

# *Financial Condition Report*

2025

Local GAAP format  
(Swiss Code of Obligations and  
FINMA circular 2016/2)



**new/re**

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# Executive summary

As in previous years, NewRe's focus remains on its broadly diversified business model. NewRe is a professional Life & Health and Property & Casualty reinsurance company. Supported by its Capital Partners unit, it is also a leading underwriter of structured reinsurance solutions. Via its Weather & Agro business unit, it is an active provider in the fields of insurance derivatives and parametric trigger covers. The company also specialises in variable annuity reinsurance and capital management solutions for life and health insurance.

NewRe's strategy is to deliver steady growth across all its strategic pillars, increase earnings from all its businesses, and provide its shareholders with a steadily growing dividend. NewRe currently expects to see continued strong development of its life and health reinsurance portfolio.

When it comes to managing its statutory equity, NewRe's capital planning objective is to maintain stable and solid capitalisation. The statutory equity is considered adequate to support the expected development of the business over the coming years. Accordingly, NewRe intends to pay a dividend equal to the profit of the year.

Overall, NewRe generated an outstanding result of EUR 400m, compared to the previous year's profit of EUR 220m.

NewRe's solvency position under the Swiss Solvency Test (SST) is 241%, compared to 213% last year. The increase is mainly attributable to a lower risk capital requirement, driven by a lower market risk capital, primarily due to lower foreign-exchange risk and a reduced asset-liability mismatch.

## A. NewRe business activities

For information on NewRe business activities, Board of Management, Board of Directors, shareholder information, rating, auditor, management report and risk-assessment - addendum to the management report, please refer to the Annual Report.

NewRe does not maintain any branch offices.

## B. Financial performance

### a. Financial statements

For information on NewRe's financial statements and notes to the financial statements, please refer to the Annual Report.

**b. Additional information – “Performance Solo Reinsurance”**

	Total		Personal accident		Health		Motor	
	2024	2025	2024	2025	2024	2025	2024	2025
1 Gross premiums	7'571	7'317	13	0	1	0	1'127	807
2 Reinsurers' share of gross premiums	-976	-870	0	6	-1	0	-4	-3
3 Premiums for own account (1 + 2)	6'595	6'447	13	6	0	0	1'123	804
4 Change in unearned premium reserves	200	224	2	5	0	0	119	97
5 Reinsurers' share of change in unearned premium reserves	-30	-51	0	-3	0	0	0	0
6 Premiums earned for own account (3 + 4 + 5)	6'765	6'620	15	8	0	0	1'242	900
7 Other income from insurance business	336	466	0	0	0	0	30	25
<b>8 Total income from underwriting business (6 + 7)</b>	<b>7'101</b>	<b>7'086</b>	<b>15</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>1'272</b>	<b>926</b>
9 Payments for insurance claims (gross)	-5'422	-5'189	-8	-8	0	-1	-896	-556
10 Reinsurers' share of payments for insurance claims	997	658	4	3	0	1	140	62
11 Change in technical provisions	-337	201	-2	7	0	0	77	-3
12 Reinsurers' share of change in technical provisions	-250	-68	-5	-4	0	0	-138	-77
13 Change in technical provisions for unit-linked life insurance	0	0	0	0	0	0	0	0
<b>14 Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)</b>	<b>-5'012</b>	<b>-4'398</b>	<b>-10</b>	<b>-2</b>	<b>0</b>	<b>0</b>	<b>-817</b>	<b>-573</b>
15 Acquisition and administration expenses	-2'290	-2'722	-5	-2	0	0	-395	-270
16 Reinsurers' share of acquisition and administration expenses	370	346	0	-1	0	0	2	1
17 Acquisition and administration expenses for own account (15 + 16)	-1'920	-2'376	-5	-3	0	0	-392	-268
18 Other underwriting expenses for own account	-78	-40	-1	0	0	0	-43	-22
<b>19 Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)</b>	<b>-7'010</b>	<b>-6'814</b>	<b>-16</b>	<b>-6</b>	<b>0</b>	<b>0</b>	<b>-1'253</b>	<b>-863</b>
20 Investment income	80	195						
21 Investment expenses	-7	-6						
<b>22 Net investment income (20 + 21)</b>	<b>73</b>	<b>189</b>						
23 Capital and interest income from unit-linked life insurance	0	0						
24 Other financial income	172	157						
25 Other financial expenses	-97	-147						
<b>26 Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)</b>	<b>239</b>	<b>472</b>						
27 Interest expenses for interest-bearing liabilities	-22	-14						
28 Other income	1	0						
29 Other expenses	-1	-2						
30 Extraordinary income/expenses	0	0						
<b>31 Profit / loss before taxes (26 + 27 + 28 + 29 + 30)</b>	<b>218</b>	<b>455</b>						
32 Direct taxes	2	-55						
<b>33 Profit / loss (31 + 32)</b>	<b>220</b>	<b>400</b>						

	Marine, aviation, transport		Property		Casualty		Miscellaneous	
	2024	2025	2024	2025	2024	2025	2024	2025
	1	6	0	350	254	107	91	5'967
2	0	0	-65	8	0	0	-906	-880
3	6	0	285	261	107	90	5'061	5'285
4	1	1	18	30	10	12	50	79
5	0	0	-11	-19	0	0	-18	-28
6	7	1	291	272	117	102	5'093	5'336
7	0	0	3	1	2	2	301	438
<b>8 Total income from underwriting business (6 + 7)</b>	<b>7</b>	<b>1</b>	<b>294</b>	<b>273</b>	<b>119</b>	<b>104</b>	<b>5'394</b>	<b>5'775</b>
9	-4	-4	-244	-165	-67	-75	-4'203	-4'381
10	0	0	70	21	37	22	746	549
11	4	4	-41	127	15	-18	-390	83
12	0	0	-28	-10	-36	-13	-44	36
13	0	0	0	0	0	0	0	0
<b>14 Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)</b>	<b>-1</b>	<b>0</b>	<b>-243</b>	<b>-26</b>	<b>-50</b>	<b>-84</b>	<b>-3'891</b>	<b>-3'713</b>
15	-2	-1	-76	-45	-34	-29	-1'778	-2'376
16	0	0	22	3	0	0	346	343
17	-2	-1	-54	-42	-34	-29	-1'432	-2'033
18	0	0	-3	-2	-5	-2	-25	-12
<b>19 Total expenses from underwriting business (14 + 15 + 16 + 17 + 18) (non-life insurance only)</b>	<b>-4</b>	<b>-1</b>	<b>-300</b>	<b>-69</b>	<b>-89</b>	<b>-116</b>	<b>-5'348</b>	<b>-5'758</b>
20								
21								
<b>22 Net investment income (20 + 21)</b>								
23								
24								
25								
<b>26 Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)</b>								
27								
28								
29								
30								
<b>31 Profit / loss before taxes (26 + 27 + 28 + 29 + 30)</b>								
32								
<b>33 Profit / loss (31 + 32)</b>								

