2025 and QBE Europe's position within the structure are shown below.

The main operating entities in the EO Group are QBE UK and QBE Europe together with participations in two Lloyd's syndicates through the Lloyd's corporate member, QBE Corporate. These syndicates are managed by EO Group's managing agent QUL. There are also two service companies QBE Management Services (UK) Limited, which provides services to QBE UK, and QBE Management (Ireland) Limited which provides services to the Irish branch of the Company. QBE Europe does not have any subsidiaries.

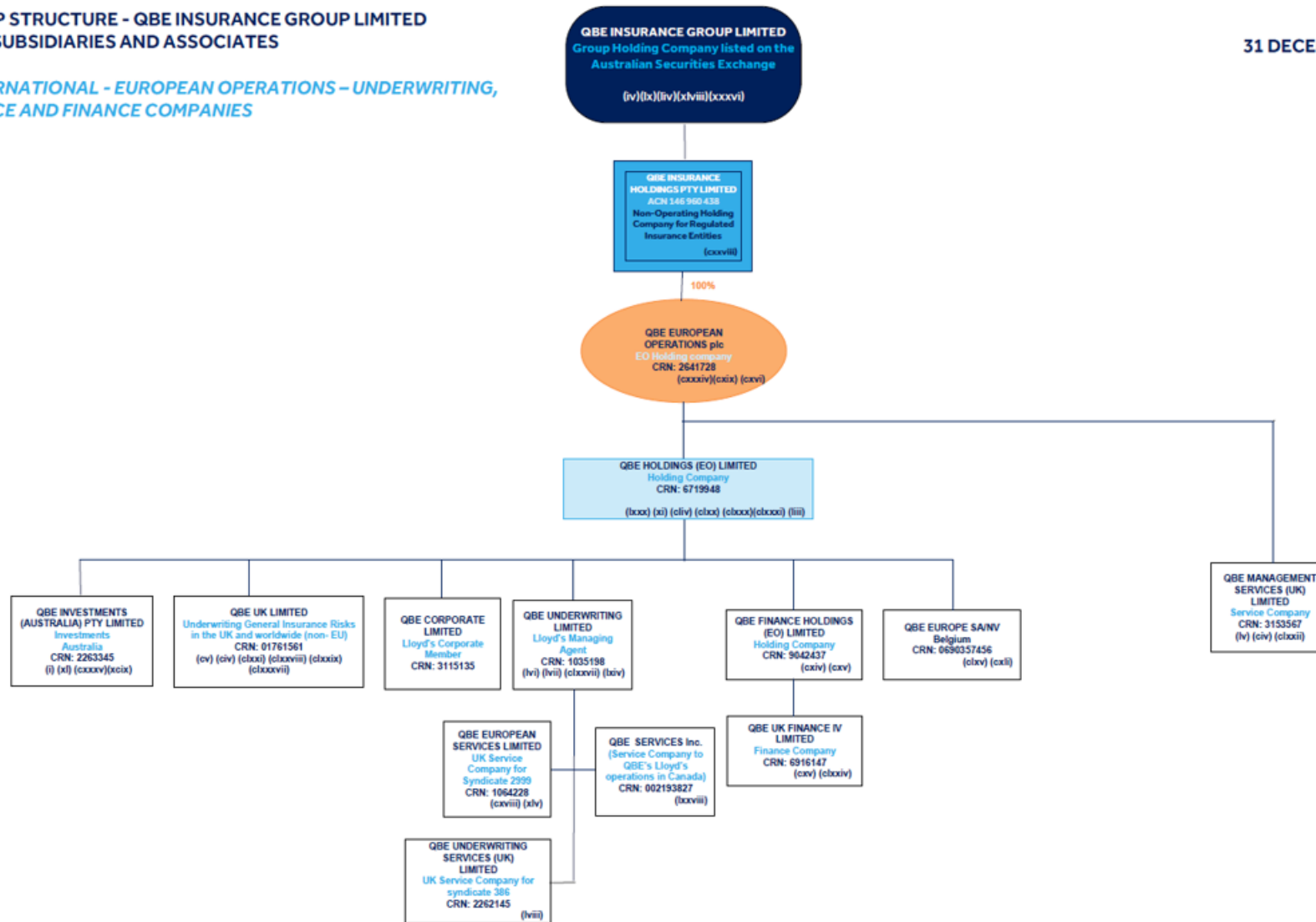
A full list of undertakings within the EO Group at 31 December 2025, and the nature of those undertakings, can be found in the public disclosure **IR.32.01.22**, included in **Appendix A** of the EO plc published **Single Group SFCR** for the year ended 31 December 2025.

A list of all the QBE Group's controlled entities in terms of shares or contractual agreements is included in **Section 7** 'Group Structure', **Note 7.3.1 'Controlled entities'** of the Financial Report of **QBE Group 2025 Annual Report**.

**GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES**

- INTERNATIONAL - EUROPEAN OPERATIONS – UNDERWRITING, SERVICE AND FINANCE COMPANIES

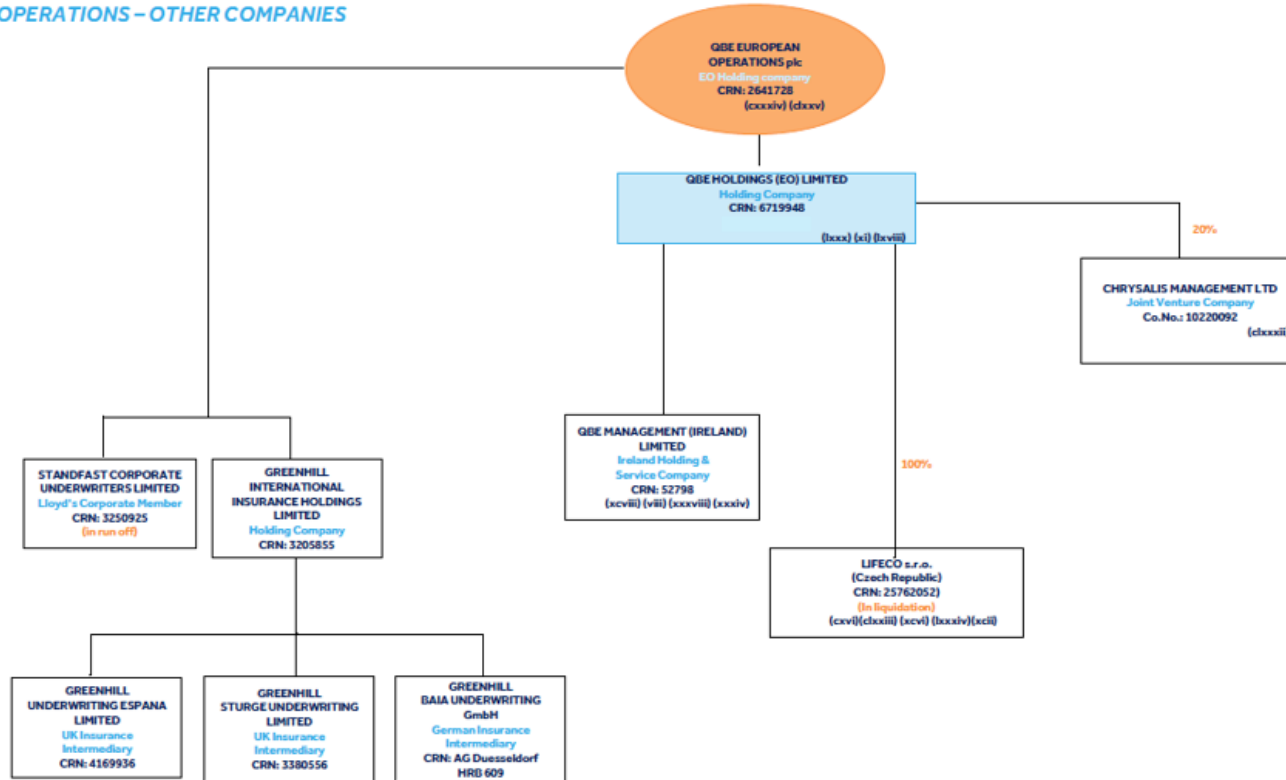
31 DECEMBER 2025



GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED  
& ITS SUBSIDIARIES AND ASSOCIATES

31 DECEMBER 2025

- INTERNATIONAL - EUROPEAN OPERATIONS - OTHER COMPANIES



## A.1.5 Significant Business and Other Events in the Reporting Period

The following significant events and transactions impacted the Company and its business during the year:

- Challenging market conditions have characterised 2025 with new entrants and increased risk appetite among our peers driving pressure on rate and terms & conditions. Through 2025, many of the global themes of geopolitical tension and economic uncertainty persisted;
- In an increasingly competitive marketplace for talent, the Company has continued to focus on establishing QBE as the employer of choice and embedding the new global employee value proposition, 'Why QBE';
- In 2025, the Company entered into a retrospective reinsurance arrangement. This covers certain prior year claims reserves within this entity; and
- All externally imposed capital requirements have been met during the year.

The Company continues to monitor the ongoing conflicts in Ukraine and the Middle East and any resulting developments that may impact its assessment of potential exposures of its subsidiaries. The direct (re)insurance losses related to these issues identified to date are not significant. The safety and wellbeing of QBE's people and supporting its customers remain its primary concerns, and the Company continues to stay close to developments as they unfold.

The Company's investment strategy adheres to its core principles of capital preservation, risk mitigation, and steady returns focusing on prudent asset allocation, diversified exposure, and a long-term outlook. The Company's investment portfolio is predominantly made up of high-quality government and investment grade bonds along with a moderate allocation to high yield debt, emerging market debt and growth assets. The growth asset portfolio includes investment in developed market equity, investment property funds, infrastructure funds and alternatives.

## A.1.6 Significant Post-Balance Sheet Events

No material events have taken place after 31 December 2025 that require an adjustment of the financial statements.

## A.1.7 Rounding Convention

The SFCR is presented in euros rounded to the nearest million. The Public Disclosure Templates are presented in euros rounded to the nearest thousand. Rounding differences of +/- one unit can occur.

## A.2 Underwriting Performance

### A.2.1 Underwriting Performance During the Year

#### A.2.1.1 Overview

The Company prepares its financial statements in accordance with BE GAAP.

As a (re)insurance company, for QBE Europe, key performance indicators include GWP, gross earned premium ('GEP') and net earned premium ('NEP'). Key ratios monitored by the Board include the combined operating ratio, including the claims ratio and commission and expense ratio (the 'Ratios'). The Ratios are net claims, expenses and commissions incurred for the year, expressed as a factor of the NEP.

Key metrics	2025	2024
	€'m	€'m
Gross written premium	2.403	2.138
Net earned premium	1.504	1.477
Claims ratio	62,7%	65,9%
Commission and expense ratio	33,6%	32,1%
Net combined operating ratio (NCOR)	95,8%	97,9%

The GWP generated by the non-life business amounts to €2.318m, 57% of which is insurance business being written out of the foreign insurance branches or on a freedom of services basis out of the head office in Belgium. Life business generated a gross premium income of €85m. The Life premium volume continues to be generated by reinsurance business written out of the head office in Belgium.

Included within NEP is a non-recurring reinsurance premium paid on a retrospective reinsurance arrangement (adverse development cover) covering certain prior year claims reserves. This premium is fully earned with no assumed recoveries.

The underwriting result also includes quota share arrangements where premium and associated losses for QBE Re's catastrophe exposures (2024 and 2025 underwriting years) and Bermuda branch business (2025 underwriting year) are fully ceded to QBE Capital.

## A.2.1.2 Underwriting performance by Solvency II line of business

A summary of the material Solvency II lines of business by reference to GWP, a component of QBE Europe underwriting performance, is presented below. The values are consistent with BE GAAP and are prepared on the same basis as the full public disclosure ‘S.05.01 - Premiums, claims and expenses by line of business’ presented in **Appendix A**.

The material Solvency II lines of business based on contribution to GWP are as follows:

Direct Business and Reinsurance Accepted (Non-life & Life)	2025	2024
	€'m	€'m
General liability insurance	898	814
Fire and other damage to property insurance	716	626
Casualty (accepted non-proportional reinsurance)	216	182
Property (accepted non-proportional reinsurance)	177	202
Marine, aviation and transport insurance	158	120
Life reinsurance (life reinsurance obligations)	85	67
Other	153	127
<b>Total – gross written premium</b>	<b>2.403</b>	<b>2.138</b>

### General liability insurance

The increase in GWP was mainly driven by a combination of rate increases achieved across lines, and underlying growth within the business.

### Fire and other damage to property insurance and (accepted non-proportional reinsurance)

GWP increased in 2025, driven by rate increases and volume growth within several product lines.

### Casualty (accepted non-proportional reinsurance)

The increase in GWP for the year was driven by a combination of the rate increases achieved across a number of lines, and new business growth, notably across the Cyber portfolio.

### Marine, aviation & transport insurance

Marine, aviation & transport book experienced an increase in income driven by a positive rate environment and growth across various product lines.

### Life (life reinsurance obligations)

The life reinsurance business experienced marginal increases in GWP driven by new business growth. The market continues to operate in a relatively low-rate environment.

### Other

The ‘Other’ Solvency II lines of business consist largely of:

- Direct and proportional reinsurance: Medical expenses, Income protection, Motor vehicle liability, Other motor, Credit and suretyship, Legal expenses, Miscellaneous financial loss;
- Non-proportional health reinsurance; and
- Annuities stemming from non-life insurance contracts.

‘Other’ lines of business represent 6.4% (2024: 6%) of QBE Europe’s GWP.

### A.2.1.3 Underwriting performance by material geographical areas

Underwriting performance within QBE Europe’s material geographical areas for non-life business are shown in the table below for the current and prior year.

The results are prepared on the same basis as the full public disclosure ‘S.05.02 Premiums, claims and expenses by country’ presented in Appendix A which requires the information to be reported by country where the risk is situated.

Non-Life (Direct business and reinsurance accepted)	2025	2024	Life reinsurance	2025	2024
	€'m	€'m		€'m	€'m
France	507	516	Belgium	29	26
Belgium	335	309	United Kingdom	17	21
Germany	238	171	France	12	6
Spain	174	170	Costa Rica	10	-
United Kingdom	166	119	United States of America ('USA')	3	2
Other	897	786	Other	14	10
<b>Total – Gross written premium</b>	<b>2.318</b>	<b>2.071</b>	<b>Total – Gross written premium</b>	<b>85</b>	<b>67</b>

The overall non-life portfolio increased compared to the prior year. The main driver for the increase relates to growth in reinsurance accepted business during 2025 across the speciality and casualty portfolios and growth in property within the insurance division.

Growth in GWP was observed across certain geographies, notably Belgium, Germany and United Kingdom. The increase in the United Kingdom primarily resulted from new business expansion within the Cyber portfolio, which is fully ceded to QBE Capital and not expected to be written in QBE Europe in 2026. The lower premium written in France reflects the measured approach to reduce volatility and risk across the portfolio. The other notable year on year increase was within the “other” category relating mainly to growth within the reinsurance branches.

The life inwards reinsurance business remained ahead of prior year driven by new business growth, notably within Costa Rica. The market continues to operate in a relatively low-rate environment.

## A.3 Investment Performance

### A.3.1 Overview

The Company’s investment strategy remained consistent in 2025, maintaining prudent diversification across predominantly government and investment-grade fixed income, complemented by smaller allocations to High Yield Debt ('HYD'), Emerging Market Debt ('EMD'), and selected growth assets. The portfolio continues to benefit from a long duration positioning within Core Fixed Income, supporting capital stability while enhancing resilience across market cycles. HYD and EMD contributed positively, providing a useful hedge in a steady inflation environment, while the growth asset portfolio, comprising developed market equities, investment property funds, and infrastructure funds, also saw good performance, particularly exchange traded equity funds.

Core fixed income portfolio has an average credit rating of S&P ‘A’ or higher, with a minimum permitted rating of ‘BBB-’ per Investment Guidelines. The QBE Europe adheres to the Prudent Person Principle under Solvency II, PRA SS1/20, and NBB 2016\_31, embedding these in its processes and controls.

## A.3.2 Investment Performance

Investments are monitored using the asset types below. The total investment returns achieved for the year together with the values of investments at the year end and prior year comparatives are set out below. The combined total return (percentage yield shown in the table below) for the year was 3,8% (2024: 3,9%) on a mark-to-market / fair value basis.

Asset type	2025			2024		
	Yield <sup>1</sup>	Investment return <sup>2</sup>	FUM at year end	Yield <sup>1</sup>	Investment return <sup>2</sup>	FUM at year end
	%	€'m	€'m	%	€'m	€'m
Fixed income	2,9	123	4.109	3,4	136	4.178
Equities (Exchange Traded Funds)	20,8	22	116	11,0	15	116
Infrastructure assets	6,8	15	254	8,5	11	198
Investment Property funds	2,5	2	156	(2,0)	(1)	67
High yield debt	4,9	11	255	6,0	14	241
Emerging market debt	11,6	11	96	3,7	4	107
Alternatives	33,3	4	12	29,1	3	5
Private Credit <sup>3</sup>	-	-	4			
<b>Total</b>	<b>3,8</b>	<b>188</b>	<b>5.002</b>	<b>3,9</b>	<b>151</b>	<b>4.912</b>

<sup>1</sup> Yield is calculated based on average Funds under Management.

<sup>2</sup> Investment return is net income earned by particular asset class.

<sup>3</sup> Private credit was added in Q4 2025, no return was recorded for 2025.

Investment expenses and charges (including realised losses) were €29m for the period (2024: €31m).

## A.3.3 Gains and Losses on Investments Recognised directly in Equity

There are no gains or losses recognised directly in equity by QBE Europe for BE GAAP reporting purposes.

## A.3.4 Investments in Securitisation

The Company's Investment Guidelines and Restrictions impose certain criteria for investment in relation to securitised assets in addition to that which exists for fixed income investment in general. Specifically, to observe the limitations on such investments set out in Article 6 of Regulation (EU) 2017/2402 of the European Parliament and of the Council (as referenced by Article 257 of the Solvency II Delegated Regulation ((EU) 2015/35)), the fund manager shall, when investing in products specified as structured, ensure that:

- The originator of the product at all times retains a net economic interest of no more than 7%;
- That a dual rating is retained by each issue in order to avoid that issue being treated as having no rating; and
- Shall not invest in securities that are classified as 're-securitised' products.

At 31 December 2025 the Company's investment in securitisation was €62m (2024: €131m) comprised of Asset Backed Securities ('ABS').

## A.4 Performance of Other Activities

### A.4.1 Material Leasing Arrangements

The Company applies IFRS 16 'Leases' for the purposes of Solvency II reporting. Further details on valuation methodology and basis of comparison to BE GAAP of property, plant and equipment for own use and lease liabilities is provided in **Sections D.1.4** and **D.3.2**. Under BE GAAP lease payments are expensed as incurred.

As at 31 December 2025 and 31 December 2024, QBE Europe did not hold any material right of use assets or have any material lease liabilities.

## A.4.2 Other Material Income and Expenses

There is no other material income and expenses for the Company.

## A.5 Any Other Information

There is no other material information regarding Business and Performance of the Company.

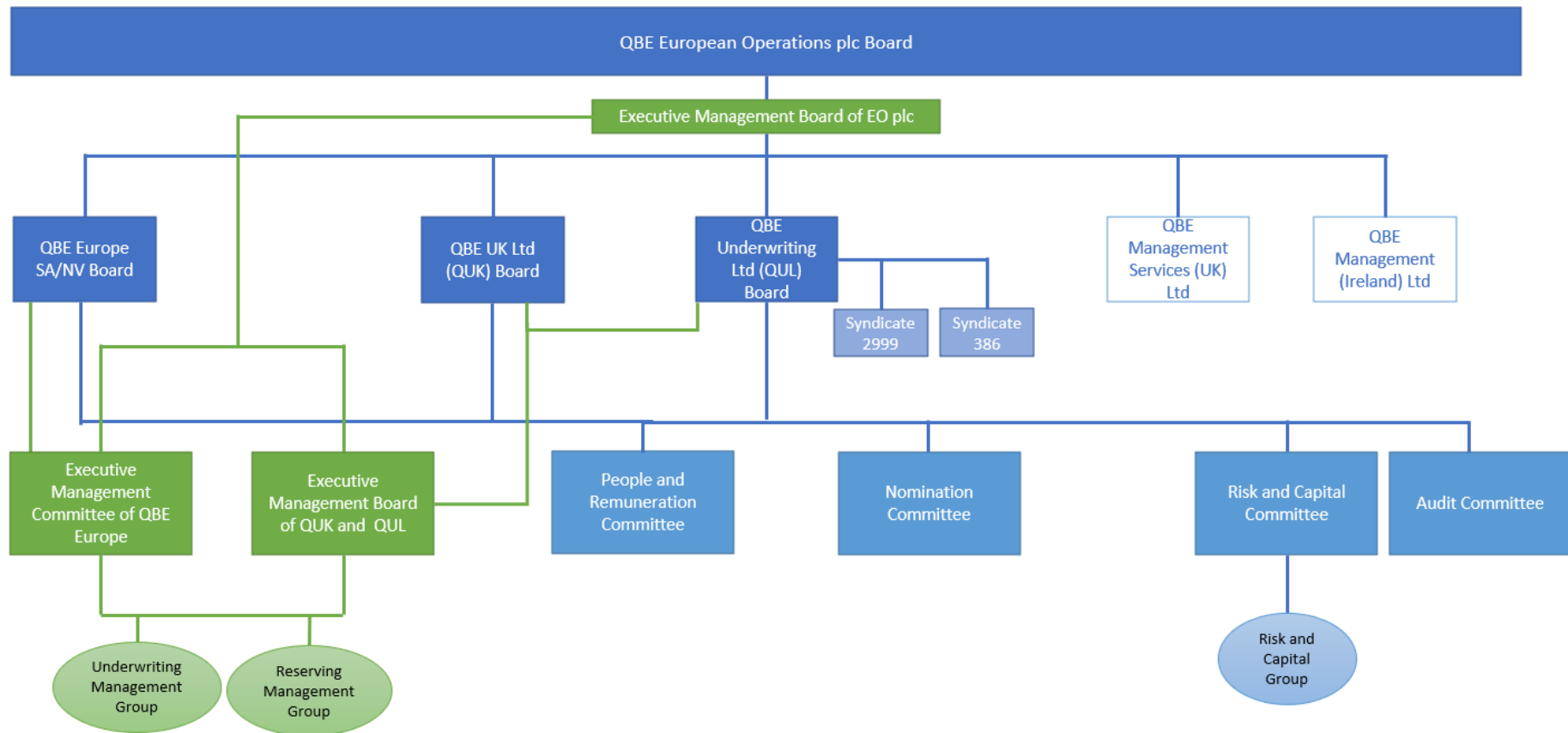
# Section B: System of Governance

## B.1 General Information on the System of Governance

### B.1.1 Overview

For the purposes of this document the EO Group is defined as EO plc and its subsidiary undertakings including QBE Europe (a Belgium authorised insurance company), QBE UK (UK authorised insurer) , QBE Corporate (which participates in Lloyd's Syndicates 2999 and Syndicate 386) and QUL (Lloyd's managing agent for Syndicates 2999 and Syndicate 386). EO plc is a wholly owned indirect subsidiary of the Sydney headquartered QBE Group).

As part of the EO Group, the Company shares many of its key functions (including the Solvency II key functions) with EO plc, QBE UK and QUL. Similarly, the governance and committee structure is the same for QBE Europe, EO plc, QBE UK and QUL. However, the Company has a dedicated QEMC with Terms of Reference which is responsible for the day-to-day management and operations of the Company, as illustrated in the Board and Committee structure chart below:



The Board Charter of the Company states that the Board of Directors is collectively responsible for the long-term sustainable success of the Company. The role of the Board is to provide leadership to oversee the design and implementation of the Company strategy and to set a framework of prudent and effective controls which enable risk to be assessed and managed within it. The Board ensures that the necessary policies and practices for financial and people are in place for the Company to meet its objectives and measures performance of management in delivering on the Company's strategic aims. The Board establish and instil the Company's purpose, values and culture in the light of those set by the QBE Group, the ultimate holding company of the EO Group and its subsidiaries and ensure that its obligations to its shareholders and other stakeholders are understood and met, generate value for shareholders and contribute to wider society.

The Board of QBE Europe comprises seven Board members: three Executive Directors and four independent Non-Executive Directors.

The role of the Chair of the Board is separate from that of the Chief Executive Officer, and each role is clearly established. The Chair is responsible for leading the Board and its overall effectiveness including the establishment of a common purpose. They ensure the efficient organisation and conduct of the Board's functioning, including the organisation of the Board meetings. The Chair should facilitate the effective contribution of all directors and promote a culture of openness and constructive debate between directors and between the Board and management.. The Chair, with support from the Company Secretary, is responsible for ensuring that Directors receive accurate, timely and clear meeting papers no later than three working days prior to the scheduled Board meetings, in accordance with the Governance Protocols. The role of the Chair is also to serve as an intermediary between QBE Group and the Board when necessary.

The CEO has responsibility for the day-to-day management and operations of the Company, supported by the QEMC, which the CEO chairs. The CEO is responsible for leading, directing and being accountable for the performance of the Company and reporting to the Board of Directors in respect of these matters.

This separation of roles ensures that the balance of responsibilities, accountabilities and decision making are effectively maintained. Directors have equal voting rights when making decisions and the Chair has a casting vote when required. All Directors have access to the advice and services of the Company Secretary and are able to seek professional advice at the Company's expense.

The Board considers that the experience and areas of focus which each Board member brings to the Company results in a strong and balanced leadership team to set and monitor the strategy and values of the EO Group and the Company.

