

AMERICAN STEAMSHIP OWNERS MARINE INSURANCE COMPANY (EUROPE) LTD.

SOLVENCY AND FINANCIAL CONDITION REPORT

31 DECEMBER 2025



Executive Summary

The Company was incorporated in 2016 as a subsidiary of the New York-based American P&I Club, conducting businesses for Class 6 under the management of Hellenic Hull Management (HM Insurance Agencies) Ltd. On 4th February 2022 the Company, following an application to the Superintendent of Insurance of the Cypriot Republic, obtained an extension to its licence (Licence No. 180) in order to conduct insurance business for Classes 1,7,12 and 17. The extended licence resulted in American Hellenic Hull Insurance Company Ltd changing its name to American Steamship Owners Marine Insurance Company (Europe), Ltd (ASOMIC) (the "Company"), so to reflect the new array of insurance products offered.

Most of the vessels insured by the Company are managed by European managers, whilst the client base spans from Asia to North America.

On 26 May 2022, American P&I Club, being the parent Company of ASOMIC, decided to re-strategize the direction of its European subsidiary. As part of this strategic shift, ASOMIC temporarily abstains from writing new H&M business and instead focuses on expanding its P&I line of business.

Chairman's note

American Steamship Owners Marine Insurance Company (Europe) Ltd. (ASOMIC) navigated yet another sanction filled year providing its policy holders with necessary guidance and expert insurance services. Underwriting guidelines and growth expectations have been met resulting in an 18% year-on-year increase in business written from \$9.5 m in 2024 to \$11.3 m in 2025, mainly attributable to new business rather than pricing change. A 33% decrease in Insurance Services Expense predominantly due to a significant decrease in prior year claims in the amount of \$3.5m helped produce a greater than 300% increase in Insurance contracts issued from \$1.5m in 2024 to \$5.8m in 2025.

ASOMIC continued to successfully de-risk from its Hull & Machinery line of business which consequently increased net reinsurance contract expense resulting in a 42% decrease to the company's insurance service result. This distortion is expected to normalize in 2026. Additionally, insurance finance expense from insurance contracts increased by \$0.3m from \$0.2m in 2024 to \$0.5m in 2025. This movement was primarily driven by increased business volume and IFRS 17 effect due to discounting and H&M de-risking impacting insurance, reinsurance and overall result, while still maintaining a net profit for the year as well as a SCR ratio of 190% and MCR ratio of 117%.

Looking forward to 2026, ASOMIC expects continued growth, increased profitability and a positive outlook for a world at peace and strengthening market conditions.

Vincent Solarino

CEO's note:

Looking back at 2025, it is fair to say it was one of the more demanding years our industry has faced in some time. Geopolitical instability, shifting trade flows, and an accelerating regulatory agenda all tested the resilience of marine insurers, and reinforced just how important it is to get the fundamentals right. For us, that means staying close to our clients, underwriting with discipline, and ensuring our reinsurance arrangements are robust enough to protect the business through periods of stress.

The broader shipping environment reflected these pressures. Ongoing tensions in the Middle East, most visibly the Houthi attacks across the Red Sea corridor, continued to disrupt established trade routes, pushing up voyage costs and exposing vessels to security risks that would have seemed remote not long ago. Meanwhile, shipowners were simultaneously navigating the industry's green transition, a challenge that is far easier to discuss in principle than to manage in practice, especially in an uncertain rate environment.

For ASOMIC, 2025 was another meaningful step forward. Protection & Indemnity is a line of business we understand deeply, and the progress we made this year reinforced our conviction that the path we are on is the right one, for our clients, for our partners, and for the long-term health of the Company. Our P&I portfolio now sits at the heart of what we do, and this year we saw the benefit of having built it steadily and carefully over the past few years.

Financially, the year went well. Gross written premium grew to USD 11.48 million, we delivered a profit for the second consecutive year, and our equity base continued to strengthen. In a business like ours, consistency matters more than headlines, and 2025 delivered exactly that. Our solvency position remained strong throughout the year, with our SCR coverage ratio at 190%, comfortably above regulatory requirements. Capital adequacy is not just a number we report; it is what allows us to honour our obligations to clients when it matters most. Our P&I fleet grew to 197 vessels by year-end, and we are particularly pleased with the quality and spread of the book, a mix of vessel types and client relationships that we believe represents a healthy and well-balanced portfolio. Every vessel we add is a relationship we intend to maintain for the long term, and that philosophy guides how we select and price risk.

Our reinsurance relationship with the American P&I Club continues to be a genuine competitive strength. The adjustments we have made to the quota share arrangement in recent years reflect a growing confidence in our own underwriting, while ensuring we retain the protection that any prudent insurer should have in place. It is a partnership that works well, and we value it greatly.

As we were putting the finishing touches to this report, events in the Gulf brought into sharp focus something we in the marine insurance industry are always aware of but rarely have to confront so directly: how quickly things can change.

We go into 2026 with a clear strategy, a strengthening balance sheet, and a genuine commitment to the shipowners and managers who place their trust in us. The world around us will no doubt continue to surprise, it always does. But we are better positioned than we have ever been to face whatever comes next, and we thank our clients, our partners, and our team for making that possible.

Ilias Tsakiris

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1 Business Performance

1.1 Business

1.1.1 Name and legal form of undertaking

The Company was incorporated on April 21st, 2016, as a private limited liability company by shares in accordance with the provisions of Cyprus Companies Law, Cap. 113. The registered office of the Company is at John Kennedy Str., Iris House, 3rd Floor, 3016 Limassol, Cyprus and its headquarters at 4, Kallitheas street, Limassol, Cyprus.

On 24th June 2016 the Company obtained its licence (Licence No. 180) to conduct insurance business under non-life Class 6, in accordance with the provisions of the Insurance and Reinsurance Services and Other Related Issues Law of 2016. This authorises the Company to provide insurance cover in connection with damage to or loss of ocean going vessels, lake vessels, river vessels, canal vessels, as well as the damage to or loss of the machinery, the fittings and features or the equipment of such vessels.

In October 2021 the Company applied to the Superintendent of Insurance to extend its licence to transact business under Non-Life Insurance Classes 1 (accident including injury and occupational diseases, 7 (goods in transit), 12 (liability for ships) and 17 (legal expenses and costs of litigation).

On 15th November 2021 the Company changed its name to American Steamship Owners Marine Insurance Company (Europe) Ltd (ASOMIC).

On 4th February 2022 the Company obtained its extended licence (Licence No. 180) to conduct insurance business under Classes 1,6,7,12 and 17.

1.1.2 Name and contact details of the supervisory authority

The supervisory authority of the undertaking is the Superintendent of Insurance

Address: P.O. Box 23364, 1682 Nicosia

Telephone Number: 22602990

Fax Number: 22302938

E-mail: insurance@mof.gov.cy

The group supervisor is the New York Superintendent of Insurance.