### Comments on quantitative template “Performance Solo Reinsurance”

Life reinsurance business represents a significant portion of NewRe’s business portfolio. In the Financial statements, technical accounts are provided separately for Non-life and Life reinsurance business. Following the line-of-business structure provided for in the “Performance Solo Reinsurance” template, Life reinsurance business is reported as

“Miscellaneous”. Life represents by far the largest portion of business in the “Miscellaneous” category, with any other business being minor in comparison.

### **Premium income**

Two of NewRe’s three business segments, Property & Casualty and Life, write business that predominantly takes the form of reinsurance contracts with a premium income and a technical result, while the Weather & Agro business is recorded as derivative instrument. Premium income from reinsurance contracts slightly decreased from EUR 7’571m to EUR 7’317m.

The Property & Casualty unit focuses on its core reinsurance lines property and casualty (especially motor). Business volumes in other lines, such as personal accident, health, marine, aviation and transport, continue to be relatively low. Motor reinsurance largely consists of structured quota share treaties with significant premium volumes per treaty. Other casualty and property reinsurance represent traditional reinsurance business.

The slight decrease in premium income from EUR 7’571m to EUR 7’317m was mainly driven by the Non-Life portfolio due to share reductions and non-renewals.

### **Overall technical result (8+ 9)**

The technical result increased to EUR 273m from EUR 92m in the previous year. The higher overall technical result was mainly driven by the Non-Life business in Europe, due to favourable loss experience and improved loss ratios in the motor quota share segment.

### **Net investment income**

The main source of investment income was NewRe’s bond and special funds portfolio. The significant increase in investment income was primarily due to a dividend payment from the special funds. Furthermore, this result was also supported by portfolio growth and higher interest rates. Investment expenses remained at the same level as the previous year.

### **Other financial income, Other financial expenses**

Other financial income and expenses are mainly driven by three sources: Life Market Risk Transfer business (MRT), Weather & Agro business and partially hedged foreign exchange effects. MRT business refers to the reinsurance of products with financial market guarantees where market risks are predominantly hedged in capital markets. In the Weather & Agro business, derivative solutions are offered to mitigate clients’ weather-related risks. The lower result in 2025 compared to 2024 is primarily due to higher Other financial expenses in 2025, driven by higher foreign exchange losses, which are partially offset by a positive result in the Weather & Agro business in 2025 compared to a loss in 2024.

### **Other income, Other expenses**

The other income and expenses this year were impacted by emission tax following an equity increase.

### **Interest expenses for interest-bearing liabilities**

Interest expense on interest-bearing liabilities is driven by interest on loans taken from Munich Re to finance new Life business. The decrease in 2025 compared to 2024 is mainly due to the full repayment of two loans: one taken to finance the Life Market Risk Transfer business, and one to finance a life transaction in the US. Offsetting this partially, however, is a new loan taken out to finance a life transaction in Canada.

### **Profit/loss**

The profit was driven by the technical result, investment income and other financial income as described above.

## C. Corporate governance and risk management

### a. Corporate governance

The Board of Directors at NewRe has overall responsibility for the Company, as well as for supervising the Board of Management. The duties of the Board of Directors are set out in NewRe's Articles of Association and Bylaws.

To ensure that relevant issues receive the appropriate attention, the Board of Directors has established an Audit and Risk Committee.

The CEO chairs the Board of Management and, together with its other members, is responsible for the Company's successful management. The Board of Management has the authority to decide on matters relating to the business assigned to it. The Board of Management involves key employees in its decision-making process as appropriate.

The composition of the Board of Directors and the Board of Management is set out in NewRe's Annual Report.

### b. Key control functions

The key control functions at NewRe are risk management, compliance and internal audit.

NewRe's Chief Risk Officer (CRO) heads the risk management function and reports functionally to the Group CRO. The CRO also has direct access to the Chairperson of the Audit and Risk Committee.

The Head of Legal and Compliance (L&C) at NewRe reports to the CEO and has direct access to the Chairperson of the Audit and Risk Committee. The Head of L&C also has a technical reporting line to the Regional Compliance Manager (RCM) of the Group Compliance Function. The Head of L&C provides the Board of Directors with an independent assessment of NewRe's key compliance risks annually.

The internal audit function is outsourced to Munich Re Group Internal Audit. The Board of Directors, through its Audit and Risk Committee, determines the focus and timing of NewRe's internal audits. The Munich Re Group's internal audit function carries out the audits themselves.

### c. Risk management

#### Organisational structure and governance

As a core company of the Munich Re Group, NewRe is fully integrated into the Group's risk management in terms of its organisation, processes and policies. The local risk framework is designed to comply fully with Swiss regulatory requirements in general, and with the Swiss Solvency Test (SST) and Own Risk and Solvency Assessment (ORSA) requirements in particular. At the same time, NewRe contributes to fulfilling the Munich Re Group's Solvency II requirements.

NewRe's Risk Governance Guideline ensures that an appropriate risk and control framework is in place. The roles and responsibilities of the various governance bodies, functions and individuals are clearly defined with regard to all material risks.

Any issues of risk relevance to the Board of Directors are referred to the Audit and Risk Committee before being presented to the Board of Directors.

There were no significant changes to risk management in 2025.