With the exception of the Chair of the Company, Sir Norman Keith Skeoch ('Sir Keith'), the Non-Executive Directors are members of the (jointly established) Audit Committee ('AC'), the Risk and Capital Committee ('RCC'), the People & Remuneration Committee ('PARC'). Sir Keith is Chair of the Nomination Committee ('NomCo'). All the Non-Executive Directors of the Company are considered to be independent of management and free from any relationship that could materially interfere with the exercise of the independent judgement.

In conjunction with QBE Group and led by the NomCo for Board members, and PARC for senior management and executives, succession planning is in practice undertaken in accordance with the talent and culture objectives within the strategic priorities of the Company, EO Group and QBE Group whilst ensuring the Board has the right balance of skills, knowledge, experience and diversity to be effective.

## B.1.2 Board Committees

The Boards of QBE Europe, EO plc, QBE UK and QUL (the 'EO Boards') have jointly constituted Board Committees. The Committees all comprise of appropriately skilled members who are independent non-executive directors and are supported by attendees as necessary.

The Board Committees comprise:

### Audit Committee

The role of the Committee is to support the EO Boards in overseeing the effectiveness of financial reporting. In particular, the Committee oversees, monitors and keeps under review the transparency and integrity of financial reporting (including financial reporting to regulators and shareholders), financial reporting risks, systems and controls (including internal control and risk management systems), accounting policies, practices and disclosures and the scope and outcome of external and internal audit, whilst having regard for the broader strategy and frameworks set by QBE Group.

### People and Remuneration Committee

The role of the Committee is to provide input to the design and operation of the QBE Group Global Remuneration Framework and provide related recommendations to the Boards. The Committee assist the Boards in oversight of:

- the effectiveness of the QBE Group Remuneration Framework;
- the remuneration of Directors, QBE Europe QEMC members, QBE Europe Branch Managers, Heads of Control Functions and all other individuals identified as Solvency II Staff or Identified Staff from time to time under the Solvency II Staff Identification Framework ('SII Staff');
- people programmes and projects including culture, employee engagement, diversity and inclusion and non-Board succession planning, in the context of the broader strategy and frameworks set by QBE Group; and
- the consideration of matters relating to the appointment of NBB Fit and Proper Persons.

### Nomination Committee

The role of the Committee is to review the balance of skills, knowledge, experience and diversity of each of the EO Boards and Committees (including succession planning) in the context of the broader strategy and frameworks set by QBE Group. The Committee oversees the selection process for appointment of any director to any of the EO Boards or Board Committees and make recommendations to the relevant Board(s) for approval, whilst having regard for the QBE Group Governance Framework. The Nomination Committee will regularly review the structure, size and composition of the Board of QBE Europe, including the collective skills, knowledge, experience, qualifications and diversity of Board members.

### Risk and Capital Committee

The role of the Committee is to support the EO Boards in overseeing the integration and effectiveness of the Risk and Capital Management Framework (and management's implementation of those frameworks) in order to:

- support strategic objectives of EO Group and the Company;
- support and inform business plans;
- ensure that all risks are identified, assessed and monitored in line with risk appetite; and
- ensure that adequate capital is maintained against the risks associated with business activities, whilst having regard for the broader strategy and frameworks set by QBE Group.

The Board of QBE Europe has established a separate QEMC to provide support with day-to-day management of the Company.

The role of the QEMC is to manage QBE Europe in accordance with the strategy, business plans and policies approved by the QBE Europe Board to achieve the Company's agreed objectives. This includes specific responsibilities in respect of strategy and management activities, risk management and company organisation and operation.

In addition, the following Management Groups support the Board, QEMC and Committees:

- Risk and Capital Group ('RCG') accountable to the RCC and the EO Boards; and
- Underwriting Management Group ('UMG'), and Reserving Management Group ('RMG') are accountable to the International Executive Management Board ('EMB'), QEMC and the EO Boards.

QBE Group's mandated formal Board level corporate governance is addressed in the QBE Group Governance Framework ('GGF') which covers the statutory Boards and Board Committees. To achieve a consistent approach to Executive level governance across QBE, the Group Executive Governance Framework ('EGF') sets the principles and framework for the Executive Management Committees and their sub-committees. Any Divisional governance supported by Company Secretarial (Co Sec) should be aligned to the GGF and EGF.

In light of this, following EMB and QEMC approval, a project was undertaken to review the formal Executive Governance forums within the QBE EO Division.

Delegation of responsibilities to the Committees and Management Group is undertaken by through Board or Committee approved Terms of Reference which are reviewed regularly (at least annually).

The membership of the Board, Committees and Management Groups of the Company are reviewed regularly (at least annually).

The Company has a robust System of Governance which includes:

- Board Charter setting out the role and responsibilities of the Board;
- Terms of Reference for each Committee and Management Group referred to above setting out the areas of responsibility of each Committee and Management Group, the composition and meeting formality requirements and the frequency of meetings;
- Functional terms of reference for all control functions;
- A structured Board, Committee and Management Group meetings calendar (with a forward plan of regularly recurring items for review and approval);
- Agendas, minutes and action points for all Boards, Committees and Management Groups; and
- Key Board approved policies and documents including the Own Risk and Solvency Assessment ('ORSA'), Internal Control Framework, Outsourcing Policy, Fit & Proper Policy and Management Responsibility Map for the UK Branch (as required under the UK SMCR).

## B.1.3 Key Function Roles and Responsibilities

A description of the main roles and responsibilities of the key functions of the EO Group are shown below. Some of these functions do not relate solely to any individual entity but operate across the EO Group QBE Europe, QBE UK and QUL.

Key Function	Main Roles and Responsibilities
<b>Actuarial</b>	<ul style="list-style-type: none"> <li>Establish and maintain a robust Actuarial control framework to ensure that the Company;</li> <li>Complies with all material legal and regulatory requirements;</li> <li>Adheres to relevant Actuarial standards and best practice;</li> <li>Provides reserving data and analysis;</li> <li>Calculates technical provisions and capital requirements; and</li> <li>Responsible for pricing, benchmarking, portfolio analysis and support for business planning.</li> </ul> <p>The main roles and responsibilities of the Actuarial function are further detailed in <b>Section B.6</b>.</p>
<b>Claims Management</b>	<ul style="list-style-type: none"> <li>Implement and maintain effective leading-edge practices and processes to provide maximum value to the business and excellent customer service;</li> <li>Work closely with underwriters and other business functions and lead the development of processes to ensure that the function is aligned to the needs of the business; and</li> <li>Support decision-making by developing and maintaining effective control reports based on the claims environment and claims activity.</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>Establish and maintain a robust financial control and capital management framework;</li> <li>Comply with all relevant legal and regulatory requirements;</li> <li>Adhere to relevant accounting standards and good practice; and</li> <li>Identify and effectively control financial risks (credit, market liquidity, commercial etc.).</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>Implement and monitor the effectiveness of local investment strategies;</li> <li>Monitor investment performance and investment risks; and</li> <li>Oversee and monitor the effectiveness of the asset-liability strategy with respect to the relationship between:                             <ul style="list-style-type: none"> <li>interest rate sensitive assets; and</li> <li>liabilities generated by insurance activities.</li> </ul> </li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>Evaluate the adequacy and effectiveness of the Risk Management Framework; and</li> <li>Evaluate management's assessment of risk exposures relating to QBE Group's governance, operations, and information systems regarding the reliability and integrity of financial and operational information compliance with laws, regulations, policies, procedures and contracts.</li> </ul> <p>The main roles and responsibilities of the Internal audit function are further detailed in <b>Section B.5</b>.</p>
<b>Legal</b>	<ul style="list-style-type: none"> <li>Pro-actively monitor and evaluate legal risks, emerging/pipeline legal and regulatory developments, alert the business to specific associated risks and extend principles around legal risk management into wider business;                             <ul style="list-style-type: none"> <li>Provide high quality document execution, retention and administrative services to the Boards and business to ensure legal compliance, good internal governance and document control; and</li> <li>Provide legal advice where required to the EMB of QBE UK and QUL and QEMC.</li> </ul> </li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>Implement change programmes related to IT outsourcing, service management, and cost savings to achieve cost, service and scalability targets; and</li> <li>Execute and manage the operations strategy of the business.</li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>Establish and maintain a robust HR control framework;</li> <li>Adhere to relevant HR standards and good practice; and</li> <li>Identify and effectively control People risks.</li> </ul>
<b>Risk Management &amp; Compliance</b>	<ul style="list-style-type: none"> <li>Establish and maintain a robust enterprise risk management and compliance framework;</li> <li>Produce and perform the ORSAs of the EO Group and, where appropriate, its entities; and</li> <li>Monitor the material risks the business faces and ensure the adequacy of capital should these risks materialise.</li> </ul> <p>The main roles and responsibilities of the Compliance function are further detailed in <b>Section B.4</b>.</p>
<b>Treasury</b>	<ul style="list-style-type: none"> <li>Managing and optimising liquidity and working capital;</li> <li>Managing bank relationships for transactional banking, collateral, FX, credit and capital markets activities;</li> <li>Managing and forecasting cash and foreign exchange transactions;</li> <li>Monitoring and managing Treasury related risks including operational, liquidity, credit, market and derivatives;</li> <li>Creating, implementing and monitoring Group-wide Treasury-specific policies, procedures and controls; and</li> <li>Selecting and implementing appropriate systems in support of the Group Treasury function</li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>Establish and maintain a robust underwriting control framework; and</li> <li>Adhere to relevant underwriting standards and best practices.</li> </ul>

The four key Solvency II functions (Risk, Compliance, Actuarial and Internal Audit) all have representation at meetings of EO Boards, Committees and Management Groups, and independent decision-making rights within the management structure of the EO Group including the Company that provide them with the necessary authority, resources and operational independence to carry out their tasks.

## B.1.4 Changes in the System of Governance during the Reporting Period

Changes to the structure of the System of Governance can be found in **Section B1.2** above.

Each year there is a formal BER, which is facilitated by QBE Group with assistance of an independent external advisor. In May 2025, the QBE Group undertook a BER encompassing the Divisional Boards, including the Board of the Company. Comments supporting continuous improvement of the effectiveness of the Board arising from the review were discussed by the Board and a number of minor actions were agreed at their meeting in July.

## B.1.5 Material Transactions during the period with Shareholders, Persons who exercise Significant Influence on QBE Europe and with members of the Board

No dividends were paid by the Company during the reporting period or subsequently and there was no foreseeable dividend at 31 December 2025.

There were no other material transactions in the reporting period with shareholders, persons who exercise significant influence on QBE Europe or with members of the QBE Europe board.

## B.1.6 Adequacy of the System of Governance

As a part of the EO Group, QBE Europe is subject to the EO-wide governance requirements which are in alignment with the NBB Overarching Circular on Governance. The process of assessing the adequacy of the System of Governance is explained in **Section B.3.13**. From the November 2025 review, the Risk team concluded that the EO Group's Three Lines Model remains appropriate, including for QBE Europe, and represents a risk governance framework with adequate checks and balances to support appropriate consideration of risk management. The existence of 1b assurance services embedded in most 1st Line functions helps maintain a strong risk and control culture around significant risk-taking activities across the enterprise. The dedicated QBE Europe independent control functions supported by the respective EO teams on an outsourced services basis are in place to ensure that the control functions activities are addressed at the entity level.

On an annual basis, QBE Europe carries out an evaluation of the Effectiveness of its System of Governance assessing the governance framework, also referred to as RESOG. The report follows the regulatory prescribed form, provides an assessment on all related requirements as well as any measures identified. During Q1 2025, QBE Europe carried out its RESOG assessment for the reporting year 2024.

## B.1.7 Remuneration

The EO Group, as part of the wider QBE Group, has a remuneration and reward framework and associated governance arrangements. This framework is designed to align remuneration and reward with robust risk management practices and strong governance principles; and provide a market competitive remuneration structure that attracts, retains and motivates high quality and talented people whilst aligning their remuneration with the creation of sustained shareholder value and the expectations set out in the QBE Group Code of Ethics and Conduct ('the Code'). The remuneration and reward framework is regularly reviewed to ensure that it evolves and remains appropriate in the context of QBE Group's purpose, vision, strategic priorities and QBE DNA; The environments in which QBE Group operates; QBE Group's business model and geographical exposure; and local market needs and regulatory requirements.

Within the framework is a Group Remuneration Policy, adopted by the Board that is underpinned by QBE Group's remuneration strategy which integrates the various components of remuneration, reward and risk

across the QBE Group. In addition, QBE Europe Board has adopted a specific Annex to the Remuneration Policy which details the role of the Board in determining the remuneration of Identified Staff.

QBE Group's global remuneration framework is intended to apply to all individuals employed by QBE Group on a permanent or contractual basis (including any controlled entity) to the extent possible and subject to local market conditions and regulatory requirements.

The Remuneration Policy is aligned with QBE Group's Risk Management Framework, which operates on the following fundamental guiding principles:

- Managing risk is everyone's responsibility;
- Managing risk is integral to informed decision making;
- Effectively managing risk is a mechanism to gain competitive advantage;
- Management of risk is clearly demonstrable; and
- Managing risk drives continuous improvement.

The QBE Group Remuneration Policy's guiding principles are designed to promote robust risk management practices and are applied effectively to manage remuneration and reward across QBE Group. Those principles are:

- Simple and clear - at-risk reward methodology is easily understood by internal stakeholders with transparency for external shareholders;
- Linked to strategy - incentive performance measures provide significant alignment and linkage to QBE Group's key strategic priorities;
- Globally consistent and locally competitive - responsibly competitive when setting fixed remuneration by considering the appropriate market data, diversity and expertise of individual roles and the complexity of each operating environment; common global remuneration design that provides flexibility to calibrate local financial targets, enabling QBE to compete in key markets;
- Motivating - at-risk reward schemes combine targets and performance measures linked to statutory disclosures and business plans, which improves the line of sight and leverages participant motivation; locally competitive and flexible benefits designed to provide value to the employee and QBE; and
- Shareholder aligned - achievement of QBE Group targets aligned to shareholder value; delivery of equity awards with significant levels of deferral align reward arrangements to shareholder interests; executive minimum shareholding requirements further link executive interests to those of shareholders; calibration of remuneration and reward includes meeting expectations set out in the Code and QBE's Risk Management Strategy.

Reading, understanding and complying with the Code is mandatory for all employees. It is readily accessible on our internal website, QUBE, and on our external website, and the options for seeking advice are clearly identified. Failing to meet the standards set by the Code may lead to consequences being applied in accordance with the Group Consequence Management Policy. Consequences that may apply include an impact on employee's eligibility for an incentive award for that performance year. The Consequence Management Policy sets out the Minimum Corporate Standards which also supports the QBE risk culture in a robust and consistent manner.

QBE Group's remuneration mix is reflective of each employee's ability to influence results. For all staff, fixed pay is designed to provide a predictable 'base' level of remuneration which is positioned at a level that reflects the contribution and value to the group whilst recognising capability and expertise.

Variable pay at QBE Group, through the application of short-term and long-term incentive is focused towards the longer-term time horizon, enhancing alignment with the delivery of the long-term strategy and shareholders' interests. QBE Group's variable short-term incentive scheme measures performance through a business scorecard containing both financial and non-financial performance including risk, people and strategic priorities. In addition, personal performance objectives focus on what has been achieved and how it was achieved during the year.

Variable remuneration outcomes are reviewed to ensure that they appropriately reflect an individual's performance as well as the performance and risk outcomes of the QBE Group. Adjustments can apply to current year awards, deferred variable remuneration prior to vesting (i.e. malus), and remuneration that has already been paid or vested (i.e. clawback).

There are no supplemental retirement schemes for members of the Board and other key function holders. Further information on remuneration is available in the 'QBE Group Annual Report 2025', in **Section 'Remuneration Report'**, on **pages 64 to 86** inclusive.

## B.2 Fit and Proper Requirements

### B.2.1 Overview

There is an established Board approved Fit and Proper Policy that applies to the EO Group, of which the Company is a part. The Policy and supporting Guidelines incorporate, to a certain extent, the requirements of:

- The NBB Circular on the System of Governance, manual on assessment of fitness and propriety and various related NBB Regulations and Circulars on the Suitability notably of Directors, QEMC individuals responsible for the Compliance and Independent Control Functions, Senior Managers; and
- The UK SMCR in relation to those individuals who perform regulated functions on behalf of the QBE Europe UK branch.

The policy and the Guidelines are reviewed annually and updated as required.

### B.2.2 Requirements

The Fit and Proper Policy establishes minimum standards required of all employees, and even more stringent requirements for members of the Board, the QEMC's members, the General Managers of European branches, the heads of independent control functions, and the effective leaders.

The Solvency II Guidelines describe these individuals as those who 'effectively run the undertaking'. Supervisory approval is required for some of these individuals and it is necessary that they are of good repute, have integrity and possess the skills necessary to effectively discharge their responsibilities.

All employees of the EO Group and its subsidiaries, including the Company, are required to demonstrate the following:

- The requisite level of competence, knowledge and experience;
- The appropriate qualifications;
- The completion of, or current involvement in, relevant training to enable them to perform their role or function effectively and in accordance with all relevant regulatory requirements; and
- Good conduct (including business, financial, criminal and past supervisory conduct), supported where appropriate by satisfactory regulatory references.

Appointees to the Boards and/or Management Committee are further required to:

- Gain confirmation from the People & Remuneration and Nomination Committees that they are satisfied all relevant internal policies and procedures have been followed;
- Meet the minimum standards set out by the relevant regulatory authority for fitness, propriety and conduct; and
- Have gained approval from the regulatory authority (where applicable).

## B.2.3 Assessment Process

The Fit and Proper Guidelines are aligned with the EO Group's people and recruitment processes and apply both at the recruitment stage and throughout an individual's career in the Company. Regular assessments are carried out to ensure that the Guidelines are being adhered to.

The frequency of assessments and the level of verification sought is determined by a mix of key events triggers, complemented by a risk-based approach that takes account of the following:

- The level of a person's authority, influence or control;
- The reliance of the EO Group on a person's role as an internal control (e.g. Risk, Compliance, Underwriting Governance, Actuarial and Internal Audit); and
- For regulated roles/functions, the regulatory and/or legal requirements for the role.

The assessment process encompasses a number of levels and stages and, for each of these, control checks are applied to ensure on-going adherence to the policies and guidelines. These stages and control checks include:

- Pre-employment, where the individual's fitness and propriety is assessed prior to commencement of the role. Background checks are carried out using a risk-based approach with particular emphasis on the following roles:
  - NBB/ Financial Services and Markets Authority ('FSMA') / PRA / FCA approved functions;
  - Defined senior management and internal control roles;
  - Individuals holding a delegated authority;
  - Finance; and
  - IT.
- Regular review of all employees, where performance and development assessments are carried out in line with the current QBE Group Performance Review process. The performance management process incorporates appraisals of employee effectiveness, competency in role, and training requirements;
- Regular review, and at least once a year, of Board and Committee effectiveness and the fitness and propriety of individuals holding positions in these groups. Assessment of individuals in these roles is subject to more rigorous scrutiny; and
- Internal moves - where a change to a person's role may prompt a reassessment of their suitability.

The rigour and detail afforded to the assessment of members of the Board of Directors are particularly stringent.

The EO Group's Internal Control Functions (Actuarial, Compliance, Risk, Internal Audit and Underwriting Governance), are also required to ensure that they set out and maintain the competencies necessary to deliver the function to an adequate standard.

The framework of controls in this regard may include:

- Appropriate experience and skills mix;
- Verifications of any required qualifications specific to the role;
- Role profiles;
- Training and development;
- Centres of excellence (i.e. development of subject matter experts); and
- In-sourcing (e.g. joint projects, secondments etc.).

Where matters affecting a person's suitability are identified, the EO Group and the Company will consider the relevance to the person's role and the circumstances and seriousness of the matter. If a person is not deemed to be fit and proper, disciplinary action may be taken, and regulators are notified where appropriate.

For QBE Europe, an annual assessment is conducted to evaluate the individual competencies of Board members, QEMC members, heads of independent control functions, General Managers of the various European branches, and effective leaders. As part of this annual exercise, the collective competence of the QBE Europe Board and the QEMC is also assessed.

The results of these assessments, along with recommendations from the Compliance function, are presented to the relevant governance bodies, including the Board, the QEMC, the NomCo, and the PARC.

## B.3 Risk Management System including the Own Risk and Solvency Assessment

### B.3.1 Risk Function

The Risk Management function of the Company headed by the QBE Europe Chief Risk Officer ('CRO') works in close cooperation with the EO Group Risk Function to maintain consistency in the risk framework, methods and process consistency across all entities within the EO Group.

Functions and processes that are consistent across the EO Group, including for the Company, and are provided on an outsourced basis include:

- A common risk management framework applied consistently across all legal entities;
- Key risk assessment processes (e.g. business planning, reserving, accumulation management, capital modelling), conducted by common functions using a consistent process across all trading entities;
- Key systems operate consistently across all trading entities. This includes systems in Underwriting, Finance, IT, People and Risk Management;
- The three lines of defence model operates consistently across all trading entities. Where identified control deficiencies or failures are legal entity specific, they are escalated to the appropriate legal entity Board as appropriate; and
- A consistent Internal Model operated across the EO Group, the outputs from which are reviewed by EO Group's RCG and RCC before being reported to the entity Boards.

Responsibilities of the Risk Function of the Company that are exercised in-house, include the following:

- Development and implementation of the Enterprise Risk Management ('ERM') Framework;
- Oversight of the QBE Europe Internal Model and other risk activities carried out across the EO Group as relevant to QBE Europe; and
- Production of the annual ORSA.

### B.3.2 Risk Management Strategy and Framework

The Company has adopted the QBE Group Risk Management Strategy ('RMS') to identify and assess the risks the Company faces in delivering on its strategic and business objectives or performance. Given the centralised nature of the Company's Risk Management Framework, the RMS applies equally to all the EO Regulated Companies including QBE Europe and is approved by the QBE Europe Board. The strategy sets out the high-level governance arrangements and key roles and responsibilities relating to risk management and identifies the key risk processes and reporting mechanisms.

It is supported by the EO Group's ERM Framework, QBE Group Risk Policies and EO Group Risk Policy addendums, as well as a number of more detailed procedures/standards.

### B.3.3 Risk and Control Self-Assessment framework

QBE Group has a Group-wide Risk and Control Self-Assessment ('RCSA') framework in place. This places responsibility on each business area, and it is overseen by the Risk Function. This framework ensures that risks are managed at a functional level and a wider risk category level to support the achievement of the EO Group's and the Company's objectives. The Risk Management Framework provides further structure to the control environment, ensuring that risks have the appropriate controls in place with the appropriate owners. Control assessments are validated annually through a risk-based approach by the ERM function and verified through Internal Audit testing, where applicable.

### B.3.4 Risk Categories

The Company identifies and assesses the risks to delivering on its strategic and business objectives. These risks are then categorised into one of eight material risk classes for aggregation, reporting and modelling purposes. The eight material risk classes are listed below. This categorisation enables the operationalisation of a specific risk activity for each type of risk and is an effective means of aggregating, monitoring, reporting and measuring those risks.

- Strategic Risk;
- Insurance Risk;
- Liquidity risk
- Market risk
- Credit Risk;
- Operational Risk;
- Compliance Risk; and
- Group Risk.

Risk categories and sub-categories are reviewed regularly to ensure they continue to reflect the key risks faced by QBE Group. A QBE Group wide Material Risk Class Policy is in place, which covers the majority of the material risk classes (with separate policies in place for the rest). The Company recognise the interconnectedness of risk when assessing risk categories and the impact this may have.

### B.3.5 Risk Appetite

The EO Group's Risk Appetite Statement ('RAS') sets out the EO Group's Risk Appetite Statements ('RAS') sets out the nature and level of risk that the EO Group Boards, including the QBE Europe Board, are willing to take in pursuit of the organisation's objectives. The RASs are used to support risk-based decision-making by clearly defining EO Group's appetite (what we should do) and tolerance (what we can do).

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The Risk Appetite Statements define the thresholds for Risk Appetite. Each statement is accompanied by 'breach', 'caution', 'within appetite' and 'conservative' ranges (where relevant) to provide management and the Board with clear reporting.

QBE Group-level RASs set by the QBE Group Board are cascaded, as appropriate, to the EO Group and its subsidiaries including QBE Europe. This ensures a consistent approach and appetite to risk is applied across QBE Group, where it is appropriate and reasonable to do so. The RAS monitoring is undertaken on quarterly basis at the entity level as appropriate.

The RASs are reviewed annually to ensure they reflect changes to strategic objectives and to the internal and external environment.

QBE Group's Risk Management Strategy establishes the approach for setting, monitoring and reporting QBE Group's Risk Appetite at the Group and Divisional levels.

### B.3.6 Risk Culture

The QBE Group is committed to, and supports, a strong risk culture. It recognises the importance of risk awareness and culture as being instrumental in the effectiveness of the QBE Group's ERM Framework and a part of the control mechanisms for the organisation. Risk culture is embedded through QBE's DNA, training and development, and appropriate incentives.

Risk culture underpins business resilience and financial performance through incorporating risk aware decision making and a risk conscious mindset throughout QBE. QBE adopts an enterprise-wide, globally consistent approach to defining, assessing, managing and governing risk culture across QBE Group, enabling Board and Executives to have appropriate oversight. QBE Group's approach to managing risk culture, as set out in the QBE Group Risk Management Strategy, is defined through QBE's six Risk Culture

Target Statements covering:

- Risk Governance;
- Tone from the top and people leaders;
- Risk appetite & risk based decision making;
- Risk skills, resourcing and capability;
- Psychological safety and speaking up; and
- Performance management & Incentives.