1.1.3 Name and contact details of the external auditor

Grant Thornton (Cyprus) Limited

41-49, Agiou Nikolaou Street, Nimeli Court, Block C, 2408 Engomi, 1687 Nicosia | Cyprus

Partner, Dimitrios Chioureas

e-mail: Dimitrios.chioureas@cy.gt.com

tel.: +357 22 600000

1.1.4 Description of the holders of qualifying holdings in the undertaking

The sole shareholder of the Company which holds its entire issued share capital is AHHC Inc, a United States company. AHHC Inc is a 100% subsidiary of the American Steamship Owners Mutual Protection and Indemnity Association, Inc. (trading as the American Club), which is the ultimate owner of the Company.

1.1.5 Details of the undertaking's position within the legal structure of the group

As mentioned above the Company is 100% subsidiary of AHHIC Inc., which is a holding company. In turn, AHHIC Inc is owned by the American Steamship Owners Mutual Protection and Indemnity Association, Inc (The American Club).

The American Club was established in New York in 1917 and is a member of the International Group of P&I Clubs, an unincorporated association of twelve independent mutual insurance associations which together provide Protection and Indemnity insurance for approximately 90% of the world's ocean-going tonnage.

1.1.6 Material lines of business and material geographical areas where the undertaking carries out business

As stated above, in February 2022 the Company obtained an extended licence (Licence No. 180) to conduct insurance business under Classes 1, 6, 7, 12 and 17. The headquarters of the undertaking are situated in Limassol, Cyprus.

1.1.7 Any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking

There were no significant business nor other events during the reporting period that had a material impact on the undertaking.

1.2 Underwriting performance

1.2.1 Qualitative and quantitative information on the undertaking's underwriting performance, at an aggregate level

Operating performance, financial strength and security:

ASOMIC's underwriting performance for 2025 reflected the continued transition of its business from Hull & Machinery (H&M) insurance to Protection & Indemnity (P&I) insurance, following the strategic decision implemented in mid-2022.

Year-on-year comparisons of underwriting performance should be viewed in the context of the continued reshaping of ASOMIC's portfolio and reinsurance structure. In particular, 2025 reflects (i) a full-year contribution from the expanding P&I portfolio, (ii) the absence of Hull & Machinery business in force, with only run-off reserve exposure remaining, and (iii) the continued effect of the revised quota share arrangement introduced in February 2024.

Accordingly, although insurance revenue increased during the reporting period as the P&I portfolio matured, the insurance service result is not directly comparable with that of the prior year on a like-for-like basis. This is primarily due to differences between the two periods in terms of business mix and the level of run-off activity. On that basis, the 2025 underwriting result should be assessed in the context of the Company's ongoing strategic repositioning towards a P&I-focused portfolio.

Despite challenging market conditions the Company maintained a robust financial position throughout the reporting period, demonstrating resilience through continued profitability and improved solvency coverage.

STATEMENT OF PROFIT OR LOSS

	2025	2024	VAR.
	US\$	US\$	%
Gross written premium (after returns and cancellations)	11,478,272	10,998,793	4.4%
Insurance revenue	11,247,329	9,497,913	18.4%
Insurance service expenses	<u>(5,400,681)</u>	<u>(8,043,821)</u>	-32.9%
Insurance service result from insurance contracts issued	<u>5,846,648</u>	<u>1,454,091</u>	302.1%
Allocation of reinsurance premiums	(7,864,881)	(6,882,615)	14.3%
Amounts recoverable from reinsurers for incurred claims	<u>2,273,753</u>	<u>5,869,475</u>	-61.3%
Net expense from reinsurance contracts held	<u>(5,591,128)</u>	<u>(1,013,140)</u>	451.9%
Insurance service result	<u>255,521</u>	<u>440,951</u>	-42.1%
Net investment income	295,457	416,410	-29.0%
Insurance finance expense from insurance contracts issued	(459,984)	(213,969)	115.0%
Finance income from reinsurance contracts issued	<u>395,755</u>	<u>95,674</u>	313.6%
Net insurance financial expenses	<u>(64,229)</u>	<u>(118,295)</u>	-45.7%
Net Insurance and investment result	486,749	739,066	-34.1%
Other (expense)/ income	(349,747)	(388,517)	-10.0%
Profit/ (Loss) for the year	137,002	350,550	%

Key Financial Metrics

For the fiscal year ending 31 December 2025, ASOMIC reported the following key figures:

- **Gross Written Premium (GWP) after returns and cancellations:** \$11.48 million, an increase of 4.4% compared to \$11.00 million in 2024.
- **Insurance Revenue:** insurance revenue increased by \$1.75 million to \$11.25 million, representing growth of 18.4% compared with \$9.50 million in 2024.
- **Insurance Service Expenses:** insurance service expenses decreased to \$5.4 million in 2025, representing a year on year reduction of 32.9%.
- **Insurance Service Result:** insurance service result was \$255,521, a 42.1% decrease from prior year. Year-on-year comparability is affected by changes in business mix, reinsurance retention and the continued run-off of the H&M portfolio. In particular, 2025 reflects a full-year contribution from the expanding P&I portfolio, the absence of H&M business, with only run-off reserve exposure remaining, and a higher retained

participation following the revision of the quota share arrangement from 90/10 to 80/20.

- **Profit for the Year:** \$137,002, marking its second consecutive year of profitability.
- **Total Equity:** net assets increased to \$5.49 million (2024: \$5.35 million), reflecting earnings retained from the Company's return to profitability.
- **SCR & MCR Ratios:** the Solvency Capital Requirement (SCR) coverage ratio stood at 190%, and the Minimum Capital Requirement (MCR) coverage ratio at 117%, reinforcing ASOMIC's strong capital position.

Underwriting Results by Line of Business

P&I Line of Business

The P&I segment remained the main source of underwriting activity in 2025, with P&I insurance revenue constituting the Company's premium base. The corresponding exposures are reinsured by the American P&I Club.

To further strengthen its position, ASOMIC adjusted its Quota Share Reinsurance Agreement with the American P&I Club from 90% to 80% with effect from 20 February 2024. This adjustment allows the Company to retain a greater proportion of underwriting result while maintaining prudent risk exposure. This change has supported the Company's solvency position.

At the end of 2025, 197 vessels were insured for P&I under ASOMIC, up from 172 at the end of 2024. The total gross tonnage covered reached 1.66 million GT, further reflecting the expansion in this line of business.

H&M Line of Business

During the 2025 fiscal year, the Company continued the strategic wind-down of its legacy Hull & Machinery (H&M) portfolio in line with the plan.