#### Risk strategy

NewRe's risk strategy is embedded in the Munich Re Group's risk strategy incorporating a system of risk criteria, limits and triggers relevant from the Group's perspective. While certain risks may be acceptable to the Group, they could be

deemed undesirable by NewRe. Consequently, NewRe sets its own risk appetite and has a local limit system in place to ensure that the risks it takes remain within the defined risk-bearing and operational capacity. NewRe's risk criteria are based on the Group's criteria and adapted to local conditions:

#### Whole portfolio criteria

The whole portfolio criteria relate to the total portfolio of risks. They are designed to protect NewRe's financial strength with regard to SST; see the relevant table in section G.b).

#### Additional criteria

The additional criteria relate to the individual systematic risks to which NewRe is exposed. The purpose of these criteria is to limit losses per risk thereby reducing catastrophe risk.

The risk strategy is firmly embedded in the annual planning cycle ensuring alignment with the business strategy. It is closely linked to the Company's Own Risk and Solvency Assessment (ORSA) which continuously analyses and evaluates current and future risks as well as the resulting capital requirements.

### d. Control and monitoring systems

NewRe's internal control system (ICS) is integrated into Munich Re's operational risk control system process supporting the effective management of operational risks and their associated key controls. It provides transparency on operational risks that could materially affect NewRe's reputation and/or financial position.

A key component of the ICS is the regular self-assessment of operational risks and controls by process owners. Self-assessments begin with the identification of relevant processes within the owner's area of responsibility. This is followed by an evaluation of the operational risks related to each process and the corresponding key controls. A tolerance statement (i.e. accept or mitigate) must then be made for each material risk. Where appropriate, mitigating actions should be defined, such as process changes, additional controls, or control enhancements.

## D. Risk profile

The risks quantified using NewRe's partial internal model include insurance, market and credit risks. Insurance risks consist of risks from Property & Casualty business, catastrophe cover, Life & Health business, and from Life business with significant market risks (MRT and Gap risk). The table below shows the stand-alone one-year capital requirements for these risk categories, based on the SST risk measure (99% tail value-at-risk), together with their diversification effect and the item 'Other effects', consisting of the expected income from new business written in 2026.

<b>Composition of the Target Capital (in EUR m)</b>	<b>2024</b>	<b>2025</b>
Property & Casualty	455	415
Catastrophe	843	814
Life & Health	1'372	1'195
MRT & Gap	390	325
Market	734	435
Credit	595	593
Diversification	-1'779	-1'531
Other effects	-95	-59
<b>Target capital</b>	<b>2'515</b>	<b>2'187</b>

## a. Insurance risk

### Property & Casualty

Property & Casualty (P&C) risk is defined as the risk of insured losses being higher than expected. It consists of premium risk and reserve risk. Premium risk is the risk that claims payments for losses that have not yet occurred will be higher than expected. Reserve risk is the risk that the technical provisions established for losses that have already occurred are insufficient. NewRe's P&C business includes property, motor, third-party liability, personal accident and marine insurance. It also includes the risk associated with weather derivatives business. This presentation differs from the accounting perspective, which classifies weather derivatives as financial derivatives.

To model P&C risk, the business is allocated to at least one of four modules, each with different characteristics. These are modelled separately before being aggregated to obtain the overall P&C loss distribution. The four modules are: basic losses, large losses, structured solutions business, and weather derivatives business, see section G.a). The P&C risk has declined compared to the previous year, primarily due to portfolio shaping in the softening market.

### Catastrophe (Cat)

NewRe's catastrophe risk includes a number of natural catastrophe scenarios (NatCat scenarios) and other accumulation scenarios that model losses from events such as cyber attacks or terrorist attacks. In this context, a Cat scenario is defined as a combination of a specific peril (e.g. hurricane, earthquake or flood) and a specific region (e.g. Europe, Japan or Australia). A catastrophe scenario includes all the relevant risks or coverages that could be triggered by such an event.

As shown in section f), Cat risk continues to be driven primarily by the Storm Europe, Earthquake Switzerland/Germany, and Flood Germany scenarios. NewRe's exposure in Europe has remained broadly stable compared to the previous year. The Cat risk is partially mitigated through a CatXL retrocession agreement with NewRe's parent company, Munich Re.

### Life & Health

Life & Health risk refers to the possibility that insured benefits exceed expected levels. NewRe's most material exposures arise from mortality and long-term care insurance products.

NewRe's Life risk model captures both short-term and long-term effects on the portfolio. For example, a pandemic that sharply increases mortality over a brief period constitutes a short-term shock, whereas a gradual deterioration in life expectancy represents a long-term trend.

NewRe's Life risk declined in 2025, primarily due to the significant depreciation of the USD and business run-off, partly offset by new mortality, longevity and mass lapse transactions.

### Market risk transfer (MRT) and Gap

Besides traditional life reinsurance, NewRe provides reinsurance solutions for products that carry substantial financial market risks. This includes variable annuities which are unit-linked products with financial market guarantees on the underlying funds. Although the risks arising from these guarantees are hedged using financial market instruments, mismatch losses may still occur. Losses may also arise from unexpected mortality or policyholder behaviour (e.g. policy lapses). An overall loss distribution for the MRT business is determined and then integrated into the overall model architecture.

MRT and Gap risk fell, driven by business run-off that more than offset the contribution from new business.

## b. Market risk

Market risk refers to the risk that movements in relevant financial market parameters, such as interest rates, foreign exchange rates, credit spreads or equity prices, lead to a deterioration in the economic value of assets and liabilities and, consequently, in the risk-bearing capital. Interest rate risk arises when interest rates change and the duration of assets and liabilities do not match. Foreign exchange risk arises when an insurer's liabilities are denominated in one

currency but the assets held to cover them are denominated in another. Market risk generally affects both the assets and liabilities on the balance sheet; the latter are affected either through discounting or through benefits that depend on the performance of capital markets.

NewRe takes a strict approach to asset-liability management and primarily invests in fixed-income government and corporate bonds. Market risk is managed using appropriate limits and early warning systems. Market risk is measured using the FINMA standard market risk model.

Market risk declined significantly over the course of 2025. The primary driver was the depreciation of the USD against the EUR, which reduced the market risk associated with the future profits of NewRe's US life business. Within market risk, foreign-exchange risk remains the dominant contributor followed by interest-rate risk.