An EO Group Risk Culture Dashboard, covering all group entities and aligned to of the above QBE Group wide risk culture target statements, is presented annually to the EO Group's RCG and RCC to ensure appropriate escalation of cultural issues and trends.

### B.3.7 Internal Model

The Company has developed an Internal Model that can be used to identify and assess risk to ensure that adequate capital is held in relation to the risks faced by the business.

All business lines written within the Company are included within the scope of the Internal Model and are treated in a consistent manner, with differences only arising due to the specific risk profile of the business rather than a different approach to risk assessment. The Internal Model is supported by the ERM Framework, a number of processes within which feed the Internal Model directly as part of the EO Group's and the Company's regulatory capital assessment.

The key processes that make up the Internal Model are as follows:

- Internal Model governance (**Section B.3.8**);
- Risk identification (including emerging risks) (**Section B.3.9**);
- Risk assessment (**Section B.3.10**);
- Risk reporting (**Section B.3.11**);
- Risk governance (**Section B.3.12**);
- Internal control framework (**Section B.3.13**); and
- The economic capital model (**Section B.3.14**).

### B.3.8 Internal Model Governance

The high level and detailed governance of the Internal Model is the responsibility of the RCC and the Risk function respectively.

The RCC is a formal committee of the Boards and meets at least on a quarterly basis. The RCC is attended by the company CRO and the members of the EO Risk function, who have oversight of the Internal Model, to ensure that adequate information regarding the Internal Model is reported to, and disseminated from, the RCC. The main points of discussion at each RCC meeting are reported at the EO Group Boards, including the Board of the Company, to ensure that matters regarding the Internal Model are documented and escalated to the appropriate forum.

There is an annual cycle of model validation tests to independently review and challenge the key assumptions, methodology and output of the Internal Model. This is part of a three-yearly targeted validation plan including annual core tests and, at least three-yearly, full deep dives. The independent validation is performed independently of individuals that have been involved in the design and/or operation of the Internal Model, with findings and any escalations reported through the EO Group's System of Governance. The validation process is independently managed by the Risk function, with the Head of Model Validation role held by a senior member of the Risk team. There were no material changes to the Internal Model validation process during the period.

Changes to the model are further monitored on a regular basis and reported to the RCC and Board, as applicable, for approval via the model change process.

Use of the model in decision-making processes, for example through risk appetite development and monitoring and supporting reinsurance strategy and programme design, is also reviewed by the Risk team on an at least annual basis.

There were no material changes to the internal model governance process during the reporting period.

### B.3.9 Risk identification (including emerging risks)

The Company identifies top risks that have the potential to affect the business' ability to achieve its objectives. Each risk is assigned an owner who is responsible for the overall management of that risk. Once a risk has been formally identified and included within the Framework, it is then integrated into the Company's risk and capital management processes.

Risk identification is implemented through the Risk Function's engagement with each business function as part of the ORSA process (management focus areas) and RCSA process (functional risks) and is supported by the emerging risks process.

Emerging risks are defined as "a new or future risk beyond a 12 months' time horizon that may be difficult to assess and may have a significant impact on QBE's business or the markets we operate in". The Emerging Risks Group ('ERG') co-ordinates the identification, assessment, monitoring, management and reporting of emerging risks applicable to the Company. Emerging risks are typically new or rapidly changing developments, likely to be unprecedented or not fully understood and/or characterised by a lack of historical data. Emerging risks can have a significant impact on the QBE Group achieving its strategic or business objectives, but are not adequately captured within other risk classes or risk sub-classes within QBE Group's RMS. The ERG is attended by Subject Matter Experts ('SMEs'), who participate in knowledge sharing, identification, assessment, monitoring and management of emerging risks. The ERG maintains a matrix of emerging risks that is used as the basis for the reporting to management on a quarterly basis via the ORSA. The Risk team also engage members of the QBE QEMC in assessing new top and emerging risks each quarter, as appropriate, to provide a top-down perspective for risk identification.

### B.3.10 Risk Assessment

Risks (by sub-risk category) are assessed using a combination of qualitative and quantitative techniques via the ORSA process. The assessment process brings together key information to support the analysis, including risk appetite statements, management key concerns/top risks, risk and control self-assessments, emerging risks, risk ranking (based on the Economic Capital Model ('ECM'), significant transformation portfolio assessments and issues and incidents including action plans.

Risk assessment is supported by the Company's Economic Capital Model ('ECM'), part of its Internal Model. The ECM assesses the material risks to which the business is exposed and evaluates the level of capital required to meet solvency requirements at a more granular level than the regulatory minimum standards. The role of the ECM in evaluating the solvency requirements of the Company and facilitating the Company strategy, is detailed in the **Section B.3.15 'The Own Risk and Solvency Assessment ('ORSA')**.

Risks are further assessed on a functional level through the RCSA process (please refer to **Section B.3.3**).

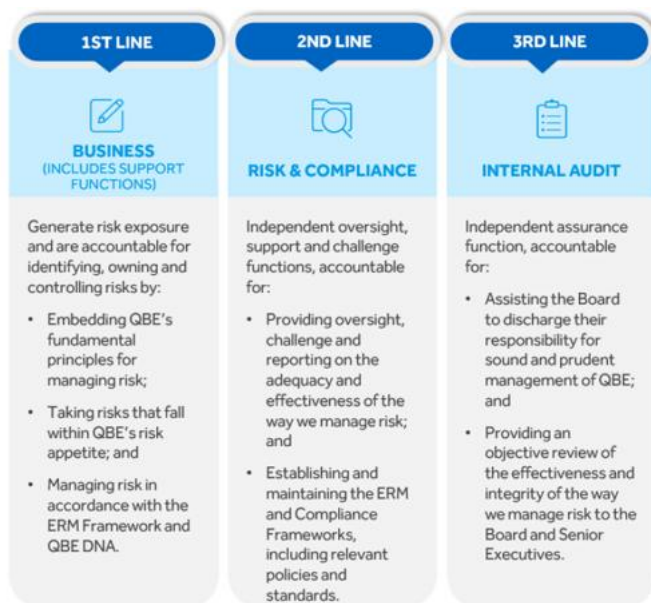
### B.3.11 Risk Reporting

The Company's governance framework is supported by risk reporting, which is used to provide complete, accurate and timely risk data and analysis that can be used to support day-to-day business decisions. Key stakeholders for risk reporting include the Board, committees, forums, risk owners, business management and support functions. Risk and performance-related information is routinely reported to the Board and the RCC.

A key element of the Company's risk reporting is the ORSA, details of which can be found in **Section B.3.15**.

## B.3.12 Risk Governance

Everyone within the QBE Group has responsibility for managing risks. The EO Group, including QBE Europe, employs the Three Lines Model to managing risk, as described below:



Embedded in most of the 1<sup>st</sup> Line teams there is a 1b function providing:

- Review, challenge or oversight of 1<sup>st</sup> Line risk management and compliance activities. Although 1b functions are not fully independent of 1<sup>st</sup> Line management, they are one step removed from risk taking and decision-making activities led by 1<sup>st</sup> Line teams and are therefore able to provide an objective view;
- Specialist business advice or service to the business, such as training or legal advice; and
- Monitoring of 1<sup>st</sup> Line's compliance with procedures, policies or frameworks set out by the 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> Line.

## B.3.13 Assurance and Governance Forums

A fully documented assurance operating model has been developed for each of the main business functions within the EO Group including for QBE Europe to ensure that the application of the Three Lines Model is adequate and appropriate to identify, manage and control risks that may arise in relation to those functions.

A RAG rating is used to assess each business function in relation to the adequacy of design of their assurance model across the lines of defence. Where the design of the assurance operating model needs some improvement, a designated owner is identified to ensure any change or business improvement actions are effectively undertaken in a timebound manner.

The Governance Committees and Management Groups, noted in **Section B.1**, provide further challenge and assurance on risk taking and management activity. Members of the 2<sup>nd</sup> Line sit on all relevant executive corporate governance Committees and Management Groups established by the EO Group Boards including the QBE Europe Board, and attend additional working groups and steering committees as appropriate to deliver risk and compliance oversight and challenge across the spectrum of business activity.

The EO Group's Three Lines Model provides an effective risk governance framework in which roles and responsibilities for risk management and oversight are clearly defined throughout the EO Group and its Regulated Subsidiaries, including QBE Europe. It also ensures the existence of appropriate checks and balances and enables remedial actions to be taken where weaknesses are identified. Further, through the activities of 1b teams within the 1<sup>st</sup> Line business functions, the EO Group enables:

- The strengthening of the risk ownership and culture throughout the organisation;
- The business functions to take accountability for managing risk; and
- The best expertise within the ERM framework to be made available to address risk matters.

From the November 2025 review, the EO Group Risk team concluded that the EO Group's Three Lines Model remains appropriate including for QBE Europe, with appropriate checks and balances to support effective risk governance and management throughout the EO Group, including for QBE Europe.

### B.3.14 Determination of Solvency Requirements - Economic Capital Model

QBE Europe uses an ECM, as part of its Internal Model, to measure the material risks to which the Company is exposed. As such, the ECM better informs decision-making and the formulation of business strategy.

Output from the ECM is used to assist the Board and senior management in evaluating risk and understanding the capital implications of business decisions. Use of the ECM has been approved by the Board and the NBB as part of the approval of the Company's Internal Model since 2019.

The ECM measures the risks specified in the QBE Group RMS and related Risk Policies over a 12-month time horizon, the basis for which is the risk management assessment process. Hence, the risk management system interacts with, and is closely aligned to, capital management activities. The ECM does not assess those elements of strategic and emerging risks that are captured through the ORSA process.

Capital is maintained over time to ensure that the Risk Appetite of the QBE Europe Board and applicable regulatory capital requirements are met. Other relevant strategic and business objectives are also taken into account.

For further details about the Internal Model and the ECM refer to **Section E: Capital Management**.

### B.3.15 The Own Risk and Solvency Assessment ('ORSA')

#### B.3.15.1 Overview

The Company produces an ORSA report to assess, on a continuous and forward-looking basis, the Solvency needs of the Company given the risks that it has identified and assessed.

QBE Europe has adopted a working definition of the ORSA to be "the entirety of the processes and procedures employed to identify, assess, control, manage, and report the short- and long-term risks the Company faces or may face and determine the assets necessary to ensure that the undertaking's overall capital needs (solvency and economic) are met at all times."

The ORSA incorporates outputs of key management processes, including business planning, capital management and solvency assessment, stress and scenario tests and modelling and governance. In addition, it summarises the Company's risk profile and contains risk assessments and the control effectiveness ratings for each risk within the risk governance framework, including non-quantifiable risks and those not mitigated with capital.

The annual ORSA provides the link between the QBE Europe's risk strategy, risk profile, risk appetite and overall solvency needs. The annual ORSA ensures that:

- The risk profile in the context of the business plans and strategy is understood;
- The regulatory and economic capital requirements can be met based on the current business plan and over the longer term, considering severe events;
- The management actions that may be necessary to reduce risk and subsequent capital requirements, (including contingency plans associated with a stressed environment) have been considered; and
- The Internal Model continues to be considered adequately suitable and robust to support the above assessment of risk and capital, and specifically to set regulatory capital.

The ORSA process has been designed to ensure that the Board is provided with all relevant risk and capital information to enable them to act in the best interests of their stakeholders. The frequency of production of the full ORSA and ORSA updates are noted below.

### B.3.15.2 Annual ORSA

A full ORSA report is produced for each calendar year. This report captures changes in the Company's risk profile that have occurred during the previous year and incorporates detailed analysis of QBE Europe's risk and capital position both in the current and in the future. The report provides analytical breakdown by risk type. The Annual ORSA is reviewed and approved by the QBE Europe Board.

### B.3.15.3 Regular ORSA updates

ORSA updates are reported to the RCG and RCC on a quarterly basis and include:

- Overall Risk Class Summary;
- Top risks (areas of management concern);
- Risk Appetite Statements ('RASs'); Key Risk Indicators ('KRI's'); Capital position and solvency ratios (including projections if appropriate); Transformation initiatives update (including a Line 2 Risk Opinion); Emerging risks (as required); Issues and Incidents analysis; and RCSA analysis.

### B.3.15.4 Ad-hoc ORSA updates

If there is a significant change to the Company's risk profile an ad-hoc ORSA may be produced outside the normal production and update cycle. Examples of such a change include:

- Material acquisitions or business re-organisation;
- A significant change in the business plan e.g., entering into new markets, products etc.;
- A significant loss event;
- A material change to QBE Europe's capital base; and
- The identification of a critical issue.

### B.3.15.5 ORSA Governance

The content of the annual ORSA is reviewed by various forums and committees before the full report is submitted to the QBE Europe Board for approval by:

- QBE Europe Board: The QBE Europe Board has the ultimate responsibility for the ORSA and must review, approve and formally sign off the report on an annual basis;
- RCC: The QBE Europe Board delegates its risk management oversight and monitoring activities to the RCC. The RCC is the primary forum for challenging both the ORSA content and process and the committee reviews and approves the quarterly ORSA updates and recommends the annual ORSA report to the Board for approval;
- RCG: The RCG consisting of the Group's EMB and QEMC members has the primary responsibility to review and challenge the ORSA prior to submission to the RCC;
- QEMC: The QBE Europe annual ORSA is reviewed by the Management Committee for QBE Europe prior to QBE Europe Board approval. The QEMC also receive the quarterly ORSA updates or a summary of the report; and
- Other Committees and Groups: Other Committees and Management Groups also receive ORSA content, as appropriate, to support the identification and monitoring of relevant risks in the course of conducting their responsibilities. Their responsibilities in relation to risk management are included in the respective committee terms of reference.

## B.4 Internal Control System

### B.4.1 Overview

The Company has implemented an internal control framework that seeks to ensure compliance with all relevant regulatory and legal requirements. These requirements include meeting the standards contained within Article 46 of the Solvency II Directive, and the updated NBB Overarching Circular on governance and related documentation, and other NBB Regulations and Circulars including the *Regulation on the internal control system and the internal audit function* of 19 May 2015 which states that "Each institution must have an internal control system appropriate to its activities or planned activities, taking into account the nature, size and complexity of these activities and the associated risks".

As discussed in **Section B.3**, the Company has a defined structure to identify, assess, report and control risks that may affect the business.

The internal control mechanism at the core of this structure is the 'three lines of defence'. Refer to the Risk Management **Section B.3.1.12** for further information.

### B.4.2 Risk Governance

The risk governance forums within the Company represent further challenge and assurance on risk taking activity. They also generate strong practical working relationships between the 1a, 1b and 2<sup>nd</sup> line teams. Members of the 2<sup>nd</sup> line sit on or attend all Committees and Management Groups established by the EO Group's and the Company's Boards and attend additional working groups and steering committees to deliver challenge across the wide spectrum of business activity. Transparency of issues is achieved through Board Committee/Group reporting or escalation, all overseen by the Risk and Capital Committee. Refer to the Board Committee **Section B.1** for further detail on the various committees and their functions within the EO Group.

### B.4.3 The Compliance Function

The QBE Europe Compliance function consists of the Head of Compliance and specific local resources located in the Company's branches, supported in certain domains by the UK-based EO Group Compliance team in accordance with an established intra-Group outsourcing agreement. The function reports through the Head of Compliance (QBE Europe), to the CRO who is a member of the QEMC and the QBE Europe Board. The function has direct and unfettered access to any member of the Board, the Management Committee, senior management or the EO Group Committees.

The principal purpose of the function is to ensure the business meets the compliance standards set by its regulators and QBE Group, proactively supports the development of a culture of compliance and appropriate management of regulatory risk across the Company, and to provide appropriate second line independent challenge in respect of first line activities. Accountabilities include advising the Board on compliance with EU, home and host member state compliance requirements and supervisory expectations, the QBE Group standards and requirements established by the QBE Group Material Risk Class Policy and supporting Framework. This includes ensuring notably: staff awareness of regulatory matters and providing best practice guidelines for key business topics including Conduct Risk, Sanctions and Licensing compliance, Data Privacy, Anti-Money Laundering and Anti-Bribery and Corruption. The function also produces and promotes awareness of the annual Compliance Plan, develops an annual Monitoring Plan, and in conjunction with other EO Group control functions (e.g., Underwriting Governance, Delegated Claims Management etc.) conducts a program of monitoring to challenge and test the effectiveness of internal controls. The core objectives of the function are set out in the functional Terms of Reference (which serve as the equivalent of the Compliance Charter) and include:

- Promoting a robust and consistent compliance culture throughout the business including through on-going training and awareness;
- Providing assurance to the Board that relevant regulatory and legal requirements are being met through monitoring activities, knowledge of the business and regular reporting to governance forums;
- Monitoring regulatory developments and co-ordinating and supporting business responses to proposed regulatory changes; and
- Developing and embedding a framework of policies and procedures designed to support business practices, promoting ethical standards and ensuring regulatory and legal requirements are met.

The function has implemented the compliance-related elements of the QBE Group Material Risk Class Policy. The Policy outlines QBE Group's approach to compliance risk management and defines roles and responsibilities within the three lines of defence model for achieving a positive compliance culture and effective compliance management. The requirements of the QBE Group policy are applied as part of the EO Group Compliance Framework which includes but is not limited to:

- Developing, in conjunction with business units, a framework of policies and procedures to support business practices, promote ethical standards and ensure legal and regulatory compliance;
- Developing, or assisting in the development of, educational and training programs to promote a positive compliance culture and a greater awareness and understanding of the importance of compliance and the Company's legal and regulatory obligations;
- Providing advisory assistance and support to business units regarding the interpretation and impact of, and compliance with, relevant legal and regulatory requirements and obligations;
- Implementing an annual Compliance Monitoring Plan (which is approved by the RCC) to test and challenge the on-going suitability and effectiveness of controls across all relevant risks and business areas;
- Monitoring, assessing and reporting regularly on regulatory risks (via the established Insight Risk Management platform); and
- Ensuring that regular compliance management information is supplied to the Board and senior management to enable them to form a reasonable view of the standards of compliance across the business, know whether any material trends or issues have emerged and require redress, and be aware of any regulatory developments that may affect the business.

Further specific objectives are also established by the Compliance function annually using a risk-based approach. These are detailed in the annual Compliance Plan and Compliance Monitoring Plan which are reviewed and approved by the RCC and the Board. These collectively identify the key risks that the

Company is likely to experience over the coming year and any changes to the function created by specific regulatory and legislative developments.

The Board has also asserted its commitment to ensuring that all compliance staff are "trained and competent to enable the function to carry out its objectives". Individual member's knowledge, experience and competency are routinely assessed and monitored through the internal performance review process.

In addition to active engagement with market bodies such as Assuralia as a means of identifying potential areas of change, members of the function regularly participate in conferences, workshops and forums on specific legislative/regulatory developments. The function also routinely monitors legal and regulatory information sources, consultations and official publications to inform risk assessments/gap analyses against proposed changes, co-ordinating and supporting the business response.

The Board has also asserted its commitment to ensuring that in addition to active engagement with market bodies such as Assuralia as a means of identifying potential areas of change, members of the function regularly participate in conferences, workshops and forums on specific legislative/regulatory development.

The Compliance function has also been designated responsibility for contributing to the assessment and management of the following on behalf of the Board:

### **Material Risk Classes**

- Compliance Risk (non-compliance with laws, regulations, industry codes or conduct standards that may result in financial loss, non-financial loss, and/or customer detriment).

### **Risk Sub-Classes**

- Fraud (Operational Risk);
- Third Party Risk (Operational Risk); and
- Data Management Risk (Operational Risk).

The function works with a number of other key assurance functions including Internal Audit, Risk, Legal, Underwriting and Claims Governance, Risk and Delegated Underwriting to ensure all significant areas of regulatory risk are addressed.

There is an established issue and incident reporting process as part of the wider Risk Management Framework which includes guidelines on the identification and reporting of breaches of compliance policies. The reporting requirements include the timely escalation of issues to appropriate senior management or governance bodies. The Company Head of Compliance further escalates all material issues to the Board.

The EO Group's governance structure includes the Compliance Management Group ('CMG'), which supports the RCG and RCC in providing co-ordinated oversight and monitoring of the EO Group's adherence to the Compliance Framework. Key responsibilities include:

- Consideration of new policy requirements and management of existing policies within the Compliance Framework;
- Review of relevant policy related management information and reports;
- Recommendation of the annual Compliance and Monitoring Plans to the RCC; and
- Review of Compliance breach and incident reports.

The EO Group has implemented the QBE Group Conduct Risk Policy. The Conduct Risk Group ('CRG') is another key management group and is responsible for identifying, assessing, mitigating and overseeing Conduct Risk, including application of the QBE Group Policy. Key responsibilities include:

- Providing focused oversight and challenge in respect of the EO Group's compliance with the FCA Consumer Duty and related requirements (applicable in respect of the Company's UK branch);
- Monitoring high product risk ('HPR') areas of the business and providing proportionate and fair challenge in respect of the effects of that business;
- Assessing the conduct risk inherent in the Group's products and distribution methods and whether mitigating controls and oversight are appropriate;
- Designing and providing effective management information around conduct risk within the EO Group; and
- Reporting to the RCC on the design and effectiveness of the EO Group's conduct risk framework.

## B.5 Internal Audit Function

### B.5.1 Overview

QBE Group Internal Audit ('GIA') is a group-wide function, in which divisional internal audit teams operate on a globally integrated basis. QBE Europe Internal Audit falls under the umbrella of International Internal Audit division. The primary role of GIA is to assist the Board and senior management by providing independent assurance that the design and operation of the controls across the QBE Group are effective. The QBE Group Head of Internal Audit is responsible for the function, which operates under a written charter from the QBE Group Board Audit Committee, which is adopted by the respective Divisional Audit Committees. The Group Head of Internal Audit is responsible for the establishment of a team with the required skills, knowledge, and experience to deliver the internal audit plan.

The Head of Internal Audit for QBE Europe reports to the Chair of the QBE Europe Audit Committee, the QBE Europe CEO and the Head of Internal Audit, International. The role uses GIA EO audit staff, as necessary, as part of an outsourcing agreement with QBE Management Services (UK) Limited.

GIA operates within an established framework designed to meet key stakeholder expectations and achieve adherence to applicable professional mandatory guidance and requirements. This includes adherence to The Institute of Internal Auditors International Professional Practices Framework, specifically "Core Principles for the Professional Practice of Internal Auditing", "Definition of Internal Auditing", "Code of Ethics", and "International Standards for the Professional Practice of Internal Auditing" (Standards), and any other applicable professional mandatory guidance and requirements. A risk-based plan of internal audits is determined annually in consultation with stakeholders e.g., senior management for approval by the Group and Divisional Audit Committees. GIA uses the QBE Risk Management Framework in developing the plan, incorporating the results of the risk assessments performed by management. This is overlaid by GIA's own assessment of risks and related controls. The plan also includes audits to address relevant regulatory requirements. GIA maintains a quality assurance and improvement programme that covers all aspects of GIA assurance activity. This comprises both internal and external assessments, and the findings of the quality assurance programme are reported to the Audit Committee Chair at least annually.

### B.5.2 Independence

No person carrying out the internal audit function assumes any other key functions within the EO Group.

GIA is authorised to perform any audits, reviews, investigations, or conduct any form of inquiry, which it considers necessary to meet its purpose. GIA has full, free, and unrestricted access to all QBE activities, records, property, and personnel.

GIA maintains its independence by having no direct authority or responsibility for the activities it reviews. GIA does not have responsibility for developing or implementing procedures or systems, except for those related to internal audit. It does not prepare records or engage in original line processing functions or activities. The QBE Group Head of Internal Audit and Divisional Heads of Internal Audit report to the QBE Group Audit Committee and their respective Divisional Audit Committees at least annually on the organisational independence of the internal audit activity. The Head of Internal Audit for QBE Europe confirms the operational independence of QBE Europe's internal audit function to the Audit Committee on an annual basis.

## B.6 Actuarial Function

The Actuarial Function provides wide ranging actuarial support to the business, including reserving, capital, reinsurance analysis and performance monitoring.

At the core of all actuarial work, mathematical techniques are used to interpret the available data. This is collated from a wide variety of sources both internally and externally, including underwriting, claims, reinsurance and financial data.

The role of the Actuarial Function is defined in a formal Terms of Reference. This document clearly outlines what areas of the Actuarial Function are performed by the EO Group's Actuarial Department, as others are performed elsewhere in the operation (e.g. the Enterprise Risk Management department).

The Actuarial Function is free from the external influence of other functions within the EO Group and the formal Terms of Reference ensure that reserving analysis is performed independently of underwriting decisions, which enables objective review and challenge.

All supporting departments that form the Actuarial Function are subject to regular internal audits to ensure that the appropriate governance and processes are followed in their operation. Second line review of classes with more material uncertainty is performed annually. The observations and results from this exercise are compared to the EO Actuarial reserve results and differences discussed. The annual Actuarial Function Report on Technical Provisions presented to the Board addresses any areas of difference and subsequent recommendations.

## B.7 Outsourcing

### B.7.1 Overview

The EO Group Boards adopted the updated and combined Group Third Party Risk Management ('TPRM') and Outsourcing Policy in July 2025. The Policy is regularly reviewed and updated where appropriate. It details the QBE Group's principles of outsourcing and TPRM, delineates responsibilities, provides guidelines regarding the maintenance of the outsourcing register, and sets out the process and requirements for reporting to QBE Group.

