

# ATHORA LIFE RE LTD.

## Financial Condition Report

31 December 2025

**Athora Life Re Ltd. Financial Condition Report**  
For the twelve (12) months ending 31 December 2025

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## 1. EXECUTIVE SUMMARY

Athora Life Re Ltd. (“**ARE**” or the “**Company**”) was incorporated under the laws of Bermuda on 4 April 2017 and is registered as a Class E long-term insurer under the Insurance Act 1978, as amended, and related rules and regulations (the “**Insurance Act**”) and supervised by the Bermuda Monetary Authority (“**BMA**” or the “**Authority**”).

This Financial Condition Report has been prepared in accordance with the Insurance (Public Disclosure) Rules 2015. It provides information on ARE’s business and performance, system of governance, risk profile and capital management.

### 1.1 Business and Performance

ARE is a wholly-owned subsidiary of Athora Holding Ltd., a Bermuda holding company (“**Athora Holding**” or “**Parent**”) which is an insurance group supervised by the Authority.

In January 2018, Athora Holding deconsolidated from Athene Holding Ltd. (“**Athene**”) becoming its own insurance group, of which ARE forms a part. Athora Holding, through its subsidiaries in Bermuda, Ireland, Germany, Belgium, Italy and Netherlands (collectively the “**Athora Group**”), is a specialist solutions provider in the European insurance market.

ARE is the Designated Insurer appointed by the Authority as the lead insurer and administrative point of contact within the Athora Group, through which the Athora Group is required to fulfil its regulatory reporting and compliance obligations.

ARE is a Bermuda-based reinsurance carrier that provides optimisation and risk management solutions to European life insurers. It offers reinsurance solutions to insurers to free up management capacities and operating resources, and enhance policyholder value.

On 3 April 2018, ARE acquired Aegon Ireland plc (now known as Athora Ireland Limited (“**Athora Ireland**”)) from Aegon N.V.

In 2025, the Company completed a strategic simplification of its reinsurance structure, moving from two reinsurance carriers (ARE and Athora Ireland) to a single carrier. As part of this restructuring, Athora Ireland transferred its trading reinsurance portfolio to its immediate parent through a series of transactions and ceased carrying on regulated reinsurance business. It will continue to operate as non-trading entity until its

expected liquidation in 2026. In addition, the Company changed its tax domicile from Bermuda to Ireland with effect from 1 January 2025.

During 2025, Athora Life Re signed a long-term reinsurance agreement with Athene Annuity Re covering remote risks on a portfolio of Japanese whole-of-life policies.

ARE has been assigned the following credit rating by Fitch Ratings<sup>1</sup>:

Fitch	
Athora Life Re Ltd.	A
	Outlook: Stable
	08/2024

As permitted by the Insurance Act, ARE has elected to use IFRS to prepare its statutory financial statements.

The Company reported an IFRS profit after tax of €38.4m at 31 December 2025. This was due to a combination positive returns on investments and the impact of credit spread movements on the fair value of assets compared to the fair value of liabilities throughout the year.

### 1.2 System of Governance

ARE is committed to a high standard of corporate governance and has adopted a governance framework to provide effective governance over the affairs of the Company under the direction of the Company’s Board of Directors (the “**Board**”, each a “**Director**”), and in compliance with applicable laws and regulations, the Company’s Bye-laws and other corporate governance documents of the Company.

The Company is satisfied that the system of governance remains fit for purpose and appropriate for the nature, scale and complexity of risks inherent in its business.

<sup>1</sup> Fitch’s ratings and analysis reflect the ability of an insurer to meet its policyholder, reinsurance and contract holder obligations on a timely basis. In March 2026, Athora Life Re’s Fitch credit rating has been upgraded to A+.

### 1.3 Risk Profile

The Company faces a number of risks that are external in nature, primarily financial market risks and underwriting risks. Other risks arise from internal factors, such as inadequate systems or processes. Both external and internal risks can affect the Company’s operations, its earnings, the value of its investments, or the ability to write new business.

The Company’s risk management framework defines the tools, policies and processes used to measure and manage risks, and to help guide the development of ARE’s desired risk profile. The risk management and control systems are designed to ensure that these risks are managed effectively and efficiently in a way that is aligned with the Company’s risk strategy.

### 1.4 Solvency Valuation

The Company has valued its assets and liabilities on a market consistent basis, i.e., using information that is market observable where possible in accordance with Economic Balance Sheet (“EBS”) valuation principles, consistent with the Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Amendment Rules 2024. The Company uses uncertainty margins reflecting the simplifications and limitations in the methodology, assumptions, data, and modelling of the technical provision calculation.

### 1.5 Capital Management

The Company manages capital on an economic basis within the constraints and requirements of its external stakeholders. The primary objective of the Company’s capital management process is to ensure that a strong financial position is maintained, and solvency volatility is minimised. The Capital Management Policy outlines the capital management process.

The Company’s Bermuda Executive Committee, together with the Board, regularly consider capital assessments and projections for the Company to ensure that capital is managed with continuous adherence to the Company’s principles relating to capital adequacy, financial flexibility and the efficient use of capital.

The Company’s required capital is calculated using the regulatory capital requirements i.e., the Enhanced Capital Requirement (“ECR”) which is calculated using the Bermuda Solvency Capital Requirement (“BSCR”) model. The table below summaries the Company’s capital position.

€'000	2025	2024
<b>Available Capital</b>	239,541	219,586
<b>ECR</b>	107,219	127,143
<b>Solvency Ratio</b>	223%	173%

The increase in Solvency Ratio over the period is explained by organic capital generation on the Company’s in-force portfolio of assets and liabilities, with returns on the Company’s investment portfolio exceeding the ongoing cost of servicing liabilities. New business written during the year, alongside a reduced concentration of certain risk exposures, provides a further uplift to the Company’s solvency position at year-end 2025.

## 2. BUSINESS AND PERFORMANCE

### 2.1 Name of the Insurer

Athora Life Re Ltd.  
 First Floor, Swan Building  
 26 Victoria Street  
 Hamilton HM 12, Bermuda

### 2.2 Insurance Supervisor

Bermuda Monetary Authority  
 BMA House  
 43 Victoria Street  
 Hamilton HM 12, Bermuda

### 2.3 Approved Auditor

EY Bermuda Ltd.  
 3 Bermudiana Road  
 Hamilton, HM08, Bermuda

### 2.4 Ownership details

ARE is a wholly owned subsidiary of Athora Holding, which is the Athora Group's parent company headquartered in Bermuda.

Athora Holding's shareholder base is comprised of high-quality, long-term minded global institutional investors.

### 2.5 Group structure

The Company's structure is shown in **Appendix 1**.

### 2.6 Insurance premium written by business segment and by geographical region during the reporting period

Geographical distribution of business written for the reporting period.

€ '000	2025	2024
<i>Gross Premium Written - Belgium</i>	36,758	42,210
<i>Gross Premium Written - Ireland</i>	(341)	46,156
<i>Gross Premium Written - Germany</i>	5,309	5,865
<i>Gross Premium Written - Other</i>	–	2,800
<b>Total Gross Premium Written</b>	<b>41,726</b>	<b>97,031</b>
<i>Net Premium Written - Belgium</i>	36,758	42,210
<i>Net Premium Written - Ireland</i>	(341)	46,156
<i>Net Premium Written - Germany</i>	5,309	5,865
<i>Net Premium Written - Other</i>	–	2,800
<b>Total Net Premium Written</b>	<b>41,726</b>	<b>97,031</b>

During 2025, Athora Life Re signed a long-term reinsurance agreement with Athene Annuity Re covering remote risks on a portfolio of Japanese whole-of-life policies; however, no premium income was recognised or transferred during the reporting period.

