USAA®

EU Designated Activity Company

Solvency & Financial Condition Report

For the year ending 31 December 2025

CONTENTS

SUMMARY

The purpose of this report is to satisfy the public disclosure requirements under the Solvency II Directive including the Delegated Regulation of the European Parliament, and the Commissariat Aux Assurances (CAA) rules.

The main purpose of Solvency II is to enhance the level of policyholder protection across the EU. Solvency II also aims to harmonise the regulatory framework and is intended to improve the resilience of the insurance sector to shocks and so reduce the probability of insurers failing.

The disclosure requirements cover business and performance, systems of governance, risk profile, valuation for solvency purposes and capital management.

Quantitative information is prepared in Euro, which is the presentational and functional currency of the Company and rounded to the nearest €000.

Cross-border Conversion

In 2025, USAA S.A. completed its cross-border conversion from Luxembourg to Ireland, transferring its registered office and regulatory oversight to the Central Bank of Ireland. The process was executed in accordance with all applicable legal, regulatory, and governance requirements, with no material impact on the company's risk profile, capital position, or ability to meet obligations to policyholders. Throughout the transition, USAA S.A. maintained full continuity of its business activities, operational capabilities, and financial soundness.

As a result of the cross-border conversion in accordance with the provisions of Directive (EU) 2019/2121, USAA S.A. converted from a Luxembourg company into an Irish company on January 1, 2026, under the name USAA EU DAC, with its registered seat in Dublin, Ireland.

There were no changes to the ownership of the Company. Whilst the Company has changed its name and legal form, it has preserved its legal personality in the conversion (i.e., no transfer of assets, dissolution or winding up were involved in this move).

Accordingly, this SFCR is published in 2026 by USAA EU DAC, however it relates to the facts and circumstances in the period from 1 January 2025 to 31 December 2025 when the Company operated as a Luxembourg public limited company and reference to 'the Company' in this SFCR should be read in this context.

The system of governance and reporting described in this SFCR are those that were in place for 2025 when the Company was a Luxembourg company. That system of governance and reporting has now been adapted so as to be appropriate for an Irish company, from January 1, 2026.

2025 Solvency and Financial Condition

The Company was established in 2018 and as at 31 December 2025 was authorised by the Commissariat aux Assurances to establish insurance activities headquartered in the Grand Duchy of Luxembourg and to underwrite policies in Continental Europe after the UK left the EU. USAA S.A. UK, a third country branch of USAA S.A., underwrites UK policies. The Company is a direct subsidiary of USAA International Services S.ár.l., and the ultimate parent is United Services Automobile Association (USAA). Since the cross-border conversion, the Company is authorised by the Central Bank of Ireland.

The Company has two branches, one in Germany that handles claims in Europe, and a second third country branch in the UK, that provides Underwriting and Claims services to members residing in the United Kingdom.

The Company ended the year with a profit on the technical account of €9,533k and a profit after tax of €7,928k (2024: €24,485k). Net assets on a statutory basis have increased by €3.6m to €147.6m due to profit in the year offset by dividend paid of €4.0m and a loss arising from foreign currency translation in the UK branch. This strengthened the Company's financial position resulting in available capital under Solvency II of €157,691k (2024: €155,245k), a Solvency Capital Requirement (SCR) of €70,957k (2024: €68,990k) and a Solvency II capital ratio of 222% (2024: 225%).

During the year the Board has continued to focus on corporate governance, strengthening its three lines of defence model. The Board is committed to maintaining its strong financial position by assessing risk and prudently managing anticipated capital to adequately reflect its risk profile. The integration of capital management and risk management in its business model aligns with Solvency II expectations.

A. BUSINESS AND PERFORMANCE

A.1 BUSINESS

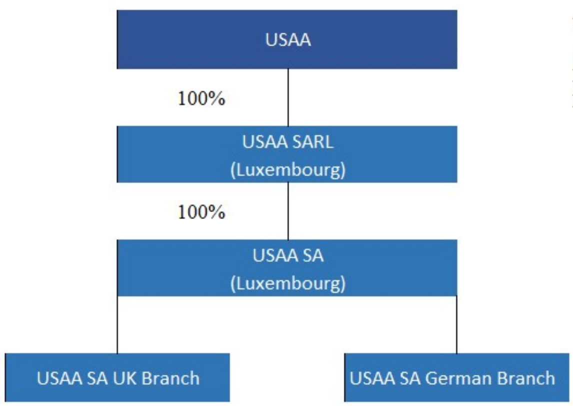
Name and Legal Form of the Undertaking

USAA S.A. (the "Company") was incorporated on 9 May 2018 and was organised under the "Commercial Companies" laws of the Grand Duchy of Luxembourg as a public limited liability company (Société Anonyme) for an unlimited period. The Company was registered with the Register of Commerce and Companies of Luxembourg under number B224622 until the cross-border conversion effective 1 January 2026.

The Company is a wholly owned subsidiary of USAA International Services S.á.r.l. with a 100% voting interest, domiciled in Luxembourg.

Its ultimate parent company is USAA, a mutual inter-insurance exchange reciprocal domiciled in the State of Texas in the United States of America, with its headquarters in San Antonio, Texas.

The following chart shows a simplified structure of the Company and its ultimate parent company and direct parent company as at 31 December 2025.



USAA SA's registered office address is:
1, Avenue du Bois
L-1251 Luxembourg
R.C.S Luxembourg B224622

Name of Supervisory Authority

The Company is supervised by the Central Bank of Ireland (CBI) with effect from 1 Jan 2026 and was supervised by the Commissariat Aux Assurances (CAA) until the cross-border conversion. In addition, the UK branch is supervised by the Prudential Authority (PRA) and the Financial Conduct Authority (FCA). Their respective contact details are shown below:

With effect 1Jan26 Central Bank of Ireland New Wapping Street North Wall Quay Dublin DO1 F7X3 Ireland	Until 31Dec25 Commissariat Aux Assurances 7 Boulevard Joseph II L-1840 Luxembourg	Prudential Regulation Authority Bank of England Threadneedle Street London EC2R 8AH	Financial Conduct Authority 25 The North Colonade Canary Wharf London E14 5HS

External Auditor

The details of the company's external auditor for the period ending 31 December 2025 are:

Ernst & Young S.A.
Statutory Auditors
35E Avenue John F. Kennedy
L-1855, Luxembourg

Material Lines of Business and Geographical Areas

The principal activity of the Company in 2025 is the provision of motor and property insurance to a defined customer base as detailed in Military Drawdown on page 38 in the UK and European Union (EU) in Germany, Italy, Spain, Netherlands, Belgium, Portugal, Greece, and France.

For Solvency II purposes the Company's general insurance business falls into defined Solvency II lines of business as follows:

- Motor Vehicle Liability.
- Other Motor Insurance.
- Fire and Other Damage to Property.
- General liability.

Significant Events During the Period

Cross-border Conversion

In 2025, after more than five years of serving USAA S.A. members from the Luxembourg headquarters, the Company relocated the European headquarters to Ireland. The decision was made with great consideration to allow the Company to continue to efficiently serve our members who are overseas.

There were no changes to the ownership of the Company. Whilst the Company has changed its name and legal form, it has preserved its legal personality in the conversion (i.e., no transfer of assets, dissolution or winding up were involved in this move). The conversion project was managed with rigorous governance to safeguard policyholder rights.

Inflation and Exchange rate impacts

Global economic conditions remain uncertain, shaped by trade tensions and tariff policies between the US and Europe. Recent tariff measures have introduced inflationary pressures and supply chain disruptions, particularly affecting sectors reliant on imported materials. For the Company, these dynamics could:

- Cause foreign exchange fluctuations – premiums are received in U.S. Dollars while claims and other expenses typically paid in local currencies
- Increase claims costs in property and motor lines due to higher repair and replacement expenses
- Affect investment portfolio valuations through interest rate volatility and widening credit spreads
- Reduce premium growth if economic slowdown dampens consumer spending

While direct exposure to tariff regimes is limited, second-order effects, such as weaker global growth and foreign exchange volatility, could influence solvency ratios and capital adequacy.

A.2 UNDERWRITING PERFORMANCE

The Company prepares its financial statements in accordance with the accounting policies generally accepted within the insurance and reinsurance industry in the Grand Duchy of Luxembourg (Lux GAAP). The functional and reporting currency of the Company is Euros.

USAA EU DAC including the UK Branch underwriting performance by Solvency II lines of business in €'000 as of 31 December 2025

Lines of Business	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
Motor Vehicle	40,771	43,012	(32,835)	(20,265)	(10,088)
Other Motor	51,457	55,565	(24,853)	(19,251)	11,461
Fire and other damage to property	8,430	8,512	(3,145)	(2,937)	2,430
General liability	3,214	3,295	(212)	(1,015)	2,068
Total	103,872	110,384	(61,045)	(43,468)	5,871
Other technical expenses/income					696
Total					6,567

UK Branch underwriting performance by Solvency II lines of business in €'000 as of 31 December 2025

Lines of Business – UK Branch	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
Motor Vehicle	11,955	11,954	(8,669)	(7,208)	(3,923)
Other Motor	7,389	7,476	(3,517)	(3,603)	356
Fire and other damage to property	1,699	1,711	(422)	(757)	532
General liability	581	592	(18)	(240)	334
Total	21,624	21,733	(12,626)	(11,808)	(2,701)
Other technical expenses/income					3,402
Total					701

USAA EU DAC including the UK Branch underwriting performance by Solvency II lines of business in €'000 as of 31 December 2024

Lines of Business	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
Motor Vehicle	47,595	45,270	(28,442)	(17,873)	(1,045)
Other Motor	60,701	59,220	(24,506)	(17,249)	17,465
Fire and other damage to property	8,482	8,450	(2,964)	(2,485)	3,001
General liability	3,299	3,246	(947)	(921)	1,378
Total	120,077	116,186	(56,859)	(38,528)	20,799
Other technical expenses/income					1,417
Total					22,216

UK Branch underwriting performance by Solvency II lines of business in €'000 as of 31 December 2024

Lines of Business – UK Branch	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
Motor Vehicle	13,276	12,235	(5,627)	(5,987)	621
Other Motor	8,229	8,126	(3,612)	(3,273)	1,241
Fire and other damage to property	1,796	1,824	(452)	(832)	540
General liability	621	630	(191)	(228)	211
Total	23,922	22,815	(9,882)	(10,320)	2,613
Other technical expenses/income					4,080
Total					6,693

Underwriting performance for the top five countries €'000 31 December 2025

Country	Net Premium Written	Net Premium Earned	Net Claims Incurred	Net Expenses Incurred	Underwriting Performance
Germany	54,592	59,005	(36,444)	(23,606)	(1,045)
UK	21,624	21,734	(12,626)	(8,406)	702
Italy	20,768	22,707	(8,627)	(8,653)	5,427
Spain	2,182	2,211	(756)	(808)	647
Belgium	2,464	2,477	(1,772)	(988)	(283)
Total	101,630	108,134	(60,225)	(42,461)	5,448

Underwriting performance for the top five countries €'000 31 December 2024

Country	Net Premium Written	Net Premium Earned	Net Claims Incurred	Net Expenses Incurred	Underwriting Performance
Germany	64,478	62,311	(35,333)	(20,854)	8,442
Italy	24,543	23,948	(9,243)	(7,494)	7,506
UK	23,922	22,815	(9,882)	(7,030)	6,693
Spain	2,216	2,321	(401)	(650)	1,177
Belgium	2,571	2,517	(977)	(763)	814
Total	117,730	113,912	(55,836)	(36,792)	24,632

Net Premium Written during 2025 decreased by €16.2m from the prior year. The decrease is predominantly due to rate deductions introduced during the period, a weakening of the US dollar against the Euro and British pounds and an increase in the policy holder discounts of €5.3m.

Net claims incurred increased by €4.2m mainly due to significant IBNR releases in the prior year. Net Expenses increased by €4.9m mainly due to increased fees in relation to the redomicile project.

In 2025 Other Motor, Fire and other damage to property and General Liability were all profitable lines of business with Motor Vehicle line of business resulting in an underwriting loss, but this is within the acceptable range of the Company as Motor cover is provided as part of an overall service to policyholders. At a country level in 2025 all countries apart from Germany and Belgium were profitable.

In 2024 Other Motor, Fire and other damage to property and General Liability were all profitable lines of business with Motor Vehicle line of business resulting in an underwriting loss, but this is within the acceptable range of the Company as Motor cover is provided as part of an overall service to policyholders. At a country level in 2024 all countries apart from Greece were profitable.

A.3 INVESTMENT PERFORMANCE

The following tables are presented under the Fair Value method of accounting for investments.