### c. Credit risk

Credit risk refers to the potential deterioration of risk-bearing capital resulting from a downgrade in a counterparty's credit rating. This includes defaults that may arise from a credit-migration event. Changes in market values within a given rating class (for example, due to credit spread widening) are captured in the market risk module of the risk model.

NewRe's credit risk is primarily driven by the anticipated future profits from its life reinsurance business, which are recognised as risk-bearing capital under the SST, as well as by its financing transactions. NewRe also has credit risk relating to its deposits with cedants, as well as more traditional credit risk relating to its investments in securities.

Credit risk remained broadly stable in 2025. The depreciation of the USD against the EUR reduced the credit risk associated with the future profits of NewRe's US life business. This reduction was largely offset by higher credit risk stemming from increased exposures to alternative investments and bonds denominated in emerging-market currencies.

### d. Concentration risks

Concentration risk refers to the potential loss that could result from NewRe's portfolio being heavily concentrated in a particular area or with a small number of cedants. Such concentrations can arise on either the asset or liability side of the balance sheet, resulting from a combination of similar exposures.

NewRe's approach to assessing concentration risk involves limiting the net exposure to individual events within a specified return period.

The most significant concentration of risk within Property & Casualty is natural catastrophe risk, which is modelled using a number of different scenarios. The two largest concentration risks remain Storm Europe and Earthquake Switzerland/Germany. Compared with 2024, exposure to Storm Europe has decreased, primarily due to increased retrocession capacity placed with the Munich Re Group under the new retrocession, while exposure to Earthquake Switzerland/Germany has remained broadly unchanged.

The following table shows the estimated exposures for the peak scenarios:

<b>Top catastrophe scenarios – 1-in-1000 year event (in EUR m)</b>	<b>2024</b>	<b>2025</b>
Storm Europe	1'025	940
Earthquake Switzerland/Germany	539	539
Flood Germany	527	535
Earthquake Türkiye	326	280
Terror France	226	194

Accumulations outside these Non-life peak scenarios are also monitored and are currently at significantly lower levels. These include lethal pandemic and foreign-exchange risk.

#### **e. Liquidity risk**

The objective of liquidity risk management is to ensure that NewRe always meets its payment obligations. NewRe's liquidity risk is managed in accordance with regulatory requirements. This involves distinguishing between operational and strategic liquidity management. Operational liquidity management has a time horizon of one month, whereas strategic liquidity management has a time horizon of one year.

In the context of operational liquidity management, available liquidity is limited to the most liquid and unencumbered assets. In contrast, strategic liquidity management considers all unencumbered assets, regardless of marketability.

Required liquidity includes expected cashflows from operating, investment and financing activities within their respective time horizons. It also includes extraordinary cash outflows from adverse scenarios (i.e., unexpected cashflows).

The liquidity coverage ratio is defined as the ratio of available to required liquidity for operational and strategic management purposes, respectively. Based on these ratios, early warning indicators in the form of traffic-light systems are defined. These systems help to identify and respond to emerging liquidity risks in good time.

#### **f. Risk mitigations**

NewRe employs retrocession to mitigate risk in both P&C and life reinsurance. Its counterparties are almost exclusively Group companies. Retrocession programmes are structured to transfer excess life, P&C or natural catastrophe risks, as well as improving capital efficiency.

Current Life retrocession programmes are structured to transfer both short-term losses and the risk of future mortality deterioration (mortality trend risk).

On the P&C side, retrocession arrangements are in place for a major US non-life transaction, comprising both a loss portfolio transfer agreement and complementary stop-loss protections. In addition, NewRe benefits from a CatXL retrocession agreement that provides worldwide coverage against all major perils.

Hedging is used to mitigate risk in the derivatives business and in financial market guarantees. Market and credit risks are mitigated through the use of a liability-driven investment strategy and clearly defined investment guidelines.

The risk limit system is the main tool for monitoring the ongoing effectiveness of risk mitigation measures. This system measures risk at various safety levels, establishes acceptable risk thresholds and determines the frequency of monitoring and reporting. A referral process is in place to avoid risks that fall outside of NewRe's appetite, and to assess the risks associated with significant new transactions. As part of this process, a multidisciplinary group of experts assesses large or novel risks before they are underwritten.

#### **g. Non-financial risk**

##### **Strategic and business risk**

Strategic and business risk is defined as the risk of making poor business decisions, implementing decisions incorrectly or failing to adapt to changes in the operating environment. The potential impact of changes in the market or regulatory environment on NewRe's strategy is assessed annually. Strategic risk management involves identifying key risk drivers, assessing their potential impact, defining risk mitigation measures and evaluating NewRe's preparedness to respond should the risks materialise.

**Third-party risk**

Third-party risk refers to the risk that arises when NewRe outsources activities or functions to external service providers. It includes potential issues such as loss of control, inadequate performance, legal or regulatory non-compliance and threats to business continuity. Because NewRe remains fully accountable for outsourced obligations, it must be ensured that providers perform appropriately and comply with all legal requirements. Significant outsourcing arrangements must also be reported to FINMA in line with Business Plan Form J.

**Business continuity risk**

Business continuity risk is the risk that a disruption of critical processes impairs NewRe's ability to maintain operations, potentially causing financial, reputational, compliance or operational impacts. It is managed through NewRe's Business Continuity Management (BCM) framework. BCM defines incident severity, roles, responsibilities and response procedures and sets timeframes for restoring critical activities. BCM comprises the Business Continuity Plan, IT Disaster Recovery Plan and regular reviews to incorporate organisational changes or emergency-exercise results.

**Information security risk**

Information security risk is the risk that threats, such as unauthorised access, data breaches, system failures or other incidents compromise the confidentiality, integrity or availability of NewRe's information assets and IT systems. NewRe manages these risks through the Group's integrated Information Security Management (ISM) framework which sets requirements, responsibilities and procedures across the first and second lines of defence. Local needs are addressed through NewRe's own Security Guideline.

**Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. It includes legal and compliance risk but excludes strategic risk. Operational risk is managed through the Internal Control System (ICS); see Chapter C.