Key operational developments during the year included the following:

- A high settlement rate was maintained, supporting the timely and fair resolution of liabilities.
- By the end of 2025, the portfolio reached a 71% completion rate and the run-off continued in line with the established liquidation timeline:

	2022	2023	2024	2025
OPEN CLAIMS INCIDENTS BEGINNING OF YEAR*	632	606	357	205
NEW INCIDENTS DURING THE YEAR	186	121	18	4
CLOSED INCIDENTS DURING THE YEAR	212	370	170	31
OPEN CLAIM FILES @ YEAR END	606	357	205	179
RUN OFF COMPLETION	4%	44%	68%	71%

- Current performance remains broadly in line with actuarial projections, and the Company remains on track to close the H&M book within 2027.

With the H&M line in run-off, ASOMIC has reduced underwriting risk and volatility, supporting stronger capital efficiency. Capital and operational capacity are now being deployed primarily toward the development and expansion of the P&I portfolio.

Historical performance also reflects ASOMIC's underwriting discipline:

- The historical loss ratio for the international fleet that was on risk on 31 July, 2022 was 59,70%, while the Greek/Cypriot fleet demonstrated superior performance with a loss ratio of 51.61%.

As of December 31, 2025, H&M technical reserves accounted for 33% of total gross outstanding claims, amounting to \$0.52 million out of a total of \$1.59 million. Although underwriting in H&M has ceased, technical reserves have been conservatively managed to ensure the smooth run-off of this portfolio.

Loss Ratio Development and Claims Experience

The strategic pivot toward P&I underwriting has fundamentally enhanced the Company's risk profile, as evidenced by a substantial improvement in the Gross Loss Ratio, which declined from 86.0% in 2024 to 38.5% in 2025.

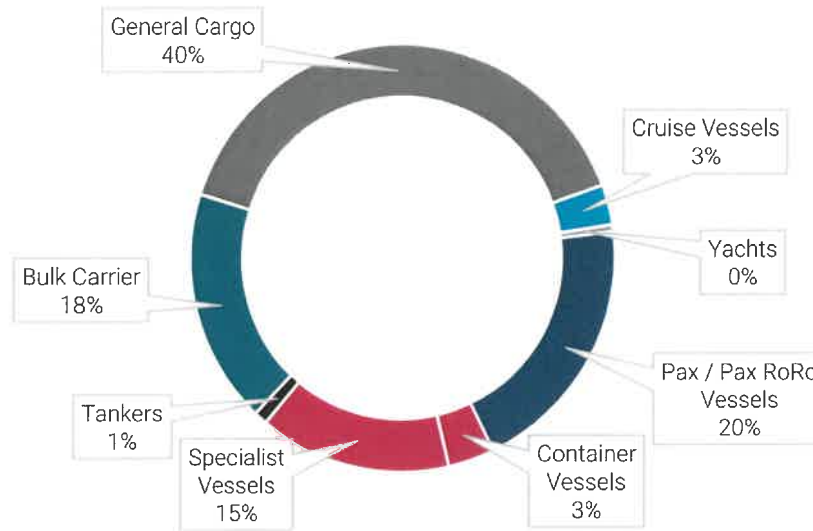
While the Net Claims Ratio rose to 45.8% (up from 35.3% in 2024), this increase reflects a deliberate portfolio stabilization strategy, whereby the Company retains a greater share of high quality, lower-volatility P&I risks in order to capture a greater share of underwriting profit within its retained layers.

Furthermore, the Reinsurance Recovery Ratio decreased significantly to 64.2% (down from 88.6% in 2024). This trend underscores a reduction in systemic reliance on external reinsurance support for attritional losses. By moving from a 90/10 quota share reinsurance agreement to an 80/20 agreement the Company is now responsible for twice the amount of "attritional" claims' cost than it was before. This upward adjustment - from 10% to 20% - coincides with a marked compression in the gross loss ratio. This indicates that while the Company has increased its net exposure, the underlying technical performance of the P&I portfolio has improved, whilst recording lower frequency of attritional claims relative to the heightened risk appetite. The decline in the reinsurance recovery ratio demonstrates that the current portfolio is increasingly self-sustaining, with the \$200k risk cap effectively isolating the balance sheet from catastrophic exposure. Collectively, these metrics validate ASOMIC's transition into a robust, specialized regional hub with a sustainable and autonomous underwriting model.

1.2.2 Qualitative and quantitative information on the undertaking's underwriting performance by material line of business

Portfolio (H&M): The reduction of the H&M exposure continued until 9 May 2024 when the insurance cover of the last vessel on risk expired, with no vessels on risk on 31 December 2025.

Portfolio (P&I/FD&D): The portfolio of the P&I class of business which was introduced in February 2022, has further expanded in terms of number of vessels during 2025, with the total number of vessels covered as at 31 December 2025 being 197 (172 as at 31 December 2024) representing 23 clients (23 as at 31 December 2024), with vessel types as follows:



Claims

Hull & Machinery Portfolio

General:

During 2025, 4 claims were reported (a decrease of 79% compared with 2024) with a total claim cost (excluding technical reserves and third-party recoveries) of \$85,841 (a decrease of 71% compared with 2024). These 4 claims are analysed below by type:

Type of Claim	No of Claims	Total Claim cost (\$)
Machinery related	2	64,609
Other*	2	21,232
Total	4	85,841

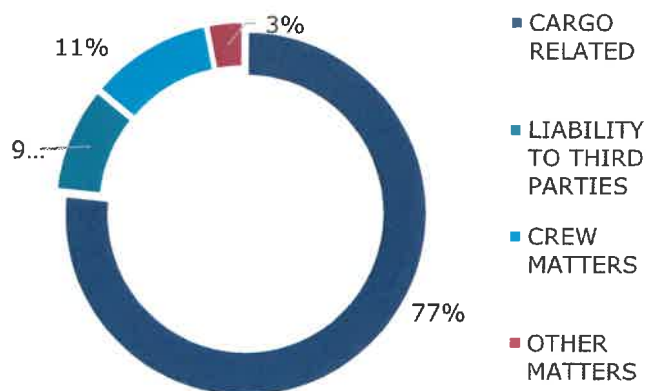
* Other includes two Bow thruster incidents.

P&I/FD&D Portfolio

General: During 2025, the fourth year of operation of this business line, 76 incidents were reported with a total claim cost (excluding technical reserves) of \$2,018,392. These 76 claims can be split into two categories: 64 claims concerning **P&I incidents** (namely 7 cases of injury/illness, 6 third party liability matters, 49 cargo-related claims and 2 cases categorised as other and 12 FDD claims (2 related with defence costs, 1 related to a dispute over bunkers and 9 charter party disputes over hire/ freight).

Ann. Year	No of claims	Total Claim Cost (\$)
2025	76	2,018,392
2024	51	2,089,014

Distribution of reported losses by damage type:



1.3 Investment Performance

ASOMIC continues to adopt a **conservative investment strategy**, with **97% of funds allocated to U.S. Treasury Bills** with maturity of three to six months. Investment income for 2025 totaled \$295,457. The portfolio generated a **4.03% yield for the year**, calculated as investment income over average invested assets.