At 31 December 2025, the Company's investment portfolio comprised the following asset classes:

Investment Portfolio			Investment Return
Asset Class	Amount €'000	% of Portfolio	Amount €'000
Government Bonds	34,048	14%	955
Corporate Bonds	171,871	70%	5,574

Collateralised Securities	0	0%	0
Short Term Deposits	0	0%	0
Cash & Cash Equivalents	38,842	16%	141
Total Investments & Cash Equivalents	244,761		6,670
Investment Management Expenses			507

At 31 December 2024, the Company's investment portfolio comprised the following asset classes:

Investment Portfolio			Investment Return
Asset Class	Amount €'000	% of Portfolio	Amount €'000
Government Bonds	41,023	18%	640
Corporate Bonds	155,053	69%	5,443
Collateralised Securities	0	0%	0
Short Term Deposits	0	0%	0
Cash & Cash Equivalents	30,067	13%	726
Total Investments & Cash Equivalents	226,143		6,809
Investment Management Expenses			390

Total investments and cash equivalents increased by €18.6m in 2025 largely due to increases in the market value of the investments.

In the Financial Statements the investment portfolio produced a positive annual return of 4.71% (2024: 4.73%). The investment performance improved due to better market conditions in 2025 offset by a Lux GAAP value re-adjustment charge of €1.4m and a Lux GAAP premium amortisation charge of €2.0m.

The Company accounts for investment income on an amortised cost basis in the Financial Statements in line with Lux GAAP. Under the Fair Value method of accounting for investments there was a gain on investments of €6.7m and an annual return of 2.7%, overperforming the benchmark by 16 basis points.

In addition to measuring investment performance against the benchmark in its investment strategy the Company also uses total investment return, which comprises of net investment income, realised and unrealised market value gains and losses and realised gains and losses from movement in foreign exchange rates. The Company has not recognised any gains and losses directly through equity.

A.4 PERFORMANCE OF OTHER ACTIVITIES

There have been no other significant activities undertaken by the Company other than its insurance related activities.

Other Material Income and Expenses

- Intercompany service charges

  The Company operates under an outsourcing model and has entered into service agreements with related parties within the USAA International group, for the provision of services and human resources to run its insurance operations. These intercompany expenses of €19,040k (2024: €19,106k) account for the majority of operating expenses recorded for the period ended 31 December 2025. However, this has been partially offset by income earned of €696k (2024: €1,416k) for claims management services that the Company provides to other members of the group.

- Lease arrangements

  The Company entered into a lease for the new London office to be occupied from May 2026 amounting to £469k per annum, until December 2030.

  There is no lease obligation for the current London office, however, it pays for the use of office premises under a service fee agreement with its parent company amounting to €750k (2024: €471k).

A.5 ANY OTHER INFORMATION

There is nothing further to report regarding the business and performance of the Company.

B. SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

Overview of the Governance Framework

In 2025, USAA S.A. completed its cross-border conversion from Luxembourg to Ireland, transferring its registered office and regulatory oversight to the Central Bank of Ireland. The process was executed in accordance with all applicable legal, regulatory, and governance requirements, with no material impact on the company's risk profile, capital position, or ability to meet obligations to policyholders. Throughout the transition, USAA S.A. maintained full continuity of its business activities, operational capabilities, and financial soundness.

The Company maintains a system of governance designed to ensure that risk management is embedded across all business activities, supporting sound and prudent management in accordance with Solvency II requirements. The system of governance sets out defined roles, responsibilities, reporting lines and decision-making authorities across the Company.

This section provides a high-level overview of the governance system in place during 2025, prior to the cross-border conversion to Ireland. The system of governance has subsequently been reviewed and updated, where necessary, to reflect the relocation of the Company's headquarters to Ireland with effect from 1 January 2026 (see Summary and Section A.1 for further details).

Board of Directors (the Board)

The Company's Board comprises a Chair, two Executive Directors (one of whom is the Chief Executive Officer) and three Independent Non-Executive Directors.

The Board has overall responsibility for oversight and management of the Company and for ensuring an appropriate level of protection for its members. In fulfilling these responsibilities, the Board:

- Understands the nature and scale of the Company's material risks;
- Forms an independent view of the Company's risk profile;
- Ensures that effective systems of governance, internal controls and risk management are in place;
- Sets the Company's risk appetite and tolerance limits; and
- Sets the Company's strategy and ensures it operates within the Board-approved risk appetite.

The Board plays an active role in the Own Risk and Solvency Assessment (ORSA) process, including steering how the assessment is conducted and challenging the results. To fulfil this responsibility, the Board reviews the ORSA process at least annually and ensures that the ORSA framework is appropriately designed and embedded within the Company's decision-making processes and the Company's risk culture.

While ultimate authority rests with the Board, certain responsibilities are delegated to Board sub-committees and designated senior management as set out in the relevant terms of reference and role descriptions.

Board Committees

A high-level overview of the Board sub-committees that report directly to the Board, along with their respective roles within the Company's governance framework is set out below:

- **Audit Committee:** This Committee is chaired by an Independent Non-Executive Director and is responsible for overseeing the integrity of the Company's financial reporting and effectiveness of its internal control environment. The Committee monitors the performance and independence of both the internal and external audit functions, reviews the Company's financial statements and related disclosures and makes recommendations to the Board regarding the appointment and performance of the external auditors.

- **Risk and Compliance Committee:** This Committee is chaired by an Independent Non-Executive Director and also operates as a sub-committee of the Board. It supports the Board in overseeing the Company's risk management and compliance frameworks, including monitoring adherence to relevant policies and regulatory requirements, reviewing the Company's risk profile relative to the Board-approved risk appetite, overseeing the ORSA process and related stress testing and monitoring regulatory developments. The Committee reports to the Board on the effectiveness of systems and controls and on any significant risk or compliance matters.

The Board does not have a dedicated Nomination or Remuneration Committee. Instead, these functions are carried out by the USAA Group on behalf of the Company.

Executive Management

The Board has delegated responsibility for the day-to-day management of the Company to the Chief Executive Officer, who is supported in this role by the following committee:

- **Executive Approved Management Group (EAMG):** This is chaired by the Chief Executive Officer and comprises senior leaders responsible for overseeing the day-to-day management of the Company. The EAMG supports the Board by implementing strategy, maintaining effective governance and controls across operations, monitoring performance against objectives and risk appetite and ensuring compliance with applicable regulatory requirements.

The following chart provides an overview of the Company's governance structure and the key committees supporting the Board in fulfilling its responsibilities.

Key Functions

- **Actuarial Function:** Provides independent actuarial oversight, coordinates the calculation of technical provisions and delivers opinions on the underwriting policy and reinsurance arrangements. A report is submitted to the Board at least annually detailing the tasks undertaken by the Function. *(Refer to Section B.6 Actuarial Function for more details)*

- **Compliance Function:** Oversees the Company's regulatory compliance frameworks and policies, monitors adherence to applicable laws and regulations and advises the Board on material compliance matters and developments. *(Refer to Section B.4 Internal Control System - Compliance for more details)*

- **Internal Audit Function:** Provides independent and objective assurance to the Board on the adequacy and effectiveness of the system of governance, risk management and internal controls, in line with the Board-approved audit plan. *(Refer to Section B.5 Internal Audit Function for more details)*

- **Risk Management Function:** Maintains and develops the risk management framework including providing input into the annual review of the risk appetite and associated tolerances, monitors the risk profile relative to approved risk appetite, coordinates the ORSA and provides independent challenge to management. *(Refer to Section B.3 Risk management system for more details)*

Each of the functions above has direct access to the Board and its sub-committees regardless of their internal reporting lines.

Branch Governance

USAA S.A. UK Branch is a fully authorised third-country branch under joint supervision of the Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA"), providing cover for members residing in the United Kingdom. The Branch operates within the Company's overall system of governance, with ultimate responsibility for oversight resting with the Board. Locally, a Branch Manager has been appointed in accordance with PRA requirements, with responsibility for ensuring compliance with applicable UK regulatory obligations. The Branch Manager reports to the Company's CEO.

Material Changes to System of Governance

There were no material changes to the system of governance during 2025.

Remuneration

The Company's remuneration programme is designed to attract, retain and motivate high performing employees while supporting sound and effective risk management. The remuneration framework balances fixed and variable components, with variable remuneration linked to both Company and individual performance. These arrangements are aligned with the Company's long-term strategy and ensure that remuneration does not encourage excessive risk-taking and remains consistent with the Company's governance and risk management frameworks.

All employees receive a combination of fixed and variable remuneration. For more senior employees, a greater proportion of total remuneration is variable and reflects performance against defined objectives. Staff at Executive Director level and above may also participate in long-term incentive arrangements designed to reinforce alignment with the Company's strategic objectives.

Remuneration for Non-Executive Directors consists solely of fixed fees, with no variable component. Certain Directors employed by other USAA Group companies may be eligible for variable remuneration awarded by those companies.

The Company operates pension schemes for employees in each jurisdiction in which it has operations. Executive Directors participate in the applicable employee pension scheme for their jurisdiction on the same basis as other employees. The Company does not provide any supplementary pension schemes or enhanced early-retirement arrangements for Executive Directors. Non-Executive Directors, including Independent Non-Executive Directors, do not receive pension contributions.

Material transactions with persons with significant influence and members of the Board

The Company did not enter into any material transactions with its members, with the wider Group or with members of the Board during the reporting period.

B.2 FIT AND PROPER REQUIREMENTS

Key functions within the Company require the skills, knowledge and expertise in; Insurance Markets, Finance, Actuarial, Regulatory Frameworks & Compliance, Insurance Operations (Claims, Service, Underwriting), Governance and Risk. The Company's Fit & Proper Policy outlines the principles used to assess the fitness and propriety of all staff, including Board members and key functions.

Fitness and Propriety is known as the assessment to ensure the appropriate fitness and propriety of an individual to perform a particular function. The assessment considers aspects such as the individual's honesty, integrity, reputation, competence, capability and financial soundness.

In order to ensure compliance with these fit and proper requirements, the Policy provides the following guidelines to follow:

- the process for assessing the fitness and propriety of persons who effectively run the Company or have other key functions, both as candidates and on a continuing basis, and
- the situations that give rise to reassessment of the fit and proper requirements

The Company recruits to a high standard of competency and experience. A robust recruitment process is in place to ensure that the relevant skills required to fulfil the role and responsibilities are obtained. In addition, external background checks are completed with references validated by an external company. Then, on an ongoing basis all persons in key function roles are monitored for competency through an internal learning management system, self-reported learning and development objectives/goals as identified in regular meetings with their reporting Managers, and via formal quarterly performance evaluations.

Key Function Holders and SMF roles within USAA S.A. are subject to the processes procedures and assessments as contained within the USAA S.A. Fit and Proper policy.

B.3 RISK MANAGEMENT SYSTEM

Overview of Risk Management Framework

The Company maintains a Risk Management Framework (Framework) designed to support informed decision-making and ensure that risks are identified, assessed, monitored and managed in line with the Company's strategy and approved risk appetite. The Framework enables the Company to deliver on its mission to protect its members and achieve its strategy, and is embedded across the organisation through a governance structure, delegated authorities and defined responsibilities across the Three Lines of Defence.

The Framework sets out the policies, processes, roles and controls that support effective risk-based decision-making. It ensures alignment between strategic objectives, risk appetite and business activities through defined responsibilities and regular reporting, while promoting a company-wide understanding of risk. Senior management is responsible for embedding risk management within day-to-day operations, supported by a suite of policies. A dedicated Risk Management Function operates under terms of reference approved by the Board and its committees.

The Risk Management Framework sets out the Company's risk appetite, governance structure and core processes for identifying, assessing and responding to risks, supported by ongoing monitoring and internal and external reporting such as the Own Risk and Solvency Assessment (ORSA), Risk and Control Self-Assessment (RCSA) and quarterly risk reporting to the Board.

Three Lines of Defence

The Company employs a "Three Lines of Defence" model with distinct roles and responsibilities and effective collaboration between each line to ensure robust risk governance:

- **First Line (The Business):** Business units have primary responsibility for identifying, assessing, managing, and controlling risks. As risk owners, business managers are expected to operate within the approved risk appetite and adhere to risk management standards, policies and procedures designed to ensure effective control and mitigation of risks.

- **Second Line (Risk Management and Compliance):** Risk Management establishes and maintains the Risk Management Framework (including policies, procedures, and risk appetite) and provides independent oversight and challenge to the First Line. Compliance designs and oversees the regulatory compliance programme, advises on regulatory requirements, delivers compliance training, undertakes independent risk-based compliance monitoring and testing, oversees remediation of compliance issues and supports regulatory interactions.