Legal and compliance risk concerns the risk of financial loss or reputational damage arising from failures to comply with applicable laws, regulations, rules, standards or internal policies. These risks are primarily identified through the Risk and Control Self-assessment (RCSA) and compliance risk assessments (CRAs) and are mitigated through targeted training and continuous communication.

Reputational risk is defined as the potential financial loss or loss of market share resulting from damage to NewRe's or the Group's reputation. Monitoring and mitigating reputational risk are key components of operational risk management and the Internal Control System (see Chapter C). NewRe's whistleblower portal also helps to mitigate reputational risk.

## E. Valuation

in EUR m		2024	Adjustments prev. Period	2025
<b>Market conform value of investments</b>	Real estate	20		21
	Participations	0		0
	Fixed-income securities	2'463		2'422
	Loans	0		0
	Mortgages	0		0
	Equities	75		103
	Other investments	1'912		2'410
	Collective investment schemes	1'879		1'975
	Alternative investments	32		335
	Structured products	0		0
	Other investments	0		101
<b>Total investments</b>	<b>4'471</b>		<b>4'955</b>	
<b>Market conform value of other assets</b>	Financial investments from unit-linked life insurance	0		0
	Receivables from derivative financial instruments	1'529		2'067
	Deposits made under assumed reinsurance contracts	11'815		11'683
	Cash and cash equivalents	200		269
	Reinsurers' share of best estimate of provisions for insurance liabilities	637		323
	Direct insurance: life insurance business (excl. unit linked)	188		99
	Reinsurance: life insurance business (excl. unit linked)	0		0
	Direct insurance: non-life insurance business	448		224
	Reinsurance: non-life insurance business	0		0
	Direct insurance: health insurance business	1		0
	Reinsurance: health insurance business	0		0
	Direct insurance: other business	0		0
	Reinsurance: other business	0		0
	Direct insurance: unit-linked life insurance business	0		0
	Reinsurance: unit-linked life insurance business	0		0
	Fixed assets	101		102
	Deferred acquisition costs	0		0
	Intangible assets	0		0
	Receivables from insurance business	718		451
	Other receivables	2'211		2'238
	Other assets	0		0
	Unpaid share capital	0		0
	Accrued assets	0		0
<b>Total other assets</b>	<b>17'212</b>		<b>17'131</b>	
<b>Total market conform value of assets</b>	<b>21'682</b>		<b>22'086</b>	
<b>Market conform value of liabilities (including unit-</b>	Best estimate of provisions for insurance liabilities	8'875		9'411
	Direct insurance: life insurance business (excl. unit linked)	5'984		7'107
	Reinsurance: life insurance business (excl. unit linked)	0		0
	Direct insurance: non-life insurance business	2'890		2'303
Reinsurance: non-life insurance business	0		0	

in EUR m		2024	Adjustments prev. Period	2025
<b>linked life insurance)</b>	Direct insurance: health insurance business	1		0
	Reinsurance: health insurance business	0		0
	Direct insurance: other business	0		0
	Reinsurance: other business	0		0
	Best estimate of provisions for unit-linked life insurance liabilities	0		0
	Direct insurance: unit-linked life insurance business	0		0
	Reinsurance: unit-linked life insurance business	0		0
	Market value margin	1'076		870
<b>Market conform value of other liabilities</b>	Non-technical provisions	18		39
	Interest-bearing liabilities	332		367
	Liabilities from derivative financial instruments	2'995		2'689
	Deposits retained on ceded reinsurance	1'478		1'393
	Liabilities from insurance business	613		1'025
	Other liabilities	728		623
	Accrued liabilities	0		0
	Subordinated debts	0		0
<b>Total market conform value of liabilities</b>	<b>16'115</b>		<b>16'417</b>	
<b>Market conform value of assets minus market conform value of liabilities</b>	<b>5'568</b>		<b>5'669</b>	

Due to business growth in 2025, both the market conform value of assets and the market conform value of liabilities increased. As the target capital, and thus the market value margin, has declined, the liabilities grew at a slower pace than the assets. As a result, the difference between the market conform value of assets and liabilities widened by approximately one hundred million euros.

#### Comparison of SST balance sheet with Swiss statutory accounts

Comparing the SST balance sheet with the audited statutory accounts provides insight into the key valuation differences between the economic and statutory bases. The main items and corresponding valuation differences are outlined below:

<b>Note</b>	<b>Assets (in EUR m)</b>	<b>Statutory</b>	<b>SST</b>
1	Real estate	8	21
2	Fixed-income securities	2'655	2'422
	Equities	60	103
	Other investments	1'799	2'309
3	Assets with risk transfer to 3rd parties	99	101
4	Receivables from derivative financial instruments	2'067	2'067
5	Deposits retained on assumed reinsurance business	11'683	11'683
	Cash and cash equivalent	269	269
6	Underwriting provisions ceded	545	323
7	Other assets (tangibles)	30	102
8	Deferred acquisition costs	2'092	0
9	Accounts receivable from reinsurance business	451	451
10	Other accounts receivable	2'238	2'238
	<b>Total assets</b>	<b>23'997</b>	<b>22'086</b>