**2.7 Performance of investments, by asset class and details on material income and expenses incurred during the reporting period**

**2.7.1 Investment performance**

The table below details the Company’s net investment income as reported in the Company’s 2025 and 2024 audited financial statements. The lower investment return on financial assets in 2025 are due to the susceptibility of the assets to interest rate and other macroeconomic factors in the market and are therefore not deemed to be a

permanent credit risk related to the diminution in the asset value. Investment returns over 2025 are driven by interest income earned from assets on the balance sheet and fair value losses on existing assets primarily due to interest rate movements over the period.

€ '000	2025	2024
Interest revenue	75,405	76,682
Cash and cash equivalents	7,245	17,405
Net income from derivatives held	6,100	9,619
Other investment income	1,544	7,372
Net foreign exchange losses	(188)	(144)
Net losses on financial assets	(53,076)	(24,935)
<b>Total Investment Return</b>	<b>37,030</b>	<b>85,999</b>

**2.7.2 Material income and expenses**

The Company derives its revenues primarily from premiums on reinsurance contracts and investment income generated from its investment portfolio. The Company’s expenses consist largely of acquisition expenses, claim payments,

investment expenses and general administrative expenses.

For further details, see the Company’s audited financial statements for the reporting period.

**2.8 Any other material information**

No other material information.

### 3. GOVERNANCE STRUCTURE

The Company has established a system of governance that is appropriate for the nature, scale and complexity of risks inherent in its business. The Company's governance framework is set out in its Bye-laws, Board Governance Guidelines, Audit Committee Charter and the Bermuda Executive Committee terms of reference.

The Company's governance structure emulates its Parent's corporate governance framework. This governance framework operates a 'Three Lines of Defence' structure to ensure appropriate segregation of responsibilities.

#### **3.1 Board and Senior Executives**

##### **3.1.1 A description of the structure of the board and senior executive, the roles, responsibilities and segregation of these responsibilities**

#### **Board and Committee Structure**

The Board is responsible for the sound and prudent oversight of the Company and for the overall governance of the Company's business and strategic objectives. The Company's Bye-laws and Board Governance Guidelines define the duties, membership and meeting procedures of the Board.

The business and affairs of the Company are overseen by its Board as the primary policy-making body of the Company, taking into account Athora Group-wide policies and procedures established by the Parent's board of directors.

The Board is comprised of five (5) Directors. Each Director is appointed based on several factors, including relevant skills and qualifications and industry experience. The Board's responsibilities are outlined in the Company's Bye-laws and its Board Governance Guidelines.

To assist in fulfilling its oversight responsibilities, the Board has established an Audit Committee with its own charter. The Chair of the Audit Committee reports to the Board on the committee's activities.

The purpose of the Audit Committee is to provide oversight and monitoring of the integrity of the

financial statements and financial and accounting processes; monitoring compliance with audit, internal audit and internal controls requirements; monitoring the appointment and dismissal of the external auditor, approval of their fees, monitoring their independence and performance; and monitoring legal and regulatory compliance and ethical standards.

#### **Executive Committee Structure**

While the Company's business is managed under the direction of the Board, the chief/senior executives of the Company ("**Management**") are responsible for overseeing the day-to-day operations of the Company and adopting, formalising and implementing policies, procedures, internal controls and operational mechanics in order to effect the long-term strategic direction of the Company.

Management assists the Board with its oversight responsibilities regarding the Company's business activities. Management is responsible for the execution of the Company's strategic plans and objectives and for the effective execution of the roles and responsibilities of their respective functions.

Management comprises six (6) primary officers: Chief Executive Officer; Chief Risk and Compliance Officer; Chief Financial Officer, Chief Actuary, Director of Reinsurance Operations, and Chief Reinsurance Marketing Actuary.

The Company has established a Bermuda Executive Committee (with its own terms of reference) that provides oversight, review, challenge and monitoring of business and operational activities.

Set out on the next page is an overview of the committee.

Committee	Membership	Responsibilities
<b>Bermuda Executive Committee (“BEC”)</b>	<ul style="list-style-type: none"> <li>• CEO</li> <li>• CRCO</li> <li>• CFO</li> <li>• Chief Actuary</li> <li>• Director of Reinsurance Operations</li> <li>• Chief Reinsurance Marketing Actuary</li> </ul>	<p>The BEC provides a forum for the CEO to evidence decisions and discharge of responsibilities in accordance with the Athora Bermuda Byelaws, applicable law and regulation and the Delegation of Authority from Board to CEO (“Delegation of Authority”).</p> <p>The purpose of the BEC is to support the CEO to evidence the discharge of responsibility for the management and oversight of the business and day-to-day operations of the Company in accordance with applicable law and regulation, the strategy of the Company, the business plan, risk appetite and Code of Conduct approved from time to time by the Board, in accordance with the limitations set out in the Delegation of Authority.</p>

### 3.1.2 A description of remuneration policy and practices and performance-based criteria governing the board, senior executive and employee

The Company has adopted the Athora Group Remuneration Policy which sets forth the Group's philosophy and principles which guide how it compensates and incentivises its employees, including those whose professional activities have a material impact on the undertaking's risk profile.

The Athora Group's remuneration program seeks to:

- provide a well-balanced and, where appropriate, performance-related compensation package for employees, considering the interests of all stakeholders and relevant regulators;
- provide a motivational employment package, as appropriate to each role and to the markets in which we operate, which seeks to drive high levels of individual, team and collective engagement;
- remain competitive in all markets; and
- keep all design aspects modern and as simple as possible, allowing for efficient management and administration of all programs.

The Athora Holding Compensation Committee is responsible for oversight of the Athora Group compensation program.

### 3.1.3 A description of the supplementary pension or early retirement schemes for members, the board and senior executive

The Company has a pension scheme and provides all employees with pension benefits through a defined contribution pension program. The Company does not have any early retirement schemes.

### 3.1.4 Any material transactions with shareholder controllers, persons who exercise significant influence, the board or senior executives

Apollo Global Management, Inc. and its subsidiaries ("**Apollo**") and Athene and its affiliates are key minority shareholders in Athora Holding. Apollo Global Management, Inc. has two principal subsidiaries:

- Apollo Asset Management (formerly Apollo Global Management, Inc.), its alternative asset management business, and
- Athene, its retirement services business.

### Employee Reward

The Company aims to attract, recruit, develop and retain competent employees with the skills, knowledge and expertise to fulfil their allocated responsibilities and seeks to provide a motivational employment package, as appropriate to each role and to the markets in which we operate. All employees are required to set performance objectives, aligned to corporate objectives. Compensation and discretionary bonus (where applicable) are based on the output of annual appraisals and aligned with the interests of policyholders and shareholders.

### Executive Director Compensation

In order to avoid any misperceptions between compensation and fiduciary responsibilities, members of Management are not additionally compensated for their roles as members of the Board.

Non-executive directors do not receive any payments linked to ARE's performance.

### Independent non-executive directors (INEDs)

INEDs are typically remunerated by means of an annual base retainer fee and committee membership and/or chair fee that is fixed and does not vary based on business performance. Where required, INEDs are provided with professional indemnity (Directors and Officers) insurance for the period during which they undertake their duties. INEDs receive reimbursement for expenses incurred in the performance of their duties.

Athora has a strategic relationship with Apollo and Athene as cofounders of Athora. The Company is party to, or indirectly benefits from, certain service, advisory and cooperation agreements with Athene and/or Apollo (or their respective affiliates).

The Company has entered into an investment management agreement with Apollo Asset Management Europe LLP ("**AAME**"), a subsidiary of Apollo. AAME provides the Company with specific asset management and specialised

investment expertise that includes asset liability management (“ALM”) strategies to evaluate, source and manage investments originated by Apollo. We expect the strategic relationship with Apollo to continue for the foreseeable future.

During 2025, Athora Life Re signed a long-term reinsurance agreement with Athene Annuity Re covering remote risks on a portfolio of Japanese whole-of-life policies.