The Policy is supported by an Approach document (EO's Approach to Outsourcing & TPRM) which details how the requirements of the QBE Group policy are implemented within the EO Group and how additional local regulatory requirements are met. The Approach document in combination with the QBE Group Policy forms the Outsourcing and TPRM Policy for all EO Group entities. Collectively these documents establish criteria for the recording and management of critical and important outsourcing arrangements but also requires that the same core principles be applied to all outsourced relationships.

In particular, the TPRM and Outsourcing Policy asserts QBE Group's commitment to "managing any risks associated with outsourcing through appropriate systems and controls", and "ensuring compliance with regulatory requirements", stating that outsourcing should only be undertaken where:

- It does not significantly increase QBE's risk exposure; and
- We remain within the relevant QBE Group & Divisional Risk Appetite.

These also establish obligations around the periodic review of all outsourced arrangements. The documents collectively require that appropriate systems and controls should be in place to manage the outsourcing risk and sets criteria for the inclusion and monitoring of material contracts on the outsourcing register, including the regular review and challenge of materiality assessments of arrangements. An Outsourcing and Third-Party Risk Management Working Group ('OWG'), reporting to the Operational Risk and Resilience Committee ('ORRC'), oversees both the practical application of the policy within the EO Group and preparation of the material outsourcing register on an ongoing basis.

A separate Policy and accompanying operational guidelines are also in place in respect of Delegated Underwriting/Coverholder arrangements. This details the required due diligence and on-going monitoring of delegated underwriting arrangements, including assessment of competence and suitability, regulatory standing and financial strength.

Reporting and escalation provided by the OWG enables the ORRC to provide executive oversight of third-party risk including in relation to critical/important outsourcing. The ORRC will recommend management strategy, propose policy enhancements, monitor capability, identify areas of concern or weakness (including systemic performance issues) and recommend any corrective action as necessary to the Accountable Executive, and as necessary to the QEMC.

This enables the relevant internal forums to maintain appropriate oversight and challenge over outsourced critical/important functions and activities. It also ensures that that outsourcing has no detrimental impact on the overall standard of governance and control.

The governance and control framework established around critical/important outsourcing (as outlined above) is designed to ensure that the companies have appropriate ongoing oversight over third parties performing material functions on its behalf. The due diligence process around any proposed critical/important outsourcing will include an assessment of potential providers in the market and any decision will be based upon a range of factors which are monitored on an ongoing basis.

In 2025, a new procedure has been drafted in the form of Guidelines to formalise the governance framework regarding intragroup outsourced services provided to QBE Europe, in particular the maintenance of local register, the process for criticality assessment and the methodology for regular monitoring process (“QBE Europe's Intragroup Outsourced Services Register and Attestation Process Guidelines”). These Guidelines, specific for QBE Europe, stem directly from the EO Outsourcing & TPRM Policy.

### **B.7.2. Perimeter of all critical or important functions or activities which are outsourced**

In line with the Belgian regulatory framework, QBE Europe ensures that outsourced activities classified as *critical* or *important* (NBB Critical Outsourced Activity) are properly identified and managed. These activities are subject to stricter requirements than those applicable to non-critical functions.

An NBB Critical Outsourced Activity is defined as ‘a function or service so essential to QBE Europe’s operations that the company would be unable to deliver its services to policyholders without it’. To meet the expectations of the NBB, QBE Europe applies a structured analysis grid to assess and document whether an outsourced activity qualifies as critical. This assessment is guided by specific criteria set out in the Belgian legal framework.

### **B.7.3. Description of the reasons leading to the outsourcing of critical or important functions or activities**

The rationale for intragroup (critical) outsourcing is based on several key considerations:

- Firstly, it ensures access to specialised expertise within the group, which may not be available locally, thereby guaranteeing that critical or important functions are performed by highly competent entities;
- Centralising certain activities at group level promotes harmonization and standardisation of processes, which strengthens consistency and compliance with applicable regulatory requirements;
- Furthermore, intragroup outsourcing provides access to advanced technologies and shared infrastructures that individual entities could not efficiently develop on their own; and
- It also enhances governance and oversight by concentrating key functions in dedicated units, thereby reducing operational risk and improving quality control.

#### **B.7.4. Description of the mechanisms in place to monitor the outsourcing of the critical or important functions or activities including intra-group outsourcing**

Processes outsourced within the group are extensively monitored, both formally and informally. With the daily interaction characteristic of integrated intragroup outsourced processes, more formal channels are in place, such as regular reporting to management bodies and work groups or committees that contribute to effective oversight and reporting.

In addition, QBE Europe has defined a review and attestation process which further formalizes and documents the regular review and assessment of services.

Dedicated Service Level Agreements ('SLAs') and KPIs serve as the basis for monitoring the performance of the EO Service Provider and evaluating the quality of the services delivered. The EO/Group person delivers the function, service, or activity under the Outsourcing Arrangement.

Finally, ad hoc reviews may be triggered by, amongst others:

- Major incidents;
- Significant changes in service scope; and
- Requests from governance bodies or supervisory authorities.

Where appropriate, in case of significant issues, concerns or flagged areas of attention or improvement, adequate measures are proposed, followed up and documented internally.

#### **B.7.5. Information on the material intragroup outsourcing agreements and the service providers**

The contractual relationships with the group entities are governed and defined by several key service agreements. Although the activities outsourced by QBE Europe are intragroup outsourcing arrangements, the following principles set out in the EO Outsourcing & TPRM Policy continue to apply.

The EO Outsourcing & TPRM Policy provides detail on expected due diligence and risk management and guidance on the process that should be implemented prior to formalising any outsourcing agreement, including identifying whether the vendor is able to meet all necessary requirements, among others requirements provided by Chapter 7 of the Overarching Circular (e.g. the provider's financial standing, preparation of a documented exit strategy covering both stressed and non-stressed scenarios, etc.).

The QBE Group Conflicts of Interest Policy applies in respect of all commercial relationships, and all staff must adhere to it when proposing or conducting due diligence around any potential outsourcing.

The review of each material outsourcing contract addresses legal and regulatory compliance in respect of the services outsourced, including Data Protection and Information Security. In addition, all QBE Group companies and service providers will be bound by the requirements of the QBE Group Information Security Policy. This establishes minimum standards and consistent application of controls for data security across the group.

Assessment of a material service provider's risk management and internal control systems is undertaken initially as part of due diligence, and then periodically as part of ongoing oversight requirements.

## B.7.6. Information on the service providers to which critical or major operational functions or activities are outsourced

The service providers are entities within the QBE Group, namely the following:

- QBE Management Services (UK) Limited (QMSUK) (Company number: 3153567);
- QBE Group Services Pty Ltd (QGS) (Company number: ABN 18 606 738 916); and
- QBE Group Shared Services Limited (QGSSL) (Company number: 08300436).

In addition, for services outsourced in Ireland, primarily for activities performed by the Irish branch, certain activities are also outsourced to QBE Management (Ireland) Limited (QMIL) (Company number: 52798).

## B.7.7 Outsourcing of independent control functions

Control functions are not outsourced as such. However, certain activities related to independent control functions are outsourced at group level (intragroup outsourcing).

## B.8 Any Other Information

No other information is considered material regarding the Company's System of Governance.

# Section C: Risk Profile

## Introduction

The Company has identified a number of top risks, which are considered executive management focus areas.

The top risk with the highest potential impact and likelihood throughout 2025 was 'Economic and Geopolitical Uncertainty', which was driven by conflicts in the Middle East and Ukraine, impacts from US foreign policy including tariffs and escalating use of force, as well as potential for divergent central bank responses amid continued heightened levels of inflation.

Other top risks for the Company with a 'material' impact or 'almost certain' likelihood rating during 2025 include 'Cyber Security', 'Climate Change', 'Heightened Regulatory Supervision', 'Market Cycle Management', 'Modernisation Risk' and 'Power of Distribution Partners'.

'Artificial Intelligence' and 'Data' related risks have also been in focus during 2025, and the Company commenced monitoring a new 'Operational Risk from Strategic Initiatives' top risk from Q1 2025, reflecting the increased operational complexity arising from implementing the Company's strategic objectives.

The Company is exposed to various risks and uses a number of methods and techniques to identify, assess, evaluate and mitigate these risks. The main categories of risk are detailed below. To address these risks, the Company uses a number of risk mitigation techniques, as described below in **Sections C.1 – C.6** below.

The below table shows the SCR calculated under the Internal Model for the Company. More information is given on the risk types in this section.

Risk Category under Internal Model	2025	2024
	€m	€m
Market risk	232	202
Counterparty Default risk	216	188
Non-life underwriting risk	1,533	1,619
Operational risk	146	150
Pension risk	2	2
Capital adjustments	128	126
<b>Total undiversified components</b>	<b>2,257</b>	<b>2,287</b>
Diversification	(787)	(719)
<b>Solvency capital requirement</b>	<b>1,470</b>	<b>1,568</b>

## C.1 Insurance Risk

### Description

The Company defines insurance risk as the risk of fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to expectations.

### Exposure measurement

Insurance risk is one of the key risks for the Company, for which exposure is measured mainly through the SCR derived from the Solvency II Internal Model. Insurance risk is modelled as three separate elements; risk around the proposed underwriting year (underwriting risk), risk around the balance sheet earned reserves (claims provision) and risk around the balance sheet unearned reserves (premium provision). Each of the risk elements including more specific exposure measurement information is detailed below in **Sections C.1.1 – C.1.4**.

## Risk mitigation

Risk mitigation is mainly achieved through reinsuring a portion of risks underwritten to reduce the Company's exposure to individual losses or an accumulation of losses. This allows the Company to control exposure to insurance losses, reduce volatility of reported results and protect capital. The Company has in place systems, internal controls and processes to ensure that its reinsurance arrangements are appropriate to enable it to meet its obligations to its various stakeholders, including policyholders and shareholders.

QBE Europe's reinsurance programme includes ceding to authorised Special Purpose Vehicles ('SPVs') which are required to be fully collateralised on an equivalent basis to that required under the Solvency II rules. Exposures to these SPVs are not material.

The following key changes were made to the Company's reinsurance programme in 2025:

- Purchase of an adverse development cover, providing protection against deteriorations in the YE23 earned reserves;
- The Property CAT tower reduced core retention and increased coverage for Europe Property only. This is partially offset by some impact of reduced coverage for North America peak perils;
- Updated structure of Property tower Excess of Loss ('XoL') covering inwards reinsurance business; and
- Execution of a quota share contract to cede 100% of inwards reinsurance business written by the Bermuda branch to QBE Capital.

## Risk Concentration

Insurance risk concentrations consider the risks associated with accumulations of underwriting exposures within particular business lines, products, and geographies. This includes the risks from natural or man-made events that have the potential to produce insurance losses from many of the Company's policyholders at the same time (e.g. catastrophes).

The Company's exposure to concentrations of insurance risk is mitigated by maintaining a business portfolio that is diversified across countries and classes of business. Product diversification is pursued through a strategy of developing strong underwriting skills in a wide variety of core and specialty classes of business.

The Company currently uses a variety of methodologies to monitor aggregates and manage catastrophe risk. These include the use of catastrophe models from third-party vendors such as Moody's RMS and Impact Forecast Elements, the Realistic Disaster Scenarios ('RDS'), and the QBE Group Aggregate Methodology ('GAM') and Realistic Event Methodology ('REM'). A risk appetite in relation to natural catastrophe insurance concentrations has been determined using the QBE Group's capital model, and in relation to non-natural catastrophe insurance concentrations using the RDSs. These are monitored against on a regular basis.

### C.1.1 Underwriting Risk

Underwriting risk is the risk that the premiums received for the business written in the year following the model date will not be sufficient to cover future claims and related costs arising from that business.

The risk is modelled separately for each class of business and involves an assessment of the following sources:

- The underwriting cycle and the potential for business to be written at inadequate rates. This has been based upon the submitted business plans and makes allowance for variability. The data has been reviewed by experts within the business;
- The potential for losses in excess of the business plan caused by a difference between the frequency and value of expected claims compared to the frequency and value of actual claims (including inflationary trends). The losses have been split between:
  - Attritional losses - Historical experience combined with expert judgement is used to parameterise the potential distribution of outcomes;
  - Large losses - The frequency and severity of large loss distributions are modelled separately. The volatility is based on past experience with an overlay of expert judgement; and
  - Natural catastrophe losses - Catastrophe losses are modelled using a third-party catastrophe model combined with QBE Group's exposure profile. An uplift for catastrophe exposure not catered for by the third-party model is also applied.
- Reinsurance risk mitigation - Gross large and catastrophe claims are modelled explicitly and are passed through the reinsurance structure. The capital model uses the reinsurance structures that are currently in place to capture both the reinsurance recoveries due and reinstatement premiums payable from the modelled gross losses; and
- Commission and expenses - Commission and expense assumptions are aligned to the business plan and make an allowance for variability.

In addition, Risk Appetite Statements are in place and monitored in relation to insurance risk, using for example probability of adequacy of claims reserves and insurance concentrations as a measure as well as performance from a more strategic perspective.

### C.1.2 Catastrophe Risk

The Company has material exposure to losses from natural catastrophe events as well as man-made catastrophe events (e.g., terrorism or casualty events). Whilst the risk assessment processes set out below cover natural catastrophe exposure, man-made catastrophe events are also covered under underwriting risk.

The Company reinsurers a significant portion of catastrophe risk through quota share arrangements with QBE Capital.

Extensive monitoring of aggregates and reinsurance are in place to control this risk.

A variety of methodologies are used to monitor aggregates and manage catastrophe risk on a gross and net basis.

Methodologies include:

- The use of catastrophe models from third-party vendors, such as Moody's RMS;
- RDS - which may be property related events (e.g., windstorms and earthquakes), but can also be liability-based events such as a collapse in the housing market (and therefore used to measure man-made catastrophes); and
- The QBE Group REM - used to assess catastrophe risk in regions of the world that the Company do not have a licenced cat model to allow consideration of potential losses from these regions.

The output of each of the above is monitored and measured against internal limits. The Insurance Concentrations risk for the Company is monitored by the EO Group Aggregate Management Group and reviewed at a summary level via the Underwriting Management Group risk dashboard. In addition, catastrophe risk is reviewed at QBE Group level via the Group Aggregate Management Committee ('GAMC').

### C.1.3 Claims Provision Risk

Claims provision risk is the risk that the outstanding claims provisions established are insufficient to cover the future claim payments and associated expenses for loss events which occurred before the balance sheet date. Claims provision risk is modelled separately for each class of business.

To calculate the risk around the earned provision, historical paid and/or incurred triangulations have been analysed using a variety of statistical methods, such as:

- Bootstrapping;
- Mack; and
- Hertig.

These statistical techniques are used to project historical gross variability into the future. A number of adjustments based on expert judgements are then applied to take account of the following risk factors:

- Internal systematic risk, such as data issues; and
- External systematic risk, such as claims inflation and legislative changes.

The gross variability is then netted down to produce the net variability. The netting down process allows explicitly for potential exhaustion of prior reinsurance programmes.

The Company takes account of, and ensures consistency with, the QBE Group capital allocation model and also makes use of other data available across the QBE Group where that data can improve the accuracy of the variability measure.

The opening reserves used with the capital model are consistent with the technical provision as at the balance sheet date.

### C.1.4 Premium Provision Risk

Premium provision risk is the risk that the premium provisions established are insufficient to cover the future claim payments and associated expenses for losses which occur on the unexpired exposures.

Premium provision risk is modelled separately for each class of business. The volatility parameters are derived from the claim distributions from the underwriting risk section of the model and are modelled separately for attritional, large and cat claim types.

## C.2 Market Risk

### Description

The Company defines market risk as the risk of adverse impacts on earnings resulting from changes in market factors. Market factors include but are not limited to interest rates, credit spreads, foreign exchange rates and equity prices. The Company's exposure to market risk arises from movements in investment markets and foreign exchange rates.

### Exposure measurement

Market risk is mainly measured based on the SCR derived from the Solvency II Internal Model.

Market risk modelling assesses the variability in asset returns, changes in asset values and changes to exchange rates over either a one-year period or a 'to-ultimate' timeframe. The calculation over the one-year period also includes the impact of the change in the discount on the Solvency II balance sheet between the opening and closing liabilities.

The Company adopts a relatively conservative investment strategy with the vast majority of assets held in cash equivalents, floating rate notes, investment-grade government and corporate fixed income securities. The investment of these assets is aligned with business objectives and policyholder interests, for example, through consideration of the nature and duration of liabilities. At 31 December 2025, the duration of cash and fixed interest securities was 4.0 years (2024: 4.0 years).

The risk of loss due to default of corporate bonds is considered a market risk. Volatility of the returns on the assets held in the pension fund is considered in the **Section C.6.2**.

The key part of market risk modelling is an Economic Scenario Generator. The Economic Scenario Generator simulates different investment returns for a variety of different asset types and takes account of varying durations and inflation rates (both CPI and wages). The QBE Group, including QBE Europe, uses a third-party Economic Scenario Generator.

A significant amount of work is undertaken by the EO Group to assess and validate the Economic Scenario Generator and modelling of market risks to ensure this is fit for purpose for the companies within the EO Group.

The split of assets held by asset type, on which the current capital assessment is based are disclosed in the balance sheet reporting template included in Appendix A.

In addition to the above, the adherence to market, credit and liquidity risk appetite statements is monitored by the RCG, RCC and the QEMC on a quarterly basis.

## Risk mitigation

See **Section C.2.2** below.

## Risk Concentration

Concentration risks are managed through adherence to the Investment Guidelines and are designed to encourage diversification and prevent excessive exposure concentrations, for example, in terms of sector. Counterparty exposures are managed through counterparty limits and monitored and reported to the QEMC.

### C.2.1 Prudent Person Principle ('PPP')

The Company, as part of the EO Group, has a defined approach, risk framework and governance process around the PPP as set out in the Solvency II regulations, NBB 2016\_31 and PRA SS 1/20. These principles are now embedded in processes and controls within the Company. Requirements set out in the principle include that:

- The undertaking only invests in assets and instruments whose risks it can properly identify, measure, monitor manage, control and report and appropriately take into account in its overall solvency needs;
- All assets, in particular those covering the MCR and the SCR, shall be invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole as well as the availability of the assets;
- The nature and duration of assets held to cover the technical provisions should match with that of the undertaking's liabilities. The Company's policies are consistent and compliant with this principle;
- The intention and effectiveness of any derivative instruments used within the portfolio are documented and reported upon;
- The characteristics and valuation methodology, including levels of valuation uncertainty within new products and instruments and significant changes in asset profile, are assessed prior to approval of the new products, instruments or significant change in asset profile;
- Any valuation uncertainty within the portfolio is understood and monitored; and
- The Company has internal capability to evaluate credit risk of the portfolio.

Restrictions on investments which are set out in specific Investment Guidelines and Restrictions are primarily based on the Solvency II Directive and Belgian regulatory requirements, as applicable, which give a sound framework for a prudent approach.

The Investment Guidelines and Restrictions are approved by the Board and address market and credit risks; they are based on local regulatory requirements to ensure that principally all investment assets are admissible for solvency under the Solvency II Directive and Belgian regulatory requirements.

The Company's investment philosophy is to protect the value of capital with a focus on gaining exposure to assets that are capable of producing a consistent and recurring flow of income over time, that also meet internally-set targets.

In summary, the Company mitigates the level of market risk using the following:

- Application of and monitoring against Board-approved Risk Appetite Statements;
- Active asset management;
- Diversified portfolio;
- Derivatives for efficient portfolio management;
- Hedging of residual non-functional currency exposure; and
- Monitoring of compliance with legal and regulatory requirements, including the PPP.

The responsibilities of the QEMC include the monitoring of compliance with legal and regulatory requirements including the PPP.

The Risk Management function monitors adherence to the Market Risk Appetite Statement, and a Market Risk Key Risk Indicator, and reports this to the QEMC, RCG and the RCC on a quarterly basis as part of the ORSA process.

The CFO reports the following information to the QEMC on a quarterly basis:

- Detailed investment performance versus business plan;
- Asset-Liability matching information and compliance with the Company and
- QBE Group's Investment and Regulatory Guidelines.

Further detail regarding the Company's investment processes and risk mitigation is set out below in **Section C.2.4**.

## **C.2.2 Investment Process including Risk Mitigation**

### **C.2.2.1 Governance Structure**

The Board of QBE Europe retains authority to make decisions on investment policy and guidelines for the Company and take responsibility for the implementation and monitoring of the agreed strategy. All material investment strategy decisions are reserved for the Board.

### **C.2.2.2 Investments (including Investment and Treasury Credit Risk)**

The EO Group, which QBE Europe is a part of, has outsourced the investment function to QBE Group Services Pty Ltd ('Group Investments'). Group Investments provide asset management and investment administration services to QBE Group and its subsidiaries governed by the Global Investment Services Master Agreement ('GISMA') and associated investment guidelines and restrictions. Group Investments invests directly in the market, enters into arrangements with external investment managers, and provides investment advice across a wide range of asset classes. The investment strategy is prudent and broadly consistent with global peers, designed to deliver a diversified portfolio that will demonstrate resilience through the economic cycle.

The Investment Guidelines and Restrictions set out the requirements and constraints governing the permissible investments, asset class and issuer concentration limits, and compliance standards for managing the EO Group's (including QBE Europe's) assets, in accordance with NBB, PRA and relevant local regulatory requirements. Derivatives may only be used for hedging purposes or to efficiently replicate physical exposures, within defined limits set out in the respective derivatives policies where relevant.

The investment portfolios are structured into two key segments: Core Fixed Income ('CFI') and Risk Assets ('RA'), providing broad diversification across asset classes, issuers, markets, and currencies. It is usual to update the NBB via existing communication channels, when introducing major changes to the asset allocation model and this will include sharing proposed limits. Under the terms of the GISMA, Group Investments is required to adhere to the Investment Guidelines and Restrictions, maintain a compliance monitoring framework within the trading system to oversee portfolio compliance, and promptly report any breaches as they occur. Compliance limits are monitored daily by Group Investments. Additionally, the EO Group's finance team also performs its own compliance checks, independently and conducts monthly portfolio analysis at the individual security level. Based on these findings and compliance reports from Group Investments, a consolidated monthly compliance report is submitted to the CFO.

In the event of a breach, Group Investments is expected to promptly notify the Board of the Directors of the respective entity to determine whether immediate action is required to resolve the breach or if the

Board will issue a waiver with additional clauses. Such waivers may be granted under specific conditions, including regular monitoring. Waivers are reviewed and re-issued periodically, subject to approval by the Board of Directors of the respective entities, or through the delegated authority from the Board.

The EO Group leverages the expertise of Group Investments in assessing the investment credit risk. Credit analysis will include detailed information sourced from the issuer and research providers including credit rating agencies, primarily Standard & Poor's ('S&P'). Derivatives exposure is also included when calculating the EO Group's overall exposure to a counterparty.

The average portfolio credit quality for the EO Group's fixed income portfolio is A (2024: A). Approximately 81.1% (2024: 82.7%) of QBE Europe fixed interest and cash investments are held with counterparties with a S&P rating of A or better.

Absolute counterparty limits are set for Treasury balances and instruments. The majority of counterparty exposure details are fed into a central reporting system. In addition, there are specific settlement limits in place for foreign exchange derivatives relating to volumes executed with the QBE Treasury banking group.

The QBE Group Treasury team monitors all Treasury counterparty exposures against a counterparty limit report on a daily basis and also carries out a pre-deal check of limits.

### C.2.2.3 Asset Liability Management

Investment Guidelines and Asset Liability Management ('ALM') policy of QBE Europe SA/NV, permit the investment manager to extend fixed income duration a maximum of 1 year greater than that of average net technical liabilities of each entity, with no restrictions for fixed income duration below the duration of average net technical liabilities.

The company invests in a dedicated Core Fixed Income portfolio with a longer duration. The extended duration:

- Enhances long-term investment returns,
- Provides a hedge against falling interest rates,
- Diversifies market risk exposure under stress scenarios, and
- Aligns duration with industry peers.

Risks associated with ALM are managed through the ECM process, which calculates the capital requirement for the liabilities and assets of the Company based on the inter-dependencies of the insurance risk, market risk, credit risk, liquidity risk and operational risk to which Company's assets and liabilities are exposed. Various scenarios are assessed as part of the determination of the appropriate level of capital.

An input into the ECM is the actuarial assessment of the payment pattern of liabilities for each portfolio within the Company. These are monitored and formalised by the RMG. Whilst there is not an explicit link to the investment strategy, the current focus is on investment grade quality bonds which can be liquidated within three days from request to QBE Group's internal asset management division. Asset-Liability mismatch risk is managed through oversight of interest rate, market, and liquidity risks, which are regularly reported to the RCC and RCG.

### C.2.2.4 Derivatives

Derivatives are permitted to be used for risk reduction purposes or for efficient portfolio management within the investment portfolio, to manage interest rate risk, foreign exchange ('FX') movements and equity price movement, the restrictions on use are outlined in the QBE Group's Investment Guidelines and Restrictions. They are not used for speculative purposes and must be fully covered. Derivatives may be used by the fund manager to reduce or increase exposure as an alternative to transacting in the underlying securities, but such use must not result in gearing of the portfolio.

Separate to derivative usage within the investment portfolio, FX derivatives are permitted to be used to mitigate operational foreign exchange gains and losses. FX derivatives may be used to hedge residual FX exposure to monetary net asset positions. The effectiveness of the FX derivatives mitigating FX gains and losses is included in the CFO FX memo submitted to the FMG on a quarterly basis.

### C.2.2.5 Foreign Exchange

An operational hedging cycle is in place to ensure that residual exposure is identified, validated and appropriate adjustments to forward FX derivatives are instructed, in order to hedge the residual exposure to foreign currencies.