1.3.1 Income and expenses arising from investments by asset class

According to the investment performance analysis of 31 December 2025 the Company's Investment Asset were valued at \$7,744,206 (2024: \$6,749,759). This resulted in an unrealized profit in current year of \$249,005 and a Rate of Return of 3.2% (2024: \$346,723 and a rate of return: 5.8%). Profit realized upon the maturity of financial assets for the year 2025 amounts to \$46,452 (2024: \$69,687).

1.3.2 Any gains and losses recognised directly in equity

As of 31st December 2025 there were no gains or losses recognised directly in equity.

1.3.3 Any investments in securitisation

There are no investments in securitisation.

1.3.4 Performance of other activities

There are no other activities.

1.3.5 Other material income and expenses

There is no other material income and other expenses that incurred over the reporting period.

1.4 Any other information

There is no further information related to business performance of the Company.

2 System of Governance

2.1 General information on the system of governance

2.1.1 The structure of the Board of Directors (BoD)

The Board of Directors of the undertaking is currently comprised of seven directors.

Currently, the Board of Directors has two committees: the Audit Committee and the Finance and Investment Committee.

The Audit Committee consists of three Board Members, two of whom (including the Chairman of the Audit Committee) are independent non-executive Directors whereas the other member of the Audit Committee, following approval from the Superintendent of Insurance, is the Chairman of the Board.

The Finance and Investment Committee is consists of two Board Members and the General Manager of the undertaking.

The BoD consists of seven non-executive members. The current Board Members of the Company are as follows:

Chairman	Vincent Solarino
Secretary of the BoD	Fidentia Secretarial Ltd
Member	Joseph Edwin Morgan Hughes
Member	Dorothea Ioannou
Member	Andreas Georghadjis
Vice – Chairman	Angelos Kostakos
Member	Dimos Dimou
Member	Manolis Hadjimanolis

2.1.2 Description of the main roles and responsibilities of key functions

– Internal Audit Function

The Internal Audit function of the Company is administratively independent of any functions with operational responsibilities. The Internal Audit function reports to the BoD through the Audit Committee. The Internal Audit function does not subordinate to any other operational function of the Company, however, all its reports are communicated to the Company's Management.

The primary responsibility of the Internal Audit Function is to evaluate the adequacy and effectiveness of the internal control system and other elements of the system of governance. The responsibilities of this function are governed by the Internal Audit Function Manual, which is approved by the BoD and reviewed annually.

– Compliance Function

The Compliance Function reports to the Board of Directors and to the CEO / General Manager. The Compliance Function is administratively independent of risk taking functions

e.g. underwriting and claims. It also has a direct reporting line to the BoD, in order to ensure its operational independence and safeguard its ability to escalate important issues.

The main role of the Compliance Function is to establish, implement and monitor procedures that ensure the Company's ongoing compliance with the applicable legal and regulatory framework. The activities and responsibilities of the Function are governed by the Compliance Manual, which has been approved by the BoD.

The function is subject to audit by the Internal Audit Function.

– **Actuarial Function**

The Actuarial function provides advise to the Senior Management and the BoD of the Company on the valuation of the technical provisions, the overall underwriting policy and the reinsurance arrangements and contributes to the effective implementation of the risk-management system. Additionally, it is responsible to assist where requested in the pricing adequacy. The Actuarial Function is a measure of quality assurance with a view to safeguarding that certain control tasks of the Company are based on expert technical actuarial advice.

– **Risk Management Function (RMF)**

The RMF aims at facilitating the implementation of the Risk Management System of the Company. The primary objective of the RMF is the efficient and effective management of risks in accordance with the risk appetite of the Company, as stipulated in its Risk Appetite and Tolerance Statement.

In order to achieve its mission, the RMF designs and implements strategies, processes and reporting procedures necessary to identify, measure, monitor and report risks both at individual and aggregate levels across the organisation.

2.1.3 Material changes in the system of governance over the reporting period

There were no material changes in the system of governance over the reporting period.

2.2 Remuneration policy and practices for the BoD and employees

– **Principles of the remuneration policy, with an explanation of the relative importance of the fixed and variable components of remuneration**

Board of Directors: The remuneration of non-executives Board Members takes into account other factors, such as their regular attendance to the Board and Committee meetings and their responsibilities.

Non-executive Members of the Board receive an agreed annual fee which has been approved during company's first meeting of the Board of Directors which took place on 8th September, 2016.

The Company has outsourced all management and administration affairs to Hellenic Hull Management (HM Insurance Agencies) Ltd, which is remunerated according to the provisions of a Management Agreement which has been ratified during company's second Board of Directors, on 6th December, 2016 as amended on 31st March 2018 and on 1st January 2021.

The Company has outsourced claims handling and administration of claims as well as the underwriting in relation to the Marine Protection and Indemnity insurance as well as any related or ancillary insurances to Shipowners Claims Bureau Inc. Shipowners Claims Bureau Inc. will be remunerated in accordance with the relevant provision of the management agreement between the said company and American P&I Club.

- Information on the individual and collective performance criteria on which any entitlement to share options, shares or variable components of remuneration is based

There is no provision of any entitlement to share options, shares or variable components of remuneration to the members of the Board of Directors.

With regards to remuneration of the company's managers, Hellenic Hull Management (HM Insurance Agencies) Ltd, there are provisions for an annual fee and profit commission. The exact provisions are described in detail in section 7 of the management agreement described above.

- A description of the main characteristics of supplementary pension or early retirement schemes for the members of the BoD and other key function holders

There is no provision for supplementary pension or early retirement schemes for the members of the BoD and other key function holders.

2.3 Information about material transactions during the reporting period with:

- Shareholders

There were no material transactions with Shareholders during the reporting period.

- Persons who exercise a significant influence on the undertaking

There were no material transactions with persons who exercise a significant influence on the undertaking during the reporting period.

- Members of the BoD

There were no material transactions with Members of the BoD during the reporting period.

2.4 Fit and proper requirements

All members of the Board of Directors and people who effectively run the business or have other key functions have professional skills, expertise and knowledge in accordance with the requirements of Article 44 of the Insurance and Reinsurance Activities and other Related Matters Law of 2016 (Law 38(I) / 2016) (as amended) and applicable regulations. The Members of the Board have been approved, at the time of their appointment, by the Superintendent of Insurance.

2.4.1 Description of the specific requirements concerning skills, knowledge and expertise

The fit and proper requirements are set out in section 8 of the Governance Manual of the undertaking.

2.4.2 Description of the undertaking's process for assessing the fitness and the propriety

The undertakings' process for assessing the fitness and the propriety is set out in section 8 of the Governance Manual of the undertaking.