## **3.2 Fitness and Propriety Requirements**

### **3.2.1 A description of the fit and proper process in assessing the board and senior executive**

The Company uses a hiring and vetting process, including recruitment and interviewing requirements, such as assessments of relevant experience, skills and knowledge to fulfil the particular duties and responsibilities, to confirm fitness and propriety for the relevant role. The Company has adopted the Athora Group Fit & Proper Policy which sets out the principles to be

applied when assessing whether individuals are fit and proper and provides guidelines to ensure procedures for such assessments.

In addition, all Board and senior management appointments are subject to a fit and proper assessment.

### 3.2.2 A description of the professional qualifications, skills, and expertise of the board and senior executives to carry out their functions

#### A. ARE's Board of Directors

##### Philip Willcock (INED)

Independent Director, Board Chair and Member of Audit Committee

Appointed 1 January 2025

Phil is a successful Insurance Executive with a broad range of experience as both a Country CEO and as a Board Chair and Board Director across UK and international markets. He has experience covering General Management, Strategy, Marketing, Sales and Operations across Life, Pensions, Investments, Asset Management, General Insurance and Health lines of business. He has recent M&A experience through the sale and integration of AIG Life Limited into Aviva Plc.

##### Steven Braudo<sup>2</sup>

Member of Audit Committee

Appointed 4 December 2023

Steven is Group Chief Operating Officer of Athora Holding Ltd. He is an experienced leader with broad experience of working across the financial services sector in Europe and South Africa. Over his three decade career, he has held senior positions across investment management, wealth management, insurance and banking. His previous roles include COO at wealth manager, Quilter plc, where he managed the separation from Old Mutual Group and delivered major transformation projects, culminating in the successful listing of Quilter plc in June 2018. Steven has also held Chief Executive Officer roles at insurers Liberty Life and Standard Bank Wealth in South Africa. He holds a Bachelor of Science (Hons) and Bachelor of Economic Science from University of Witwatersrand and is a Fellow of the Institute, Faculty of Actuaries (UK) and a CFA Charter holder (CFA Institute).

<sup>2</sup>Steven resigned as Group Chief Operating Officer of AHL and was appointed Group Chief Executive Officer of Athora Belgium effective 1 March 2026.

##### Neha Arora

Chief Executive Officer

Appointed 1 January 2025

Neha was appointed as Chief Executive Officer Chief in May 2024 and Chief Investment Officer in January 2025. Previously, Neha was Chief Financial Officer in which she was responsible for Finance, Balance Sheet Management and Treaty Operations. Prior to that, she was Chief Risk Officer at the Company and was responsible for ARE's risk management function. Neha was previously with Pension Insurance Corporation (PIC) in the UK where she was responsible for enterprise risk management, including the ORSA

process, stress and scenario testing, risk appetite and strategy and baseline risk reporting to the Board. Prior to PIC, Neha had a diverse experience of working in several financial institutions including the Bank of England where she worked in Financial Risk and Strategy, a global macro hedge fund where she worked in investment strategy, and Nomura where she worked in quantitative research and strategy. She has a master's degree in Financial Economics from University of Oxford and is a Chartered Financial Analyst (CFA).

##### John McCloskey

Appointed 1 January 2025 (as Director and CFO)

Mr. McCloskey was appointed as a Director and as Chief Financial Officer of ARE on 1 January 2025. Previously, he served as ARE's Senior Manager of Finance since January 2022 and has been an integral part of ARE's Finance team since September 2021. In this time, he has considerably contributed to the development of Reinsurance Finance function including managing external audit, the financial reporting process and the implementation of robust financial controls over the finance function. He was the finance project lead led on the change of reporting standards to IFRS17/9, led on improvements to the financial reporting process and integration of new reporting systems into finance. He is an accomplished accountant approaching two decades of experience across audit, banking and insurance. He holds a Bachelor of Commerce degree from University College Dublin and a Master's degree in Accountancy from the University of Galway. He is a qualified accountant and a Fellow of the Institute of Chartered Accountants of Ireland.

##### Cathal Byrne

Audit Committee Chair

Appointed 1 January 2025

Cathal is Senior Director, Tax Controller of Athora Holding Ltd. A major project currently within Cathal's remit is managing Athora's response to the challenges of the Pillar Two worldwide minimum tax regime. Cathal started his career in accounting as an external auditor with PwC Dublin, subsequently spending a decade undertaking various finance roles such as Head of Technical Accounting and Head of Tax for Ireland's largest telecommunications group, before joining Athora in 2018 providing financial reporting and tax expertise to management throughout an acquisitions-led growth period for the Athora Group. Cathal is a Chartered Accountant (FCA) and Chartered Tax Advisor (CTA) with significant experience in managing statutory financial

reporting, group corporate structures, the application of IFRS and compliance with **B. ARE's Senior Management**<sup>3</sup>

See above (section 3.2.2 A) for Neha Arora and John McCloskey.

**Liam Mohan**  
Chief Actuary

Liam was appointed Chief Actuary of ARE on 3 October 2025. Previously, he was Chief Risk and Compliance Officer of ARE. He has considerably strengthened ARE's second line capabilities. He worked on the implementation of EBS regulatory changes at YE-24, including significant strengthening of actuarial modelling, controls and expert judgements process. He is an accomplished actuary with more than 10 years of experience across consulting and industry in the UK and Bermuda. Prior to joining Athora, he primarily assisted UK insurance companies with matters relating to investments, ALM and longevity risk management. He joined ARE in November 2020 and has been a key member of the team working across the actuarial, risk and balance sheet management functions. As ARE's Head of Balance Sheet Management (January 2024 to November 2023), Liam was responsible for ARE's IMP planning, Solvency AoC, liquidity reporting and ensuring balance sheet was managed in line with ARE's capital, ALM and Liquidity risk policies (from Jan 2023 to Nov 2023). Prior to that he was ARE's Corporate and Risk Actuary where he led on all actuarial, balance sheet management, actuarial and risk reporting activities for ARE. Liam has a good understanding of the dynamics of ARE's balance sheet and wider business model from his time spent in the roles above. Prior to joining Athora in November 2020, Liam was a Life Consultant with UK-based Hymans Robertson LLP. During this time he worked with large UK BPA insurers and performed several secondments covering reinsurance transactions. Liam has a Master's degree in Mathematics, Operational Research, Statistics and Economics (first class) from the University of Warwick (UK) and is a Fellow of the Institute and Faculty of Actuaries (UK).

**Ken Sennewald**  
Chief Reinsurance Marketing Actuary

Ken is Chief Reinsurance Marketing Actuary at the Company and is responsible for third-party and internal reinsurance. Ken was previously with Hannover Life Re Bermuda where he was responsible for the marketing, structuring and implementation of structured reinsurance solutions, as well as for general business development. He has wide-ranging experience in traditional and non-traditional reinsurance worldwide with extensive technical knowledge and solid understanding of actuarial and financial

Corporation tax and VAT obligations for large corporate groups.

concepts. Ken holds a Ph.D. in Economics and a master's degree in Financial Mathematics from Dresden University of Technology, as well as a bachelor's degree in Mathematics from Université Caen Normandie. He is a Fellow of the German Actuarial Society.

**Romain Hendrickx**  
Chief Risk and Compliance Officer ("CRCO")

Romain joined Athora in March 2019, where he has held senior roles within Group Risk, with responsibilities covering capital adequacy, liquidity risk and asset-liability management across the Group. In these roles, he oversaw methodology development, policy design, governance arrangements, risk reporting and independent oversight. He led several key initiatives, including the Group Economic Capital project, enhancements to the Group risk policy framework, and improvements in both internal and external risk reporting.

Through his Group-wide responsibilities, Mr. Hendrickx worked closely with all Business Units and developed a strong understanding of both Group-level and legal-entity balance sheet dynamics, including those of Athora Life Re (ARE). This experience has provided continuity and depth in his transition to the CRCO role.