A report on the FX impact on the Company, and other entities in the EO Group is provided on a quarterly basis through to the FMG. This report outlines movements in foreign exchange and the corresponding impact on operational results.

## C.3 Credit risk

### Description

QBE Group defines credit risk as the risk of financial loss from obligors' failure to meet their financial obligations, including both inability or willingness to pay, as well as loss due to credit quality deterioration.

Credit risk arises from a potential default of the Company's counterparties, mainly in respect of a reinsurer defaulting on reinsurance recoveries, or a broker on premiums. The credit risk arising from reinsurer defaults is much more material than the credit risk arising from broker defaults.

It should be noted that investment and treasury credit risk (including for example the default of corporate bonds), whilst being a sub-risk category of credit risk, are considered as part of market risk for modelling purposes and the relevant processes have been detailed in the market risk **Section C.2**. However, some risk mitigation processes are included in the credit risk section here.

### Exposure Measurement

Credit risk is measured based on the SCR derived from the Solvency II Internal Model.

Credit exposures are also monitored quarterly against Risk Appetite Statements ('RAS's'), and supporting Key Risk Indicators, that apply to the EO Group's legal entities including the Company and are reported on a quarterly basis, through the ORSA and QBE Group Risk Dashboard (please also refer to **Section C.6.1** below). Further details of collateral amounts posted in favour of the Company are shown in the following section.

An annual credit risk review is also performed for QBE Capital, as a large internal reinsurer to the Company. This report is submitted for review and approval to the RCC each year.

### Risk Mitigation

The Company mitigates credit risk using the following:

- The posting of collateral to the Company as beneficiary by counterparties in respect of specific exposures;
- An annual review of QBE Capital's financial performance by the Risk team, reported to the RCC;
- Various levels of credit risk limits that are monitored against on a regular basis;
- Regular counterparty monitoring through dedicated systems and procedures to manage and control exposure to counterparties;
- The monitoring on an on-going basis by QBE Group's Group Security Committee ('GSC') of external ratings and QBE Group ratings and updating as appropriate. A formal quarterly review of ratings is also conducted by the QBE GSC. The quarterly EO Reinsurance Group monitors ratings changes as communicated by the GSC and considers the implications for the Company; and
- The regular review of receivables, the collectability of those debts, and the adequacy of associated impairments.

Specific controls over reinsurers include the following:

- The monitoring on an on-going basis of first loss exposure and Realistic Disaster Scenario ('RDS') by reinsurer and Reinsurance Debtors and Recoveries ('RIDAR');

- The management of counterparty concentration risk by referring to guidelines set down by the QBE GSC. Any use of a reinsurer outside of the Guidelines must be approved by the GSC prior to use; and
- The use of a reinsurance reporting system to monitor and report on the concentration of risk. The system holds details of all reinsurances purchased by the QBE Group from 2003 onwards and enables EO Group to identify the maximum cumulative exposure to each single reinsurer.

Specific controls over brokers include the following:

- Outstanding premium debtor balances are monitored by credit control teams on a monthly basis, as a minimum. Concentration risk is also monitored for large brokers; and
- The monitoring of broker balances on the basis of uncollected debt and debt outstanding in excess of six months. Debt over three months is pursued at an individual item level. Specific bad debt provisions are considered and applied to aged debts in accordance with QBE Group policy. Brokers are also subject to due diligence.

Specific controls over investments include the following:

- Approved counterparty concentration limits for deposits and core fixed income investments are set out in the Investment Guidelines and Restrictions;
- Daily pre- and post-trade compliance monitoring of the limits in the Investment Guidelines and Restrictions performed by Group Investments; and
- Monthly compliance monitoring of limits in the Investment Guidelines and Restrictions performed by the EO Finance Team.

## Risk Concentration

A key area of credit risk concentration is the exposure to the QBE Group's captive reinsurer as the Company's largest reinsurer. A separate Risk Appetite Statement is in place to help manage counterparty exposure to QBE Capital, including via collateral held to offset this exposure, as described under the Exposure Management section above and as reported in the Group Risk Dashboard. Separate collateral arrangements are in place to help mitigate credit risk where exposure levels make this appropriate. Risk concentration regarding external reinsurers is mitigated by the GSC on behalf of the Company, through application of approved criteria for placing reinsurance with highly rated reinsurance counterparties.

### C.3.1 Reinsurance Credit Risk

Credit risk arising from potential default by reinsurers and increase in bad debt reserve due to rating downgrade is modelled to consider the likelihood of default on both existing and future reinsurance recoveries.

- Credit risk on reinsurance recoveries arising from future business - The capital model considers each individual layer on each programme in force and is able to calculate the aggregate reinsurance recoverable attributed to any one reinsurer. Credit risk ratings are applied to each reinsurer and assess the probability of downgrade or default over time. The downgrade and default probabilities are correlated, so one downgrading/reinsurer defaulting makes it more likely that other reinsurers will downgrade/default;
- There is also a link between the catastrophe losses incurred by the entire EO Group and the downgrade/default probabilities, making it more likely for reinsurers to downgrade/default when there is a large natural catastrophe; and
- Credit risk on the existing reinsurance asset - The model includes the amount of reinsurance recoveries due from each reinsurer. Combining this with the payment patterns for each class enables, at any point within the model, the calculation of the aggregate reinsurance recoverable attributed to any one reinsurer assuming a constant proportion of recoverable with each reinsurer is maintained. The modelling of potential credit risk then follows the same approach as for future reinsurance recoveries above. Thus, if a reinsurer downgrades or defaults, the impact on both the current reinsurance asset and the future recoveries can be modelled. There is also a

link applied between reserve deteriorations and the downgrade/default probabilities, making it more likely for reinsurers to downgrade/default when there are large reserve deteriorations.

As at 31 December 2025 58.9% (2024: 50.3%) of QBE Europe reinsurers' share of claims outstanding were with QBE Group's captive reinsurer QBE Capital and 94.1% (2024: 93.6%) of the remaining balance was with reinsurers with an S&P rating of A- or greater. QBE Europe holds letters of credit as security to mitigate credit risk exposure to reinsurers.

As at 31 December 2025 QBE Europe held €149m of letters of credit (2024: €92m) as collateral against credit risk. QBE Europe also held €357m (2024: €412m) of assets pledged by reinsurers for ceded technical provisions (off balance sheet assets) and €58m (2024: €50m) of deposits from reinsurers.

### C.3.2 Premium Credit Risk

The approach to modelling broker credit risk is very similar to the approach used to model reinsurer credit risk. The brokers are initially divided into groups, default probabilities are selected for each group, loss given default distributions are selected and the resulting credit losses are simulated.

## C.4 Liquidity Risk

### Description

The Company defines liquidity risk as the risk of insufficient liquid assets to meet liabilities as they fall due to policyholders and creditors or only being able to access liquidity at excessive cost.

### Exposure Measurement

The most likely causes of liquidity risk arise from shortfalls in liquid assets when liabilities are required to be paid. The Company ensures that sufficient unencumbered investments are held in liquid securities to ensure that there are funds available to meet obligations to policyholders and other creditors, as they fall due.

RASs, approved and owned by the Board, are in place to ensure that minimum levels of eligible available assets are consistently maintained to meet remote but plausible cash outflows under stress conditions. According to the Liquidity RAS, a minimum percentage of liabilities must be maintained in liquid assets. These apply to the EO Group's individual legal entities including the Company, with coverage against these RASs reported on a regular basis, as well as quarterly through the ORSA reporting to the RCG and RCC. Liquid assets, as defined by the Company, are substantially higher than the minimum RAS requirements and liquidity risk is considered to be low. Scenario analysis has been integrated into the methodology and calibration of EO Group's legal entity Liquidity RAS.

In addition, a Liquidity Risk Dashboard is reported to the FMG on a regular basis. This dashboard reports liquidity metrics for each legal entity. Key risk indicators, key concerns, cash flow forecasts, risk mitigation options and details of the control environment for liquidity are also reported in this dashboard and reviewed by the FMG.

Within the ECM, liquidity risk is modelled considering any shortfall in the cash flow at the end of each future year of modelling, leading to an overdraft being required at a penal rate of interest while generating cash through selling other investments to pay off the overdraft.

### Risk Mitigation

The Company mitigates liquidity risk using the following:

- Ensuring that appropriate levels of liquid assets are available and reporting this quarterly against the RASs approved by the Company's Board;
- Liquidity risk stress and scenario testing encompassing diverse scenarios across various risk types and return periods; and
- Implementation of the EO Group's Liquidity Contingency Plan, which details options available to the EO Group to access alternative funding in the event of remote Liquidity events.

## C.4.1 Expected Profit in Future Premium ('EPIFP')

The Company calculates the EPIFP by projecting the expected future gross of reinsurance profit for each actuarial reserving class, with only profit-making classes included.

The gross of reinsurance EPIFP for the Company is €405m (2024: €359m).

## C.5 Operational Risk

### Description

The Company defines operational risk as “the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events”. From an exposure measurement perspective, operational risk includes compliance risk. The Company’s exposure to operational risk arises from various sub-risk categories as outlined in the section below.

### Exposure Measurement

Operational risk is assessed and modelled using the following seven operational and one compliance sub-risk categories:

- Internal fraud;
- External fraud;
- Employment practices and workplace safety;
- Improper business practice;
- Damage to physical assets;
- Business disruption and system failure;
- Execution, delivery and process management; and
- Non-compliance with external requirements.

Each sub-risk is modelled with a frequency and severity element for each. The frequency is modelled using a Poisson distribution and the severity is modelled using a Generalised Pareto distribution.

The input parameters for the model are set using the scenarios developed through the Operational Risk Assessment process and the internal and external actual loss data taken from Operational Risk Intelligence Consortium ('ORIC'). The Operational Risk Assessment brings together key risk assessment information for each of the EO Group’s operational and compliance risks, both at an extreme level (remote but plausible scenarios; for further detail on the scenario analysis please refer to the Risk Mitigation below) and over the business planning period. The input parameters for the model are estimated as per the above for all entities within the EO Group and the severity allocated at an entity level using a weighted average of net reserves and premiums.

The distributions for each sub-risk are then aggregated assuming 50% correlation between the sub-groups to determine the overall operational risk distribution.

Operational risk losses are assumed to be in local currency and take place in the first model year.

### Risk Mitigation

The Company recognises that certain operational risks are unavoidable and arise from various areas across the business. The Company seeks to limit exposure to operational risks through ensuring that an effective infrastructure, robust systems and controls and appropriately experienced and qualified individuals are in place throughout the organisation.

The Company mitigates operational risk using the following:

- Active monitoring of key processes;
- Closely monitoring changes in the regulatory compliance environment, including in relation to conduct risk, prudential obligations and prevention of financial crime our potential exposure to operational risks caused by external events, including cyber risk and changes in the provision of outsourced services;

- Quickly responding to changes in international sanctions for the purposes of onboarding new clients and risks and ongoing screening;
- Undertaking appropriate financial crime screening and due diligence, and communicating requirements to the business as required;
- Scenario reviews to identify and quantify potential exposures for mitigation; and
- Effective segregation of duties, access controls, authorisation and reconciliation procedures.

In the first instance, operational risk is managed by the first line through various systems, controls and processes.

The Company uses several key processes to monitor operational risk, as follows.

### **Risk and Control Self-Assessments**

The QBE Group has a Group-wide RCSA framework in place. The RCSA process places the responsibilities for functional risk and control assessments on each business area and it is overseen, challenged and validated by the Risk team. This framework ensures that risks are managed at a functional level and a wider risk category level to support the achievement of the EO Group's objectives. The Risk Management Framework provides further structure to the control environment, ensuring that risks have the appropriate controls in place with the appropriate owners. Control assessments are validated by the Risk team on an annual basis and verified through Internal Audit testing in line with their Internal Audit Plan.

### **Risk Appetite Statements (RASs)**

The QBE Group aggregates and monitors its exposure through the Operational, Cyber and Technology RASs. There is a quarterly process of aggregating Operational, Cyber and Technology dashboards using agreed data inputs that involves relevant Line 1 and Line 2 stakeholders at the Divisions and Group. These RASs are QBE Group's assessment of its Operational risk profile. The EO Group assess these RASs on a quarterly basis and report them to the RCC via the ORSA process.

### **Incidents reporting**

The incident process applies to operational risks that have materialised as "an operational breakdown that arises from an inadequate or failed internal process, people or systems, or from an external event, that leads to financial impacts and/or non-financial impacts".

The Company records incidents with a financial impact of \$5,000 or greater within a risk management system.

On a quarterly basis, the Risk team analyses incident data and reports this to the RCG, RCC and QBE Group.

### **Issue Management**

The Company has an issue management process in place including the identification and recording of weaknesses or gaps in the control environment. Issues are used to monitor the remediation actions required to strengthen the control environment. Issue analysis is reported to the executive management and relevant governance forums on a regular basis.

### **Scenario Analysis**

Scenarios explore events or a series of events that could cause extreme but plausible (though improbable) losses. Scenario analysis can be:

- Historical: involves applying adverse historical events to current or emerging risks: where there is already some evidence to support the potential for the risk developing over the foreseeable future and the impacts might potentially be extreme; and
- Hypothetical: remote but plausible scenarios that could impact the Company, informed by expert input, are applied to existing portfolios or exposures. Scenarios will typically consider elements of unexpected control failures, crystallisation of known risks or impact of exposures that were not fully understood before the event.

## C.6 Other Material Risks

The other material risks to which the Company is exposed are detailed below.

### C.6.1 Group Risk

#### Description

The Company defines group risk as “the risk to a Company arising specifically from being part of the wider QBE Group, including financial impact and loss of support from the parent company”. This includes potential default on inter-company loans. It should be noted that group risk (from a capital modelling perspective) excludes reinsurance credit risk exposure in relation to the QBE Group captive QBE Capital, which is incorporated in the credit risk assessment.

Group risk has little impact on the overall capital. The assessment of group risk is based on the following scenarios which are identified as the most significant group risks within the QBE Group and, in aggregate, representative of the overall group risk. The scenarios were finalised before the improvement to QBE group rating from A+ to AA- in June 2025 and scenarios will be reviewed next year in light of this improvement.

- Action taken in another QBE group company causes S&P to issue a one notch downgrade, from A+ to A;
- Action taken in another division of QBE group company causes S&P to issue a two-notch downgrade, from A+ to A-;
- An operational error by QBE Group Investments when executing an EO trade leads to losses to the EO Group; and
- A regulatory breach due to lack of notification of a new material intra-group outsourcing following a change in reporting line of a QBE Group function.

These scenarios are reviewed in context with the Group Risk Dashboard, which identifies and monitors the material group risks. The RCC are responsible for the Group Risk Dashboard and has specific responsibilities for assessing and validating group risk assessments. Each scenario is then modelled as a binary event and assumed to be independent.

The QBE Group Material Risk Class Policy and EO Group Addendum, which apply to the Company, describe the EO Group’s approach to the assessment, management, monitoring and reporting of group risks. Processes applied to managing group risk include:

- QBE Group Risk Dashboard: including monitoring of intra-group loans, intra-EO Group loans, and Group Outsourced Services service level agreements (‘SLA’s) monitoring;
- QBE Capital Risk Dashboard: including monitoring of collateral adequacy, operational metrics and financial metrics.
- Monitoring and reporting of group risk appetite statements;
- The RCSA process providing periodic assessment of risks as well as assurance over control design and performance;
- Monitoring of Global issues and incidents impacting the EO Group; and
- Economic Capital Models (‘ECM’): the quantification of risk measurement for regulatory and economic capital purposes.

In addition to this, other risk processes are applied similarly to the processes set out in **Section C.5** Operational Risk.

A key area of group risk concentration for the Company arises from the use of the QBE Group reinsurance captive, QBE Capital. This concentration is monitored on a regular basis via the risk appetite monitoring and reported to the RCG, RCC and Board through the ORSA.

## C.6.2 Pension Risk

Pensions risk captures the risk of adverse balance sheet movements associated with the defined benefit pension schemes. The Company bears the economic and demographic risks associated with these schemes. The Company currently operates the Secura NV defined benefit pension scheme which relates to certain current and former employees based in Brussels. The Secura NV scheme is funded by the employer via group insurance contracts with KBC, a Belgian insurance company. Pension contributions relating to the scheme are assessed in accordance with the advice of independent qualified actuaries in order to spread the cost over the service lives of employees. Actuarial estimates of the scheme are completed each year end.

Pension contributions relating to the scheme are assessed in accordance with the advice of independent qualified actuaries in order to spread the cost over the service lives of employees.

In addition, there is a post-employment medical care scheme related to the former Brussels-based employees of QBE Europe. This scheme is accounted for under a similar basis to the defined benefit pension scheme. Within the SCR calculation, the Company takes a prudent approach and treats this medical care scheme in the same way as other defined benefit schemes within the EO Group and bears the economic and demographic risks associated with these schemes.

The Company also operates defined contribution pension schemes. The risks associated with these schemes are borne by the employee. Hence, the associated risk is not considered in the capital model.

## C.6.3 Strategic Risk

The Company defines strategic risk as 'the current and prospective impact on earnings and/or capital arising from strategic business decisions and responsiveness to external change'. This includes, for example, strategic risk in respect of growth and performance, capital management risk and ESG related risks, with a focus on climate change risk (further detail on the ESG and climate change risk is outlined below in **Section C.6.4**).

Whilst being within the scope of the Internal Model, strategic risk is not measured using the regulatory capital model, as strategic risk is not expected to materialise within the one-year timeframe applied in the capital model. Once strategic risks materialise, they transition to the relevant risk class where they are incorporated into the capital model.

Strategic risk is managed through several risk management processes such as:

- Risk appetite statements in relation to strategic risk and strategic risk preferences;
- Stress and scenario testing (for example long term horizon climate change stress testing);
- Performance monitoring; and
- Emerging risk management.

Other strategic risk processes include:

- Business Strategy;
- Capital Strategy and Capital Appetite Framework;
- Reputational risk management; and
- ESG risk management (please refer to the **Section C.6.4** below).

Ongoing monitoring, oversight and reporting of the QBE Group's exposure to strategic risk and its sub-risk categories are important to ensure that (potential) strategic issues are recorded, escalated and actioned in a timely manner. Risk reporting and analysis is provided to key stakeholders across the QBE Group. This includes boards, committees, forum and business management including strategic board planning days and presentations.

## C.6.4 Environmental, Social and Governance ('ESG') (including climate-related risks)

The EO Group, including QBE Europe, defines ESG risk as 'the risk that the Company's strategic priorities or business objectives are negatively impacted by environmental (including climate change), social or governance issues'. ESG risks are considered as part of EO's top risks.

### Regulatory requirements

Mandatory Corporate Sustainability Reporting Directive ('CSRD') reporting requirements have been adopted in respect of QBE Europe with the first year of reporting produced for FY2024.

The EO Group including QBE Europe, as part of the QBE Group, recognises the material risk that climate change poses to its business and is committed to embedding climate-related risks and opportunities within its decision-making. In 2025, our approach to managing the financial risks from climate change ('FRCC') continued to be guided by our EO Board-approved Roadmap to meet the requirements of the PRA's Supervisory Statement SS3/19, while monitoring emerging regulatory developments including for the EU. Note that the PRA in the UK published Supervisory Statement SS5/25 – Enhancing banks' and insurers' approaches to managing climate-related risks in December 2025, setting out its updated expectations on managing climate related risks. The implementation of the SS for the EO Group including a gap analysis and roadmap to be developed by June 2026 will also include QBE Europe.

The QBE Group, including QBE EO and QBE Europe, will report for the first time under Australian Sustainability Reporting Standards ('ASRS') for FY2025 in 2026.

### Risk Management

EO Group is guided by our QBE Group Risk Management Strategy and QBE Group Material Risk Class Policy (and EO Addendum) to ensure we achieve our strategic priorities while also establishing effective governance and fundamental principles for the management of risk across all levels of the organisation.

Climate-related risks are a component of ESG risk, which is classified as a strategic risk sub-class, and are also considered across other risk classes such as insurance, credit, market, and operational risk as appropriate.

### Identification and assessment of climate-related risks

We have a range of processes to assist with identifying, assessing and managing climate-related risks.

In line with relevant regulatory requirements, exposures to physical, transition and liability risks are monitored and reported to the RCG and the Board RCC on a quarterly basis using the EO Climate Risk dashboard ('CRD'). The CRD includes the following assessments:

- Physical risks: modelling of natural climate perils, for example by assessing how EO's Insurance Concentration risk appetite statements could be impacted by future climate stress scenarios. When considering physical risks, the Intergovernmental Panel on Climate Change's ('IPCC's') Representative Concentration Pathway 8.5 ('RCP 8.5') is adopted, which is considered a 'worst-case scenario' and is based on a substantial global temperature increase;
- Underwriting Transition risks: modelling transition scenario impacts on sensitive industry sectors and assessing how they could impact EO's GWP derived from products written for customers in these sectors;
- Investments Transition risks: assessments of EO investment portfolios' exposure to transition risks;
- Liability transition risks: climate-related litigation trends are monitored, and where appropriate scenario assessments are conducted – supported by quarterly horizon monitoring including litigation monitoring performed by the Legal team; and
- Climate-related risks as they pertain to Claims trends.

## Managing climate-related risks

The assessment processes described above as part of the CRD help to inform our management of climate-related risks, for example by supporting climate underwriting strategy and business planning, and by informing our risk position.

The QBE Group Environmental and Social ('E&S') Risk Framework outlines our approach to addressing key environmental and social risks across our underwriting and investment activities. It is subject to regular review at least on a biennial basis and was last re-issued with effect from 1 January 2026. During 2025, a program has been established to ensure delivery of CSRD requirements, with first reporting relating to the 2024 year end in 2025, while EO Group has continued to enhance and refresh its approach to meeting the requirements of PRA Supervisory Statement SS3/19.

## Sustainability Strategy

The QBE 2025 Annual Report and Impact Report (which pertains to the entire Group), include details of the Sustainability Strategy which supports our purpose of enabling a more resilient future. Climate change is a key consideration in our strategy, as detailed in the QBE Group Annual Report which is available on the QBE website.

## Governance

In accordance with requirements of the PRA Supervisory Statement SS3/19, which is also applied for QBE Europe, the EO Boards including the QBE Europe Board are accountable for overseeing the management of climate-related risks. The Board also approves the Company's strategic priorities, which in 2025 included consideration of climate risks and opportunities. Climate-related targets are set at the QBE Group level and the QBE Group Board monitors and oversees progress against these.

To ensure Sustainability governance across EO is aligned to regulatory expectations, EO has a Sustainability Working Group ('SWG') in place, which is attended by representatives across various functions managing regulatory requirements such as Chief Underwriting Office ('CUO'), Finance, Risk and Legal. The SWG has replaced the previous ESG Management Group with effect from Q1 2026. The SWG is supported by the Sustainability Underwriting Working Group (previously ESG Underwriting Group). The Disclosure Management Group supports the review of publicly disclosed financial and non-financial information.

As part of the Company's Risk Management Framework, the EO Boards and the RCC, supported by the RCG, receive regular reports on material ESG risks, in particular climate change risks, for example via a CRD and the ORSA. This allows the Boards to regularly review and challenge the management of climate change risks by the Executive Management.

AC meets at least quarterly and reports directly to the EO Boards. The AC's responsibilities include reviewing the effectiveness of our systems, controls and processes for monitoring compliance with non-financial reporting and disclosure, considering the extent to which ESG and climate-related regulatory compliance matters have been considered in the preparation of the company's financial statements.

## C.7 Any Other Information

### C.7.1 Stress and Scenario Analyses

As part of the validation of the Internal Model, stress and scenario analysis is used to help validate the overall level of capital. The following approaches have been considered:

- Reverse stress testing – ‘Extreme’ stress tests which consider scenarios that would leave the EO Group entities’ business model unviable; and
- Scenario analysis - Specific scenarios covering multiple risk types at a range of severities.

Stress and scenario testing is also used to validate the internal model by comparing the outputs of stress and scenario tests to the internal model and assess the impact of various stresses/scenarios on the Company’s business plan.

### C.7.2 Sensitivity Tests

Sensitivity tests are a useful tool to assess the effect of parameter uncertainty and determine the material assumptions that are driving the capital assessment as well as confirming that the model is operating as expected.

When comparing the relative impact of the sensitivity tests, caution is advised as the severity of the tests varies and there will also be an element of simulation error within the results (note that the tests were run on 100,000 simulations).

The following table shows the impact on the one-year SCR of the five largest positive and three largest negative expert judgement sensitivity tests performed:

Test No.	Test Type	Test Description	SCR impact (%)
1	Business Plan	Change in capital when premium rates are 10% lower than expected	12.0%
2	Reserve Risk	Change in capital by emerging risk more quickly	8.9%
3	Correlation	Increase all class dependencies by 5%	4.5%
4	Reserve Risk	Change in capital using increase reserve variability assessments	4.9%
5	Market Risk	Change in capital from a 1% reduction in assumed investment returns	3.5%
6	Correlation	Reduce Level of tail dependence	(3.7%)
7	Credit Risk	Remove adjustments from S&P input parameters	(2.5%)
8	Credit Risk	Assume non-rated reinsurers are treated as A- rather than B-	(1.6%)

The sensitivity testing forms part of the model validation, ensuring that stressing input parameters results in explainable capital movements in terms of direction and quantum.

The expert judgement documents which form part of the Risk Management Framework identify important expert judgements (such as emergence factors and dependencies) and identify alternative judgements that could have been adopted to understand their capital impact. Their purpose is to aid senior managers understanding of some of the key sensitivities, and some of the limitations that might arise from judgements that are being made where there is limited data to statistically justify assumptions or methodologies.