- **Third Line (Audit Services):** Audit Services provide senior management and the Board with independent and objective assurance on the effectiveness of governance, risk management, internal controls and compliance processes.

Risk Governance

The Board holds ultimate responsibility for the Risk Management Framework, overseeing its effective implementation, and ensuring alignment with the Company's strategy, business planning and approved risk appetite. Risk governance is exercised through a structured set of Board and management committees with defined roles, reporting requirements and escalation routes to ensure timely consideration of risk matters and the integration of risk into decision-making.

The Board is supported by the RCC while senior management, led by the CEO, is accountable for embedding risk considerations into day-to-day operations and ensuring the timely escalation of material risks.

The Company's risk appetite defines the level and types of risks the Company is willing to accept in pursuit of its strategic objectives and mission. It is articulated through qualitative statements and quantitative metrics supported by tolerances and early-warning indicators. The RCC reviews the risk appetite at least annually and recommends it to the Board for approval.

The Company's risk profile is monitored quarterly against the approved risk appetite with escalation in accordance with established governance processes. The RCC reviews the reported metrics and associated action plans to ensure the Company continues to operate within its risk appetite.

Risk Management Function

The Risk Management Function, led by the Risk Key Function Holder (a role formally notified to the CAA) provides an objective and holistic assessment of risks arising from the Company's strategy and operations. Acting under the terms of reference approved by the Board, the Function:

- Develops and maintains the Risk Management Framework, including contributing to the design and annual review of the risk appetite, policies and associated processes;
- Monitors adherence to risk appetite thresholds and provides independent challenge;
- Oversees business processes and reviews and supports appropriate consideration of risks in key decisions (e.g. underwriting, reinsurance, outsourcing);
- Reports to the RCC each quarter on risk-related matters.

On an ongoing basis, the Function works closely with other key functions (Actuarial, Compliance, and Internal Audit) to maintain a strong, organisation-wide risk-aware culture and engages formally through governance forums such as the EAMG.

Risk Identification, Assessment and Monitoring

Risk identification is a continuous process that considers the Company's objectives and operating environment. The Risk Management Function works closely with senior management to ensure that material risks are identified, assessed and managed appropriately through the following exercises:

- **Top & Emerging Risks**: A risk assessment with input from business subject matter experts to identify risks (e.g. economic, market, regulatory, technological, geopolitical, environmental) with potential to materially impact the Company's mission and strategic objectives. This exercise assesses the potential impacts, expected time horizon for risks to materialize and available mitigations.

- **Capital Assessments**: A quantitative assessment based on the Solvency II Standard Formula used to assess capital adequacy relative to the Company's risk profile (see section Section E for further details).

- **Risk and Control Self-Assessments (RCSA's)**: Risk assessments carried out by business subject matter experts, supported and reviewed by the Risk Management Function, to evaluate key risks and the effectiveness of the controls in place to mitigate them. Outcomes are reported to the RCC. *(Refer to Section B.4 for more details)*

The Company operates a quarterly risk reporting cycle to the RCC and the Board. The quarterly Risk Report compares current risk levels to risk appetite thresholds and highlights areas for escalation and, if necessary, associated action plans.

Own Risk & Solvency Assessment (ORSA)

The ORSA is a core component of the Company's Risk Management Framework, providing the Board and senior management with a forward-looking assessment of the Company's material risks and capital adequacy over the planning horizon and under stressed conditions.

The ORSA is an ongoing, continuous process embedded in the Company's strategic and operational planning. An ORSA Report is produced at least annually, or more frequently if there is a material change in risk profile, and is reviewed and approved by the Board. It includes analysis of business strategy and assesses the Company's operational plan under both base and stressed scenarios and provides a conclusion on the adequacy of its capital resources.

The Board and senior management play a significant role in defining stress scenarios and underlying assumptions. The results support the Board and management's assessment of capital needs, risk mitigation strategies and decision-making and are incorporated into the ORSA Report. They also inform capital planning and the setting of strategy. Further details on stress testing are included in Section C.7.

B.4 INTERNAL CONTROL SYSTEM

Overview of internal control system

The Company maintains an internal control system designed to ensure effective and compliant operations, reliable reporting and adherence to applicable laws and regulations. The internal control system forms part of the wider system of governance and operates across the Three Lines of Defence, with the First Line responsible for implementing controls, the Second Line overseeing and monitoring and the Third Line providing independent assurance.

To support consistent identification, assessment, and monitoring of operational and compliance risks, the Company utilises internal control tools, including the Process Risk and Control Inventory (PRCI) and Risk and Control Self-Assessments (RCSAs). These tools clarify process ownership, provide visibility of key risks and controls, and support ongoing evaluation of control effectiveness across the Company.

A key component of the internal control system is the Compliance Function, which plays a central role in monitoring the testing and reporting of the adequacy and effectiveness of controls that ensure adherence to regulatory obligations.

Compliance Function

The Compliance Function designs, implements and oversees the Company's Regulatory Compliance Program. Its responsibilities include:

- Identifying regulatory compliance requirements (including new rules and regulations applicable to the Company) and assessing their impact on business processes;
- Advising business units and process owners on compliance strategy and risk, product requirements and project related obligations;
- Designing and delivering compliance training to promote understanding of regulatory expectations;
- Conducting independent risk-based compliance monitoring, testing, and reporting;
- Supporting and overseeing timely investigation and remediation of compliance issues;
- Providing regular reports to senior management and the Board on compliance risk matters and the effectiveness of the compliance programme;
- Facilitating regulatory examinations, supervising interactions with supervisory authorities and supporting constructive regulator relationships.

The Function is overseen by the Compliance Key Function Holder, a role formally notified to the CAA. The Compliance Key Function Holder provides a view of the regulatory risks arising from the business and operations of USAA S.A. and reports these risks to the Board and senior management at least annually. The Compliance Key Function Holder is responsible for ensuring the effectiveness of the Compliance Function, overseeing annual compliance monitoring programs and providing ad hoc reports as required.

In collaboration with the Risk Key Function Holder, the Compliance Key Function Holder supports the maintenance of an effective corporate governance framework for USAA S.A. and contributes to the ongoing development of the Company's Risk Management Framework.

The Compliance Function also fulfils the SMF16 (Compliance Oversight) role for the UK Branch.

Internal Control Tools

The Company utilises a set of internal control tools that provide insight into key processes, risks and controls, clarify accountability and enable effective oversight across the business:

- **Process Risk and Control Inventory (PRCI):** The PRCI provides an overview of key business processes, the associated operational and compliance risks and the controls in place to mitigate them. The PRCI supports accountability for controls throughout the business and enables the Risk Function to oversee the effectiveness and adequacy of the internal control environment.

- **Risk and Control Self Assessments (RCSA):** RCSAs assess the design and operational effectiveness of controls and identify areas requiring enhancement. RCSAs are based on the risks and controls documented in the PRCI and are performed by the First Line, with oversight and review by the Risk Function. They are completed at least annually, with interim updates where material changes occur in processes, risks or controls. RCSA results form part of the governance reporting and escalation processes, supporting timely remediation of control weaknesses.

- **Control Testing:** Control testing is conducted throughout the year to assess the design and operating effectiveness of key controls, with findings reported through relevant governance committees to the Board.

Monitoring and Reporting

The internal control system incorporates structured monitoring and reporting to senior management, the RCC and the Board. Findings and remediation progress are escalated through established governance channels to ensure timely and effective resolution of issues.

B.5 INTERNAL AUDIT FUNCTION

The Internal Audit Function is an integral component of the Company's System of Governance and operates as the Third Line of Defence, providing independent and objective assurance on the adequacy and effectiveness of the governance, risk management and internal control systems. Independence is maintained through direct reporting lines to the Board, typically through the Audit Committee and through unrestricted access to all information, systems and personnel required to perform its duties.

The Function is led by the Internal Audit Key Function Holder, a role formally notified to the CAA. The Internal Audit Function is fully independent from operational and oversight functions and is free from undue influence, ensuring the objectivity and impartiality of its work.

The key responsibilities of Internal Audit include:

- Developing and executing an Internal Audit Plan, approved annually by the Audit Committee, covering the full system of governance, with the ability to undertake audits outside the plan where necessary;
- Providing an independent evaluation of the adequacy and effectiveness of the Company's internal control system;
- Assessing the effectiveness of other elements of the governance framework, including the risk management system;
- Reporting audit findings, recommendations and remediation status to senior management and the Audit Committee or Board at least annually and monitoring the timely closure of agreed actions.

Through these activities, the Internal Audit Function provides the Board with independent assurance that the Company's governance framework is appropriately designed and operating effectively and that significant risks are being identified and managed.

B.6 ACTUARIAL FUNCTION

The Actuarial Function forms a key part of the Company's system of governance and is led by the Actuarial Key Function Holder, a role formally notified to the CAA. While most actuarial services are outsourced to the Company's parent, the Actuarial Key Function Holder retains responsibility for the oversight, coordination and assurance of all actuarial activities performed for the Company.

The Actuarial Function operates independently of operational business functions and provides objective, actuarial advice in line with Solvency II requirements, particularly in relation to the calculation and assessment of technical provisions.

The main responsibilities of the Actuarial Function include:

- Providing an opinion on the adequacy of the Company's reinsurance arrangements and underwriting policy;
- Coordinating the calculation of the technical provisions and ensuring the quality, appropriateness and reliability of data;
- Informing the Board of the reliability and adequacy of the calculation of technical provisions and any material uncertainties;
- Supporting the implementation and effective operation of the Company's risk management system.

The Actuarial Key Function Holder prepares a written Actuarial Function Report for the Board at least annually, which summarises the activities performed by the Actuarial Function, key findings arising from those activities and any recommendations for improvement.

B.7 OUTSOURCING ARRANGEMENTS

Due to its size, outsourcing is a key part of the Company's strategy to serve its policyholders. The Company primarily outsources a number of functions and activities to related parties within the USAA International group and its ultimate parent company, USAA. The oversight role remains with the Chief Executive Officer.

The Company does not assume that an outsourcing arrangement with related parties will necessarily imply a reduction in operational risk or regulatory exposure. The Outsourcing Policy governs the identification, approval, contracting, oversight and exit of all outsourcing arrangements and requires that:

- Outsourced activities are conducted in a safe-and-sound manner and in compliance with applicable laws and regulations.
- The Company performs appropriate due diligence and ongoing monitoring of suppliers, including affiliate service providers, using a risk-based approach (including KRIs/KPIs, periodic reviews, and periodic financial and contingency assessments).
- Business continuity, substitutability and contingency planning are maintained to protect policyholder services in the event of an OSP failure or contract termination.
- Intra-group (affiliate) arrangements are treated as third-party relationships for TPRM purposes and do not automatically reduce oversight or regulatory obligations.
- Critical or material outsourcing arrangements require additional governance (e.g., RMCC/EAMG review, SARCC/Board approval where applicable) and, where required, timely regulator notification.

- Contracts include rights of access, information and audit (including for competent authorities) and address chain (sub-)outsourcing, data protection, and remedial/escalation measures.

In addition to services outsourced to its parent companies the Company outsources various services to external parties as listed in the table below:

Outsourced Operation	Service Provider	Service Provider location	Jurisdictions	Description
Claims Handling	External Vendor – some EU claims are handled by External Vendors under supervision from the German claims office with strict authority limits	Azores, Belgium, France, Greece, Italy, Netherlands, Portugal & Spain	Azores, Belgium, France, Greece, Italy, Netherlands, Portugal & Spain	Claims handling and settlement
Investment Management	External Investment Management Company	UK	N/A	Investment portfolio management
Insurance Support Services	USAA International S.á.r.l Services – Parent Company & USAA - Ultimate Parent Company	Luxembourg and Ultimate Parent Company in the USA	Azores, Belgium, France, Germany, Greece, Italy, Netherlands, Portugal, Spain, United Kingdom	Administration, IT services, non-advised sales telephone support, premium collection, underwriting
Professional Support Services	USAA International S.á.r.l Services – Parent Company & USAA - Ultimate Parent Company	Luxembourg and Ultimate Parent Company in the USA	Azores, Belgium, France, Germany, Greece, Italy, Netherlands, Portugal, Spain, United Kingdom	IT services, Actuary, Legal, Audit, Compliance, Internal Loss Reserving, Human Resources, Compensation & Benefits, Accounting & Finance, Risk Management
Specialist Technical Services	External Vendor	Azores, Belgium, France, Germany, Greece, Italy, Netherlands, Portugal, Spain	Azores, Belgium, France, Germany, Greece, Italy, Netherlands, Portugal, Spain	Appraisers, Loss-adjusters, Fiscal Agents
Pension Administration	External Vendor	Germany	Germany	Pension actuarial valuations & pension advice

B.8 ANY OTHER INFORMATION

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

C. RISK PROFILE

The Company's risk profile reflects the nature, scale and complexity of its business operations and the broader external environment in which it operates. A proportionate, effective and well-embedded risk management framework supports the identification, assessment and management of material risks, ensuring that the Company maintains a strong financial position and achieves its strategic objectives.