- 1) This item includes the part of NewRe's office building that is rented out to third parties. For statutory purposes, real estate is valued at amortised cost. Under SST, the market conform value is equal to the most recent appraisal value.
- 2) The 'Fixed-income securities' and 'Equities' items are those managed directly by NewRe. The 'Other investments' item includes collective investment schemes held in special funds in which NewRe has a majority interest. Under Swiss statutory accounting, fixed-income securities are valued at amortised cost, minus any necessary impairment. Equities and other investments are valued at the lower of cost and market value. Under SST, these instruments are marked to market based on quoted prices in active markets or observable inputs.
- 3) NewRe entered into a transaction in which the risks and rewards have been transferred, and for which, from a Swiss tax perspective, NewRe is not considered the beneficial owner. The associated assets are held under a fiduciary-type arrangement. Their valuation follows the principles applicable to the respective underlying asset classes and is consistent with the treatment of assets for which NewRe is the beneficial owner.
- 4) This item represents the amounts due from counterparties under derivative contracts. These are derivatives related to MRT business or weather derivatives. Valuation is based on the fair value principle in both accounting regimes.
- 5) 'Deposits retained on assumed reinsurance business' (or funds held by ceding companies) represent receivables from cedants for cash deposits retained under the terms of reinsurance contracts. Deposits are recognised in both systems at the nominal value of the outstanding amount. This amount is derived from the value of the corresponding technical provisions for the reinsured business.
- 6) Ceded underwriting provisions represent the portion of technical provisions that has been retroceded. The valuation differences between statutory and economic accounting (SST) are explained below under 'Technical provisions'.
- 7) The item 'Other assets' comprises the portion of the office building occupied by NewRe for its own operations. The valuation follows the same principles applicable to real estate, as outlined above.
- 8) Deferred acquisition costs arise primarily from financing transactions in the life insurance business. Under statutory accounting, these costs are capitalised and amortised over the duration of the contract in proportion to premium income. Under SST, however, acquisition costs may be recognised directly in the income statement at contract inception. The expected future cash flows arising from the cedant's repayment of the financing are included in the best estimate of the liability. Consequently, the deferred acquisition costs on the assets side of the SST balance sheet must be set to zero.
- 9) 'Reinsurance accounts receivable' represent amounts due from brokers and insurance and reinsurance companies.
- 10) 'Other accounts receivable' mainly consist of cash collateral related to the derivatives used to hedge the variable annuity business. The market conform value is equal to the statutory value.

<b>Liabilities</b>			
<b>Note</b>	<b>(in EUR m)</b>	<b>Statutory</b>	<b>SST</b>
1	Technical provisions	15'431	9'411
2	Market Value Margin	0	870
3	Non-technical provisions	140	39
4	Interest-bearing liabilities	366	367
5	Liabilities due to derivative financial instruments	3'421	2'689
6	Deposits retained on ceded business	1'393	1'393
7	Accounts payable on reinsurance business	1'025	1'025
8	Other liabilities	623	623
<b>Total liabilities</b>		<b>22'399</b>	<b>16'417</b>

- 1) Statutory technical provisions are determined on a prudent basis. For example, this means that non-life liabilities are not discounted and biometric assumptions such as mortality or disability rates include safety margins when determining life reserves. The principle of prudence also stipulates that future policy reserves, also referred to as provisions for future policy benefits, should be set to zero when they constitute an asset, i.e. when the present value of future cash inflows exceeds the present value of future cash outflows. An exception to this are financing contracts, where a deferred acquisition cost asset is established and amortised over the life of the contract. In addition to future policy reserves, statutory technical provisions typically include reserves for incurred but not reported claims, current claims in the process of settlement, unearned premiums and profit commission reserves. Finally, technical provisions include fluctuation reserves to smooth out annual results if necessary. From an economic perspective, the principle of prudence does not apply. Biometric assumptions do not include any implicit or explicit safety margins. Furthermore, future life reinsurance profits resulting from the difference between the present value of future income and the present value of future benefits would not be set to zero. Instead, these profits would be fully recognised. Non-life technical provisions are discounted using the risk-free yield curve, which results in a valuation reserve compared to statutory technical provisions. Finally, there are no fluctuation reserves under the SST regime.
- 2) The Market Value Margin represents the risk margin required to transfer insurance liabilities to a third party at market value. It reflects the cost of holding capital for non-hedgeable risks and ensures that technical provisions are set at an economic, market conform value.
- 3) Non-technical provisions include a fluctuation reserve for the weather derivatives business. Under SST, this fluctuation reserve is considered to be risk-bearing and is therefore set to zero. The remaining amount relates to a provision for income taxes.
- 4) This item comprises loans received. Under statutory accounting, such loans are measured at their nominal value plus any accrued interest. Under the SST framework, by contrast, loans are valued on a market conform basis, with future contractual cash flows discounted using the risk-free interest rate curve.
- 5) This item represents the amounts owed by NewRe under derivative contracts. The statutory value includes a margin reserve, which is set so that no profit is made at inception. However, under SST, this margin reserve is not taken into account.
- 6) Deposits retained on ceded business represent the amounts owed by NewRe on retrocession contracts up to the value of the retained guarantees. The economic value is equal to the statutory value.
- 7) Accounts payable on reinsurance business represent amounts due to brokers, as well as to insurance and reinsurance companies. As with accounts receivable, there are no valuation differences for accounts payable.
- 8) Other liabilities include cash collateral and margin requirements from bank counterparties relating to the derivatives business.

## Risk-bearing capital

Risk-bearing capital (RBC) is determined as the difference between the market conform value of assets and the market conform value of liabilities adjusted for expected dividend payments.

<b>Market conform balance sheet and RBC (in EUR m)</b>	<b>2024</b>	<b>2025</b>
Market conform value of assets minus market conform value of liabilities	5'568	5'669
Deductions: Expected dividend	-220	-400
Tier 1 risk-absorbing capital instruments counted towards core capital	0	0
<b>Core capital</b>	<b>5'348</b>	<b>5'269</b>
Supplementary capital	0	0
<b>Risk-bearing capital</b>	<b>5'348</b>	<b>5'269</b>

In line with this definition, the RBC can also be derived from the statutory equity by adjusting the assets and liabilities accordingly.

<b>Derivation of the RBC (in EUR m)</b>	<b>2024</b>	<b>2025</b>
Statutory shareholder equity	1'243	1'598
Adjustment to the statutory assets	-1'645	-1'910
Unrealised gains on assets	347	404
Valuation difference retrocession	-99	-222
Deferred acquisition cost	-1'893	-2'092
Adjustments to the statutory liabilities	-5'969	-5'982
Fluctuation reserves	-615	-657
Valuation difference Non-life liabilities	-405	-346
Valuation difference Life liabilities	-5'982	-5'119
Valuation difference GMxB business	-44	-732
Valuation difference interest bearing liabilities	1	1
Market Value Margin	1'076	870
Expected dividend	220	400
<b>Risk-bearing capital</b>	<b>5'348</b>	<b>5'269</b>

## F. Capital management

### a. Goals, strategy and time horizon

In terms of statutory capital, NewRe's capital planning aims to maintain a stable and sound capitalisation. Statutory capital is considered sufficient to support the forecast business development over the coming years. NewRe therefore intends to pay a dividend equal to the local GAAP annual result for 2025.