The sensitivity tests presented here, along with additional sensitivities, are used as a key tool in the validation of the capital model. In 2025, the Independent Validators considered the sensitivity test results to be reasonable and explainable based on the risk profile of the business and inherent subjectivity in certain expert judgements.

# Section D: Valuation for Solvency Purposes

## D.1 Assets

The tables below show the value of assets held in the Company and set out the different valuation methods by individual material asset type.

The difference between the Solvency II balance sheet and the financial statements balance sheet arises due to valuation and presentational differences.

### D.1.1 Valuation and Presentational Differences

Although the valuation bases between the financial statements and Solvency II may be consistent for certain asset classes, there are presentational and reclassification adjustments made to arrive at Solvency II asset and liabilities classifications, such as the following:

- Derivatives assets and liabilities are presented net on the BE GAAP balance sheet where the requirements permit, but on the Solvency II balance sheet derivative assets and derivative liabilities are presented on a gross basis;
- The deferred tax impact of valuation adjustments to assets and liabilities between the financial statements and Solvency II balance sheets is recognised; and
- Accrued interest is presented as receivables on the BE GAAP balance sheet but on the Solvency II balance sheet it is included within the appropriate investment asset classes.

More detailed information on asset valuation differences between Solvency II and the financial statements is included in **Section D.1.3**.

Except where noted in the table in **Section D.1.3**, assets are valued at fair value. Where alternative valuation methods are used the key assumptions and judgements are included in **Section D.4**.

The valuation methodology for assets has been amended this year with application of the Volatility Adjustment to the discount rates used for the valuation of the SII Reinsurance Recoverables.

## D.1.2 Balance Sheet

The table below shows the analysis of assets and liabilities by Solvency II asset and liability classes on a BE GAAP and Solvency II basis, together with the presentational and valuation adjustments that have been made to move from a BE GAAP to a Solvency II basis. Presentational and reclassification adjustments have been made to **column (a)** below to align the BE GAAP balance sheet items to Solvency II balance sheet classifications. The full Solvency II balance sheet is included in **Appendix A (S.02.01.02)**.

Solvency II Balance sheet items	BE GAAP	Presentational and reclassification differences	Valuation differences	Solvency II
	(a)	(b)	(c)	(d)=(a)+(b)+(c)
	€m	€m	€m	€m
<b>Assets</b>				
Deferred tax assets	-	-	6	6
Property, plant & equipment held for own use	4	-	10	14
Investments <sup>(a)</sup>	4.919	76	(8)	4.987
Reinsurance recoverable	1.595	(197)	(459)	939
Deposits to cedants	148	2	-	150
Insurance and intermediaries receivables	1.398	(746)	(215)	437
Reinsurance receivables	115	-	-	115
Receivables (trade, not insurance)	103	1	-	104
Cash and cash equivalents	102	(32)	-	70
Any other assets <sup>(b)</sup>	47	(47)	-	-
<b>Total assets</b>	<b>8.431</b>	<b>(943)</b>	<b>(666)</b>	<b>6.824</b>
<b>Liabilities</b>				
Technical provisions	6.248	(599)	(1.202)	4.447
Pensions benefit obligations	-	-	5	5
Deferred tax liabilities	-	-	139	139
Deposits from reinsurers	58	-	-	58
Derivatives	-	-	8	8
Insurance and intermediaries payables	223	(148)	-	76
Reinsurance payables	343	(196)	(47)	99
Payables (trade, not insurance)	127	-	13	139
Subordinated debt	80	-	-	80
<b>Total liabilities</b>	<b>7.079</b>	<b>(943)</b>	<b>(1.084)</b>	<b>5.051</b>
<b>Excess of assets over liabilities</b>	<b>1.352</b>	<b>-</b>	<b>420</b>	<b>1.772</b>

In the table above:

- Investments include Government Bonds, Corporate Bonds, Collateralised Securities, Collective Investment Undertakings, Derivatives and Deposits other than Cash and Cash equivalents; and
- Any other assets on a BE GAAP basis relate to accrued income which is required to be allocated to investments under Solvency II.

## D.1.3 Comparison of Asset Valuation Methodology under Solvency II and BE GAAP

The below table sets out the material differences between the bases, methods and main assumptions between the Solvency II and BE GAAP financial statement bases for its material classes of assets. Other presentational differences represent movement between line items with no overall impact on excess of assets over liabilities.

Balance Sheet item	BE GAAP valuation basis and comparison with Solvency II valuation basis and assumptions
<b>Deferred acquisition costs (DAC)</b>	<p>Under BE GAAP, only commission expenses are deferred. Other acquisition cost expenses are not deferred.</p> <p>Under Solvency II, all deferred acquisition costs are valued at €nil. Cash flows related to future acquisition costs are included in the calculation of technical provisions.</p>
<b>Deferred tax assets</b>	<p>Under BE GAAP deferred tax assets are not recognised.</p> <p>The valuation difference relates to the change in the value of deferred tax, caused by the impact of adjustments made to balance sheet items in compliance with Solvency II regulations. The largest impact arises from the revaluation of technical provisions.</p> <p>Deferred tax assets / liabilities are recognised under Solvency II to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.</p> <p>See also <b>Section D.3.6</b> for more information.</p>
<b>Property, plant and equipment for own use</b>	<p>The valuation basis under BE GAAP is at cost less accumulated depreciation. This is considered to be a reasonable approximation for fair value under Solvency II.</p> <p>Under BE GAAP lease payments are expensed as incurred. For the purposes of SII reporting, the Company applies IFRS 16 Leases. The valuation adjustment for Solvency II purposes relates to recognition of right of use assets.</p>
<b>Equity, Government Bonds, Corporate Bonds and Collateralised Securities</b>	<p>Investments are measured at fair value under Solvency II.</p> <p>Under BE GAAP, investments are valued as follows: equity/shares and similar securities are carried at acquisition value less related write-downs; fixed income securities are carried at amortised cost. Fair value is obtained from quoted market prices, or if quoted market prices are not available, then by using relevant valuation techniques.</p> <p>Money market instruments (accumulating certificates of deposit, and discounted securities) are valued using an external pricing source.</p> <p>Where a market quote is not available, a mark to model using market-based inputs is used. Where this is not possible, Alternative Methods of Valuation ('AVM') described in <b>Sections D.4.1</b> and <b>D.4.2</b> is used.</p>

Balance Sheet item	BE GAAP valuation basis and comparison with Solvency II valuation basis and assumptions
<p><b>Collective investment undertakings</b></p>	<p>Collective investment undertakings are measured at fair value for Solvency II whilst under BE GAAP the valuation basis is amortised cost.</p> <p>Fair value is obtained from quoted market prices, or if quoted market prices are not available, then by using relevant valuation techniques, see <b>Section D.4</b> for more information on assets valued using an alternative method.</p>
<p><b>Derivatives</b></p>	<p>Derivatives, including foreign exchange foreign deals are measured on a fair value basis under Solvency II and BE GAAP.</p> <p>Where the requirements permit, derivatives are presented as an asset or liability (on a net position). On the Solvency II balance sheet, derivative assets and derivative liabilities are presented on a gross basis.</p>
<p><b>Loans and mortgages</b></p>	<p>Loans and mortgages are fair valued under Solvency II using a mark to model valuation technique whereas under BE GAAP an amortised cost basis is used. Where observable market prices are not readily available for infrastructure loans, the market prices provided by fund managers are used, albeit delayed.</p>
<p><b>Reinsurance recoverable</b></p>	<p>Under BE GAAP and Solvency II, reinsurance recoverables are calculated as the present value of future reinsurance cash flows using a discount rate with Volatility Adjustment plus allowances for default that relate to the best estimate liability.</p> <p>See Section D.2 for further details.</p>
<p><b>Deposits to cedants</b> <b>Cash and cash equivalents and Deposits other than cash equivalents</b></p>	<p>Deposits to cedants, cash and cash equivalents and deposits other than cash equivalents are valued at amortised cost under BE GAAP, which is deemed a good approximation for fair value for Solvency II. Other than reclassification adjustments, there are no material valuation differences between these bases.</p>
<p><b>Insurance and intermediaries receivables</b> <b>Reinsurance receivables</b></p>	<p>The valuation basis under BE GAAP is at cost less impairment basis. The main difference between Solvency II and BE GAAP arises for items that are not considered to be 'due' or 'past due' are separated out from the insurance liabilities. In such instances Solvency II considers the receivables to be future cash flows and part of technical provisions and are therefore valued using discounted cash flows techniques adjusted for the risk of default.</p>
<p><b>Receivables (trade, not insurance)</b></p>	<p>The valuation basis is the same under Solvency II and BE GAAP.</p> <p>As these assets have a short-term maturity, the BE GAAP valuation basis is considered a close approximation to fair value.</p>

## D.2 Technical Provisions ('TP')

### D.2.1 Definition of Technical Provisions<sup>4</sup>

TPs are defined as the best estimate of future cash flows, discounted to allow for the time value of money using prescribed EIOPA yield curves and considering all possible future scenarios. The key components of the technical provisions comprise:

- **Claims Provisions:** Best Estimate of future gross and reinsurance claims, premium and expenses relating to the earned exposure on insurance policies;
- **Premium Provisions:** Best Estimate of future gross and reinsurance claims, premium and expenses relating to the unearned exposure, i.e. based on unearned premium and policies that are bound but not incepted ('BBNI') at the valuation date; and
- **Risk Margin:** additional provision to bring the Best Estimates to the level required to transfer the obligations to a third-party undertaking.

The net TPs as at 31 December 2025 are summarised below, with major lines of business shown separately.

Line of business	Best estimate	Risk Margin (unaudited)	Total net TPs
	€m	€m	€m
Motor vehicle liability	61	11	72
Fire and property damage	451	33	484
General liability insurance	1,538	169	1,707
Non-proportional casualty reinsurance	556	100	656
Marine, aviation and transport	150	15	165
Other non-life obligations	286	65	351
<b>Total non-life obligations</b>	<b>3,042</b>	<b>393</b>	<b>3,435</b>
Life obligations	41	32	73
<b>Total obligations</b>	<b>3,083</b>	<b>425</b>	<b>3,508</b>

Summaries of the gross and reinsurance TPs, split by Best Estimate liability and Risk Margin for all Solvency II lines of business, are available in **Appendix A**, (public disclosure templates **S.12.01.02 (life)** and **S.17.01.02 (non-life)**).

### D.2.2 Differences Between TPs under Solvency II and BE GAAP

The Best Estimate liabilities are calculated in accordance with Article 77(2) of the Solvency II Directive. The claims and premiums provisions are derived from the BE GAAP best estimate reserves and the unearned premium reserve ('UPR') respectively, and are adjusted to incorporate the following:

- **Future Premiums:** Represent cash flows relating to future premiums that are receivable but not due. These cash flows are reclassified from insurance and reinsurance receivables on the BE GAAP balance sheet to technical provisions;
- **Bound But Not Incepted ('BBNI') Policies:** Represent premiums, expenses and claims relating to policies that the Company has entered into that have not incepted at the valuation date;
- **Future Claims Costs:** Unearned claims are obtained by applying unearned loss ratios to unearned premiums;
- **Expenses:** Expenses incurred in servicing (re)insurance obligations are derived using relevant expense assumptions. These expense loadings are applied separately to the earned and unearned future cash flows to obtain separate expense provisions for earned and unearned business;

<sup>4</sup> Any references to the Risk Margin are unaudited as it is derived from the Solvency Capital Requirement prepared under an approved Internal Model which is also outside the scope of the audit.

- **Events Not In Data ('ENIDs')**: Best Estimate to include an allowance for “all possible outcomes”, e.g. latent claims or extreme high severity, low probability claims. An ENID provision is calculated to allow for all possible scenarios where historical data may be lacking;
- **Risk Margin**: The Risk Margin is calculated using a cost of capital approach by applying the Best Estimate cash flow and the prevailing yield curve (as provided by European Insurance and Occupational Pensions Authority ('EIOPA')) to the Internal Model SCR capital measure; and
- **Discounting**: Future cash flows are discounted using the 31 December risk free yield curves provided by EIOPA. The yield curves used include the Volatility Adjustment ('VA')<sup>5</sup>. Future cash flows have been obtained by applying projected payment patterns derived for the Core Reserving process.

The table below shows the adjustments made to the technical provisions from a BE GAAP statutory financial statement basis to Solvency II basis.

Reconciliation from GAAP TPs to Solvency II TPs	€m
<b>Total net TPs – Statutory basis</b>	<b>4,653</b>
<b>Reclassification adjustments</b>	
Reclassification of future premiums	(402)
<b>Valuation adjustments</b>	
Removal of UPR, DAC, equalisation and GAAP Reserve Margin	(1.220)
Adjusted for Solvency II Future Premium, future claims costs, expenses, ENIDs and discounting	52
Risk Margin	425
<b>Total net TPs – Solvency II basis</b>	<b>3.508</b>

## D.2.3 Material Changes during the period on the Technical Provision Methodology

There were no material changes to the Solvency II technical provision methodology during the year.

## D.2.4 Currency

The Solvency II Directive requires that the best estimate be calculated separately for obligations in different currencies to enable the calculation of discounted liabilities.

Currency allocations are performed by class of business via the Core Reserving process; each reserving class is typically analysed in one currency.

For Solvency II, the claims and premiums by currency provided in the data are derived by Finance using the outputs from the Core Reserving process, and no additional judgement is required.

## D.2.5 Options and Guarantees

The Company does not have any exposure to embedded options and guarantees in its products offered, hence no allowance is made in the technical provisions for these items.

## D.2.6 Uncertainty in Technical Provisions

There are inherent uncertainties in the technical provisions, particularly in respect of the best estimate of unpaid claims and future premiums.

The estimation of unreported claims is generally subject to a greater degree of uncertainty than the estimate of settlement costs for reported claims, where more information about the claims is usually available. Furthermore, liability and other long tail classes of business, where claims settlement may not happen for many years after the event giving rise to the claim, typically display greater variability

<sup>5</sup> The Volatility Adjustment is an effective risk mitigant against mark-to-market driven solvency volatility caused by credit spread movements.

between initial estimates and final settlement due to delays in reporting claims and uncertainty in respect of court awards and future claims inflation.

Some of the main uncertainties are listed below:

- There is heightened uncertainty around future levels of inflation and how an unfavourable economic climate may impact claims for classes such as Liability, Credit and Financial Lines;
- Direct (re)insurance loss estimates and potential inflationary impacts resulting from ongoing conflicts in Ukraine and Middle East;
- The level of uncertainty around COVID-19 loss estimates has continued to reduce following recent court rulings, however ongoing legal challenges remain;
- General levels of future new claim notifications which could differ from historical experience;
- Large natural or man-made catastrophic events, to the extent that claims have not been fully settled;
- Periodic Payment Orders ('PPOs') and similar Structured Settlements;
- Future, and as yet unknown and unquantifiable, large market loss events that could impact the Company;
- Future premiums, especially for the most recent underwriting year, are based on the Company's business plans and discussions with underwriters, where required;
- Plan loss ratio estimates;
- Estimates for ENIDs;
- Timing of claim, premium, reinsurance and expense cash flows; and
- The appropriateness of the development tail factors applied to the Company's classes of business.

## D.2.7 Volatility Adjustment

The VA is an effective risk mitigant against mark-to-market driven solvency volatility caused by credit spread movements. The VA published by EIOPA is included in the yields used to discount QBE Europe's cash flows. The impact of the VA is disclosed in S.22.01.22 (see Appendix A) and is summarised in the following table.

	Including the VA	With the VA set to zero	Impact of the VA
	€m/%	€m/%	€m/%
Technical provisions (gross including risk margin)	4.447	4.486	39
Basic own funds	1.817	1.794	(23)
Eligible own funds to meet the SCR	2.223	2.200	(23)
SCR	1.470	1.480	10
SCR coverage	151,2%	148,7%	(2,5)%

## D.2.8 Matching adjustment, Transitional risk-free interest rate term structure and Transitional deductions

The Company does not apply any matching adjustments, transitional interest rate adjustments or transitional deductions.

## D.2.9 Recoverables from Reinsurance Contracts and Special Purpose Vehicles

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

An initial estimate is made of the reinsurance recoveries as a proportion of gross. This is derived originally from the reinsurance pricing basis and the business plan, along with a review that considers catastrophe/large/attributional losses and non-treaty cover. Any known large outstanding claims are considered on a case-by-case basis. Reinsurance Incurred but not reported ('IBNR') is not reported

allocated in line with the gross to maintain a suitable net provision.

The technical provisions have been reviewed by members of the Actuarial Function to ensure that they adhere to the relevant Solvency II articles and texts.

The valuation of outwards reinsurance recoveries in the claims and premium provisions include an explicit allowance for counterparty default risk.

To adhere to the principle of reinsurance correspondence, the reinsurance recoveries are calculated such that they are consistent with the gross premium forecasts and implicitly allow for expected recoveries in respect of losses occurring during ('LOD') and risks attaching during ('RAD') policies. In line with regulatory guidance, Company's approach is as follows:

- Incepted and bound reinsurance valued to the extent that it covers existing (i.e. incepted and bound) inwards business;
- Adjusted to allow for reinsurance minimum premium terms; and
- Allowance for future reinsurance purchase management actions to protect the run-off to expiry of existing inwards business, consistent with the current reinsurance structure.

## D.3 Other Liabilities

### D.3.1 Overview

The values attributed to other liabilities on the Solvency II balance sheet differ from the valuations reported in the financial statements due to the different valuation methodologies required by the Solvency II. The tables below show the value of those other liabilities for the Company and the Solvency II methodologies used.

See **Section D.1.2** for details of the liabilities of the Company.

### D.3.2 Comparison of Liability Valuation Methodology under Solvency II and BE GAAP basis

The below table sets out the material differences between the bases, methods and main assumptions between the financial statements and Solvency II bases for its material classes of other liabilities.

Balance Sheet item	BE GAAP valuation basis and comparison with Solvency II valuation basis and assumptions
<b>Pension benefit obligations</b>	Pension benefit obligations are accounted for in accordance BE GAAP. These are adjusted to an IAS 19 basis under Solvency II
<b>Deferred tax liabilities</b>	<p>Deferred tax asset/liabilities are recognised under Solvency II to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.</p> <p>The valuation difference relates to the change in the value of deferred tax, caused by the impact of adjustments made to balance sheet items in compliance with Solvency II regulations. The largest impact arises from the revaluation of technical provisions to a Solvency II basis.</p> <p>Under BE GAAP deferred tax assets/liabilities are not recognised.</p> <p>See also <b>Section D.3.6</b> for more information on the position as at 31 December 2024.</p>

Balance Sheet item	BE GAAP valuation basis and comparison with Solvency II valuation basis and assumptions
<p><b>Insurance and intermediaries' payables</b></p> <p><b>Deposits from reinsurers</b></p>	<p>The valuation basis is the same under BE GAAP and Solvency II, being initially recognised at cost and subsequently remeasured at amortised cost. For the short-term nature of these liabilities, the carrying value is deemed to be a close approximation to fair value and therefore no adjustment is made.</p> <p>In addition, under Solvency II insurance payables are adjusted to exclude cash flows relating to future premiums which are taken into account when calculating the technical provisions, see <b>Section D.2</b> for further information.</p>
<p><b>Reinsurance payables</b></p>	<p>The valuation basis is the same under BE GAAP and Solvency II, being initially recognised at fair value and subsequently remeasured at amortised cost. For the short-term nature of these liabilities, the carrying value is deemed to be a close approximation to fair value and therefore no adjustment is made.</p> <p>In addition, under Solvency II reinsurance payables are adjusted to exclude cash flows relating to future premiums which are taken into account when calculating the technical provisions, see <b>Section D.2</b> for further information.</p>
<p><b>Payables (trade, not insurance)</b></p>	<p>BE GAAP has the same valuation basis as Solvency II, except for additional liabilities recognised in relation to leases.</p> <p>Under BE GAAP lease payments are expensed as incurred. For the purposes of SII reporting, the Company applies IFRS 16 Leases. The valuation adjustment for Solvency II purposes relates to recognition of right of use assets.</p>
<p><b>Subordinated debt</b></p>	<p>Under Solvency II subordinated liabilities are measured on a fair value basis whilst under BE GAAP they are measured at an amortised cost basis or at nominal value.</p> <p>Subordinated liabilities are recognised at their current replacement cost (fair value) in line with Article 10 of the Solvency II Delegated Regulation's 'valuation hierarchy'. Article 10 paragraph 7 (c) allows the use of the 'cost approach or current replacement cost approach' where an Alternative Valuation Method is used.</p>
<p><b>Any other liabilities, not elsewhere shown</b></p>	<p>The valuation basis is the same under BE GAAP and Solvency II.</p> <p>Where amortised cost basis is considered a good approximation to fair value, no further adjustment is made.</p>

### D.3.3 Changes to the Valuation of other Liabilities in the period

There have been no material changes to the recognition and valuation bases used or to estimations during the reporting period.

### D.3.4 Pension Schemes

The Company operates both defined contribution and defined benefit pension plans. In addition, there is a post-employment medical care scheme related to the former Brussels-based employees of Secura/QBE Europe.

Pension contributions relating to each scheme are assessed in accordance with the policy conditions, the advice of independent qualified actuaries, and subject to relevant local legislation and accounted for in accordance with BE GAAP. The BE GAAP basis is adjusted to an IAS 19 basis under Solvency II. Refer to **Section C.6.2** Pension Risks.

### D.3.5 Future and other Major Sources of Estimation Uncertainty

There is no significant estimation uncertainty associated with liabilities covered in **Section D.3**, other than in relation to pension schemes covered in **Section D.3.4 'Pension Schemes'**.

### D.3.6 Deferred Taxation

Management estimation is required to determine the amount of deferred taxes that can be recognised, based upon likely timing and level of future taxable profits.

Recoverability is assessed on a net basis i.e. for branches, deferred tax assets and deferred tax liabilities are offset within each branch. If net deferred tax assets arise, they are recognised only to the extent that they are recoverable from future taxable profits.

This is assessed with reference to the annual three-year business plan and, in territories where group relief is available, consideration is also given to profits likely to arise in other QBE group companies within the same territory which would be available for group relief.

If there is a recent history of losses in a territory, management judgement would be exercised on a case-by-case basis.

As at 31 December 2025 in the Solvency II balance sheet there was a deferred tax asset of €6m (2024: €20m) which is considered likely to be recoverable against future taxable profits together with a deferred tax liability of €139m (2024: €79m).

## D.4 Alternative methods for valuation

Valuation of investment assets is carried out in accordance with QBE Group's Valuation Standard, which applies consistently across the Group. When quoted prices for identical or similar assets are not available at the reporting date, unquoted assets are measured using valuation models supported by observable inputs where these are accessible. Oversight of valuation methodologies, selection of independent valuation sources, including pricing vendors and external fund managers, and the approval of significant judgements applied in fair value measurements rest with the QBE Group's Revaluation Committee.

The principal assumptions underlying the valuation approach and key drivers of valuation uncertainty for those categories of assets valued using Alternative Methods of Valuation ('AVM') are described in **Section D.4.1** below.

The valuation methodology applied to subordinated debt liabilities valued using AVM is disclosed in **Section D.3.2** above.

### D.4.1 Investment Property funds, Private Credit and Infrastructure Funds

The fair value of investment property funds, infrastructure funds and other funds is determined using AVM by using the current unit price as advised by the responsible entity, trustee or equivalent of the investment management scheme.

The valuation uncertainty associated with the investment property funds and infrastructure funds is considered to be immaterial.

At 31 December 2025, the Company held investments in investment property funds of €156m (2024: €67m), infrastructure funds of €255m (2024: €198m) and private credit funds of €4m (2024: nil) valued using AVM.

## D.5 Any Other Information

No other information is considered material regarding the Company's valuations for solvency purposes.

# Section E: Capital Management

## E.1 Own Funds

### E.1.1 Objectives, Policies and Processes for Managing Own Funds

The primary objective of the business from a capital management perspective is to maintain sufficient EOF to cover the SCR and MCR with an appropriate surplus. These funds should be of sufficient quality to meet the eligibility requirements in Article 82 of the Solvency II Delegated Regulation ((EU) 2015/35).

The Company has adopted a CAF setting out the target and appetite levels of capital. The Company's Capital Recovery Plan sets out potential remediation actions in the event that capital falls below prescribed thresholds. The CAF and Capital Recovery Plan have been approved by the Board of the Company and senior management carry out regular reviews, on at least a quarterly basis, to monitor the ratio of EOF over the SCR.

The Company's own funds have been assessed against the criteria of Article 71 of the Solvency II Delegated Regulation and the majority of the capital has been classified as sufficient quality to meet the eligibility requirements of 'Tier 1' capital. Ancillary Own Funds and Subordinated debt have been classified as 'Tier 2', and Deferred Tax Assets ('DTA') have been classified as 'Tier 3' in accordance with the requirements.

The EOF is calculated after adjusting for valuation differences between BE GAAP statutory accounts and Solvency II and applying restrictions in relation to ring-fenced Funds ('RFF'), reported under 'Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds' and to pension surplus restrictions under 'Other non-available own funds', see **Section E.1.4** for further details.

The Company has an approved Internal Model which it uses to calculate the SCR. The Internal Model reflects the risk assessment processes that have been reflected across the business for several years and considers all classes of business underwritten. The Internal Model incorporates consideration of underwriting risk, reserving risk, credit risk, market risk, liquidity risk, operational risk and pension risk.

The data flows within the internal model SCR are documented and self-assessed, and output reported to the Data Governance Forum. Areas identified as requiring remediation are recorded on a Data Quality Issues Log and progress reported regularly to the Data Quality Working Group with escalation to the Data Governance Forum if necessary.