2.5 Risk management system including the own risk and solvency assessment

2.5.1 Description of the undertaking's risk management system and how it is able to effectively identify, measure, monitor, manage and report, on a continuous basis

2.5.1.1 Principles

The Risk Management System is governed by the Risk Principles defined by the BoD. The main principles adopted by the Company regarding the management of risk are listed below:

- The Company aims to create and promote a strong risk culture that is embedded in all aspects of the Company's activities.
- The BoD in carrying out both its management and supervisory functions has collectively a full understanding of the nature of the business and its associated risks.
- The BoD is responsible for setting ASOMIC's risk appetite and risk tolerance at a level which is commensurate with its sound operation and the strategic goals of the Company.
- The Company has an established, comprehensive and independent from risk taking activities RMF.
- The Company applies high standards of transparency with regards to the performance of its operations and communicates all the information it considers necessary to the interested and affected parties.
- New products, markets, and business strategies are analysed carefully and the Company makes sure that it possesses adequate internal tools and expertise to understand and monitor the risks associated with them
- The risk management framework is subject to an independent review by the Internal Audit Function.

2.5.1.2 Risk Appetite

In line with its overall strategy, the Company's appetite is now focused on underwriting risk specifically related to the Protection and Indemnity (P&I) line of business, following the temporary run-off of Hull & Machinery (H&M) operations. Consequently, non-life underwriting risk, primarily driven by P&I, remains the most significant portion of the Company's risk portfolio. The Company's primary risks include Non-Life Underwriting Risk, Strategic Risk, and Counterparty Default Risk.

Nevertheless, the Company recognises that underwriting activities inevitably generate additional risk exposures. These include an elevated Counterparty Default Risk arising from the Q/S reinsurance arrangement with the American Club related to the P&I line of business, as well as potential delays in the collection of premiums from brokers, and operational risk. The Company acknowledges that such risks are unavoidable and therefore seeks to mitigate them to a reasonable and practicable extent.

In addition, like any other insurance company, the Company maintains a capital base whose investment introduces a degree of investment risk. The Company has a very low appetite for investment risk and hence it invests its portfolio of assets in a manner that ensures security of investments, adequate diversification as well as sufficient liquidity to meet liabilities as they fall due.

2.5.1.3 Risk Management Cycle

The Company's Risk Management System encompasses a series of key processes and procedures which address the Company's key risks. These steps are summarised below:

- a. **Risk identification** - Risks are identified and documented in the Risk Register. Risk and control owners are assigned to each risk to ensure accountability for managing all material risks and the related controls.
- b. **Risk assessment** - The risk exposures are then assessed qualitatively on a gross basis (inherent risk) and on a net basis (residual risk) on established criteria for frequency and severity for risks not covered by capital, and using the Value at Risk (VaR) measure for risks covered by capital.
- c. **Risk control and mitigation** - The Company designs and implements controls to prevent or detect the occurrence of an identified risk event or to mitigate its severity. The Company's control activities are documented in the Risk Register.
- d. **Risk monitoring** - At least once a year, net risks are compared to the stated risk tolerance levels and the Risk Register is formally reviewed by the RMF. Moreover, the RMF, together with the Actuarial Function, runs the stress and scenario tests as specified in the Board policies. A set of Key Risk Indicators has been developed to be used for a more frequent assessment of the risk exposures of the Company.

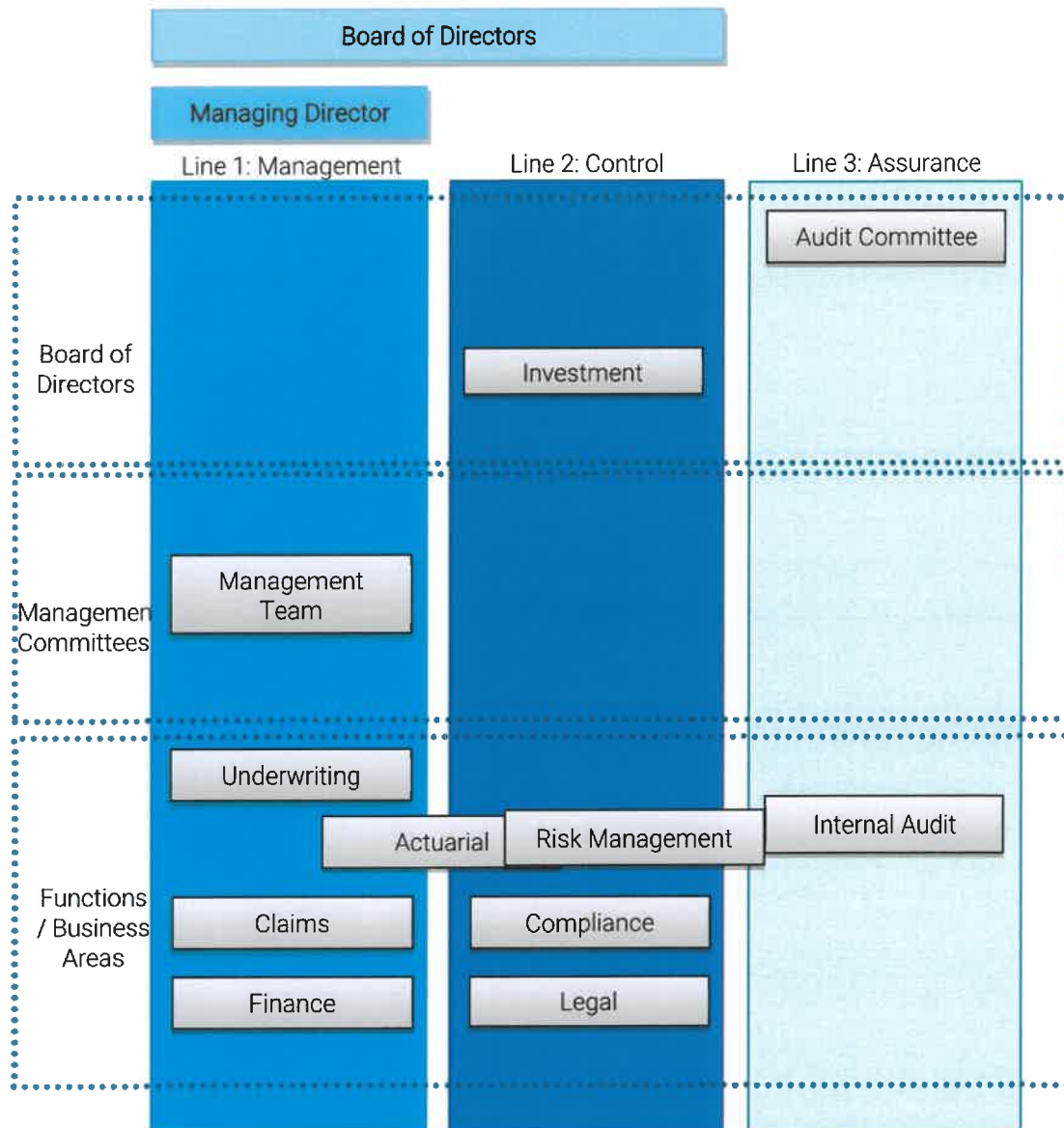
2.5.1.4 Risk Reporting

The RMF reports to the BoD at least annually on its assessment of material risks and the management thereof, in particular the actions being taken to mitigate or control key risk exposures. It is also obliged to report the following to the BoD, without delay:

- Any significant changes to the overall risk profile of the Company
- Any deviations from the risk management strategy or risk appetite
- Any risk management matters in relation to strategic affairs, such as major projects and investments
- Any significant internal control deficiencies

2.5.2 Description of how the risk management system (including the RMF) are implemented and integrated into the organisational structure and decision-making processes of the undertaking

In implementing its risk management strategy, the Company operates the 'Three Line of Defence Model' to manage its risk and control its activities. This ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels, including the BoD, Senior Management, RMF and Business Units.



Responsibility for the management of individual risks (**first line of defence**) rests with the function identified as the risk (and control) owner. Each risk owner is accountable for all the RMS processes and procedures outlined above in relation to the owned risks.

The RMF operates as a **second line of defence** by assisting and supporting such processes and procedures, reporting risks in a timely manner and ensuring an aggregated and consistent approach towards risk management. The tasks of the risk management function are outsourced to Deloitte.

The role of the RMF is to:

- Support the BoD in the determination and implementation of the risk strategy and capital planning
- Coordinate the implementation and the ongoing development of the risk management framework
- Be the main unit for risk management responsibilities
- Report to the Senior Management

- Risk management training to the BoD, Committees, Senior Management and risk-taking functions directly involved in the management and oversight of risk, on the contents of, and for providing guidance on their application
- Monitor the risk profile of the Company against the company's risk appetite
- Develop internal risk methodologies and models
- Bring to the attention of the BoD any breaches of the Risk Management Policy

The RMF is assisted by the Actuarial Function on the technical aspects of risk management and modelling.

The **third line of defence** which comprises of the Internal Audit Function undertakes independent reviews and testing of the risk management framework or of specific components of the framework and reports the results to the Audit Committee.

The Company integrates the risk management system into the organisational structure and supports it by appropriate internal controls and by information systems that provide relevant, accurate and reliable information. The risk management system then provides information that is fed into the decision-making processes by assessing the risk exposure of alternative strategies that the company is considering with respect to risk mitigation, business volumes and investments.

2.5.3 Description of the risks on an individual and aggregated level, to which the undertaking is or could be exposed

The primary risk exposure of the Company arises from its underwriting activities. This is consistent with the risk appetite of the ASOMIC. Premium and reserve risks are the main drivers of the exposure to underwriting risk, as catastrophe risk is completely ceded through the reinsurance contracts in force. ASOMIC is fully aware of the disastrous effect a catastrophe event could have on its solvency and financial position, and hence it chooses to mitigate that risk through a number of reinsurance agreements.

Additionally, Counterparty Default Risk represents a significant exposure due to the reliance on key reinsurers and is closely monitored within the Company's overall risk framework. This risk is increasing significantly as a result of the proportional reinsurance agreement with the American Club, combined with the growing volumes of P&I business.

Another element introducing counterparty default risk as at year-end 2025, are the premium receivables. As the Company is following leaders, it is obliged to also follow the credit periods they offer. As at year-end 2025, the majority of these amounts relate to future instalments and only a small proportion of the amounts was overdue.

The Company's exposure to market risk remains minimal and consistent with its conservative risk appetite. This was achieved through investments in high-graded Treasury bills.

2.5.4 Process adopted to fulfil the obligation to conduct an ORSA

2.5.4.1 Description of the process undertaken by the undertaking to fulfil its obligation to conduct an ORSA as part of its risk management system

In accordance with the Company's ORSA policy, ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks the Company faces or may face and to determine the own funds necessary to ensure that the Company's overall solvency needs are met at all times.

ASOMIC follows the steps outlined below to implement its ORSA:

- a. **Identify and classify risks** - The Company identifies the material risks it faces at a particular point in time. This includes risks captured under the SCR standard formula, as well as risks not explicitly covered in the standard formula such as liquidity, strategic and business risks.
- b. **Assessment and measurement of risks** - the Company collects relevant data, quantifies and aggregates risks using different approaches such as Value at Risk and stress testing. The assessment is done using predefined risk metrics.
- c. **Capital Allocation** – According to its risk profile, the Company determines the level of risk capital required to adequately support its risk exposures.
- d. **Capital planning** – The Company projects its future risk profile based on its business plan and prepares a capital plan over the business planning horizon. The capital plan depends on its strategic objectives and financial projections and assumptions on future economic conditions.
- e. **Stress testing** - The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future. Based on the results, potential management actions and contingency measures are identified.
- f. **Communicate and document the results** – The Company presents the results of the process to senior management and the Board of Directors and prepares the ORSA report.

2.5.4.2 How the ORSA is integrated into the organisational structure and decision-making processes of the undertaking

The ORSA process covers all the operations of the organisation and all business units of the Company. The BoD is the body that bears ultimate responsibility for the ORSA, its application and embedment within the Company's day to day procedures. The roles and responsibilities for the ORSA for each body and function of the company (BoD, Senior Management, RMF, Actuarial Function, Compliance Function, Finance Function, Internal Audit Function, Risk Taking Departments) are defined in the ORSA policy of ASOMIC.

The ORSA process is not independent from the "business as usual" process of the Company. As a result, the RMF regularly reports the Company's risks and stress tests and the BoD and Management make decisions upon the results of these procedures. Furthermore, the Company considers the impact on its capital requirements in its financial projections and strategic planning. Strategic decisions are assessed and evaluated in the light of their effect on the Company's risk situation and risk-bearing capacity over the business planning horizon. Such strategic decisions include but are not limited to:

- Introduction of new products
- Utilisation of additional distribution channels
- Target business volumes
- Reinsurance arrangements
- Investment decisions

2.5.4.3 A statement detailing how often the ORSA is reviewed and approved by the BoD

The Company currently performs the ORSA on an annual basis. The assessment will be repeated immediately following any significant changes to the internal or external environment that the Company operates.

2.5.4.4 A statement explaining:

- how the undertaking has determined its own solvency needs given its risk profile

The Company determined that the Solvency II standard formula is appropriate for calculating the required solvency capital and assessing its overall solvency needs. The standard formula is widely used internally as it represents the primary metric for the ongoing management of risk and capital. Given the characteristics of ASOMIC's portfolio, ASOMIC is confident that the risk capital as calculated by the standard formula is generally at least equal to the actual underlying risk of the Company. Furthermore, we observe that the ranking of risks as quantified by the standard formula represents the expectations of the management which provides additional comfort about the merits in adopting this approach.