To manage the inherent volatility of the business, NewRe aims to maintain a diversified business mix and has built a buffer of both voluntary profit reserves and equalisation reserves in technical and nontechnical provisions.

Our strategy is one of steady growth across all our strategic pillars, with increased earnings from all our businesses and a steadily growing dividend for our shareholders. This strategy is based on the continued strong development of our Life portfolio, the further growth and diversification of our Weather business and Non-life business.

## Equity reported in the Annual Report

	in TEUR		in TCHF	
	2024	2025	2024	2025
Share capital	234'000	234'000	219'597	217'737
Statutory capital reserves (tax privileged)	583'712	758'712	547'784	705'981
Statutory capital reserves	-113	-113	-106	-106
Statutory profit reserves	120'311	120'311	112'906	111'950
Voluntary profit reserves	85'384	85'384	80'128	79'450
Profit for the year	219'630	399'800	206'112	372'014
<b>Total equity</b>	<b>1'242'923</b>	<b>1'598'093</b>	<b>1'166'421</b>	<b>1'487'026</b>

In 2025, NewRe received a capital injection from Munich Reinsurance Company to finance a Life transaction amounting to EUR 175m. The total statutory capital reserves (tax privileged) amount to EUR 758.7m. NewRe considers the quality of its total equity to be very high. The accounting policies for assets and liabilities are set out in the notes to the financial statements and NewRe is convinced that all valuations are prudent.

NewRe does not have a stand-alone rating from rating agencies. It is regarded as a strategic core company of Munich Re and therefore receives the Munich Re Group rating.

## G. Solvency

### a. Risk model

NewRe offers both traditional reinsurance solutions and bespoke reinsurance solutions. The portfolio also includes insurance solutions involving derivatives, such as those for weather-related business or in connection with life insurance business involving significant market risk.

NewRe employs an internal model to appropriately capture the complexity of its risk profile and to measure risks that extend beyond traditional reinsurance. NewRe holds unrestricted FINMA approval for all corresponding risk modules. For market risk, however, NewRe applies FINMA's standard market risk model.

The table below provides an overview of the components of NewRe's internal risk model compared with the corresponding components of the standard model:

<b>Risk module</b>	<b>NewRe's risk model</b>	<b>Standard SST model</b>
Property & Casualty	Stochastic models for basic losses, large losses, weather derivatives, structured solutions business	Stochastic model for attritional events and individual events
Catastrophe	Stochastic frequency-severity model for natural catastrophes and other accumulations (e.g. cyber, terror)	Natural perils as defined by the Swiss Natural Peril Pool are modelled within the Non-life standard mode
Life & Health	Stochastic model for key risk drivers such as pandemic or mortality trend	Standard stress tests on key cash flow projection assumptions
Market risk transfer (MRT)	Stochastic model for residual risks (after hedging), including their aggregation	No specific module for variable annuity business
Credit	Merton-based stochastic model with multiple systematic variables	Combination of <ul style="list-style-type: none"> <li>• Merton-based stochastic model with one systematic variable and</li> <li>• Basel III standard approach</li> </ul>
Aggregation	Gumbel copula to reflect tail dependencies	Gaussian copula between insurance risk and market risk, simple addition of credit risk

Market risk is not included in the table above as NewRe measures it using the FINMA standard model. The FINMA standard market risk model is based on a multivariate Gaussian distribution applied to standardised risk factors.

### **Property & Casualty**

NewRe's Property & Casualty (P&C) business is modelled using the following four modules: Basic losses, large losses, structured solutions business and weather derivatives. A single contract may contain risk components from more than one of these modules.

**Basic losses:** Basic P&C losses comprise both premium and reserve risk. Premium risk refers to the possibility that claims payments for losses not yet incurred turn out to be higher than expected. Reserve risk arises from the uncertainty that the technical provisions established for already incurred claims may prove insufficient. These risks are quantified using standard reserving techniques. The models are calibrated to NewRe's own historical loss and run-off data, with the portfolio segmented into homogeneous classes. Aggregation at the portfolio level is performed using dependency assumptions calibrated to NewRe's observed loss experience.

**Large losses:** Large P&C losses include premium and reserve risk. Premium risk is modelled using a collective risk model. The parameters for each large loss segment are calibrated based on historical loss data and the characteristics of the current portfolio. Reserve risk is modelled using a similar approach as for basic losses based on large loss run-off data in triangular form.

**Structured solutions business:** Structured solutions business comprises both premium and reserve risk. For premium risk, key contracts within the structured solutions segment are modelled individually and subsequently aggregated using an appropriate inter-contract dependency structure. The calibration of the individual loss distributions relies on NewRe's historical loss experience and the current contractual terms and conditions. Reserve risk is modelled analogously to basic losses based on run-off data in triangular form for the structured solutions exposures.

**Weather derivatives:** To quantify the risks associated with weather derivatives business, relevant risk factors such as precipitation and temperature are modelled and calibrated against historical data. This historical dataset is further adjusted to account for macro- and micro-trends observed over recent decades, ensuring that long-term climatic developments are appropriately reflected in the calibration.

### **Catastrophe**

To manage the risk of natural and man-made catastrophes, including terrorism and cyber attacks, NewRe controls its exposure by defining appropriate limits and budgets. For natural catastrophes, NewRe's experts develop scenarios

based on scientific evidence, probabilities of occurrence and potential loss severities. The resulting impacts of these scenarios on the portfolio are then quantified using a stochastic model developed by the Munich Re Group and complemented by commercial natural catastrophe models. Together, these models provide the basis for determining the capital requirement for catastrophe risks.

<b>P&amp;C and Catastrophe risk (in EUR m)</b>	<b>2024</b>	<b>2025</b>
Basic losses	264	232
Large losses	182	162
Structured solutions business	289	320
Weather derivatives	204	169
Diversification	-485	-468
<b>P&amp;C risk</b>	<b>455</b>	<b>415</b>
Catastrophe	843	814
Diversification and other benefits	-401	-370
<b>P&amp;C and Catastrophe risk</b>	<b>897</b>	<b>859</b>

The basic loss risk declined compared with the previous year, primarily as a result of portfolio reduction. For the same reason, the risk of large losses also decreased year-on-year. The risk in the structured solutions business increased slightly driven by the refined treatment of reserve risk for these exposures. Weather derivatives risk decreased compared with the prior year.