Available own funds, EOF and the ratio of EOF over the SCR and MCR for the Company are disclosed in public disclosures **S.23.01.01** in **Appendix A**.

#### Changes in the reporting period

There were no material changes to the method of calculating of own funds over the reporting period.

#### Method of calculating own funds

The Company's method of calculating own funds follow four steps:

- Basic own funds are calculated as the excess of assets over liabilities determined from Solvency II balance sheet less restricted own funds items plus subordinated liabilities (to the extent that these satisfy the Solvency II rules for recognition as part of basic own funds);
- Ancillary own funds are recognised in accordance with the relevant regulatory approval;

- Available own funds are calculated as the total of basic own funds and ancillary own funds and classified into tiers; and
- EOF by tier are determined by applying tiering limits to available own funds in order to determine the amount of own funds eligible to cover the Company's SCR and MCR.

## E.1.2 Eligible Own Funds to meet the Solvency Capital Requirement ('SCR') and Minimum Capital Requirement ('MCR')

As at 31 December 2025 and 2024 the Company's EOF to meet the SCR, the SCR and the SCR coverage ratios were:

	Eligible Own funds to meet the SCR				SCR	SCR Coverage Ratio
	Tier 1 (unrestricted)	Tier 2	Tier 3	Total		
	€'m	€'m	€'m	€'m	€'m	%
2025	1.737	480	6	2.223	1.470	151,2%
2024	1.434	480	20	1.934	1.568	123,3%

\* Underlying calculations run to the nearest euro EOF to meet SCR/MCR, hence rounding differences may occur with the SCR/MCR cover ratios shown above.

As at 31 December 2025 and 2024 the Company's EOF to meet the MCR, the MCR and the MCR coverage ratios were:

	Eligible Own funds to meet the MCR			MCR	MCR Coverage Ratio
	Tier 1 (unrestricted)	Tier 2	Total		
	€'m	€'m	€'m	€'m	%
2025	1.737	80	1.817	538	337,7%
2024	1.434	80	1.514	572	264,4%

\* Underlying calculations run to the nearest euro EOF to meet SCR/MCR, hence rounding differences may occur with the SCR/MCR cover ratios shown above.

Own fund items are assessed and classified into tiers in accordance with criteria defined by Solvency II regulations as set out below.

### Tier 1 (unrestricted)

The majority of the Company's own funds are classified as unrestricted Tier 1 which consists of share capital and the reconciliation reserve.

	2025	2024
	€m	€m
Ordinary share capital	1.130	1.130
Reconciliation reserve	607	304
<b>Total Tier 1 (unrestricted)</b>	<b>1.737</b>	<b>1.434</b>

### Tier 2

### Ancillary Own Funds

As at 31 December 2025, in accordance with Solvency II requirements and NBB approved treatment

as Tier 2 ancillary own funds, the Company holds:

- €200m in the form of an irrevocable Standby Letter of Credit ('LOC') approved by the NBB on 18 December 2023 and expiring on 18 December 2028; and
- €200m in the form of an irrevocable Standby LOC approved by the NBB on 18 December 2024, issued on 19 December 2024, and expiring on 19 December 2029.

Both LOCs are issued under facilities supported by external banks on behalf of QBE Insurance Group Limited (the obligor). The LOCs are not assignable and non-transferable and can only be cancelled with the prior consent of NBB. Current classification of these ancillary own funds as Tier 2 is one tier lower than the tier they would fall into once called up.

### Subordinated Debt

As at 31 December 2025, the Company holds €80m of subordinated debt (2024: €80m) issued by QHEO the immediate parent of QBE Europe, which meets the criteria to be classified as Tier 2 own funds. The loan has an interest rate of 2,25% per annum and a maturity date of 10 December 2028.

The valuation methodology applied to subordinated debt is described in **Section D.3.2**.

### Tier 3

As at 31 December 2025, the Company had deferred tax assets on the Solvency II balance sheet of €6m (2024: €20m) which are required to be treated as Tier 3 capital.

Further information on the treatment of deferred tax assets is included in **Section D.3.6**.

## E.1.3 Reconciliation Reserve

The reconciliation reserve is comprised of the excess of assets over liabilities on a Solvency II valuation basis, less any foreseeable dividends, other basic own fund items, an adjustment for restricted own fund items in respect of immaterial ring-fenced funds and other non-available own funds.

Other basic own fund items include ordinary share capital and an amount equal to the value of net deferred tax assets. These items are excluded from the reconciliation reserve and included as separate items within basic own funds.

In accordance with Article 69(a)(vi) of the Solvency II Delegated Regulation the reconciliation reserve is treated as Tier 1 Capital. The reconciliation reserve's volatility is materially dependent on the performance of the entity as well as any significant changes to the balance sheet. Refer to public disclosures **S.23.01.01** Own Funds presented in **Appendix A** for a full breakdown of the reconciliation reserve the Company.

## E.1.4 Deductions from Own Funds

Own funds restrictions from RFF described below are considered to be immaterial, which means that the required restriction is based on the excess of assets over liabilities of each RFF and there is no requirement to calculate a separate SCR for each RFF.

The following restrictions in relation to RFF apply:

- Restrictions related to LOC of €14m (2024: €9m) reflecting the margin required by the issuer in excess of LOCs issued. Restriction to own funds have been calculated on the basis that actual liabilities are equal to the LOCs issued and therefore restriction only relates to the margin required by the issuer;
- Deposits with cedants to the extent that the amount deposited exceeds the liabilities secured, and to the extent the excess is not readily available to withdraw €14m (2024: €13m);
- As a condition of writing US Excess and Surplus lines business, the Company is required to deposit cash, readily marketable securities or letters of credit into Trust with a "United States Qualified Financial Institution". This is considered within the RFF calculations which did not result in any restrictions as at 31 December 2025 (2024: €nil); and

- The restriction from excess assets pledged over liabilities was €1m as at 31 December 2025 (2024: €nil).

### E.1.5 Eligibility of Own Funds

The eligibility of own funds to cover the Company SCR and MCR is subject to tiering limits, specifically:

- The eligible amounts of Tier 1 items must be at least 50% of the SCR and 80% of the MCR;
- The sum of the eligible amounts of Tier 2 and Tier 3 items must not exceed 50% of the SCR;
- The eligible amounts of Tier 3 items must be less than 15% of the SCR;
- The eligible amounts of Tier 2 items must not exceed 20% of the MCR and Tier 3 items are not eligible to cover the MCR; and
- Ancillary own funds items are not eligible to cover the MCR.

As at 31 December 2025 there were no eligibility restrictions required to own funds to determine eligible own funds to cover the SCR (2024: €nil).

Tier 2 basic own funds items to cover the MCR were restricted to 20% of the MCR. No Ancillary Own Funds are permitted to be treated as eligible to cover the MCR.

### E.1.6 Material differences between Equity in the Financial Statements and the Excess of Assets over Liabilities

The valuation of a company's own funds under Solvency II legislation is different to that calculated in the financial statements. More detail around the different valuation methods used under Solvency II are in **Section D: Valuation for Solvency Purposes**. A reconciliation bridging between the different valuation approaches is shown below:

Reconciliation from GAAP equity to Solvency II Own funds	2025	2024
	€m	€m
<b>Total equity – statutory basis</b>	<b>1.352</b>	<b>1.267</b>
Technical provisions valuation differences	576	315
<b>Valuation adjustments</b>		
Investments	(16)	(40)
Deferred tax, net	(133)	(59)
Other <sup>6</sup>	(7)	(7)
<b>Solvency II excess of assets over liabilities</b>	<b>1.772</b>	<b>1.477</b>
<b>Adjustments</b>		
Subordinated liabilities	80	80
Ancillary own funds	400	400
<b>Restricted own fund items in respect of ring-fenced funds</b>	<b>(29)</b>	<b>(23)</b>
<b>Eligible own funds - Solvency II basis</b>	<b>2.223</b>	<b>1.934</b>

<sup>6</sup> Other adjustments include the removal of IFRS 16 and IAS 19 adjustments.

## E.1.7 Movement in Eligible Own Funds in the year

The table below shows the movement in the Company's EOF to cover the SCR:

Movement in eligible own funds	2025	2024
	€m	€m
<b>Eligible own funds to cover the SCR brought forward at 1 January</b>		
Total comprehensive income for the year	1.934	1.683
Movement in Solvency II valuation differences	84	168
Movement in ancillary own funds	211	(119)
Movement in ring fenced funds restriction	-	200
Total comprehensive income for the year	(6)	2
<b>Eligible own funds to cover the SCR carried forward at 31 December</b>	<b>2.223</b>	<b>1.934</b>

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

### E.2.1 Overview

The SCR for the Company is determined using an Internal Model and is shown in separate public disclosure templates S.25.05.21 (unaudited) in **Appendix A**. This public disclosure template provides information around the breakdown of the SCR values into constituent components. Separate public disclosure **S.28.01.01** provides information on the MCR.

At 31 December 2025 the SCR and MCR for the Company were:

	SCR (unaudited)		MCR	
	2025	2024	2025	2024
€'m	1.470	1.568	538	572

These amounts are subject to supervisory assessment.

#### Internal Model SCR

The SCR for Company has been calculated using the Internal Model for 2025 and 2024.

Risk Category under Internal Model	2025	2024
	€m	€m
Market risk	232	202
Counterparty Default risk	216	188
Non-life underwriting risk	1.533	1.619
Operational risk	146	150
Pension risk	2	2
Capital adjustments	128	126
Debt servicing costs	-	-
<b>Total undiversified components</b>	<b>2.257</b>	<b>2.287</b>
Diversification	(787)	(719)
<b>Solvency capital requirement</b>	<b>1.470</b>	<b>1.568</b>

### E.2.2 Inputs to Calculate the MCR

The MCR for the Company is calculated using inputs for the net (of reinsurance) Solvency II best estimate, the net (of reinsurance) written premium in the last 12 months and capital at risk. Prescribed factors are applied to these inputs based on the technical specifications contained in the Solvency II Delegated Regulation.

The MCR is required to fall within the range of 25% to 45% of the solo SCR. The MCR also has an absolute floor of €4m (for a non-life insurer with authorisation for liability business).

The MCR is limited to 37% of the SCR as at 31 December 2025 (2024: 43%).

### E.2.3 Material Changes to the SCR over the period

In 2025, QBE Europe entered a retrospective reinsurance arrangement covering certain prior year claim reserves which provides benefit to the IM SCR. This drives the overall decrease to both Insurance risk and IM SCR.

Partially offsetting this are increases to most risk areas following increased planned exposure and increased technical provisions from recent growth.

## E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Company has a fully approved Internal Model and therefore does not use the duration-based equity risk sub-module.

## E.4 Differences between the Standard Formula and the Internal Model used<sup>7</sup> Requirement

The Standard Formula and Internal Model are based on two different modelling approaches, resulting in differences in outputs. Some of the main differences, and similarities, are noted below. The Internal Model is based on a 99,5% confidence level over a one-year time period. The methods used in the Internal Model for the calculation of the probability distribution forecast and the SCR are included in **Section C**.

### E.4.1 Market Risk

There are several differences within the components of market risk. In particular, the EO Group has exposure to currency risk (i.e., net asset exposure in any non-GBP currency). Within the Internal Model, currency risk is modelled as the difference between the net assets at the end of the period converted at i) the end of period stochastic FX rates; and ii) the average of the end of period stochastic FX rates. The currency splits on the assets and liabilities are modelled separately and they are not forced to match within the model. Concentration risk for investments is implicitly allowed for in the Internal Model; the distributions in the Economic Scenario Generator are based on the assets held, and the concentration of assets.

### E.4.2 Counterparty Default Credit

The Internal Model and Standard Formula capitalise against reinsurance and premium defaults as described below:

- Within the internal model, the methodology models the possible credit rating of each counterparty at the end of the first year and then sets up a bad debt reserve dependent on the credit rating. The Standard Formula is also based around the expected change in bad-debt provisions from credit rating migrations, with minimal actual default during the first year; and

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<sup>7</sup> Any references to differences between the Standard Formula and the Internal Model are unaudited.

- The primary difference in the credit risk assessment within the Standard Formula and the Internal Model is due to the treatment of the Type II credit risk (broker defaults). The Standard Formula applies a material capital charge against premium debtors, taking 90% of any debts overdue by 3 months or more, and 15% of all other debtors. In practise the credit risk on broker balances (which are the main part of the debtor exposure) are well mitigated, and the Internal Model capital assessment reflects this. It should also be noted that the internal model currently has a capital add-on to allow for additional market risk uncertainty.

### E.4.3 Non-life Underwriting Risk

The methodological differences between the two models include:

- The Internal Model considers insurance risk as an absolute loss amount, with any profit in the plan acting as an offset against capital. The Standard Formula just does a relative assessment, in essence assuming that the business has a 100% net combined ratio;
- The Internal Model does not separate out lapse risk, but it is included in the risk around the level of business written in the new underwriting year. When business does lapse, it both removes the profit associated with this anticipated business (which the Standard Formula and Internal Model both capture), and also the risk associated with the business (which the Standard Formula does not capture); and
- For catastrophe risk the Internal Model allows for the full features of the reinsurance protections, whereas the Standard Formula approximates them, most notably through the lack of multiple reinstatements on protections, and the use of maximum line size losses within the man-made catastrophe component.

### E.4.4 Health Underwriting Risk

The Internal Model does not capture this separately from the non-life underwriting risk.

### E.4.5 Operational Risk

The capital model allows operational risk to diversify against other risk types, whereas it is additive in the Standard Formula. If the diversified operational risk is calculated in the Internal Model then the differences are smaller. This different treatment of operational risk also gives rise to an increased level of diversification benefit in the Internal Model compared to the Standard Formula.

### E.4.6 Diversification Benefit

Due to the differences between risk types, the Standard Formula has less diversification between risk types than the Internal Model.

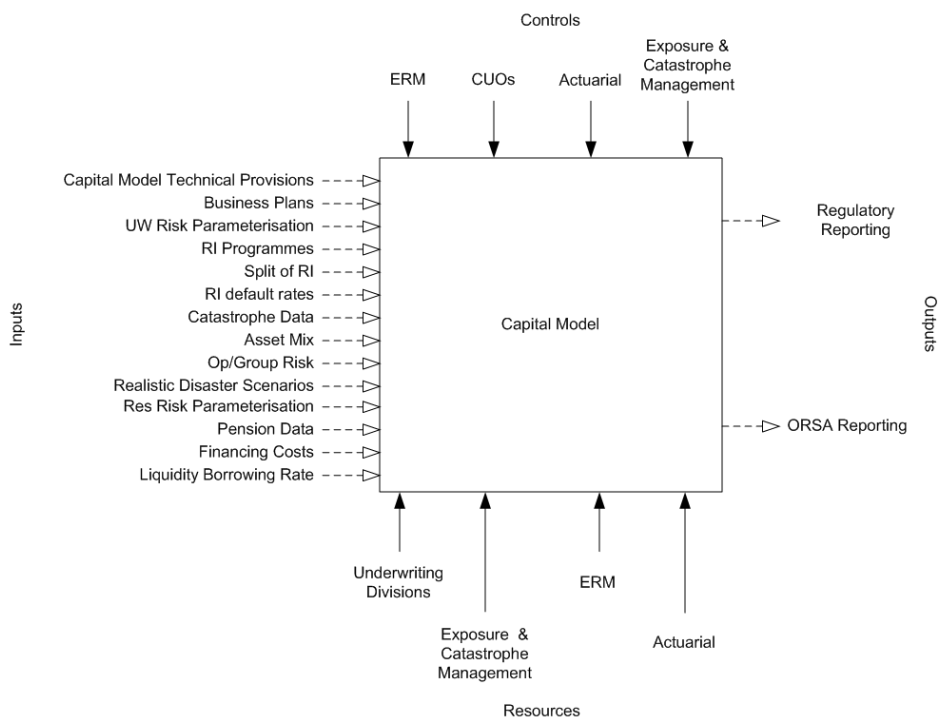
The Standard Formula does not capture Group risk, whereas it does appear in the Internal Model. This risk is assumed to diversify well against the other risks, so it also increases the size of the diversification benefit in the Internal Model compared to the Standard Formula.

### E.4.7 Data used in the Internal Model

The data flows within the capital model are documented within an Internal Model Data flow Map. As part of data quality management in EO Group, a Data Governance Team carry out a self-assessment exercise regularly with those business areas that provide data flows into the capital model. The results of this work, in particular any areas for remediation, are recorded on a Data Quality Issues Log which is reviewed and managed by the Data Quality Group, a sub-Group of the Operations Management Group ('OMG').

The technical specification details of the data extracts that form the inputs to the capital model are held in a Data Directory, which is also verified by business owners as part of the self-assessment review. This ensures that the data specifications are regularly kept up to date.

An overview of each of the data flows is illustrated below.



There are a number of data items that feed into the capital model. Each of these sources of data is subject to all of the data requirements of the Internal Model:

- Technical provisions - these are provided by the Actuarial Function and comprise of undiscounted paid and incurred claims and ultimate premium and claims, by class, currency and year of account;
- Claims development patterns - these are taken from the actuarial technical provisions. They comprise of paid claim patterns by class of business and currency to support discounting of the liabilities in the capital model;
- Reserve risk parameterisation - this takes the output from the reserve variability analysis carried out by the Actuarial Function, with the parameters held at class of business level;
- Business plans - these are taken from the business planning database, and comprises the full business plan by class of business;
- Large and attritional loss parameterisation - this is the output from the large and attritional loss parameterisation process, which is currently carried out by the Actuarial Function;
- Reinsurance programmes - this is the data detailing the outwards reinsurance programmes that EO Group has in place, of which the Company is a part, and is taken from the reinsurance schematics produced by the Underwriting and Reinsurance Review Department;
- Split of reinsurers on technical provisions - this is taken from a query in the EO Group's reinsurance reporting system that produces the split of the reinsurance asset on the balance sheet at any quarter end by legal entity. The system itself is supported by QBE Group, although the Underwriting and Reinsurance Review Department maintain QBE Group ownership for the data;
- Reinsurer and broker default rates - these are taken from S&P's reports on the downgrade and default probabilities for differently rated companies and overlaid with any judgement by the QBE Group Security Committee;
- Natural catastrophe model output - this is predominantly the output from RMS, which comprises of event loss tables for different classes of business, and is received from the Exposure and Catastrophe Management team. AIR (AIR Worldwide, a Verisk Analytics catastrophe modelling platform) and Impact Forecast Elements is also used alongside Realistic Event Methodology ('REM') data to assess the risk from regions and perils not modelled by Moody's RMS;

- Asset mix - this data lists the different investments held by each legal entity within the EO Group. These assets are input into the model as the opening asset position;
- Operational Risk Assessment - this data is taken from within the Risk team and provides the operational risk parameters;
- QBE Group Risk Dashboard - used to parameterise the group risk distributions. Data is taken from within the ERM team; and
- Asset model output - this data is the output from the asset model, which is the distribution of asset returns split by asset type, currency and term (as well as inflation and currency exchange rates in the future).

## E.5 Non-Compliance with the Minimum Capital Requirement and Non-Compliance with the Solvency Capital Requirement

The Company satisfied and complied with the MCR and SCR requirements throughout the reporting period.

## E.6 Any Other Information

No other information is considered material regarding the Company's capital management.

# Forward-Looking Statements

This document may contain “forward-looking statements” including those relating to the Company’s future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about the Company’s beliefs and expectations and including, without limitation, statements containing the words “may”, “will”, “should”, “continue”, “aims”, “estimates”, “projects”, “believes”, “intends”, “expects”, “plans”, “seeks” and “anticipates”, and words of similar meaning, are forward-looking statements. Any such forward-looking statements in this document are based on plans, estimates and projections as at the date of this document, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty. Many factors could cause the Company’s actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement.

Any forward-looking statements contained in this document speak only as of the date on which they are made. The Company expressly disclaims any obligations to update any forward-looking statement contained in this document or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise.

# Glossary

The following table details the definition of the terms and acronyms used in this document:

Term or Acronym	Definition
<b>ABS</b>	Asset Backed Security
<b>ALM</b>	Asset Liability Management
<b>AIR</b>	AIR Worldwide, a Verisk Analytics catastrophe modelling platform
<b>ASX</b>	Australian Securities Exchange
<b>BBNI</b>	Bound But Not Incepted
<b>BE GAAP</b>	Belgian Generally Accepted Accounting Principles
<b>BCM</b>	Business Continuity Management
<b>BER</b>	Board Effectiveness Review
<b>BMA</b>	Bermuda Monetary Authority
<b>BOF</b>	Basic Own Funds
<b>CAF</b>	Capital Appetite Framework
<b>CMG</b>	Compliance Management Group
<b>COR</b>	Combined Operating Ratio
<b>CPI</b>	Consumer Prices Index
<b>CRG</b>	Conduct Risk Group
<b>CRO</b>	Chief Risk Officer
<b>CUO</b>	Chief Underwriting Officer
<b>DAC</b>	Deferred Acquisition Costs
<b>DFSA</b>	Dubai Financial Services Authority
<b>DMG</b>	Disclosure Management Group
<b>ECM</b>	Economic Capital Model
<b>EEA</b>	European Economic Area
<b>EIOPA</b>	European Insurance and Occupational Pensions Authority
<b>EpiFP</b>	Expected Profit in Future Premiums
<b>EO Key Regulated Companies</b>	QBE UK, QBE Europe and QUL
<b>EOF</b>	Eligible Own Funds
<b>EO Group</b>	QBE European Operations Group
<b>EMB</b>	Executive Management Board
<b>ENID</b>	Events Not In Data
<b>ERG</b>	Emerging Risks Group
<b>ERM</b>	Enterprise Risk Management
<b>ESG</b>	Environmental, Social and Governance
<b>ESG RWG</b>	ESG Risk Working Group
<b>ESG UG</b>	ESG Underwriting Group
<b>FCA</b>	Financial Conduct Authority (UK)
<b>FMG</b>	Finance Management Group
<b>FSMA</b>	Financial Services and Markets Authority (Belgium)
<b>FOE</b>	Freedom of Establishment
<b>FOS</b>	Freedom of Services
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GAM</b>	Group Aggregate Methodology
<b>GAMC</b>	Group Aggregate Management Committee
<b>GEP</b>	Gross Earned premium
<b>GIA</b>	Group Internal Audit
<b>GSC</b>	Group Security Committee
<b>GWP</b>	Gross Written Premium
<b>IBNR</b>	Incurred But Not Reported
<b>HPR</b>	High Product Risk
<b>AIFRS</b>	Australian International Financial Reporting Standards)
<b>I&amp;I</b>	Issues and Incidents
<b>IMA</b>	Investment Management Agreement
<b>KRI</b>	Key Risk Indicators
<b>LOC</b>	Letter of Credit
<b>MCR</b>	Minimal Capital Requirement
<b>NBB</b>	National Bank of Belgium
<b>NCOR</b>	Net Combined Operating Ratio
<b>OMG</b>	Operations Management Group
<b>ORSA</b>	Own Risk & Solvency Assessment
<b>OWG</b>	Outsourcing Working Group
<b>PARC</b>	People and Remuneration Committee
<b>PPO</b>	Payment Protection Order

Term or Acronym	Definition
PPP	Prudent Person Principle
PRA	Prudential Regulation Authority (UK)
QBE Corporate	QBE Corporate Limited
QBE Europe	QBE Europe SA/NV
QBE Group	QBE Group, of which QBE Insurance Group Limited is the ultimate parent holding company based in Australia
QBE NA	QBE North America
QBE Re	QBE Reinsurance Europe Limited
QEMC	QBE Europe Management Committee
QHEO	QBE Holdings EO Limited
QBE UK	QBE UK Limited
QUL	QBE Underwriting Limited
RAS	Risk Appetite Statement
RCC	Risk and Capital Committee
RCG	Risk and Capital Group
RCSA	Risk and Control Self-Assessment process
RDS	Realistic Disaster Scenarios
REM	Realistic Event Methodology
RFF	Ring-Fenced Funds
RFP	Requested For Proposal
RMBS	Residential Mortgage Backed Security
RMG	Reserving Management Group
RMS	Risk Management Strategy
S&P	Standard and Poors
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SLA	Service Level Agreement
SMCR	Senior Managers and Certification Regime (UK)
SME	Subject Matter Expert
SUWG	Sustainability Underwriting Working Group
SWG	Sustainability Working Group
UMG	Underwriting Management Group
VA	Volatility Adjustment
XoL	Excess of loss

# Appendix A: Public Disclosures

Template code	Template name
S.02.01.02	Balance sheet
S.04.05.21	Activity by country – location of risk
S.05.01.02	Premiums, claims and expenses by line of business (Non-Life)
S.05.01.02	Premiums, claims and expenses by line of business (Life)
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-life insurance claims
S.22.01.21	Impact of long-term guarantees measures and transitionals
S.23.01.01	Own funds
S.25.05.21	Solvency Capital Requirement - for undertakings using an internal model (partial or full)
S.28.01.01	Minimum Capital Requirement