As CRCO, he is a member of ARE's executive management team and supports the execution of ARE's strategy by providing effective challenge and constructive partnering to first-line functions. He leads the ongoing development of ARE's Risk and Compliance function in line with the growth and complexity of the business, including setting the function's strategy, organisational structure and resourcing, and demonstrating risk and compliance leadership across the organisation.

**Lee Hartmann**  
Reinsurance Operations Director

Lee is the Reinsurance Operations Director at the Company since January 2025 and is responsible for managing reinsurance and business operations. Previously, he served as Senior Manager of the Reinsurance Operations function and has been an integral part of the Athora team since April 2018. In this time, he has considerably contributed to the development of Operations function, including managing outsourcing arrangements, coordinating and managing the onboarding of new reinsurance transactions and the implementation of a robust control framework for both reinsurance and business operations. Lee was previously with Aegon Ireland where he was responsible for managing

the Actuarial Operations team. Lee has wide-ranging experience in reinsurance and life insurance, supported by strong technical knowledge and a well-developed understanding of insurance concepts. Lee holds a bachelor's degree in Financial Mathematics and Economics from the University of Galway.

<sup>3</sup>Dave Waterhouse resigned as Chief Actuary and Principal Representative effective 2 October 2025 / Liam Mohan was appointed Chief Actuary and Principal Representative effective 3 October 2025 / Liam Mohan resigned as Chief Risk and Compliance Officer effective 2 October 2025 / Romain Hendrickx was appointed interim Chief Risk and Compliance Officer effective 3 October 2025 and was appointed permanent Chief Risk and Compliance Officer effective 16 December 2025.

### 3.3 Risk Management and Solvency Assessment

#### 3.3.1 A description of the risk management process and procedures to effectively identify, measure, manage and report on risk exposures

The ARE risk framework interfaces directly with the Athora Group’s Enterprise Risk Management (“ERM”) framework and is comprised of:

**A System of Governance:**

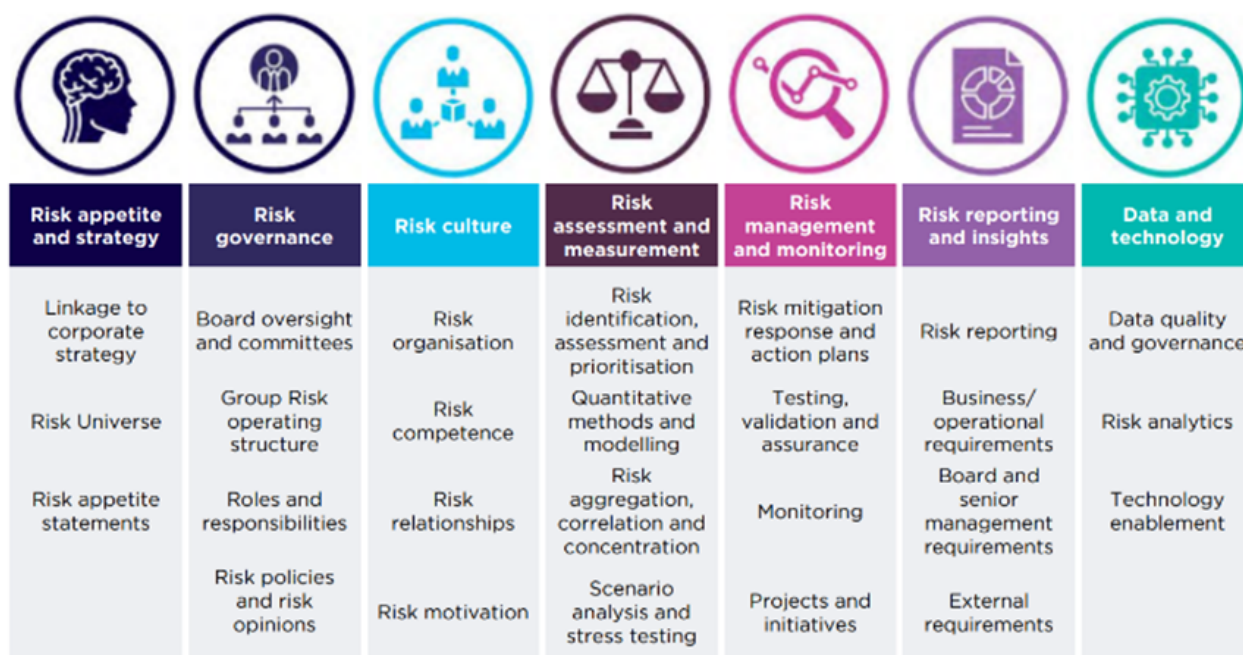
- ARE’s committee structure is embedded within the Athora Group Governance Framework.
- ARE is subject to Athora Group policies and guidelines and develops its own specific policies where necessary.

While the Board retains overall responsibility for approving the ARE risk framework, the Bermuda

Executive Committee is charged with developing and overseeing compliance with the risk framework.

As part of the Athora Group ERM framework risk need to be identified, understood, and assessed (against levels defined as acceptable) before the right controls can be designed and implemented. Risks are managed from multiple perspectives, including economic, regulatory, and accounting. The ERM Framework includes Risk Strategy and Appetite, Risk Governance, Risk Culture, Risk Measurement and Assessment, Risk Management and Monitoring, Risk Reporting and Insights and Data and Technology.

The following graphic sets out these components:



**Risk Appetite and Strategy:**

The Risk Appetite and Strategy is an integral part of the business strategy and determines how ARE selects risks it can control and extract value from in line with its strategy. ARE’s risk strategy encompasses the following core pillars:

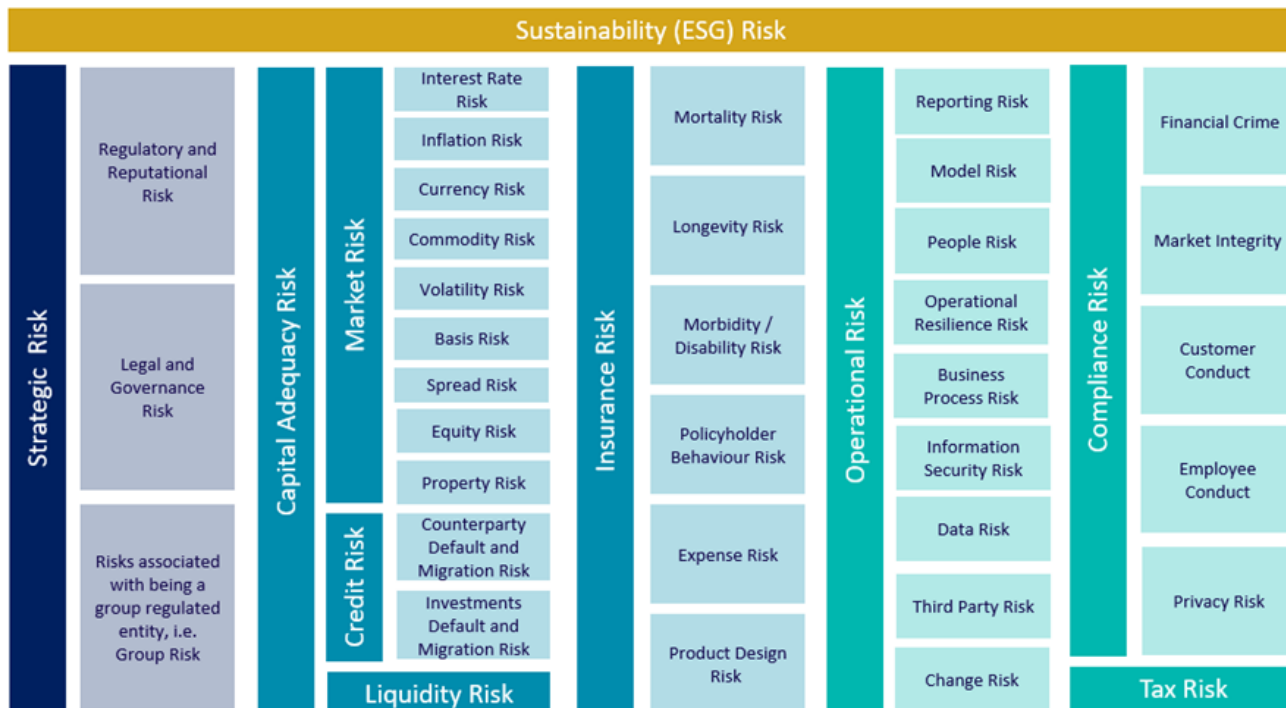
- Risk Identification – assessment of all material risks facing the business.
- Risk Appetite – a definition of appetite for risk taking and risk controlling for each material risk.
- Risk Monitoring – a system of stress and scenario testing to assess ARE’s resilience to risk, covering internally defined stress testing,

regulatory stress testing, and reverse stress testing.