The reduction in catastrophe risk is mainly attributable to the updated CatXL retrocession agreement with Munich Re, which provides a broader layer of protection as well as to the marginally lower gross exposure following the 1/1 renewal. As in the previous year, catastrophe exposure remains concentrated in NewRe's three key scenarios: Storm Europe, Earthquake Switzerland/Germany and Flood Germany.

#### **Life and MRT**

NewRe's Life & Health portfolio includes a wide range of products, such as traditional proportional mortality reinsurance, bespoke structured solutions and MRT business. The risks in this diverse portfolio are modelled using a flexible, customised approach based on Munich Re's sophisticated internal risk model. Key risks from each product line are modelled using stochastic simulations to capture all relevant risks with a particular focus on pandemic, mortality trend, long-term care and lapse risks. These are then aggregated using appropriate dependency structures to obtain the overall loss distribution.

The table below shows the stand-alone capital requirements for the main underwriting risk drivers in Life, together with the capital requirement for MRT business:

<b>Life and MRT risk (in EUR m)</b>	<b>2024</b>	<b>2025</b>
Mortality	660	618
Morbidity	795	552
Longevity	53	139
Financing	82	88
Mass lapse	202	306
Non-proportional	274	256
Diversification	-694	-763
<b>Life risk</b>	<b>1'372</b>	<b>1'195</b>
MRT & Gap	390	325
Diversification and other benefits	-234	-158
<b>Life and MRT risk</b>	<b>1'528</b>	<b>1'362</b>

NewRe's Life risk declined in 2025, driven by the significant depreciation of the USD and also run-off of existing business. This was partially offset by the impact of new transactions, primarily mortality, longevity and mass lapse.

### Market

Market risk is modelled using the FINMA standard market risk model. Wherever possible, the most significant balance sheet items are revalued precisely at the one-year horizon. This includes fixed income instruments, for example. Where this is not possible, such as with derivatives, these balance sheet items are revalued using a delta approach (i.e. a linear approximation of the valuation function).

The table below shows the stand-alone market risk by major risk driver:

<b>Market risk (in EUR m)</b>	<b>2024</b>	<b>2025</b>
Equity	0	0
Interest rate	488	307
Spread	133	140
Real estate	9	9
Foreign exchange	734	465
Diversification	-630	-485
<b>Market risk</b>	<b>734</b>	<b>435</b>

Market risk decreased significantly during 2025. This is mainly driven by the depreciation of USD against EUR, which decreased the foreign exchange and interest rates risks related to anticipated future profits of NewRe's US life business, and a reduction of the asset-liability mismatch. Foreign exchange risk remains the largest driver within market risk followed by interest rate risk. Spread and real estate risks are stable.

### Credit

NewRe's credit risk is assessed using a Merton-based portfolio model calibrated over at least one full credit cycle. It captures both changes in fair value arising from rating migrations and losses resulting from debtor defaults. Credit risk on investments, such as government bonds, as well as on deposits with ceding companies and funds withheld, is calculated on an individual obligor basis. In several Life transactions, the cedant receives an upfront funding amount that is repaid over time; the associated credit risk is explicitly reflected in the model. In addition, the potential loss of the present value of future profits (PVFP) on existing reinsurance contracts is incorporated into the overall credit risk assessment.

The table below shows the stand-alone credit risk by major risk driver:

<b>Credit risk (in EUR m)</b>	<b>2024</b>	<b>2025</b>
Life PVFP & Financing	409	340
Receivables and deposits	179	193
Investments	76	134
Weather derivatives	5	18
Diversification	-74	-91
<b>Credit risk</b>	<b>595</b>	<b>593</b>

The largest contributors to credit risk stem from life business driven both by the risk of losing future profits and by the potential loss of deposits held by ceding companies on a funds-withheld basis. The remaining credit risk arises from assets in the investment portfolio and, to a much smaller extent, from counterparties to weather-derivative transactions.

The depreciation of the USD against the EUR reduced the credit risk associated with anticipated future profits from NewRe's US life business. However, this reduction was largely offset by higher credit risk resulting from increased investments in alternative assets and in bonds denominated in emerging-market currencies.

### **Aggregation**

The loss distributions of the individual risk modules are aggregated using a Gumbel copula to ensure an appropriate representation of tail dependence. The copula parameters are calibrated by analysing the impact of remote balance-sheet scenarios on risk-bearing capital.

#### **b. Solvency ratio**

With a risk-bearing capital of EUR 5'269m and a target capital of EUR 2'187m as at 1 January 2026, NewRe's solvency position is continuously strong with a solvency ratio of 241%.

NewRe can comfortably meet all its contractual obligations.

Financial situation report: Quantitative template "Solvency Solo"  
in EUR m

	2024	Adjustments previous period	2025
<b>Derivation of RBC</b>			
Market conform value of assets minus market conform value of liabilities	5'568		5'669
Deductions	-220		-400
Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital	0		0
<b>Core capital</b>	<b>5'348</b>		<b>5'269</b>
Supplementary capital	0		0
<b>RBC</b>	<b>5'348</b>		<b>5'269</b>
<b>Derivation of target capital</b>	<b>0</b>		<b>0</b>
Insurance risk	2'425		2'222
Market risk	734		435
Credit risk	595		593
Diversification effects	-1'144		-1'004
Other effects on target capital: Expected income	-95		-59
<b>Target capital</b>	<b>2'515</b>		<b>2'187</b>
<b>SST ratio</b>	<b>213%</b>		<b>241%</b>

The figures presented in this document correspond to the official SST calculation as of 1 January 2026. This calculation will be submitted to FINMA on 30 April 2026, when this report is published, and will be subject to its supervisory review.

#### Sign-off by the executive body

The Board of Directors of NewRe has overall management responsibility for the Company. At its meeting on 28 April 2026, the Board of Directors of NewRe approved the 2025 Financial Condition Report.