## EO plc Single Group SFCR for the year ended 31 December 2025

### QBE Europe

#### S.02.01.02 - Balance sheet (amounts in €'000s)

		<b>Solvency</b>
		C0010
<b>Assets</b>		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	5.693
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	14.133
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	4.986.927
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	4.405.553
Government Bonds	R0140	1.577.525
Corporate Bonds	R0150	2.765.922
Structured notes	R0160	-
Collateralised securities	R0170	62.106
Collective Investments Undertakings	R0180	563.955
Derivatives	R0190	10.973
Deposits other than cash equivalents	R0200	6.445
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	939.471
Non-life and health similar to non-life	R0280	891.484
Non-life excluding health	R0290	884.829
Health similar to non-life	R0300	6.655
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	47.986
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	47.986
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	149.826
Insurance and intermediaries receivables	R0360	437.290
Reinsurance receivables	R0370	115.212
Receivables (trade, not insurance)	R0380	103.644
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	70.726
Any other assets, not elsewhere shown	R0420	284
<b>Total assets</b>	R0500	<b>6.823.205</b>
<b>Liabilities</b>		
Technical provisions - non-life	R0510	4.326.197
Technical provisions - non-life (excluding health)	R0520	4.174.582
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	3.810.895
Risk margin	R0550	363.687
Technical provisions - health (similar to non-life)	R0560	151.614
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	122.200
Risk margin	R0590	29.414
Technical provisions - life (excluding index-linked and unit-linked)	R0600	120.958
Technical provisions - health (similar to life)	R0610	35
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	34
Risk margin	R0640	1
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	120.922
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	89.188
Risk margin	R0680	31.735
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	4.844
Deposits from reinsurers	R0770	58.142
Deferred tax liabilities	R0780	-
Derivatives	R0790	8.013
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	75.855
Reinsurance payables	R0830	99.372
Payables (trade, not insurance)	R0840	139.296
Subordinated liabilities	R0850	80.000
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	80.000
Any other liabilities, not elsewhere shown	R0880	-
<b>Total liabilities</b>	R0900	<b>5.051.409</b>
<b>Excess of assets over liabilities</b>	R1000	<b>1.771.796</b>

**QBE Europe**

**S.04.05.21**

**Activity by country – location of risk**

**Amounts in €'000s**

	Home country	Top 5 countries: non-life obligations					
		C0010	C0020	C0030	C0050	C0060	C0040
		Belgium (BE)	France (FR)	Germany (DE)	Spain (ES)	United Kingdom	Italy (IT)
		C0010	C0020	C0030	C0040	C0050	C0060
<b>Premiums written (gross)</b>							
Gross Written Premium (direct)	R0020	201.518	401.214	142.703	161.288	108.319	88.054
Gross Written Premium (proportional reinsurance)	R0021	94.419	19.986	41.587	8.684	23.438	7.504
Gross Written Premium (non-proportional reinsurance)	R0022	39.895	85.347	54.275	4.227	33.374	5.459
<b>Premiums earned (gross)</b>							
Gross Earned Premium (direct)	R0030	200.158	388.230	140.220	153.272	109.594	78.033
Gross Earned Premium (proportional reinsurance)	R0031	114.023	9.243	14.370	8.395	12.940	7.645
Gross Earned Premium (non-proportional reinsurance)	R0032	50.220	85.199	47.447	3.825	29.404	5.375
<b>Claims incurred (gross)</b>							
Claims incurred (direct)	R0040	171.066	245.480	104.905	86.087	22.768	16.843
Claims incurred (proportional reinsurance)	R0041	43.980	7.018	16.137	2.173	3.101	(3.178)
Claims incurred (non-proportional reinsurance)	R0042	2.560	386.053	193.042	71.615	(18.822)	(1.191)
<b>Expenses incurred (gross)</b>							
Gross Expenses Incurred (direct)	R0050	46.408	123.936	38.378	40.584	31.665	23.885
Gross Expenses Incurred (proportional reinsurance)	R0051	45.209	5.878	13.736	4.164	6.247	4.544
Gross Expenses Incurred (non-proportional reinsurance)	R0052	6.271	21.426	11.935	991	6.951	1.359

	Home country	Top 5 countries: life and health SLT					
					United States of America (US)		
		Belgium (BE)	United Kingdom	France (FR)	Costa Rica (CO)	Colombia (CO)	
		C0030	C0040	C0040	C0040	C0040	
Gross Written Premium	R1020	29.102	12.019	16.941	2.641	2.316	9.599
Gross Earned Premium	R1030	29.102	12.019	16.941	2.641	2.316	9.599
Claims incurred	R1040	8.638	17.426	14.747	(537)	(439)	7.493
Gross Expenses Incurred	R1050	9.563	3.547	4.021	701	1.060	3.681

EO plc Single Group SFCR for the year ended 31 December 2025

QBE Europe

S.05.01.02

Premiums, claims and expenses by line of business (non-Life)

Amounts in €'000s

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)													
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	
<b>Premiums written</b>													
Gross - Direct Business	R0110	-	77	-	2.416	2.628	97.491	511.228	763.407	31.261	-	-	3.563
Gross - Proportional reinsurance accepted	R0120	22.036	29.154	-	3.672	5.539	51.748	204.592	134.168	21.488	-	-	1
Gross - Non-proportional reinsurance accepted	R0130												
Reinsurers' share	R0140	-	1.873	-	4.540	458	33.802	246.447	196.888	32.039	-	-	-101
Net	R0200	22.036	27.358	-	1.548	7.708	115.437	469.373	700.687	20.710	-	-	3.666
<b>Premiums earned</b>													
Gross - Direct Business	R0210	-	81	-	3.290	2.130	95.061	493.641	744.520	26.975	-	-	3.581
Gross - Proportional reinsurance accepted	R0220	18.507	28.932	-	3.676	5.539	43.152	197.575	100.855	22.400	-	-	1
Gross - Non-proportional reinsurance accepted	R0230												
Reinsurers' share	R0240	-	1.924	-	4.601	433	32.815	239.174	182.980	26.033	-	-	-101
Net	R0300	18.507	27.089	-	2.365	7.237	105.398	452.042	662.395	23.342	-	-	3.683
<b>Claims incurred</b>													
Gross - Direct Business	R0310	-	55	-	2.219	755	112.274	193.897	459.284	11.078	-	-	2.224
Gross - Proportional reinsurance accepted	R0320	9.251	22.309	-	2.405	2.160	34.203	126.531	58.108	9.809	-	-	-6.463
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurers' share	R0340	-	91	-	387	(41)	58.649	104.641	71.931	4.647	-	-	14
Net	R0400	9.251	22.272	-	4.237	2.955	87.829	215.787	445.461	16.240	-	-	(4.253)
<b>Expenses incurred</b>	R0550	6,033	12,267	-	3,294	3,346	34,245	153,984	258,222	17,075	-	-	818
<b>Balance - other technical expenses/income</b>	R1210												
<b>Total technical expenses</b>	R1300												

EO plc Single Group SFCR for the year ended 31 December 2025

QBE Europe

S.05.01.02 (continued)

Premiums, claims and expenses by line of business (non-life)

Amounts in €'000s

		Line of Business for: accepted non-proportional reinsurance				Total
		Health C0130	Casualty C0140	Marine, aviation, transport C0150	Property C0160	C0200
<b>Premiums written</b>						
Gross - Direct Business	R0110					1.412.072
Gross - Proportional reinsurance accepted	R0120					472.398
Gross - Non-proportional reinsurance accepted	R0130	31.214	215.891	8.995	177.351	433.451
Reinsurers' share	R0140	5.842	99.845	2.647	227.792	852.072
Net	R0200	25.373	116.046	6.348	(50.441)	1.465.849
<b>Premiums earned</b>						
Gross - Direct Business	R0210					1.369.280
Gross - Proportional reinsurance accepted	R0220					420.636
Gross - Non-proportional reinsurance accepted	R0230	30.755	209.048	10.207	174.961	424.970
Reinsurers' share	R0240	5.935	80.614	2.583	213.364	790.355
Net	R0300	24.820	128.433	7.623	(38.403)	1.424.532
<b>Claims incurred</b>						
Gross - Direct Business	R0310					781.786
Gross - Proportional reinsurance accepted	R0320					258.314
Gross - Non-proportional reinsurance accepted	R0330	13.143	95.028	2.099	(10.582)	99.688
Reinsurers' share	R0340	(333)	37.104	(335)	16.037	292.793
Net	R0400	13.476	57.924	2.434	(26.619)	846.995
<b>Expenses incurred</b>	R0550	6,906	52,152	2,362	(13,729)	536,976
<b>Balance - other technical expenses/income</b>	R1210					-
<b>Total technical expenses</b>	R1300					536.976

EO plc Single Group SFCR for the year ended 31 December 2025

QBE Europe

S.05.01.02

Premiums, claims and expenses by line of business (Life)

Amounts in €'000s

		Line of Business for: life insurance obligations					Life reinsurance obligations		Total	
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance		Life reinsurance
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
<b>Premiums written</b>										
Gross	R1410	-	-	-	-	-	-	9	84.959	84.968
Reinsurers' share	R1420	-	-	-	-	-	-	-	5.065	5.065
Net	R1500	-	-	-	-	-	-	9	79.893	79.902
<b>Premiums earned</b>										
Gross	R1510	-	-	-	-	-	-	9	84.959	84.968
Reinsurers' share	R1520	-	-	-	-	-	-	-	5.065	5.065
Net	R1600	-	-	-	-	-	-	9	79.893	79.902
<b>Claims incurred</b>										
Gross	R1610	-	-	-	-	-	12.340	(10)	39.127	51.457
Reinsurers' share	R1620	-	-	-	-	-	3.455	-	5.787	9.242
Net	R1700	-	-	-	-	-	8.885	(10)	33.340	42.215
<b>Expenses incurred</b>	R1900	-	-	-	-	-	-	242	25.794	26.036
<b>Balance - other technical expenses/income</b>	R2510									-
<b>Total expenses</b>	R2600									26.036
<b>Total amount of surrenders</b>	R2700	-	-	-	-	-	-	-	1.331	1.331

EO plc Single Group SFCR for the year ended 31 December 2025

QBE Europe

S.12.01.02

Life and Health SLT Technical Provisions

Amounts in €'000s

Technical provisions calculated as a whole  
**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**  
 Technical provisions calculated as a sum of BE and RM  
**Best Estimate**  
**Gross Best Estimate**  
 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default  
 Best estimate minus recoverables from reinsurance/SPV and Finite Re - total  
**Risk Margin**  
**Technical provisions - total**

	Insurance with profit participation	Index-linked and unit-linked insurance		Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	
		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees				
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
R0010	-	-	-	-	-	-	-	-	-	-
R0020	-	-	-	-	-	-	-	-	-	-
R0030	-	-	-	-	-	-	-	-	89.188	89.188
R0080	-	-	-	-	-	-	-	-	47.986	47.986
R0090	-	-	-	-	-	-	-	-	41.201	41.201
R0100	-	-	-	-	-	-	-	-	31.735	31.735
R0200	-	-	-	-	-	-	-	-	120.922	120.922

Technical provisions calculated as a whole  
**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**  
 Technical provisions calculated as a sum of BE and RM  
**Best Estimate**  
**Gross Best Estimate**  
 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default  
 Best estimate minus recoverables from reinsurance/SPV and Finite Re - total  
**Risk Margin**  
**Technical provisions - total**

	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
	Contracts without options and guarantees	Contracts with options or guarantees				
	C0160	C0170	C0180	C0190	C0200	C0210
R0010	-	-	-	-	-	-
R0020	-	-	-	-	-	-
R0030	-	-	-	-	34	34
R0080	-	-	-	-	-	-
R0090	-	-	-	-	34	34
R0100	-	-	-	-	1	1
R0200	-	-	-	-	35	35

EO plc Single Group SFCR for the year ended 31 December 2025

QBE Europe

S.17.01.02

Life and Health SLT Technical Provisions

Amounts in €'000s

Direct business and accepted proportional reinsurance													
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	
<b>Technical provisions</b>	R0010	-	-	-	-	-	-	-	-	-	-	-	
Total Recoverables from	R0050	-	-	-	-	-	-	-	-	-	-	-	
<b>Technical provisions</b>													
<b>Best estimate</b>													
<i>Premium provisions</i>													
Gross	R0060	1.264	(8.816)	-	(2.653)	(39)	4.311	(27.376)	257.265	48.606	3.777	-	5.731
Total recoverable	R0140	(310)	(491)	-	(119)	(15)	(13.290)	(66.101)	(32.677)	(10.201)	-	-	1.880
Net Best Estimate of	R0150	1.574	(8.325)	-	(2.534)	(23)	17.601	38.725	289.942	58.807	3.777	-	3.851
<i>Claims provisions</i>													
Gross	R0160	(4.655)	67.807	-	70.320	3.243	234.760	610.244	1.597.070	25.200	867	-	(1.007)
Total recoverable	R0240	(10)	1.634	-	6.513	275	102.042	197.827	348.994	37.792	652	-	(304)
Net Best Estimate of	R0250	(4.644)	66.172	-	63.806	2.968	132.718	412.417	1.248.076	(12.592)	215	-	(703)
<b>Total Best estimate -</b>	R0260	(3.390)	58.991	-	67.666	3.204	239.071	582.868	1.854.335	73.806	4.643	-	4.724
<b>Total Best estimate - net</b>	R0270	(3.070)	57.847	-	61.272	2.945	150.319	451.142	1.538.019	46.215	3.992	-	3.148
<b>Risk margin</b>	R0280	1.535	15.522	-	10.864	333	15.095	32.903	169.267	6.275	-	-	455
<b>Technical provisions - total</b>													
Technical provisions -	R0320	(1.856)	74.513	-	78.530	3.537	254.166	615.772	2.023.603	80.082	4.643	-	5.179
Recoverable from	R0330	(320)	1.143	-	6.394	260	88.752	131.726	316.317	27.591	652	-	1.576
Technical provisions	R0340	(1.535)	73.369	-	72.136	3.277	165.414	484.045	1.707.286	52.491	3.992	-	3.602

EO plc Single Group SFCR for the year ended 31 December 2025

QBE Europe

S.17.01.02 (continued)

Life and Health SLT Technical Provisions

Amounts in €'000s

**Technical provisions calculated as a whole**

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

**Technical provisions calculated as a sum of BE and RM**

**Best estimate**

Premium provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Premium Provisions

Claims provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Claims Provisions

**Total Best estimate - gross**

**Total Best estimate - net**

**Risk margin**

**Technical provisions - total**

Technical provisions - total

Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total

Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

	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	
R0010	-	-	-	-	-
R0050	-	-	-	-	-
R0060	(9.967)	(81.816)	(3.102)	(59.815)	<b>127.371</b>
R0140	(497)	5.768	(566)	(26.166)	<b>(142.785)</b>
R0150	(9.470)	(87.585)	(2.537)	(33.648)	<b>270.156</b>
R0160	76.566	826.683	24.459	274.167	<b>3.805.724</b>
R0240	6.329	182.754	5.395	144.376	<b>1.034.269</b>
R0250	70.237	643.929	19.064	129.791	<b>2.771.455</b>
R0260	66.600	744.867	21.356	214.352	<b>3.933.095</b>
R0270	60.767	556.345	16.527	96.143	<b>3.041.611</b>
R0280	12.357	100.025	2.484	25.986	<b>393.102</b>
R0320	78.957	844.892	23.840	240.338	<b>4.326.197</b>
R0330	5.832	188.522	4.829	118.209	<b>891.484</b>
R0340	<b>73.125</b>	<b>656.370</b>	<b>19.011</b>	<b>122.129</b>	<b>3.434.712</b>

EO plc Single Group SFCR for the year ended 31 December 2025

QBE Europe  
S.19.01.02  
Non-life insurance claims  
Amounts in €'000s

Total Non-Life business

	<b>Z0020</b>	<b>Accident year/underwriting year</b>	
--	--------------	--	--

Gross Claims paid (non-cummulative)

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											1.774.330
N-9	R0160	28.755	83.325	66.209	50.557	28.720	26.132	31.880	50.833		22.660	
N-8	R0170	35.053	92.360	82.244	44.771	17.744	35.337	28.358	23.302	26.825		
N-7	R0180	20.248	138.747	104.557	75.425	35.262	22.294	21.617	32.656			
N-6	R0190	49.521	170.417	164.634	69.806	124.072	37.398	18.892				
N-5	R0200	52.726	145.406	111.518	75.509	45.764	55.456					
N-4	R0210	70.796	269.448	250.928	105.348	75.270						
N-3	R0220	51.423	203.981	204.519	146.163							
N-2	R0230	43.984	192.718	164.748								
N-1	R0240	24.994	182.146									
N	R0250	34.062										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	98.595	1.774.330
N-9	R0160	22.660	397.885
N-8	R0170	26.825	385.994
N-7	R0180	32.656	450.807
N-6	R0190	18.892	634.741
N-5	R0200	55.456	486.378
N-4	R0210	75.270	771.790
N-3	R0220	146.163	606.086
N-2	R0230	164.748	401.451
N-1	R0240	182.146	207.141
N	R0250	34.062	34.062
Total	R0260	<b>857.473</b>	<b>6.150.664</b>

Gross Undiscounted Best Estimate Claims Provisions

Development year

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											3.089.487
N-9	R0160	0	0	0	170.933	216.245	198.773	192.680	139.642	114.054	95.713	
N-8	R0170	0	0	188.837	208.724	192.493	158.396	144.201	115.396	95.349		
N-7	R0180	0	298.553	311.685	243.709	208.268	194.393	171.670	153.766			
N-6	R0190	380.202	492.535	399.116	352.827	285.441	226.039	202.613				
N-5	R0200	422.385	510.338	461.312	363.165	284.533	227.172					
N-4	R0210	633.709	768.813	627.263	494.072	358.853						
N-3	R0220	816.923	859.152	700.702	553.818							
N-2	R0230	679.631	863.718	694.007								
N-1	R0240	687.167	779.512									
N	R0250	692.411										

		Year end (discounted data)
		C0360
Prior	R0100	463.672
N-9	R0160	82.921
N-8	R0170	83.550
N-7	R0180	131.503
N-6	R0190	176.018
N-5	R0200	198.904
N-4	R0210	313.580
N-3	R0220	480.849
N-2	R0230	617.268
N-1	R0240	687.714
N	R0250	606.503
Total	R0260	<b>3.842.480</b>

## EO plc Single Group SFCR for the year ended 31 December 2025

QBE Europe

S.22.01.21

### Impact of long-term guarantees measures and transitionals

Amounts in €'000s

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
	C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010 4.447.154	-	-	38.375	-
Basic own funds	R0020 1.822.732	-	-	(23.195)	-
Eligible own funds to meet Solvency Capital Requirement	R0050 2.222.732	-	-	(23.195)	-
Solvency Capital Requirement	R0090 1.470.010	-	-	9.500	-
Eligible own funds to meet Minimum Capital Requirement	R0100 1.817.039	-	-	(23.377)	-
Minimum Capital Requirement	R0110 538.144	-	-	3.334	-

## EO plc Single Group SFCR for the year ended 31 December 2025

QBE Europe

S.23.01.01

Own funds

Amounts in €'000s

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
<b>Basic own funds before deduction for participations in other financial sector</b>					
Ordinary share capital (gross of own shares)	R0010	1.129.062	1.129.062	-	-
Share premium account related to ordinary share capital	R0030	-	-	-	-
Initial funds, members' contributions or the equivalent basic own - fund item for	R0040	-	-	-	-
Subordinated mutual member accounts	R0050	-	-	-	-
Surplus funds	R0070	-	-	-	-
Preference shares	R0090	-	-	-	-
Share premium account related to preference shares	R0110	-	-	-	-
Reconciliation reserve	R0130	607.977	607.977	-	-
Subordinated liabilities	R0140	80.000	-	80.000	-
An amount equal to the value of net deferred tax assets	R0160	5.693	-	-	5.693
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					
Total basic own funds after deductions	R0290	1.822.732	1.737.039	-	80.000
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	R0310	-	-	-	-
Unpaid and uncalled preference shares callable on demand	R0320	-	-	-	-
A legally binding commitment to subscribe and pay for subordinated liabilities	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	400.000	-	400.000	-
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 ancillary own funds	R0400	400.000	-	400.000	-
Available and eligible own funds					
Total available own funds to meet the SCR	R0500	2.222.732	1.737.039	-	480.000
Total available own funds to meet the MCR	R0510	1.817.039	1.737.039	-	80.000
Total eligible own funds to meet the SCR	R0540	2.222.732	1.737.039	-	480.000
Total eligible own funds to meet the MCR	R0550	1.817.039	1.737.039	-	80.000
SCR	R0580	1.470.010	-	-	-
MCR	R0600	538.144	-	-	-
Ratio of Eligible own funds to SCR	R0620	151,2%	-	-	-
Ratio of Eligible own funds to MCR	R0640	337,7%	-	-	-

### C0060

<b>Reconciliation reserve</b>		
Excess of assets over liabilities	R0700	1.476.981
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	1.149.279
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	22.655
<b>Reconciliation reserve</b>	R0760	305.047
<b>Expected profits</b>		
Expected profits included in future premiums (EPIFP) - Life business	R0770	12.674
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	346.041
<b>Total Expected profits included in future premiums (EPIFP)</b>	R0790	358.715

## EO plc Single Group SFCR for the year ended 31 December 2025

### QBE Europe

#### S.25.05.21

Solvency Capital Requirement - for undertakings using an internal model (partial or full)

Amounts in €'000s

#### Solvency Capital Requirement information

		Solvency Capital Requirement	Amount modelled	USP	Simplifications
		C0010	C0070	C0090	C0120
Risk type					
Total diversification	R0020	(709.831)	(709.831)	9 - None	9 - None
Total diversified risk before tax	R0030	1.470.010	1.470.010	9 - None	9 - None
Total diversified risk after tax	R0040	1.470.010	1.470.010	9 - None	9 - None
Total market & credit risk	R0070	484.316	484.316	9 - None	9 - None
Market & Credit risk - diversified	R0080	262.488	262.488	9 - None	9 - None
Credit event risk not covered in market & credit risk	R0190	-	-	9 - None	9 - None
Credit event risk not covered in market & credit risk - diversified	R0200	-	-	9 - None	9 - None
Total Business risk	R0270	-	-	9 - None	9 - None
Total Business risk - diversified	R0280	-	-	9 - None	9 - None
Total Net Non-life underwriting risk	R0310	1.899.200	1.899.200	9 - None	9 - None
Total Net Non-life underwriting risk - diversified	R0320	1.247.173	1.247.173	9 - None	9 - None
Total Life & Health underwriting risk	R0400	-	-	9 - None	9 - None
Total Life & Health underwriting risk - diversified	R0410	-	-	9 - None	9 - None
Total Operational risk	R0480	146.011	146.011	9 - None	9 - None
Total Operational risk - diversified	R0490	146.011	146.011	9 - None	9 - None
Other risk	R0500	522.295	522.295	9 - None	9 - None

#### Calculation of the Solvency Capital Requirement

		C0100
Total undiversified components	R0110	2.179.841
Diversification	R0060	(709.831)
Adjustment due to RFF/MAP nSCR aggregation	R0120	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement, excluding capital add-ons	R0200	1.470.010
Capital add-ons already set	R0210	-
of which, Capital add-ons already set - Article 37 (1) Type a	R0211	-
of which, Capital add-ons already set - Article 37 (1) Type b	R0212	-
of which, Capital add-ons already set - Article 37 (1) Type c	R0213	-
of which, Capital add-ons already set - Article 37 (1) Type d	R0214	-
Solvency capital requirement	R0220	1.470.010
<b>Other information on SCR</b>		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	-
Amount/estimate of the loss absorbing capacity for deferred taxes	R0310	-
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	-
Method used to calculate the adjustment due to RFF nSCR aggregation	R0450	4 - No adjustment
Net future discretionary benefits	R0460	-

#### Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	2 - No

#### Calculation of loss absorbing capacity of deferred taxes

		LACDT
		C0130
Amount/estimate of LAC DT	R0640	-
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	-
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	-
Amount/estimate of LAC DT justified by carry back, current year	R0670	-
Amount/estimate of LAC DT justified by carry back, future years	R0680	-
Amount/estimate of Maximum LAC DT	R0690	-

## EO plc Single Group SFCR for the year ended 31 December 2024

### QBE Europe

S.28.01.01

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

Amounts in €'000s

Linear formula component for non-life insurance and reinsurance obligations

		<b>MCR components</b>
		C0010
MCRNL Result	R0010	537.231

#### Background information

Background information		
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0021
Medical expense insurance and proportional reinsurance	R0020	-
Income protection insurance and proportional reinsurance	R0030	57.847
Workers' compensation insurance and proportional reinsurance	R0040	-
Motor vehicle liability insurance and proportional reinsurance	R0050	61.272
Other motor insurance and proportional reinsurance	R0060	2.945
Marine, aviation and transport insurance and proportional reinsurance	R0070	150.319
Fire and other damage to property insurance and proportional reinsurance	R0080	451.142
General liability insurance and proportional reinsurance	R0090	1.538.019
Credit and suretyship insurance and proportional reinsurance	R0100	46.215
Legal expenses insurance and proportional reinsurance	R0110	3.992
Assistance and proportional reinsurance	R0120	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	3.148
Non-proportional health reinsurance	R0140	60.767
Non-proportional casualty reinsurance	R0150	556.345
Non-proportional marine, aviation and transport reinsurance	R0160	16.527
Non-proportional property reinsurance	R0170	96.143

#### Linear formula component for life insurance and reinsurance obligations

		<b>MCR components</b>
		C0040
MCRL Result	R0200	912

#### Total capital at risk for all life (re)insurance obligations

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060
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	41.235
Total capital at risk for all life (re)insurance obligations	R0250	66.011

#### Overall MCR calculation

		C0070
Linear MCR	R0300	538.144
SCR	R0310	1.470.010
MCR cap	R0320	661.505
MCR floor	R0330	367.503
Combined MCR	R0340	538.144
Absolute floor of the MCR	R0350	4.000
		C0070
<b>Minimum Capital Requirement</b>	R0400	538.144

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