The risk strategy is reviewed annually but expected to remain stable over time. Risk Appetite and Strategy is translated into specific Risk Policies and Limits for the relevant risk types, which set out the policy objectives, requirements, the roles and responsibilities, as well as the required processes and controls for each risk.

**Risk Identification**

Risk identification requires a rigorous assessment of the business to determine the universe of risks to which the business is exposed. The risk universe is shown below:



**Risk Appetite**

Risk appetite defines ARE’s appetite for risk taking/risk controlling by applying the risk strategy to the universe of risk that Athora is exposed to. A traffic light system is used to define ARE’s risk appetite:

*Risk Appetite Statement Indicator*

**Risk Avoidance** - A risk which is outside of our business model and for which there is no or low appetite.

- Actively avoid exposure to these risks.
- Accept tightly limited exposure, if at all, where necessary but focus efforts on removing entirely and design our business model to actively avoid exposure, where deemed required, even at significant cost.
- Monitor that any such risk is fully mitigated/hedged away.
- Closely monitor both inherent and residual risk levels.

**Risk Acceptance** - A risk that we will accept and manage exposure to as part of our purpose and strategy as a business.

- Accept and manage risks in pursuit of achieving sustainable growth and stable returns.
- Acceptance of risks where mitigation options are unavailable or not economically viable.
- Will tactically engage in risk-specific mitigation/hedging.

**Risk Seeking** – A risk that is core to the business model and is underpinned by proactive risk and capital management.

- Actively pursue risks and retain exposure implementing strategy.
- These risks tend to drive our business performance and we believe we have a strategic advantage in underwriting and managing.
- Ensure sufficient capacity is available even in stress scenarios.

### **Risk monitoring**

Monitoring of risks comprises both ongoing monitoring activities in the normal course of management and separate evaluations. There is regular reporting of monitoring activities to the ARC and Board. Group Risk provides guidance on quarterly monitoring in line with the Risk Strategy

and Appetite and Risk Tolerances and Limits set out in the Risk Policies. Consistent monitoring across the Group allows for aggregation and active monitoring of risks at Group level.

### **3.3.2 A description of how the risk management and solvency self-assessment systems are implemented and integrated into the insurer's operations; including strategic planning and organisational and decision-making process**

ARE's risk management and solvency self-assessment is embodied in the Commercial Insurer's Solvency Self Assessment ("CISSA") regulatory requirement in Bermuda. CISSA capital is defined as the amount of capital the Company has determined, that is required to achieve its strategic goals upon undertaking an assessment of all material (reasonably foreseeable) risks arising from its operations or operational environment.

The CISSA is implemented and integrated into the Company's operations as follows:

#### **Strategic Planning**

CISSA capital is used in assessing the attractiveness of new markets or risks. CISSA capital is assessed for all new reinsurance transactions and, as such, provides ARE with an indicator of the relative attractiveness of transactions. In addition to this, a subset of the stresses used in the CISSA are considered in the pricing approval process.

#### **Annual Business Planning**

ARE's annual business planning is driven primarily by assumed volumes of new reinsurance transactions, where it is assumed that the level of capital committed to new transactions is equal to the level of CISSA capital. In collaboration with the Athora Group Balance Sheet Management function, ARE delivers an annual capital plan which considers the level of CISSA capital required over the following three years.

#### **Setting Risk Limits**

ARE's risk limits are identified and defined through the risk policies which are established as part of the CISSA process. This covers limits and thresholds for investment and credit risk, operational risk, ALM risk and liquidity risk. ARE will continue to expand its universe of risk limits as the risk profile of the Company changes.

#### **Defining Risk Appetite**

ARE's risk appetite is defined under the Risk Appetite and Strategy Policy and is reviewed as part of the annual policy review process.

#### **Evaluation of Capital Adequacy**

CISSA capital is central to ARE's Capital Management and is the key internal measure of capital adequacy.

#### **Allocation of Capital to Business Segments and Lines of Business**

ARE in collaboration with the Athora Group Balance Sheet Management function, conduct capital planning on an annual basis that is updated quarterly for changes in outlook.

#### **Capital Management**

CISSA capital is reported to the BEC and the Board and to the Group on a bi-annual basis and is a key driver of the management of capital.

#### **Determination of Rates of Return for Pricing and Underwriting Guidelines**

ARE's reinsurance pricing policy targets IRR with respect to an approved capital target as set out in the Capital Management Policy.

#### **Reinsurance Purchase**

In assessing the cost-benefit of retrocession of unwanted risks, ARE reviews the impact on the return on CISSA capital.

#### **Determination of Investment Policies and Strategies**

ARE's strategic asset allocation is set with regard to CISSA capital, ensuring that investment strategy is consistent with the Company's capital position and risk appetite.

### Meeting Regulatory Requirements

The CISSA is the primary framework for the development and adoption of risk policies which are required to meet regulatory requirements. The reference to EBS and BSCR in the definition of CISSA capital also ensures alignment between the level of CISSA capital and the regulatory capital requirement.

### 3.3.3 A description of the relationship between the solvency self-assessment, solvency needs, and capital and risk management systems

See above (section 3.3.2).

## 3.4 Internal Controls

### 3.4.1 A description of the internal control system

A system of internal controls is fundamental to the safe and sound management of the Company and the Athora Group. Effective internal controls play a critical role in helping the Group protect and enhance shareholder value by reducing the possibility of unexpected losses or damages to its reputation. Athora Group has an Internal Control Framework (“ICF”) Policy describing the system of internal controls and uses it to mitigate the risk of unexpected events. The ICF is based on key principles of Governance, Roles and Responsibilities, Risk Identification and Assessment, Control Activities, Testing and Assurance, Monitoring and Reporting and Skills, Resources and Tools. The ICF, established by the Athora Holding Board, has been adopted in order to support the Athora Group in executing robust and effective internal controls over the risks to which it is exposed in conducting its business and management activities while supporting strategic decision-making.

ARE has adopted the Athora Group ICF Policy. As part of the ICF Policy implementation, ARE identifies a list of its key processes across the business, and risk and control self assessments are completed for each of these. This process helped to identify the key risks and key controls, along with risk and control owners. This has enabled the Company to continue to strengthen its control framework.

### 3.4.2 A description of how the compliance function is executed

The Company’s Compliance function is a core component of the Company’s ICF and its duties and responsibilities are within the second line of defence at ARE. The Company’s Compliance function is headed up by the Company’s Chief Risk and Compliance Officer and supported by a Senior Compliance Associate. The role reports to the BEC

### 3.3.4 A description of the solvency self-assessment approval process including the level of oversight and independent verification by the board and senior executives

ARE’s CISSA policy is owned by the ARE Chief Risk and Compliance Officer, and is reviewed and presented to the Board for approval at least annually.

and provides quarterly updates to the Company’s Audit Committee on the Company’s compliance activities. The Chief Risk and Compliance Officer is responsible for the provision of annual compliance risk assessments and plans. Quarterly reporting, which focuses on the progress against plan and static risk assessment reporting, is delivered to the BEC, the Board and to the Group Head of Compliance.