- how its capital management activities and its risk management system interact with each other

A three-year base case projection of the Solvency II Balance Sheets and Solvency Capital Requirements ('SCR') is produced using the standard formula. The projections are subjected to a range of scenario testing that is reviewed by management and challenged by the BoD and, where appropriate, potential management actions are noted and conclusions drawn. Based on the scenarios presented to the BoD, it is assessed whether the Company is adequately capitalised and if not, what options are available.

2.6 Internal control system

2.6.1 Description of the undertaking's internal control system

Every member of the Company has a role in the system of internal control. Internal control is inherently people-dependent and its effectiveness depends on people's awareness, commitment and adherence to the Company's control framework:

- The BoD is responsible for setting the strategy, tone, culture and values of the Company
- Business Management, Risk Management, Compliance and Actuarial function design and implement policies and procedures to ensure that an effective internal control system is established within the Company
- The Internal Audit function monitors the effectiveness of the internal control system

In accordance with the standardized framework for internal control used by COSO, there are five interrelated components of effective internal control, which are discussed in the following sections:

- Control Environment
- Risk Assessment
- Control Activities
- Reporting
- Monitoring

The Company has established the necessary assessment criteria for evaluating its internal control system.

2.6.2 Description of how the compliance function is implemented

Compliance is a responsibility shared by all staff. Regardless of their position within the Company, all individual employees, including the ones within Company Management, share the responsibility of compliance with applicable laws, regulations and business standards. To this effect, Senior Management ensures that all staff in their respective departments have knowledge of applicable compliance policies, and understand the regulations, standards and best practices associated with the discharge of their respective duties, as well as the compliance risks involved and managing of such risks.

ASOMIC adopts the following principles with respect to the operations of the Compliance Function:

- (a) The operation of the Compliance Function is assigned to a person/function who/which is independent from other significant functions of the Company where there might be possible conflicts of interest
- (b) The Compliance Function is granted a formal status within the organisational structure, ensuring appropriate standing and authority within the Company
- (c) The Compliance Function reports directly to the BoD and to the General Manager of the Company
- (d) The Compliance Function carries out its responsibilities on its own initiative in all areas of the Company in which compliance risk exists and report any irregularities or possible breaches without fear of retaliation or dissatisfaction from Management
- (e) The Compliance Function should be undertaken by persons that have the necessary qualifications, experience and professional qualities to carry out its duties.

The responsibility of the Compliance Function is to assist the General Manager and the BoD in effectively identifying, managing, and mitigating the compliance risks faced by the Company.

2.7 Internal audit function

2.7.1 Description of how the undertaking's internal audit function is implemented

Internal audit execution, including development of the audit programs for each respective area to be audited, is performed after approval of the annual Internal Audit Plan.

During the internal audit execution process the following activities are conducted:

- Business Process Analysis
- Creation of Internal Audit Programs
- Execution of the Programs
- Documentation of Evidence and Report Issues

The activities performed during the internal audit execution may allow the IAF to identify operational weaknesses and produce relevant recommendations which are aimed at improving the effectiveness of internal controls and adding value to the Company.

Internal Audit may also provide consultative support to the Company for any specific internal control issues, best practise recommendations, review of the ad-hoc requests subject to BoD/ Audit Committee enquiries and other services.

2.7.1.1 Audit preparation

Information for the audit is gathered during the preparation stage, from information available from previous audits (as applicable), procedures manuals, as well as information gathered on site and through discussions with Management.

The scope of the on-site visit is to obtain a full understanding of the audited cycle of operations, to perform business process analysis and to define the specific risk factors.

By reviewing all information gathered, internal auditors can identify manual and automated controls, establish the time period for the audit, necessary evidence, and any necessary special knowledge and auditing tools needed. Objectives are identified during the planning phase in order for the auditor to focus on the required audit work for each case.

2.7.1.2 Preparation of Internal Audit Programmes

Audit programmes are developed and refined based on the information gained during the audit preparation. Audit programmes for each audited area are completed during the Internal Audit visits.

2.7.1.3 Documentation of Evidence

During the course of the Internal Audit visits, the evidence gathered from testing is documented in the working papers. Each test procedure should link back to the specific scope of the internal audit project. Upon completion of the test / audit work, the audit program is referenced to the relevant working papers.

During the work, identification of additional internal control issues that require resolution but are not specifically within the scope of the internal audit project may be identified.

2.7.1.4 Summarize Findings/ Performance Improvement Observations (PIOs)

A finding is recorded when the results of internal control testing denotes that the control is either absent or is not operating as expected and could be documented in the Summary of Findings. All findings included in the internal audit report should tie back to the Summary of Findings, which in turn should tie directly back to the supporting test documentation or other relevant working papers.

Additionally, performance improvement observations (PIO) may be defined. Based on the results of the internal audit procedures, the auditor will document the following information for both findings and PIOs:

- Basis for observation
- Associated risks
- Recommended actions
- Timeframe for implementation of recommended actions and role responsible for the implementation
- Management responses

2.7.1.5 Dispute / Disagreement Resolution

There are certain cases where there disagreement arises between the audited party and the Internal Audit. Where agreement cannot be reached, the audited party will have the opportunity to have its written comments included in the report. The comments will be recorded in the management response portion of the internal audit report. Management's views should clearly identify:

- The reasons for disagreement with the recommendations
- The alternative course of action that management plans to follow (if any)
- Justification for preferring the alternative course of action.

2.7.2 Description of how the undertaking's internal audit function maintains its independence and objectivity from the activities it reviews

The activities of the Internal Audit Function are outsourced to KPMG Limited. The Internal Audit Function is objective and independent from any operational functions, in accordance with Article 47 of the Solvency II Directive. It remains independent from the organisational activities audited and conducts its assignments with impartiality. The principle of independence entails that the Internal Audit Function only operates under the oversight of the administrative, management or supervisory body, reporting to the Audit Committee. At the same time, it is ensured that the Internal Audit Function is not subject to instructions of the administrative, management or supervisory body when performing the audit and when evaluating and reporting the audit results.

Audit area independence is defined by many factors, such as the objective of work, categorisation and interdependence of procedures and associated risks. This facilitates the execution, to the extent possible, of completed audits, which with their completion will provide a general assessment on the quality and the operation of the internal control system for the audited area.

Therefore, it is possible that a Department / Service or Unit of the Company, or a procedure, information system, or a cycle of operations, is defined as an audit area, depending on the degree of completion and independence of its operations, which is possible to be extended in more than one Department or Service.

2.8 Actuarial Function

2.8.1 Description of how the undertaking's actuarial function is implemented

ASOMIC's actuarial function is carried out and designated by key function holder, who reports to the Senior Management and the BoD. The tasks of the actuarial function are outsourced to Deloitte.