The Company calculates it Solvency Capital Requirement (SCR) using the Solvency II Standard Formula. The SCR provides a point-in-time assessment of the risks to which the Company is exposed. The SCR is assessed on both a current and forward-looking basis. No undertaking-specific parameters or quantitative adjustments are applied.

The company's defined benefit pension scheme in Germany has market and counterparty risks, including equity, currency, interest rate, and spread risks. These risks have been reclassified as ring-fenced funds (RFFs). Previously, these risks were assessed within the relevant Standard Formula modules, with diversification benefits recognized at the overall business level. This change signifies a shift towards ring-fencing these specific risks, with a more granular approach to calculating capital requirements compared to the previous method of integrating them into broader modules and recognizing diversification company-wide.

The total SCR for the Company under the Standard Formula is €71m as at 31 December 2025.

The following sections provide an overview of the material risks to which the Company is exposed, including underwriting risk, market risk, credit risk, liquidity risk, operational risk.

Full details of the Standard Formula SCR calculations are provided in Section E.2.

C.1 UNDERWRITING RISK

Underwriting Risk covers the risks the Company is exposed to arising from its insurance underwriting operation and is split between the following sub-risk categories:

- Premium Risk
- Reserve Risk
- Non-Catastrophe Risk
- Man Made Catastrophe Risk
- Lapse Risk

The principal underwriting risk for the Company arise from deviations in expected policyholder behaviour, claims experience and the development of future cash flows over the lifetime of the insurance contracts.

The Company's overall exposure to underwriting risk, represented by the undiversified non-life underwriting SCR module under the Standard Formula, is €44m as at 31 December 2025.

There was no material change to the measures used to assess underwriting risk during 2025.

Risk Concentration

The Company's underwriting risk exposures span multiple European geographies, contributing to a diversified risk profile. The portfolio composition reflects the Company's focus on motor and personal property business, and the associated exposure profile is considered appropriate for the nature and scale of operations.

Risk Mitigation

Underwriting risk exposure is mitigated through the diversification of the Company's insurance portfolio across multiple European geographies, disciplined risk selection and adherence to underwriting guidelines. The use of reinsurance arrangements further reduces the volatility in underwriting results and limits the financial impact of large or adverse loss events.

The Company has two reinsurance contracts in place as part of its underwriting risk mitigation programme:

a) External Motor Liability Excess of Loss Treaty

This treaty provides reinsurance protection against large motor liability losses. The Company retains €2.5m per event for most European locations and £3.45m for the UK, with reinsurance coverage applying above these retentions. Liability limits are unlimited in Belgium and the UK while limits apply in other European locations .

b) USAA Non-Proportional Stop Loss Treaty

The majority of the Company's residual underwriting risk is covered by a non-proportional stop loss treaty with its ultimate parent company, USAA. Under this treaty, the Company's annual loss on its non-technical underwriting account is limited to €1m, with cover provided up to a maximum limit of €25m.

C.2 MARKET RISK

Exposure

Market Risk reflects the risk that the Company is adversely affected by movements in the fair value of its financial assets and liabilities. The Company is exposed to market risk on both the asset and liability sides of its balance sheet, arising from assets held within its investment portfolio, investment assets associated with its defined benefit pension schemes, the valuation of technical provisions and transactions settled in currencies other than Euro.

In line with the Solvency II Standard Formula, the Company's market risk exposure is assessed across the following sub-categories:

- **Spread Risk**

  Spread risk arises from the sensitivity of fixed-income asset values to changes in credit spreads relative to the risk-free interest rate curve. A widening of credit spreads can reduce the market value of the Company's bond portfolio.

- **Interest Rate Risk**

  Interest rate risk arises from adverse changes in the value of assets and liabilities due to unexpected changes in interest rates or the volatility of interest rates.

- **Concentration Risk**

  Concentration risk arises from either insufficient diversification within the investment portfolio, or from a material exposure to a single bond issuer or group of related issuers.

- **Currency Risk**

  The most significant component of market risk for the Company is currency risk, which reflects the sensitivity of asset and liability values to fluctuations in foreign exchange rates. The Company is exposed to currency risk as it receives premiums in US Dollars but settles claims and expenses in Euros and holds assets and liabilities in both currencies.

The Company closely monitors the impact of changes in interest rates and foreign exchange rates through its risk appetite framework, risk triggers, foreign exchange management and capital management assessments.

The Company's overall exposure to market risk, represented by the undiversified market risk SCR module under the Standard Formula, is €40m as at 31 December 2025.

The Company's defined benefit pension scheme in Germany also gives rise to market and counterparty risks which in the prior year, were assessed within the relevant Standard Formula modules with diversification benefits recognized at the overall business level. As discussed on page 21, these risks have been reclassified as ring-fenced funds (RFF) to provide a more granular approach.

Risk Concentration

The Company considers spread risk, interest rate risk and concentration risk to be low due to its investment approach and guidelines, which support a well-diversified, high-quality bond portfolio.

The Company has zero SCR related to concentration risk as it does hold assets relating to any single counterparty that exceeds the thresholds prescribed by the Standard Formula Calculation.

Risk Mitigation

Interest rate risk, spread risk and concentration risk are mitigated through the Company's investment approach and guidelines, which results in a well-diversified bond portfolio.

Currency risk is mitigated by matching foreign currency liabilities with appropriately denominated assets. This is achieved by aligning the currency allocation of the investment portfolio to the currency profile of estimated liabilities.

Prudent Person Principle

The Company's Investment Management Guidelines ensures compliance with the requirements of the Prudent Person Principal set out in Article 132 of the Directive 2009/138/EC. The Guidelines define the strategic asset classes, limits and allocations that are appropriate for the Company's risk profile and investment objectives. The Investment Guidelines are approved by the Board and reviewed annually.

The Company does not invest in any asset category that is not included in the Investment Guidelines.

Adherence to investment policies, limits, risk metrics and internal control processes are monitored by business owners and the Risk and Compliance Committee.

C.3 CREDIT RISK

Exposure

Credit risk reflects the risk that the Company may experience a financial loss arising from the failure of a counterparty to meet its contractual obligations. The Company is exposed to credit risk through its investment portfolio, funds held with financial institutions and its reinsurance arrangements.
The Company's exposure to credit risk, represented by the undiversified counterparty default risk SCR module under the Standard Formula, is €2m as at 31 December 2025.

Risk Concentration

The investment portfolio is managed in line with investment guidelines designed to avoid excessive concentrations of credit risk across sectors, issuers, credit ratings and geographic locations. The Company's external excess-of-loss reinsurance programme is placed with several highly rated reinsurers, which limits dependency on any single counterparty and reduces the risk of material concentration.

Risk Mitigation

The Company has guidelines governing its reinsurance arrangements, including thorough assessment of the risk profile and credit ratings of all participating reinsurers within its external excess-of-loss reinsurance programme. Counterparty credit ratings and exposures are monitored on an ongoing basis to ensure continued alignment with the Company's risk appetite. This approach combined with the diversification of the investment portfolio helps to mitigate the risk of counterparty default.

Counterparty Default Risk

The Company is exposed to counterparty default risk through its investment portfolio, funds held with financial institutions and reinsurance arrangements. The investment portfolio has set criteria to avoid concentration of risks to sectors, issuers, credit ratings and countries.

The Company has strict guidelines on its reinsurance arrangements, which vets the risk profile and credit ratings of the participating reinsurers on its external reinsurance excess of loss programme. Credit ratings of counterparties are monitored closely to reduce the risk of default.

C.4 LIQUIDITY RISK

Exposure

Liquidity risk arises from the potential inability of the Company to generate sufficient cash resources to meet its financial obligations as they fall due. The Company's main sources of liquidity risk relate to the timing and variability of claims payments, reinsurance cashflows and operational expenses.

The Company considers its liquidity risk to be low due to the mitigation measures it has in place. This includes a Liquidity Policy that defines governance structures, roles and responsibilities for managing and monitoring liquidity risk, adherence to defined liquidity risk triggers and risk appetite and a liquidity funding contingency plan.

The Company also maintains adequate holdings in cash and short-term deposits to meet its immediate and foreseeable cash flow requirements. In addition, the investment portfolio includes high-grade corporate bonds that can be readily liquidated if required. The Company monitors its liquidity position through the assessment of liquidity coverage ratios.

Risk Concentration

The Company does not have any material liquidity concentrations with liquid assets held across a range of counterparties and asset types, supporting timely settlement of obligations. There were no material changes to the Company's liquidity profile during 2025.

Risk Mitigation

Liquidity risk is mitigated through the Company's Liquidity Policy, adherence to defined liquidity risk triggers, regular monitoring, the maintenance of sufficient cash and short-term deposits and access to a portfolio of high-grade, readily marketable bonds. The Company also operates a liquidity funding contingency plan to ensure it can respond effectively to stressed liquidity conditions.

Expected profit included in future premium

The expected profit included in future premiums for 2025 is €9,429k. This amount is not considered material and does not constitute a significant source of liquidity for the Company under stressed conditions.

C.5 OPERATIONAL RISK

Exposure

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people, systems, external events and legal exposures.

Operational risk is considered a key risk for the Company due to its pervasive nature across all business activities and its potential to affect the Company's ability to fulfil its mission and strategic objectives. Many top risks identified by the Company are categorised as operational risks.

The Company is committed to effectively managing operational risks to maintain a stable, safe and secure operating environment. A framework of controls is in place to identify, monitor and mitigate operational risks and management takes timely and appropriate action to address issues as the arise.

Examples of operational risks that are actively managed include:

- Systems availability and performance
- Employee training and turnover
- Business continuity
- Cyber security
- Information security
- Outsourcing
- Fraud
- Financial crime

The Company maintains an inventory which documents identified operational risks and the associated internal controls. In addition, the Company has implemented a risk assessment framework to assess key operational risks with designated business owners. Control testing is performed regularly throughout the year to assess the design and effectiveness of internal controls, and the results are reported to the Board and relevant governance committees.

The Company's exposure to operational risk, calculated as an add-on to the SCR under the Standard Formula, is €4m as at 31 December 2025.

Risk Concentration

Operational risks arise across a broad range of functions and processes and as a result, the Company does not have any material concentrations of operational risk or dependency on any single operational area of the business.

Risk Mitigation

The Company mitigates operational risk through a combination of governance structures, internal controls, monitoring processes and oversight activities. Key mitigation measures include risk assessment, controls and outsourcing oversight arrangements.

While reinsurance does not transfer operational risk, certain operational events can contribute to unfavourable underwriting outcomes. To the extent that such events manifest as underwriting losses, their financial impact is reduced by the Company's stop-loss reinsurance arrangement.

C.6 OTHER MATERIAL RISKS

In addition to the risks outlined in the previous sections, the Company has identified several other top risks, as set out below. These risks are considered material from a strategic and operational perspective. They are assessed and overseen through the Company's risk management framework and are monitored by the Company's Risk and Compliance Committee.

- **Climate Change**

  This is the risk of financial or operational impacts due to climate-related hazards and changing environmental conditions. Given the uncertainty around the long-term effects of climate change, it is not possible to consider all potential future outcomes. The Company's current assessment is that any reasonable impact of climate change would not materially affect the Company's solvency position. Climate-related risks continue to be monitored by the Company's Risk and Compliance Committee.

- **Information Security**

  This is the risk of loss of confidentiality, integrity, or availability of information due to internal or external cyber threats. Such threats have the potential to cause operational disruption, financial loss or harm to members and represent a key risk to the operational resilience of the Company.

- **Geopolitical**

  This is the risk to the business plan from redeployment of US military personnel based overseas, creating operational and compliance challenges or political uncertainties affecting markets and operations. The Company's insurance offering is directly linked to the presence of US military personnel and their families in European locations. A material reduction in personnel stationed in Europe, due to political decisions or changes in the US Department of Defense budget, would therefore result in a decline in the Company's current and potential member base and could impact its ability to achieve its strategic objectives.

- **Privacy**

  This is the risk of non-compliance or perceived non-compliance with laws, regulations and policies relating to the collection, use and disclosure of personal or sensitive information. Non-compliance could result in regulatory, financial or reputational consequences.