The Company’s Compliance function operates in accordance with the Group Compliance Framework and the Company’s Compliance Function Policy, which includes policies and specific control objectives set by Group Compliance. In order to be able to perform its duties, the Compliance function has full access rights to all information, documents and data.

In addition, the Company’s Compliance function comprises the following additional elements: compliance culture and business integrity, compliance training and communication.

The Compliance Function monitors the legal and regulatory landscape to identify relevant changes and assess potential impacts on the Company’s operations. The Compliance Function provides updates to Management, the BEC and the Audit Committee/Board on any significant changes in the legal and regulatory environment.

The Company has adopted the Group Speaking-Up Policy, which alongside a speak-up facility, allows employees to report anonymously in case they observe any potentially unlawful or improper behaviour. The Company’s Compliance function, in conjunction with Group Compliance, regularly advises and trains management and employees on policy requirements and compliance risk areas.

### **3.5 Internal Audit**

#### **3.5.1 Internal Audit Function**

As part of the third line of defence, the Internal Audit function assists Management and the Audit Committee of the Board in protecting the Company's assets, reputation and sustainability by independently and objectively evaluating the effectiveness of internal controls, risk management and governance processes.

Internal Audit's main tasks and responsibilities are:

- Prepare and execute a risk-based audit plan which is approved by the Audit Committee.
- Identify, and agree with Management, opportunities to improve internal controls, risk management and governance processes and verify that such improvements are implemented within a reasonable period of time.
- Issue periodic reports to Management and the Audit Committee, summarising the progress and results of the annual audit plan, as well as on the sufficiency of Internal Audit resources.
- Assist in the investigation of any significant suspected fraudulent activities within the organisation and notify Management and the Audit Committee, of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organisation at a reasonable overall cost.
- Coordinate and work together with other control and monitoring functions (e.g. Risk Management, Compliance and external auditors).
- Execute audits on the functioning of the first and second line of defence.
- Assemble and maintain a professional audit staff (of an adequate size relative to the size and nature of the organisation and the remit of the Internal Audit function) with sufficient knowledge, skills, experience, and professional certifications.
- Ensure the Audit Committee and Management are kept informed of emerging trends and successful practices in internal auditing.
- Ensure the audit work conforms to the Institute of Internal Auditors or other regulatory bodies and Athora Group standards.
- Ensure the principles of integrity, objectivity, confidentiality and competency are applied and upheld.

#### **3.5.2 Independence and objectivity of the Internal Audit function**

The Internal Audit function, is independent of Management, which has responsibility for the first and second lines of defence, and is, therefore, able to provide independent assurance opinions on the effectiveness of the systems of internal control, risk management and governance.

To provide for the independence of Internal Audit, the Athora Group Chief Internal Auditor ("**GCIA**") has been appointed as an officer of ARE with responsibility for ARE's Internal Audit function ("**ARE Head of Internal Audit**"). The ARE Head of Internal Audit reports directly to the Chair of the ARE Audit Committee and to ARE's CEO. In her Athora Group role, the GCIA reports to the Chair of the Athora Holding Audit Committee and administratively to the Athora Group Chief Executive Officer. Athora UK Ireland Limited provides internal audit support services to the ARE Head of Internal Audit (transitioned from Athora Ireland Services during 2025) and executes their duties freely and objectively in accordance with the Institute of Internal Auditors' International Standards for the Professional Practices of Internal Audit, including the Code of Ethics, as well as with Athora Group's policies and procedures. Internal Audit avoids any conflicts of interest and accesses the expertise and knowledge necessary to undertake work in respect of specialist business functions.

### **3.6 Actuarial Function**

ARE's Chief Actuary is responsible for monitoring information concerning the liabilities of the Company, managing the overall balance sheet and oversees the Company's actuarial reporting function. ARE's Actuarial Function comprises an actuarial team in Bermuda and Ireland with some support from AIS and consulting firms from time to time.

The Actuarial Team are responsible for:

- Setting and monitoring statutory and IFRS reserves.
- Setting and monitoring the EBS BEL and Risk Margin (Technical Provisions).
- Determining the EBS capital requirements.
- Solvency Reporting and management of the solvency position of ARE.
- Monitoring and management of the ALM position of ARE.
- Liquidity monitoring, reporting and management for ARE.

ARE's Approved Actuary reviews and provides an actuarial opinion on ARE's EBS Technical Provisions, in accordance with the Insurance Act.

### **3.7 Outsourcing**

#### **3.7.1 A description of the outsourcing policy and information on any key or important functions that have been outsourced**

The Company manages external outsourcing in accordance with applicable regulatory requirements. The Company's Outsourcing Policy establishes key and minimum requirements to ensure that appropriate controls and governance structures are established with respect to any initiative involving the outsourcing of services or activities to a service provider whether internal or external.

The Outsourcing Policy is designed so that outsourcing of key functions or material activities does not lead to a reduction in Management's responsibility for the outsourcing arrangement, including the quality of the service and the control environment and governance which must be aligned to the company's agreed risk appetite. Material outsourcing attracts the highest level of rigor, including performance and relationship reviews, compliance reviews, and risk and control assessments.

The Company has implemented its Outsourcing Policy to ensure sufficient due diligence is carried out on its service providers and to manage outsourcing risk by applying the key requirements and minimum standards to establish controls and governance.

#### **3.8 Any other material information**

There is no further material information.

Where appropriate, the Company enters into service level agreements that will include an obligation on the parties to comply with all legal and regulatory obligations and ensure that any sub-outsourcing is overseen and managed in line with those service level agreements.

#### **3.7.2 A description of material intra-group outsourcing**

The Company has access to support services from service companies and business units within the Athora Group. The Outsourcing Policy requires that similar standards are applied to these services as they are to external service providers, including implementing appropriate service level agreements, identification of risk and process owners and monitoring of key controls.

As of year end 2025, material intra-group outsourcing arrangements encompassed IT services and Investment services both provided by Athora Ireland Services (AIS); and Actuarial Services provided by Athora UK Services (AUK), Athora Belgium (AB) and Athora Germany (ALV). Other non-material intra-group outsourcing arrangements included HR, Tax and Legal services.

In early 2025, as a result of organizational change in Athora, both Reinsurance Operations and Reinsurance Finance services were in-housed to Athora Life Re (ARE) from AIS.

## 4. RISK PROFILE

### 4.1 Material risks that the insurer is exposed to, including how these risks are measured and any material changes that have occurred during the reporting period

The Company manages risk for the benefit of its customers and other stakeholders. The Company is exposed to a range of underwriting, operational and financial risks. The risk management and control systems are designed to ensure that these risks are managed effectively and efficiently in a way that is aligned with the Company's strategy.

Risk	Description	Mitigation/measurement
<b>Longevity risk</b>	Longevity risk is assumed through the reinsurance of annuity business. Longevity risk may be due to trend, base level, or catastrophe.	Underwriting processes include use of expert judgement, industry data, and stress testing, and comply with the Underwriting & Reserving Risk Policy.
<b>Policyholder behaviour risk</b>	Policyholder behaviour risk is due to variability in lapse rates or annuity take-up rates on reinsured annuity, endowment business and universal life business.	Underwriting processes include use of expert judgement, industry data and stress testing.
<b>Fixed income risk</b>	Fixed income risk is the risk of default, downgrade or spread widening on ARE's fixed income assets.	Bespoke asset selection and underwriting processes to minimise systemic fixed income risk. Credit Concentration and Counterparty Risk Policy controls exposure limits.
<b>Interest rate and liquidity risk</b>	Interest rate and liquidity risk is the risk of mismatches between asset and liability cash flows on reinsured business.	Duration mismatch limits are defined in the ALM Risk Policy. Liquidity Risk Policy sets risk-based liquidity limits.
<b>Equity risk</b>	Equity risk is the risk of reductions in equity values and alternative investments.	Bespoke asset selection and underwriting processes to minimise systemic equity risk. Exposure limited by Credit Concentration and Counterparty Risk Policy
<b>Operational risk</b>	Operational risk arises from ARE's business processes, systems, and people.	Managed through operational risk reporting and compliance with the Operational Risk Policy, Internal Control Framework and Model Risk Policy.