- **Technology, Compliance and Regulation**

  This is the risk of financial, regulatory or reputational harm arising from non-compliance or misinterpretation of legal or regulatory requirements related to technology, telecommunications, e-commerce and business resilience. This includes emerging regulatory requirements such as the EU Artificial Intelligence Act.

The top risks listed above are assessed as part of the Own Risks and Solvency Assessment (ORSA). Further details are provided in Section C.7.

There have not been any material changes to the other material risks the Company is exposed to during 2025.

C.7 ANY OTHER INFORMATION

Stress and scenario testing

Scenario analysis is a key component of the Company's risk management framework and informs governance processes, capital planning and strategic decision-making. At least annually, and typically as part of the Own Risk and Solvency Assessment (ORSA), the Company performs a comprehensive suite of stress and scenario tests designed to assess the resilience of its capital position. These scenarios are developed with input from the Board and reflect a range of key top and emerging risks for the Company.

In 2025, the Company's stress and scenario testing assessed the potential impact of adverse but plausible events including climate change, cyber risk, digitisation and geopolitical instability. The financial impact of each scenario was quantified using assumptions defined by subject matter experts within the business. The results were reported in the 2025 ORSA, which was approved by the Board and subsequently submitted to the Commissariat Aux Assurances ("CAA") and the Prudential Regulation Authority ("PRA").

Across all stress tests and scenarios assessed in 2025, the Company's projected solvency position remained well above Solvency II capital requirements, demonstrating the Company's capital strength and resilience. In addition, the Company maintains a capital buffer in excess of Solvency II requirements in line with its Risk Appetite, providing further protection against unexpected deteriorations in solvency coverage.

Should an extreme scenario materialize, the Company has a suite of capital management actions available to restore capital and maintain compliance with regulatory requirements. The results indicated that the Company is well-capitalised and that the combination of the capital buffer and the available management actions supports the Company's ability to withstand adverse but plausible events and reduces the risk capital falling below Solvency II requirements.

Sensitivity analysis

Sensitivity analysis assesses how changes to key assumptions affect the Company's solvency position by applying a shock to a single factor of the balance sheet. These tests provide insight into how sensitive the Company is to movements in key market and underwriting assumptions.

The Company performed several sensitivities by applying shocks to the year-end balance sheet and the results of these tests are summarised below:

Sensitivity of Own Funds to change in Interest rate	Impact to Own Funds	
	%	€000s
2025 ±1 1% Interest rate	0.21%	(339)
2024 ±1 1% Interest rate	0.19%	(307)

Sensitivity of Solvency coverage to change in USD/EUR fx rate	Solvency coverage	
	YE 2025	impact of FX
2025 ±1 10% FX rate USD/EUR	221%	203%
2024 ±1 10% FX rate USD/EUR	225%	215%

D. VALUATION FOR SOLVENCY PURPOSES

The Solvency II Regulation (EU) 2015/35 ('the Solvency II Regulation') together with Guidelines issued by EIOPA requires companies falling under the scope of Solvency II to recognise and value their assets and liabilities generally in accordance with the fair value principles of International Financial Reporting Standards ('IFRS') subject to specific recognition and valuation rules for particular assets and liabilities, notably technical provisions. This Section D sets out the bases, methods and assumptions for assets and liabilities for the purposes of Solvency II.

The analysis in this section also explains material differences in valuation or classification between the Solvency II balance sheet and the Company's statutory financial statements. The Company prepares its financial statements in accordance with Lux GAAP. This accounting framework is generally consistent with IFRS in recognition and valuation criteria.

Solvency II Balance Sheet as at 31 December 2025 in €'000	Notes	LUX GAAP	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II
Assets					
Deferred tax assets	1	-	-	-	-
Pension benefit surplus	8	-	-	9,878	9,878
Property, plant & equipment held for own use	2	396	-	-	396
Investments	3	**201,647**	**2,640**	**1,632**	**205,919**
Government Bonds		33,798	146	104	34,048
Corporate Bonds		167,849	2,494	1,528	171,871
Collateralised securities		-	-	-	-
Deposits other than cash equivalents		-	-	-	-
Reinsurance recoverable from:		**30,428**	**-**	**(11,845)**	**18,583**
Non-life excluding health	D.2	30,428	-	(11,845)	18,583
Salvages and Subrogation		3,649	(3,649)	-	-
Insurance Intermediaries receivables	4	62,421	770	(57,504)	5,687
Receivables (trade, not insurance)	5	-	1,602	-	1,602
Cash and cash equivalents	6	38,842	-	-	38,842
Any other assets, not elsewhere shown	7	5,328	(2,640)	-	2,688
Total assets		**342,711**	**(1,277)**	**(57,839)**	**283,595**
Liabilities					
Technical Provisions					
Non-Life excluding health	D.2	181,037	(3,649)	(68,844)	108,544
Liabilities other than Technical Provisions					
Deferred tax liabilities	1	-	-	1,436	1,436
Insurance & Intermediaries payables	10	484	2,372	(2,856)	-
Payables (trade, not insurance)	11	7,118	-	2,373	9,491
Any other liabilities, not shown elsewhere	12	6,433	-	-	6,433
Total Liabilities		**195,072**	**(1,277)**	**(67,891)**	**125,904**
Excess of Assets over Liabilities		**147,639**	**-**	**10,052**	**157,691**

Solvency II Balance Sheet as at 31 December 2024 in €'000	Notes	LUX GAAP	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II
Assets					
Deferred tax assets	1	-	-	-	-
Pension benefit surplus	8	-	-	7,874	7,874
Property, plant & equipment held for own use	2	80	-	-	80
Investments	3	**190,842**	**2,709**	**2,525**	**196,076**
Government Bonds		40,077	433	513	41,023
Corporate Bonds		150,765	2,276	2,012	155,053
Collateralised securities		-	-	-	-
Deposits other than cash equivalents		-	-	-	-
Reinsurance recoverable from:		**32,440**	-	**(12,266)**	**20,174**
Non-life excluding health	D.2	32,440	-	(12,266)	20,174
Salvages and Subrogation		4,114	(4,114)	-	-
Insurance Intermediaries receivables	4	78,348	1,522	(70,921)	8,949
Receivables (trade, not insurance)	5	545	-	-	545
Cash and cash equivalents	6	30,067	-	-	30,067
Any other assets, not elsewhere shown	7	5,024	(2,709)	-	2,315
Total assets		**341,460**	**(2,592)**	**(72,788)**	**266,080**
Liabilities					
Technical Provisions					
Non-Life excluding health	D.2	184,627	(4,114)	(92,492)	88,021
Liabilities other than Technical Provisions					
Deferred tax liabilities	1	-	-	5,042	5,042
Insurance & Intermediaries payables	10	2,099	1,522	(2,790)	831
Payables (trade, not insurance)	11	8,880	-	2,277	11,157
Any other liabilities, not shown elsewhere	12	1,784	-	-	1,784
Total Liabilities		**197,390**	**(2,592)**	**(87,963)**	**106,835**
Excess of Assets over Liabilities		**144,070**	-	**15,175**	**159,245**

The statutory accounting balance sheet forms the basis for the Solvency II balance sheet, with reclassifications and valuation adjustments made to assets and liabilities requiring a different recognition or valuation basis under Solvency II. Details of the valuation and recognition of Lux GAAP assets and liabilities can be found in the Company's Financial Statements, Note 4 on Significant Accounting Policies. Additional notes have been included in sections D.1 D.2 and D.3 below for reclassification and Solvency II adjustments made to the Solvency II balance sheet.

D.1 ASSETS

Note 1: Deferred Tax Asset

The deferred tax asset or liability is calculated based on the temporary difference between Solvency II values and the tax values.

Deferred tax represents the amounts of corporation taxes recoverable in future periods in respect of deductible temporary differences. Deferred taxes in respect of deductible temporary differences are valued based on the difference between:

- The values of assets and liabilities recognised and valued in accordance with Solvency II.
- The values of assets and liabilities recognised and valued for tax purposes.

Deferred tax has been calculated using the future Irish corporation tax rate of 12.5%.

The deferred tax liability of €1,436 is largely the valuation differences on Solvency II Non-life technical provisions.

Note 2: Plant & Equipment

Plant and equipment are depreciated at their residual values over their useful lives. Depreciation is calculated on a straight-line basis to reduce the carrying value to the residual amount over the following years:

- Motor Vehicles 3 Years
- Computer Equipment 2 Years

Annual reviews are conducted to ensure residual values, length of useful lives and depreciation methods are still applicable. Where the carrying value of an asset is greater than its estimated recoverable amount it would be written down immediately to its recoverable value.

Plant and equipment have not been revalued to a Solvency II market consistent value as the value of these assets is not deemed to be material.

Note 3: Investments

The Company outsources the management of its investment portfolio to Western Asset Management.

The Company accounts for investment income on an amortised cost basis in its Financial Statements in line with Lux GAAP. The amortised cost of debt securities and other fixed-income securities is evaluated periodically and where a reduction in value is considered permanent in nature an adjustment will be made so that the valuation is at the lower value to be attributed to them at the balance sheet date. These value adjustments may not be carried when the reasons for which they were made cease to apply.

Under Solvency II these investments have been presented at fair value.

- Level 1 represents quoted securities either on an exchange or over the counter using prices published by a recognised pricing source, or, if such prices are not available, using other reputable sources acceptable to the Company.
- Level 2 represents unquoted securities valued by the Company asset managers, Western Asset Management, based on the average of third-party bid and offer prices.
- Level 3 represents securities where observable inputs are not available, unobservable inputs are used to measure fair value by use of valuation techniques. The objective of using valuation techniques is to estimate what the fair value would have been on the measurement date.

Accrued interest has been reclassified from any other assets under Lux GAAP to the value of underlying investments under Solvency II.

The valuation methods are considered to be consistent with the valuation approach set out in Article 75 of Directive 2009/138/EC.

Note 4: Insurance & Intermediaries Receivables

Under Lux GAAP Insurance and intermediaries' receivables include both amounts owed by policyholders that are past due and amounts owed by the parent company. Under Solvency II the amounts owed by policyholders that are not past due are future cash flows and have been considered in the calculation of premium provisions within technical provisions. Details on the methodology for calculating technical provisions are covered in section D.2.

The amount remaining in insurance and intermediaries' receivables under Solvency II relates to the inter-company balance due from the parent company for premiums collected from policyholders on behalf of the Company. The inter-company balance due is a short-term receivable and has been valued at the amount due to be paid by the parent company in the month following collection of the premiums.

Note 5: Receivables (Trade, not Insurance)

The receivables (trade, not insurance balances) relate largely to service fees owed for claims management services provided to a sister company, which are due within 1 year. The carrying values are deemed to be equivalent to fair values under Solvency II.

Note 6: Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash deposits with financial institutions that are highly liquid assets and can be withdrawn without penalty. Cash and cash equivalents are considered to be held at their fair value under Solvency II.

Note 7: Other Assets

The amount shown in other assets, not elsewhere under Lux GAAP relates to accrued interest, which has been reclassified to investments for Solvency II valuation purposes.

Note 8: Pension Benefit Surplus

The Company operates a defined benefit Schemes for its employees in Germany. The German Scheme is closed to new entrants.

The assets of the Schemes are held separately from those of the Company and are invested with external investment managers, to meet long term pension liabilities of past and present members. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and are discounted at the current rate of return of a high-quality corporate bond of equivalent term and currency to the liabilities.

The net pension benefit surplus reported in the Solvency II balance sheet are based on an International Accounting Standards, IAS19 valuation carried out by an independent actuary. Accordingly, this asset is reclassified from income statement as it is not recognised as an asset under Lux GAAP due to prudential reversal of pension surplus provisions. At 31 December 2025, the IAS 19 actuarial valuation reported a pension benefit surplus of €9,878k.

There have not been any changes to the recognition and valuation basis for any of the assets disclosed in section D.1.

D.2 TECHNICAL PROVISIONS

Valuation of Technical Provisions for solvency purposes

The Company's technical provisions are comprised of Motor Vehicle Liability, Other Motor, Fire and Other Property, and General Liability business. All assumptions are applied in a consistent manner for each line of business although the underlying values may differ by line.

Technical Provisions for EU DAC (including the UK Branch) as of 31 December 2025 are shown below

Non-Life Technical Provisions	Gross Best Estimate €'000	Risk Margin €'000	SII Value €'000	Reinsurance Recoverable €'000	Net Technical Provisions €'000
Motor Vehicle Liability	100,862	5,096	105,958	(19,411)	86,547
Other Motor	1,508	338	1,846	687	2,533
Fire & Other Property	401	76	477	100	577
General Liability	202	61	263	40	303
Total	102,973	5,571	108,544	(18,584)	89,860

Technical Provisions for the UK Branch as of 31 December 2025 are shown below (in GBP)

Non-Life Technical Provisions	Gross Best Estimate £'000	Risk Margin £'000	SII Value £'000	Reinsurance Recoverable £'000	Net Technical Provisions £'000
Motor Vehicle Liability	36,237	1,176	37,413	(17,744)	19,669
Other Motor	(164)	38	(126)	83	(43)
Fire & Other Property	(116)	12	(104)	18	(86)
General Liability	(60)	6	(54)	6	(48)
Total	35,897	1,232	37,129	(17,637)	19,492

Valuation Basis, Methods, and Main Assumptions

The technical provisions are defined as the probability-weighted average of future cash flows, discounted to consider the time value of money considering all possible future scenarios. The cash flow projections used in the calculation of the best estimate takes account of all the cash in-flows and out-flows required to settle the insurance and reinsurance obligations over their lifetime.

Technical provisions are grouped into the following key components:

- Claims provision: best estimates of the provision that relates to the earned exposure.
- Premium provision: best estimate of the provision that relates to the unearned exposure (i.e., driven by unearned premium and policies which are bound but not yet incepted (BBNI) at the valuation date).
- Risk margin: Additional provision to bring the best estimates to the level required to transfer the obligations to a third-party undertaking.

Overall, the assumptions underlying the technical provision calculations have remained consistent since the prior reporting period. However, there were material changes in the following premium provision assumptions:

- Loss ratios – Although the aggregate loss ratios remained fairly flat, there were material changes by region in order to better reflect recent loss experience.

The valuation basis for the Company did not change materially since the prior reporting period.

Claims Provision

Statutory loss and expense reserves (including a prudence margin) are used as the starting point to estimate the claims provision before the following adjustments are applied:

- Removal of prudence margin.
- Events Not in Data (ENID).
- Discounting credit.

Gross statutory reserves are calculated using a deterministic analysis based on a combination of the Chain Ladder and Cape Cod methods. Expert judgment is used to select ultimate losses and development factors for each accident year. Outstanding reinsurance recoverables are valued on a case-by-case basis by the appropriate claims' management team.

Premium Provision

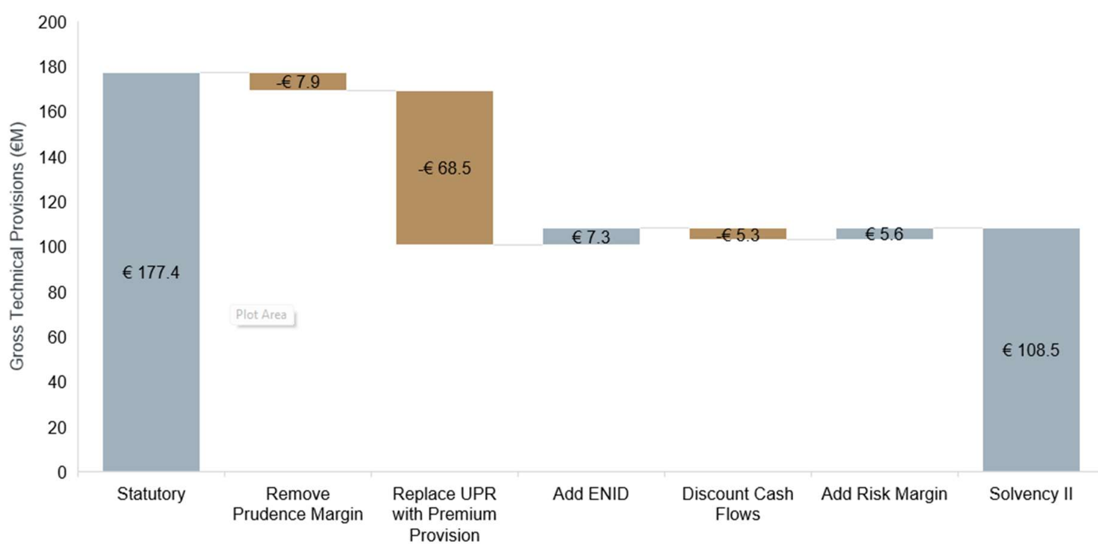
The unearned premium reserve is used as the starting point to estimate the premium provision before the following adjustments are applied:

- Application of loss ratios to reduce the unearned premium reserve for claims liability.
- BBNI business.
- Expenses.
- ENID.
- Discounting credit.
- Future premium.

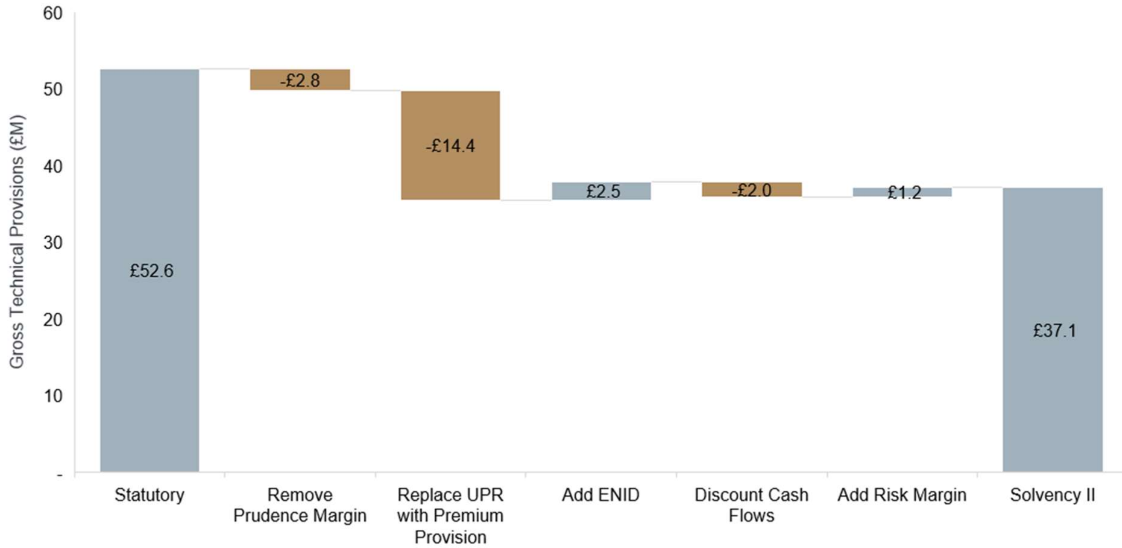
Solvency II Adjustments

The charts below show the difference between the valuation used for Solvency II purposes and that used for statutory financial statements.

USAA EU DAC including the UK Branch (Millions of EUR)



USAA EU DAC UK Branch (Millions of GBP)



Reconciliation of differences between the valuation used for Solvency II purposes and that used for statutory financial statements by Line of Business in €'000.

USAA EU DAC including SAUK (€'000)

Lines of Business	Statutory Technical Provisions	Remove Prudence Margin	Replace UPR with Premium Provision	Add ENID	Discount Cash Flows	Risk Margin	Gross SII Technical Provisions
Motor Vehicle Liability	135,175	-7,237	-29,093	7,281	-5,265	5,095	105,956
Other Motor	33,819	-416	-31,925	0	31	338	1,847
Fire & Other Property	5,689	-142	-5,127	0	-18	76	478
General Liability	2,705	-116	-2,374	0	-13	61	263
Total	177,388	-7,912	-68,519	7,281	-5,265	5,570	108,544

UK Branch only in (£'000)

Lines of Business	Statutory Technical Provisions	Remove Prudence Margin	Replace UPR with Premium Provision	Add ENID	Discount Cash Flows	Risk Margin	Gross SII Technical Provisions
Motor Vehicle Liability	47,012	-2,686	-8,606	2,519	-2002	1,176	37,412
Other Motor	4,237	-42	-4,330	0	-29	38	-126
Fire & Other Property	996	-23	-1082	0	-7	12	-103
General Liability	362	-11	-410	0	-2	6	-54
Total	52,608	-2,762	-14,428	2,519	-2041	1,232	37,128

The details of Solvency II adjustments that are applied to statutory reserves to obtain best estimates of technical provisions are as follows:

a) Removal of Prudence Margin

Due to the Company's moderately conservative reserving philosophy, a prudence margin is embedded in the statutory loss and expense reserves. To obtain best estimates, the prudence margins must be removed. To determine the prudence margins, a mean reserve is first calculated based on paid and reported reserving methodologies. Once the mean reserves are calculated, the booked reserves are divided by the mean reserves to determine the prudence margins. These margins are then applied to the statutory reserves to obtain best estimates.

b) Claims Cash Flows of Unearned Business

Selected loss ratios are used to calculate the expected losses from unearned business in the premium provision. They are then compared to next year's calendar year plan loss ratio. Since next year's plan includes future rate changes and loss ratio trend assumptions, it provides a reference to which we can compare the selected ratios.

c) Bound but Not Incepted Business (BBNI)

BBNI premium income relates to policies which the Company is legally required to write but which have not yet been incepted as of the valuation date. BBNI stems from either renewal packets being sent prior to the renewal effective date or new business being bound early. The BBNI is estimated using the renewal business in the in-force snapshot as of the valuation date. This assumes that no business will cancel between the renewal packet being sent out and the effective date but does not capture any new business during that time. Due to the stable nature of the business and the relatively minor impact this has on the final number, we felt that this was reasonable. The BBNI calculations differ by country depending on the renewal cycle in place.

d) Expenses

Expenses are grouped into the following four categories: administrative expenses, investment management expenses, overhead expenses, claims management expenses. Since we book loss adjustment expense reserves, claims management expenses are included in the statutory reserves that serve as the starting point for the calculation of the claims provision. All expense categories are included in the calculation of the premium provision by applying expense ratios to unearned premium. For the premium provision, the expense ratios are selected based on next year's financial plan.

e) Events Not in Data (ENID)

ENID adjustments are designed to capture potential future claims that do not exist in the historical data used for the statutory reserve's calculation. These claims are typically caused by low-frequency, high-severity man-made hazards. Historical events which are contained within the Company's historical loss experience are also considered to ascertain whether further scenarios or loadings need to be applied.

f) Discounting Credit

Claims and premium provisions are converted to future cash flows by applying payment patterns to determine how much of the provisions will be paid out in each of the future calendar years. Expertise is provided by the appropriate claims management team when determining the expected settlement of each individual recoverable.

The risk-free yield curves (with no volatility adjustment) provided by EIOPA are used to discount future cash flows of premium and claims provisions to the valuation date to take account of the time value of money. The cash flows are discounted mid-year, which assumes that the average claim is paid mid-year.

g) Future Premium

The Solvency II regime allows liability cash flows to be offset by premium receivables cash flows. Similarly, reinsurance payables (such as future reinsurance payments) also need to be considered.

Premium receivables are higher than reinsurance payables and thus, result in a reduction of the premium provision.

For the reinsurance provision, ceded reinsurance ratios (as a percentage of gross losses) are used in the calculation.

h) Reinsurance Recoveries (Less Bad Debt)

The reinsurance recoveries are calculated separately for the claims provision and premium provision.

As mentioned above, the Company has an extremely low volume of outstanding reinsurance recoveries. Thus, each outstanding claim subject to reinsurance is considered on a case-by-case basis. The appropriate claims management team is consulted when determining the expected settlement of each reinsurance claim. The recoverables are then discounted based on the expected settlement date. Due to the superior ratings of the reinsurers subject to the Company's reinsurance treaties, no adjustment for bad debt is included due to immateriality.

For the premium provision, ceded reinsurance ratios (as a percentage of gross losses) are developed based on historical data.

Risk Margin

Methodology 2, prescribed by EIOPA (i.e., to approximate the SCR for each future year by using the ratio of the best estimate at that future year to the best estimate at the valuation date), is used to project the future Solvency Capital Requirement (SCR) relating to current obligations. The initial adjusted SCR is determined by running the standard formula including the interest rate risk module. Subsequent adjusted SCRs are assumed to increase or decrease in proportion to the change in future net best estimates. We believe that a proportional methodology is appropriate for the Company due to the limited risk profile of our business as a personal lines insurer. The discounted SCRs are determined by multiplying the individual SCRs by the corresponding GBP present value factor.

The final risk margin is determined by multiplying the promulgated 6% cost of capital by the sum of the discounted SCRs.