There has been no change to the material risks over the period as described in the above table.

### 4.2 How risks are mitigated including the methods used and the process to monitor the effectiveness of these methods

See table above at Section 4.1.

#### **4.3 Material risk concentrations**

The Company has a Credit Concentration and Counterparty Risk Management Policy to manage risk concentrations in relation to counterparties and credit quality. These risks are monitored by the BEC reported to the Board.

#### **4.4 How assets are invested in accordance with the prudent person principle as stated in Paragraph 5.1.2 of the Code**

The 'prudent person principle' ("PPP") requires that companies only invest in assets and instruments whose risks they can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs. The Company considers these requirements before any investment in new assets or instruments, with a PPP checklist in place which sets out the following steps:

- Athora pre-trade investment memorandum: acts as an assessment template for PPP requirements at each individual asset class level, supplemented by monthly PPP calls.
- Regular pipeline discussion between the asset manager, first and second line: adds further transparency into new investments and work as pre-screening tool for deal flow management and asset sourcing.
- Monthly asset deep dive: a cycle of periodic reviews covering discussion on significant market developments, asset class specific consideration and watch-listing credit, carried out at an asset class level.

The Company complies with the PPP through the implementation of the following key policies:

- Credit Concentration and Counterparty Risk Policy: sets out a system of limits and thresholds which apply to the investment of the Company's assets; and
- ALM and Liquidity Risk Policies: defines ALM limits, thresholds, and stress testing requirements, which must be observed in the investment of the Company's assets.
- Investment Governance and Oversight Policy: outlines the principles and minimum standards for the management and control of the investment and asset management activities.

Minimum requirements to be met are also set by Athora Group for all Athora subsidiaries, with standards applied to meet local prudential requirements.

**4.5 The stress testing and sensitivity analysis to assess material risks, including the methods and assumptions used, and the outcomes**

***Underwriting Stress Tests***

ARE has developed a set of underwriting stress tests which provide Management with an understanding of the sensitivity of the balance sheet to underwriting risks. The stress tests are reviewed at least annually by Management and BEC. The underwriting stresses are designed to reflect the key underwriting risks to which ARE’s in-force business is exposed.

These underwriting scenarios only affect the long-term insurance liabilities.

The underwriting stresses are applied as instantaneous shocks to ARE’s best estimate assumptions at the relevant reporting period. For 2025, the following underwriting stress tests were applied:

Scenario	Available Capital (€k)	ECR (€k)	Solvency Ratio	Change in Solvency Ratio
<b>Base</b>	239,541	107,219	223%	
<b>Increase of 20% in Lapse Rates</b>	236,857	107,077	221%	(2)%
<b>Decrease of 10% in Mortality Rates</b>	229,496	107,267	214%	(9)%
<b>Expenses Increase by 10%</b>	233,681	107,234	218%	(5)%

- **Increase of 20% in lapse rates:** lapse rates are increased by 20%, which means that surrender benefits are paid out sooner. For policies with lower annual guarantees, this increases the present value of future claims and results in an increase in Technical Provisions.
- **Increase in Expenses of 10%:** Expense assumptions are increased by 10% which results in an increase to Technical Provisions.
- **Decrease of 10% in base mortality rates:** Base mortality rates are reduced by 10% which has the effect of increasing the level of Technical Provisions required across most treaties.

**Financial Market Stress Tests**

The Company utilises stress tests that have been developed by the Athora Group Risk Function. These tests provide Management with an understanding of the sensitivity of the balance sheet to market risks. The stress tests are reviewed at least annually by Management and BEC.

The stresses are designed to reflect the market risks to which Company’s balance sheet is exposed. The stresses are applied as instantaneous shocks to the Company’s balance sheet at the relevant reporting period. The key 2025 market stresses are set out in the table below:

Scenario	Available Capital (€k)	ECR (€k)	Solvency Ratio	Change in Solvency Ratio
Base	239,541	107,219	223%	
Broad Market Stress	164,853	100,477	164%	(59)%
Interest Rate Down	236,598	206,598	218%	(6)%
Equity Stress	183,992	94,398	195%	(29)%

- Broad Market Stress:** This scenario represents a scenario in which both equity and credit markets suffer losses combined with an increase in interest rate. This scenario has been calibrated to represent a 1-in-40-year event.
- Interest Rates Down:** This scenario shows the impact of a reduction in interest rates, calibrated to a 1-in-40-year event, which is broadly equivalent to a reduction of 117bps.
- Equity Stress:** This scenario shows the impact of a reduction in equity, calibrated to a 1-in-40-year event, which is broadly equivalent to a shock of 29%.

**Liquidity risk**

The Company has a Liquidity Risk Policy in place to ensure that it maintains sufficient liquidity resources to meet requirements as they fall due, both in normal and stressed environments. As part of this policy, the Company uses the Liquidity Coverage Ratio (**LCR**) metric to assess its liquidity sources and uses under stressed scenarios covering a range of risk drivers. This metric is expressed as the ratio of liquidity sources to

liquidity uses, under stressed scenarios. ARE calculates a 1-week, 3-month and 1-year LCR.

The main drivers of Athora’s required liquidity uses vary by time horizon. The table below summarizes these key drivers of liquidity requirements under different time horizons as captured in the Company's LCR calculation.

<b>Time horizon</b>	<b>Uses</b>
1-week severe LCR	<b>Derivatives margin requirements</b>
3-month severe LCR	<ol style="list-style-type: none"> <li><b>1. Derivatives margin requirements</b></li> <li><b>2. Reinsurance claims</b></li> <li><b>3. Operating Expenses</b></li> <li><b>4. Investment management expenses</b></li> <li><b>5. Financing activities’ interest and repayment</b></li> <li><b>6. Collateral account top ups</b></li> </ol>
1-year severe LCR	<b>As with the 3-month severe LCR.</b>

**4.6 Any other material information**

There is no other material information to note in relation to the Company’s risk profile.

## 5. SOLVENCY VALUATION

### 5.1 The valuation bases, assumptions and methods used to derive the value of each asset class

ARE has considered the valuation principles outlined by the Authority’s Guidance Note for Statutory Reporting Regime for the reporting period’s statutory filing. The Company’s economic valuation principles are to measure assets on a fair value basis.

The table below summarises the assets held on the EBS balance sheet.

€ ‘000	2025	2024
<b>Cash and Cash Equivalents</b>	78,476	100,749
<b>Investments</b>	2,228,652	2,414,033
<b>Reinsurance Balances Receivable</b>	–	–
<b>Other Assets</b>	104,467	104,038
<b>Total Assets</b>	<b>2,411,595</b>	<b>2,618,820</b>

During the reporting period, the Company did not make any material changes to the recognition and valuation bases used for assets, or to estimation techniques employed. The fair value principles used for assets are as follows:

#### ***Cash and cash equivalents***

Cash and cash equivalents include liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and a maturity date of less than 90 days.

#### ***Investments***

- ***Fixed maturity***

Fixed maturity securities are recorded at fair value using quoted market prices, where possible. For marketable securities without an active market, pricing information is obtained from several commercial pricing services. The pricing services incorporate a variety of market observable information in their valuation techniques including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data.

- ***Equity and investment funds***

Equity securities and investment fund investments are measured at fair value. Quoted investments

are valued using quoted market prices in active markets. Unquoted equity investments and fund holdings are valued using net asset values provided by fund administrators or investment managers, where these represent fair value. Where required, valuation techniques are applied using market-observable inputs where available. Unobservable inputs reflect management’s assumptions consistent with those that market participants would use in pricing the investments.