Level of Uncertainty

The level of uncertainty inherent in the Company's business is affected by many factors. Future claims experience is in part dependent on the external environment, which is subject to uncertainty, including that related to legislative, social, and economic change (in particular, exchange rate impact). The impact of uncertain external factors is considered during each technical provision estimation.

There are several risk factors that the Company faces, including,

- **Large losses** - The potential for large liability losses due to high limits, or in some jurisdictions, unlimited liability, or property losses at military bases or in concentrated port areas where policyholder goods are being shipped, creates volatility in profitability. The Company appropriately plans for these potential losses in its planning process, and generally sees reserve reductions if large losses are not realised. This risk is mitigated by both stop loss and excess of loss reinsurance.

- **Exchange rate** - Premiums are collected in US Dollars. Losses are generally paid in local currency, primarily, Euros. This risk is mitigated by stop-loss reinsurance.

- **Unanticipated frequency or severity trends** – The Company's planning process effectively plans for both claim frequency and severity trends. It uses historical data as well as known or anticipated information about loss costs to estimate prospective losses and then use the prospective losses to price accordingly. To the extent that claims frequency or severity trends emerge at an unanticipated level, pricing plans can be adjusted. Additionally, this risk is mitigated through reinsurance.

- **Military Drawdown** – The Company's principal clientele are members of the United States military and their families stationed in Europe. Hence, the book is subject to the risk of a military drawdown, which could make the book too small to be sustainable. USAA S.A. monitors the plans of the US military in Europe and can act accordingly if the book became unsustainable.

- **Legal Risk** - The insurance business is subject to the vagaries of the legal system. Lawsuits, whether justified or not, regarding damages or contract terms, are rampant in many jurisdictions that the parent, USAA, does business in. The Company's legal risk is deemed to be lower than that of the parent, as the litigiousness and case law in the jurisdiction that USAA S.A. operates is lower than that of the parent. However, because of high limits or in some jurisdictions, unlimited liability, the Company continuously monitors this risk. This risk is mitigated by both stop loss and excess of loss reinsurance.

- **Social Expectations and Behaviour** - The risk that social expectations and behaviour around insurance changes is a risk that all companies involved in insurance face. The Company is not an exception. Increased claims filing at levels not anticipated impact the volatility around the level of expected profitability. In the near term this is mitigated by stop-loss reinsurance. In the longer term it is mitigated by pricing actions.

  Another factor than creates uncertainty in the technical provisions and profits is adverse selection. Adverse selection occurs when the likelihood of loss is correlated with the demand for insurance. That is, people who are more likely to have a loss are more likely to purchase insurance. If an insurer raises prices across the board to adjust for increasing losses, the risks less likely to have a loss can get lower prices elsewhere and leave the book, leaving the high risks in the book, which is now again under-priced. This creates a spiral of price increases driving better risks away from the business leading to losses greater than anticipated.

  The means to avoid adverse selection is the ability to accurately charge each risk an appropriate premium based on its characteristics. Clearly understanding risk characteristics and having the ability to price accordingly is paramount in avoiding adverse selection. The Company employs sufficient risk classification to appropriately price individual risks, thus the potential for adverse selection is minimal.

  Reinsurance stabilizes the volatility of the Company's profitability in several ways. Excess of loss reinsurance is purchased to protect against the rare large liability losses. This is more for capital protection than limiting the volatility around expected profitability. The stop loss agreement between the Company and its ultimate parent guarantees a combined ratio not greater than 100% plus its retention of €1m up to a limit of €25m, thus in most cases subjecting the Company to an underwriting loss of €1m.

- **Inflation** – The Company does not have an explicit IBNR provision for inflation. We responded to inflationary pressure throughout CY2022 by increasing our ultimate losses, particularly in the Auto Material Damage (MTD) coverages (Collision, Comprehensive, Property Damage) that were most affected by the increasing trends. We continue to monitor inflation, and should there be further inflation pressure, we will reflect them in our quarterly reviews.

Transitional measures on technical provisions

The Company has not used any of the transitional measures with regards to transitional measures on technical provisions, transitional measures on risk-free interest rates, matching adjustments, or volatility adjustments.

Assumptions about future management actions

We do not explicitly take into consideration future management decisions (pricing, operational changes, reserve practices, reinsurance programs) and/or future profit-sharing decisions. Our technical provisions are a snapshot at a point in time.

Assumptions about policyholder behaviour

We do not take into account the behaviour of policyholders, with the exception of loss ratios expected to occur on unearned premium amounts. These loss ratios are selected on the basis of historical averages and are not forecast based on any socio-economic indicators.

Contract boundaries

The Auto and Property lines of business are both written as 1-year policies. For business incepted at valuation date, our procedure accounts for policies in-force as of the valuation date as Premium Receivable and Unearned Premium Reserves. For business not incepted at valuation date, the Written But Not Incepted (WBNI) premium is also included. Written But Not Incepted (WBNI) Premium represents the premium associated with exposures that the company has committed to (or bound), but that have not yet become effective. The WBNI premiums are included in the technical provisions to comply with Article 17, which reads in part that "insurance and reinsurance undertakings shall recognize an insurance or reinsurance obligation at the date the undertaking becomes a party to the contract that gives rise to the obligation or the date the insurance or reinsurance cover begins, whichever date occurs earlier." The WBNI premium is thus considered to be initially recognized when the renewal packages are sent.

Material changes during the reporting period

The valuation basis for the Company did not change materially since the prior reporting period.

Significant data deficiencies and adjustments

There are no known data deficiencies or adjustments at this time.

D.3 OTHER LIABILITIES

Note 10: Insurance & Intermediaries Payables

Under Lux GAAP insurance & intermediaries' payables include amounts due to policyholders, which are not yet due. Under Solvency II these have been included in the calculation of technical provisions. Other payables included represents the intercompany balance payable for services rendered under service agreements.

Note 11: Payables (Trade, not Insurance)

Payables (trade, not insurance) include amounts owed to the parent company and ultimate parent company, employees, suppliers and tax authorities that are not insurance related. Payables solely comprise of amounts which fall due within 12 months and are valued at the amounts expected to be paid by the Company.

Note 12: Other Liabilities, Not Shown Elsewhere

Other Liabilities, not shown elsewhere relates to accruals for expenses recognised in the reporting period that have not been paid at the end of the reporting period. Accruals have been based on amounts expected to be paid in the subsequent period and are deemed to be valued in accordance with Solvency II.

There have not been any changes during the reporting period to the recognition and valuation basis for any of the liabilities disclosed in section D.3.

D.4 ALTERNATIVE METHODS FOR VALUATION

The Company has not used any alternative valuation methods.

There is nothing further to report regarding the information on the valuation of the Company's assets and liabilities for solvency purposes.

E. CAPITAL MANAGEMENT

E.1 OWN FUNDS

The objective of own funds management is to continuously maintain sufficient eligible own funds to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) with an appropriate buffer. The Company has established Board approved risk appetite and triggers around its SCR coverage and minimum amount of excess available capital.

Own funds classified by tiers €'000	December 31 2025	2024
Tier 1	157,691	155,245
Tier 2	-	-
Tier 3	-	-
Total Own Funds	157,691	155,245

Tier 1 consists of ordinary share capital, share premium and a reconciliation reserve detailed below.

Tier 3 previously consisted of an amount equal to the value of net deferred tax assets, the regulatory guidance has been amended to state that if the deferred tax liabilities are higher than the deferred tax assets, then the net deferred tax assets classified to Tier 3 should be equal to zero.

Approach to Capital Management

The Company includes capital management in its planning and forecasting process. Solvency II balance sheets and own funds are projected over a three-year time horizon to anticipate future capital requirements.

The Finance function monitors the Company's solvency position and capital availability through capital assessments and the use of Board approved risk metrics. Information on the Company's capital position is provided to the Board, SIMG and Risk and Compliance Committee on a regular basis. In addition, the Finance Team works alongside Risk to conduct stress and scenario testing and assess its impact on the capital position of the Company.

Tier 1 Basic Own Funds

Under Solvency II regulation, capital is referred to as own funds, which is required to be split between Basic Own funds and Ancillary Own Funds. The Company does not hold any Ancillary Own Funds; therefore, the capital is all classified as Basic Own Funds Tier 1 as shown in the table below:

Own Funds Tier 1 – €'000	December 31 2025	2024
Tier1		
Ordinary Share Capital	80,030	80,030
Share Premium	19	19
Reconciliation Reserve	77,642	75,196
Tier 3		
An amount equal to the value of Net Deferred Tax Assets	-	-
Total Own Funds	**157,691**	**155,245**

All the Company's Tier 1 Own Funds are eligible to cover the SCR and MCR. The ordinary share capital and related share premium are classified as Tier 1 unrestricted capital since the Company's Articles of Association permit the cancellation of dividends after they have been declared.

The reconciliation reserve is calculated as follows:

Reconciliation Reserve €'000	December 31 2025	December 31 2024
Excess of assets over liabilities from SII Balance Sheet	157,691	159,245
Foreseeable dividends		(4,000)
Ordinary Share Capital	(80,030)	(80,030)
Share Premium	(19)	(19)
An amount equal to the value of Net Deferred Tax Assets	-	-
Reconciliation Reserve	**77,642**	**75,196**

December 31	2025 €'000	2024 €'000
Total comprehensive income for the year	7,928	24,485
Legal Reserve	3,200	1,976
Revaluation Reserve	(359)	355
Retained Earnings B/F	56,821	37,205
Total Equity as per Financial Statements (Lux GAAP)	**67,590**	**64,021**
Fair Value adjustment - Investments	1,632	2,525
Fair Value adjustment - Prudential adjustment on pension surplus	9,878	7,874
Total Equity as per Financial Statements (Fair Value)	**79,100**	**74,420**
Adjustments for Solvency II:		
Difference in Technical Provisions Net of Reinsurance	(22)	9,818
Difference in valuation of Deferred Tax Asset	(1,436)	(5,042)
Foreseeable dividends	-	(4,000)
Reconciliation Reserve	**77,642**	**75,196**

The reconciliation reserve has a potential volatility to currency risk from exchange rate movements. Premiums are collected in US Dollars and losses are generally paid in local currency, Euros. The Company also holds assets and liabilities in Euros and US Dollars. Sharp, short-term fluctuations can significantly impact the profitability of the Company. This risk is mitigated by the stop-loss agreement between the Company and its ultimate parent, which limits the underwriting loss of the Company to €1m up to an excess of €25m in each financial year.

Difference between Equity as Shown in the Financial Statements and the Solvency II Excess of Assets over Liabilities

December 31	2025 €'000	2024 €'000
Net assets under Luxembourg GAAP	**147,639**	**144,070**
Fair Value adjustment – Investments	1,632	2,525
Fair Value adjustment - Prudential adjustment on pension surplus	9,878	7,874
Net assets per Financial Statements (Fair Value)	**159,149**	**154,469**
Valuation differences on technical provisions under Solvency II	(22)	9,818
Valuation differences on deferred tax asset	(1,436)	(5,042)
Foreseeable dividends	-	(4,000)
Excess of assets over liabilities under Solvency II	**157,691**	**155,245**

Material Changes during the reporting period

Own funds did not change materially during the period, other than the comprehensive income for the year.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

SOLVENCY CAPITAL REQUIREMENT (SCR)

The Company uses the standard formula to calculate its SCR and MCR. The standard formula is intended to be calibrated to ensure all quantifiable risks that the Company is exposed to are captured, covering all existing business and business to be written over the next 12 months.

The standard formula calculation is based on a calibration of the risk modules using a value-at-risk measure with a 99.5% confidence level over a one-year period. This provides a level of confidence that the Company will still be in a position, with a probability of at least 99.5% to meet its obligations to policyholders and other beneficiaries.

The Company has not used simplified calculations in applying the standard formula or applied the use of using specific parameters in the non-life underwriting risk calculations. The Company is not subject to any capital add-ons prescribed by the regulator.

The total SCR as of 31 December 2025 was €70,957k. This is an increase of €1,967 over the previous reporting period.

December 31	2025 €'000	2024 €'000	Movement €'000
Non-life underwriting risk	**44,247**	**36,479**	**7,768**
Premium and reserve risk	32,994	30,431	2,563
Catastrophe risk	12,116	13,525	(1,409)
Lapse risk	1,645	4,004	(2,359)
Diversification benefit	(8,834)	(11,481)	2,647
Allocation of RFF	6,326	-	6,326
Market risk	**39,639**	**44,467**	**(4,828)**
Interest rate risk	11,104	9,944	1,160
Equity risk	-	5,394	(5,394)
Spread risk	11,210	12,702	(1,492)
Currency risk	25,020	33,416	(8,396)
Diversification benefit	(13,362)	(16,989)	3,627
Allocation of RFF	5,667	-	5,667
Counterparty default risk	**1,858**	**2,093**	**(235)**
Type 1 counterparty risk	1,592	2,093	(501)
Allocation of RFF	266	-	266
Operational risk	**3,663**	**3,826**	**(163)**
Total diversification benefit	(18,450)	(17,875)	(575)
Solvency Capital Requirement	**70,957**	**68,990**	**1,967**

Material Changes during the reporting period

The company's defined benefit pension scheme in Germany is exposed to market and counterparty risks, including equity, currency, interest rate, and spread risks. During the reporting period, these risks have been reclassified as ring-fenced funds (RFF). A notional standalone Solvency Capital Requirement (SCR) of €9 million has been calculated for these RFFs and allocated to the company's risk modules. Previously, these risks were assessed within the relevant Standard Formula modules, with diversification benefits recognized at the overall business level.

This change in risk treatment for the German pension scheme reflects a move towards ring-fencing these specific market and counterparty risks. The introduction of a notional SCR for these RFFs signifies a more granular approach to capital requirement calculation, differing from the prior method of integrating them into broader Standard Formula modules and recognizing diversification at a company-wide level.

SCR Non-Life Underwriting Risk

The Non-life underwriting risk €44,247k (2024: €36,479k) with intra-module diversification of €8,834 is now the largest component of the SCR and is made up of:

- Premium and Reserve risk €32,994k (2024: €30,431k) is mainly driven by earned premiums, forecast premiums, and claims provisions, non-life business (Motor Vehicle Liability, Other Motor, Fire and other Damage to Property and General Liability.
- Catastrophe risk €12,116k (2024: €13,525k) arises from the Company's exposure to man-made catastrophe and natural catastrophe risks.
- Lapse risk €1,645k (2024: €4,004k) covers the risk of insurance policy lapses.
- Allocation of RFF relating to the defined benefit pension €6,326k (2024: €0k).

The Management hold the view that the non-life underwriting risk is overstated as no credit is being taken for the non-proportional stop-loss reinsurance treaty in the standard formula. This is a limitation of the standard formula calculation which does not allow credit for non-proportional reinsurance in premium and reserve risk.

SCR Market Risk

As of 31 December 2025, the exposure for the market risk component of the standard formula was €39,639k (2024: €44,467k). This is driven mainly by risks inherent within the Company's assets and liabilities and pension schemes. The sub-components of market risk over the reporting period are as follows:

- Interest rate risk €11,104k (2024: €9,944k) is driven by changes in assets and liabilities in the Company's technical provisions and the investment portfolio.
- Spread risk €11,210k (2024: €12,702k) is driven by the Company's increased investment in bonds and securitised assets.
- Currency risk €25,020k (2024: €33,416k) is the largest component of market risk arising from the exposure of the Company's assets and liabilities denominated in foreign currencies. The Company collects premiums in US Dollars and pays claims in Euros. This has reduced in the year as previously the Company's pension Scheme assets were included which are spread across a range of currencies.
- Allocation of RFF relating to the defined benefit pension €5,667k (2024: €0k).

SCR Counterparty Risk

The SCR counterparty default risk €1,858k for the reporting period (2024: €2,093k) represents 2% of the total SCR. Exposure to counterparty default risk is well diversified across counterparties and therefore, not deemed to be a material risk to the Company. There have not been any material movements in counterparties during the reporting period.

Loss-absorbing capacity of Deferred Taxes

The Solvency Capital Requirement has prudently not been adjusted for the loss absorbing capacity of deferred taxes.

MINIMUM CAPITAL REQUIREMENT (MCR)

The MCR represents the minimum level of capital below, which the amount of financial resources should not fall. The MCR is intended to be calibrated to achieve an 85% confidence level over a one-year period. It is subject to an absolute floor of a fixed euro amount. In addition to not falling below the absolute floor, the MCR must be no less than 25% of the SCR and no more than 45% of SCR.

The non-life MCR is based on factors applied to net premiums written in the previous 12 months and the net best estimate of technical provisions both split by Solvency II lines of business. The charge for premiums and technical provisions are then combined to give a total MCR charge.

For year end 2025 following the calculations specified in the Delegated Regulation, the calculation of the Company's linear MCR is less than 0.25 times the SCR so the MCR is equal to 0.25 times the SCR.

Material Changes during the reporting period

There is no material increase in the MCR during the period.

ELIGIBLE OWN FUNDS TO COVER CAPITAL REQUIREMENTS

The table below presents the ratio of total eligible own funds that the Company holds to cover the SCR and MCR.

December 31 Eligible Own Funds - €'000	2025 SCR Coverage	2025 MCR Coverage	2024 SCR Coverage	2024 MCR Coverage
Available Eligible Own Funds	157,691	157,691	155,245	155,245
SCR/MCR	(70,957)	(17,739)	(68,990)	(17,247)
Excess Eligible Own Funds	86,734	139,952	86,255	137,998
Ratio of Eligible Own Funds to SCR/MCR	222%	889%	225%	900%

The increase in available own funds, offset by the increase in SCR at the end of 2025 has decreased the ratio of eligible own funds to SCR to 222%. The MCR has decreased to 889%.

Following the PRA reforms for Solvency II brought into effect as of 31 December 2024, Third Country Branches are no longer required to calculate and report the SCR/MCR.

E.3 THE USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The Company is not using the duration-based equity risk sub-module as it is not applicable.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Company only uses the standard formula to calculate its SCR and MCR.

E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

There were no instances of non-compliance with the Solvency II capital requirements. The Company held Own Funds in excess of both the SCR and MCR requirements during the reporting period.

E.6 ANY OTHER INFORMATION

The Company does not have any other information to report.

F. APPENDICES

F.1 PUBLIC QRTs (ALL EXPRESSED IN € THOUSANDS)

S.02.01.02	Balance sheet
S.04.05.21	Premiums, claims and expenses by country
S.05.01.02	Premiums, claims and expenses by line of business
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

USAA EU DAC

Solvency and Financial Condition Report

Disclosures

31 December

2025

(Monetary amounts in EUR thousands)

General information

Undertaking name	USAA EU DAC
Undertaking identification code	222100GIQKRF94HI8657
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31 December 2025
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

S.05.01.02 - Premiums, claims and expenses by line of business

S.17.01.02 - Non-Life Technical Provisions

S.19.01.21 - Non-Life insurance claims

S.23.01.01 - Own Funds

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	9,878
R0060	Property, plant & equipment held for own use	396
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	205,919
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	205,919
R0140	*Government Bonds*	33,944
R0150	*Corporate Bonds*	171,975
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	18,583
R0280	*Non-life and health similar to non-life*	18,583
R0290	*Non-life excluding health*	18,583
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	5,687
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	1,602
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	38,842
R0420	Any other assets, not elsewhere shown	2,687
R0500	**Total assets**	283,595

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	108,544
R0520	*Technical provisions - non-life (excluding health)*	108,544
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	102,973
R0550	*Risk margin*	5,571
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	1,436
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	9,492
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	6,433
R0900	**Total liabilities**	125,904
R1000	**Excess of assets over liabilities**	157,691

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		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	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business				51,031	52,677		8,605	3,281									115,594
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share				10,260	1,219		174	67									11,720
R0200	Net				40,771	51,457		8,431	3,214									103,873
	Premiums earned																	
R0210	Gross - Direct Business				53,272	56,785		8,685	3,362									122,105
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share				10,260	1,219		174	67									11,720
R0300	Net				43,012	55,565		8,512	3,295									110,384
	Claims incurred																	
R0310	Gross - Direct Business				32,579	24,853		3,145	212									60,788
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share				-257													-257
R0400	Net				32,836	24,853		3,145	212									61,045
R0550	**Expenses incurred**				20,264	19,252		2,937	1,015									43,467
R1210	**Balance - other technical expenses/income**																	-696
R1300	**Total technical expenses**																	42,772

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-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	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**				0	0		0	0									0
R0050	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																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross				-892	-3,416		-709	-689									-5,705
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				-8,221	-687		-100	-40									-9,048
R0150	**Net Best Estimate of Premium Provisions**				7,330	-2,728		-609	-649									3,343
	Claims provisions																	
R0160	Gross				101,753	4,924		1,111	890									108,678
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				27,631													27,631
R0250	**Net Best Estimate of Claims Provisions**				74,122	4,924		1,111	890									81,047
R0260	**Total best estimate - gross**				100,861	1,508		401	202									102,973
R0270	**Total best estimate - net**				81,452	2,196		501	241									84,390
R0280	**Risk margin**				5,095	338		76	61									5,571
R0320	**Technical provisions - total**				105,956	1,847		478	263									108,544
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**				19,410	-687		-100	-40									18,583
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**				86,546	2,534		577	303									89,960

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Accident Year

Gross Claims Paid (non-cumulative)
(absolute amount)

	Year	Development year 0 (C0010)	1 (C0020)	2 (C0030)	3 (C0040)	4 (C0050)	5 (C0060)	6 (C0070)	7 (C0080)	8 (C0090)	9 (C0100)	10 & + (C0110)	In Current year (C0170)	Sum of years (cumulative) (C0180)
R0100	Prior											0	0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0	0
R0170	-8	0	0	0	0	0	0	0	0	0			0	0
R0180	-7	0	0	0	0	0	0	3	72				72	75
R0190	-6	12,551	5,498	620	475	246	39	-6					-6	19,423
R0200	-5	21,151	5,223	1,277	191	66	29						29	27,937
R0210	-4	27,685	9,295	726	1,702	-423							-423	38,985
R0220	-3	33,047	17,809	9,021	4,340								4,340	64,217
R0230	-2	38,450	11,459	1,856									1,856	51,764
R0240	-1	34,124	9,288										9,288	43,412
R0250	0	34,581											34,581	34,581
R0260												Total	49,737	280,394

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year 0 (C0200)	1 (C0210)	2 (C0220)	3 (C0230)	4 (C0240)	5 (C0250)	6 (C0260)	7 (C0270)	8 (C0280)	9 (C0290)	10 & + (C0300)	Year end (discounted data) (C0360)
R0100	Prior											0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0
R0170	-8	0	0	0	0	0	0	0	0	0			0
R0180	-7	0	0	0	0	0	0	0	0				0
R0190	-6	11,086	4,854	4,280	3,085	3,851	3,700	3,465					3,267
R0200	-5	15,140	6,847	4,060	3,098	2,982	2,761						2,627
R0210	-4	17,608	8,144	6,254	4,143	3,033							2,879
R0220	-3	74,467	57,573	53,034	55,013								52,941
R0230	-2	26,451	12,161	9,213									8,769
R0240	-1	24,194	11,566										10,964
R0250	0	28,410											27,232
R0260												Total	108,678

S.23.01.01

Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35					
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	80,030	80,030		0	
R0030	Share premium account related to ordinary share capital	19	19		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	77,641	77,641			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	157,691	157,691	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	157,691	157,691	0	0	0
R0510	Total available own funds to meet the MCR	157,691	157,691	0	0	
R0540	Total eligible own funds to meet the SCR	157,691	157,691	0	0	0
R0550	Total eligible own funds to meet the MCR	157,691	157,691	0	0	
R0580	**SCR**	70,957				
R0600	**MCR**	17,739				
R0620	**Ratio of Eligible own funds to SCR**	222.23%				
R0640	**Ratio of Eligible own funds to MCR**	888.94%				

		C0060
	Reconcilliation reserve	
R0700	Excess of assets over liabilities	157,691
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	80,049
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	77,641
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	9,429
R0790	**Total Expected profits included in future premiums (EPIFP)**	9,429

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	39,639		
R0020	Counterparty default risk	1,858		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	44,246		
R0060	Diversification	-18,450		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	67,294		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	3,663
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	70,957
R0210	Capital add-ons already set	0
R0211	*of which, capital add-ons already set - Article 37 (1) Type a*	0
R0212	*of which, capital add-ons already set - Article 37 (1) Type b*	0
R0213	*of which, capital add-ons already set - Article 37 (1) Type c*	0
R0214	*of which, capital add-ons already set - Article 37 (1) Type d*	0
R0220	**Solvency capital requirement**	70,957
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

		Yes/No
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

S.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	15,905

		Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	81,452	40,771
R0060	Other motor insurance and proportional reinsurance	2,196	51,457
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	501	8,431
R0090	General liability insurance and proportional reinsurance	241	3,214
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	15,905
R0310	SCR	70,957
R0320	MCR cap	31,931
R0330	MCR floor	17,739
R0340	Combined MCR	17,739
R0350	Absolute floor of the MCR	4,000
R0400	**Minimum Capital Requirement**	17,739