#### ***Other assets***

Other assets include accrued investment income, receivables from normal trading activities, derivative financial instruments, deferred tax assets and a letter of credit. Accrued investment income and receivables are measured at amortised cost using the effective interest method, net of any expected credit loss allowances. Derivative financial instruments are measured at fair value using valuation techniques that incorporate observable market inputs where available. Deferred tax assets are measured using enacted or substantively enacted tax rates and are recognised to the extent that it is probable that future taxable profits will be available. Letters of credit are recognised at their nominal amount and are not discounted.

### 5.2 The valuation bases, assumptions and methods used to derive the value of Technical Provisions and the amount of the best estimate. The amount of the risk margin as well as the level of uncertainty to determine the value of the Technical Provisions should be included

ARE's Approved Actuary reviews and provides an actuarial opinion on ARE’s EBS Technical Provisions, in accordance with the Insurance Act.

The table below summarises the Company’s Technical Provisions.

€ ‘000	2025	2024
Best Estimate Policy Reserves	1,932,029	2,127,220
Risk Margin	18,166	20,583

### **EBS Best Estimate Liabilities**

In general, the best estimate reserves are calculated at a policy level using a deterministic gross premium valuation approach (i.e., reserves are calculated as the present value of future claims plus future expenses less present value of future premiums).

For ARE’s reinsurance exposure, premium, claim and expense (maintenance expenses and the expenses associated with servicing the treaty) cashflows are determined using actuarial modelling software on latest internal best-estimate assumptions. These cashflows are then used under the scenario-based approach for the valuation of the BEL.

### **EBS Risk Margin**

EBS Technical Provisions include a risk margin, in addition to the BEL, to reflect the uncertainty associated with the probability-weighted cashflows. While in principle, the best estimate reflects the amount required on average to meet policyholder obligations and associated insurer expenses, the insurer will also need to hold additional funds to meet those situations where cashflows exceed those expected. The risk margin is intended to reflect the compensation that the insurer needs to bear this risk.

The key aspects of the risk margin calculation are as follows:

- A 6% cost-of-capital rate is used,
- The calculation reflects the regulatory capital requirements i.e., the ECR,
- The risks included within the BSCR for the risk margin calculation are insurance risk, counterparty credit risk and operational risk. There is no requirement to include market risk on the basis that an asset portfolio can be constructed that will act as a hedge against market risk, and
- The calculation uses the risk-free discount curve specified by the Authority, with the Euro curve being used.

The calculation of the risk margin requires a projection of the BSCR for the period needed to run-off the insurance liabilities. A guidance note issued by the Authority in 2016 outlines a number of simplified approaches that may be adopted in order to project the BSCR required for the risk margin. ARE has used one of the simplified approaches, which is to approximate the individual risk module capital charges using an appropriate run-off proxy. ARE use projected best estimate reserves as the run-off proxy, using the components of the aggregate reserves that best align to the risk module in question.

## **5.3 A description of recoverables from reinsurance contracts, including special purpose insurers and other risk transfer mechanisms**

ARE does not hold recoverables from reinsurance contracts as at end 2025.

## **5.4 The valuation bases, assumptions and methods used to derive the value of other liabilities**

Similar to the valuation principles for assets, the Company’s liabilities follow the valuation principles outlined by the Authority’s “Guidance Note for Statutory Reporting Regime” which values liabilities on a fair value basis.

## **5.5 Any other material information**

There is no further material information regarding valuation for solvency purposes.

## 6. CAPITAL MANAGEMENT

### 6.1 Eligible Capital

#### 6.1.1 A description of the capital management policy and process to determine capital needs for business planning, how capital is managed and any material changes during the reporting period

The Company manages capital on an economic basis within the constraints and requirements of its external stakeholders. The primary objective of the Company's capital management process is to ensure that a strong financial position is maintained, and that solvency volatility is minimised. The Company has adopted a Capital Management Policy outlining its capital management process.

Management, together with the Board, regularly consider capital assessments and projections for the Company to ensure that capital is managed with continuous adherence to the Company's principles around capital adequacy, financial flexibility, and the efficient use of capital.

A business plan (the "Integrated Management Plan") is prepared, at least annually, for which the Company performs capital projections over the business planning period. The projections allow for the current and expected business strategy, risk profile and capital management activities. The current time horizon used for business planning is usually three years. This exercise allows the Board to assess the Company's current and projected solvency needs and helps trigger appropriate and timely capital management actions. The Integrated Management Plan is regularly monitored and updated to reflect up to date information and the performance of the business.

The Company's required capital is calculated using the regulatory capital requirements, i.e., the ECR. The table below summarises the Company's capital position.

€ '000	2025	2024
Available Capital	239,541	219,586
ECR	107,219	127,143
Solvency Ratio	223%	173%

#### 6.1.2 A description of the eligible capital categorised by tiers in accordance with the Eligible Capital Rules

Available capital must be adjusted to reflect, where applicable, the limited accessibility of the assets. At the end of the reporting period, the Company's Eligible Capital was categorised as Tier 1 and Tier 3. 100% of the available capital can be used to support the ECR.

##### Eligible capital

€ '000	2025	2024
Tier 1	209,541	189,586
Tier 2	-	-
Tier 3	30,000	30,000

#### 6.1.3 A description of the eligible capital categorised by tiers, in accordance with the Eligible Capital Rules used to meet the Enhanced Capital Requirement and the Minimum Margin of Solvency ("MSM") defined in accordance with Section (1)(1) of the Insurance Act

See Section 6.1.2.

#### 6.1.4 Confirmation that eligible capital is subject to transitional arrangements as required under the Eligible Capital Rules

The Company has no eligible capital subject to transitional arrangements.

#### 6.1.5 Identification of any factors affecting encumbrances affecting the availability and transferability of capital to meet the ECR

Under the regulatory assessment of encumbrances prescribed by the Authority, all the Company's capital is deemed unencumbered.

#### 6.1.6 Identification of ancillary capital instruments that have been approved by the Authority

The Company holds an Irrevocable Standby Letter of Credit ("LOC") approved as Tier 3 Ancillary Capital up to €30m.

**6.1.7 Identification of differences in shareholder’s equity as stated in the financial statements versus available statutory capital and surplus**

Differences between IFRS shareholder equity and available statutory capital and surplus include the reduction in available statutory capital for other non-admitted assets.

**6.2 Regulatory Capital Requirements**

**6.2.1 Identification of amount of the ECR and MSM at the end of the reporting period**

As of 31 December 2023, the Company’s regulatory capital requirements were assessed as follows:

€ '000	2025	2024
MSM	37,903	37,881
ECR	107,219	127,143

**6.2.2 Identification of any non-compliance with the MSM and the ECR**

At the end of the reporting period the Company is compliant with the MSM and ECR.

**6.2.3 A description of the amount and circumstances surrounding the non-compliance, the remedial measures taken and their effectiveness**

Not applicable (see 6.2.2).

**6.2.4 Where the non-compliance has not been resolved, a description of the amount of the non-compliance at the end of the reporting period**

Not applicable (see 6.2.2).

**6.3 Approved Internal Capital Model used to derive the ECR**

The Company has not applied to use an internal capital model in the calculation of the ECR.

## 7. SUBSEQUENT EVENTS

There have been no subsequent events between year-end 2025 and the approval of this report.

Financial Condition Report – Athora Life Re Ltd.

**DECLARATION**


To the best of our knowledge and belief this financial condition report fairly represents the financial condition of the Athora Life Re Ltd. in all material respects.

Signed: 

Name: Neha Arora

Position: Chief Executive Officer

Date: 22 April 2026

Signed: 

Name: Liam Mohan

Position: Chief Actuary

Date: 22 April 2026

## Appendix 1

### ATHORA LIFE RE LTD. GROUP SIMPLIFIED STRUCTURE

As at 31 December 2025