The actuarial function provides an independent assessment of the technical provisions, suitability and execution of the underwriting policy, and adequacy of the reinsurance arrangements. Based on this assessment, an actuarial function report is provided to the BoD of the Company.

The actuarial function advises on improvements in design, implementation and execution of the calculation of Technical Provisions.

The actuarial function cooperates mostly with Finance, Risk and internal control in order to further enhance the internal control requirements.

The responsibilities of the actuarial function include:

- Coordinate the calculation of technical provisions
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions
- Assess the sufficiency and quality of the data used in the calculation of technical provisions
- Compare best estimates against experience

- Inform the Senior Management and the BoD of the reliability and adequacy of the calculation of technical provisions
- Oversee the calculation of technical provisions in cases where approximations are used in the calculation of the best estimate
- Express an opinion on the overall underwriting policy
- Express an opinion on the adequacy of reinsurance arrangements
- Contribute to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the Own Risk and Solvency Assessment (ORSA)
- Assist where requested in the pricing adequacy

Each of these activities is undertaken on an at least annual basis and the outcome reported to the Senior Management and the Board in an internal actuarial function report. Both the calculation of technical reserves and the risk modelling underlying the calculation of the solvency capital requirements are performed on a quarterly basis.

2.9 Outsourcing

2.9.1 Description of the outsourcing policy

The Outsourcing Policy is maintained and updated by the Compliance Function and reviewed and accepted by the Board of Directors. The Compliance Function assesses and updates the Policy at least on an annual basis (if needed), in order to take account of the market and Company developments and to ensure that the policies for outsourcing continue to be in compliance with the latest requirements and regulations in force.

Each department of the management company is responsible for ensuring that the staff under their control complies with the Policy's provisions and standards. A deliberate or serious breach of this Policy may render an employee liable to action under ASOMIC's disciplinary procedures up to, and including, termination of employment.

2.9.2 List of any critical or important operational functions or activities that are outsourced and the jurisdiction in which the service providers of such functions or activities are located

Critical or important outsourced functions of the Company are included in the following table:

Function/ Activity	Description of outsourced service	Critical or Important [Y/N]	Service Provider
Risk Management Function	The carrying out of the risk management function reporting to the Board of Directors of the Company	Y	Deloitte Limited
Internal Audit	The carrying out of the internal audit function reporting to the Audit Committee of the Company.	Y	KPMG Ltd
Actuarial Function	The carrying out of the actuarial function reporting to the Board of Directors of the Company	Y	Deloitte Limited
Compliance Function	Oversees the Company's legal and regulatory compliance and reports to the Board of Directors.	Y	Andreas Georghadjis LLC
Claims Handling	As directed by the Board, the Manager will accept, reject, and settle claims, and arrange loss adjustment and defence actions as required under the insurance contracts.	Y	Hellenic Hull Management (HM Insurance Agencies) Ltd
Underwriting	Issues and endorses insurance contracts, and bills, collects, and receipts amounts due to ASOMIC. Provides reasonable support to the Board as needed.	Y	Hellenic Hull Management (HM Insurance Agencies) Ltd
Accounting	Manages the systematic recording of financial transactions and the preparation of regulatory reports, reporting to the Board of Directors of the Company.	Y	Hellenic Hull Management (HM Insurance Agencies) Ltd
Claims Handling in relation to the Marine P&I Insurance and ancillary services	Handles and administers Marine P&I and ancillary claims, including reviewing and auditing invoices for reimbursable insured expenses.	Y	Shipowners Claims Bureau Inc
Underwriting in relation to the Marine P&I Insurance and ancillary services	Binds vessel insurance cover for Marine P&I and ancillary lines.	Y	Shipowners Claims Bureau Inc

2.10 Adequacy of the system of governance

To ensure that the outsourcing of any critical or important functions or activities does not lead to a material impairment of the quality of ASOMIC's governance system:

- Taking into consideration the Services to be provided and the size of the Service Provider, the Company shall implement the principle of proportionality, and

accordingly ensure that the Service Provider has in place an adequate risk management and internal control system

- The outsourced activities are adequately included in ASOMIC's risk management and internal control system
- ASOMIC establishes a contractual right to information about the outsourced activities and a contractual right to issue general guidelines concerning the outsourced activities
- The Company is responsible for ensuring that the outsourced functions and activities are satisfactorily performed.

In the event that the outsourced activity is sub-outsourced, the Company retains its responsibility for ensuring the outsourced activity is satisfactorily performed.

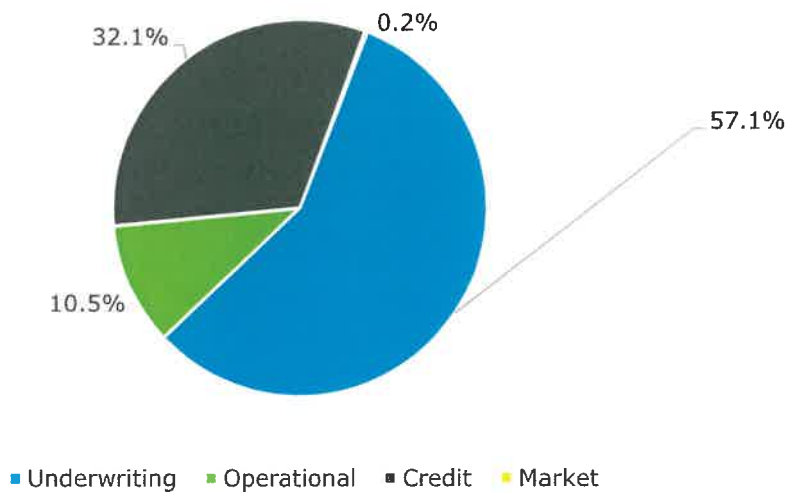
2.11 Any other information

There is no further information related to ASOMIC's system of governance.

3 Risk Profile

American Steamship Owners Marine Insurance Company (ASOMIC) manages its business through a risk management framework designed to identify, assess, monitor and report material risks on a continuous basis. Business operations are supported by governance, monitoring processes and transparent reporting. The company reviews and applies its risk management procedures and frameworks to new products, new business, market developments and renewal terms.

Contribution of each risk to SCR



The Company's risk profile is mainly driven by its insurance operations. Underwriting risk makes up about 57% of ASOMIC's total risk. Credit risk is also significant, accounting for 32% of the total risk, and it arises mainly due to amounts recoverable from reinsurers and premiums owed by brokers. The rest of the risk primarily is driven by operational risk, with market risk being insignificant.

The MCR as at year-end 2025 is \$4.622m, which is higher than the SCR of \$2.843m, accordingly the MCR is the binding capital requirement for ASOMIC. The remainder of Section 3 describes ASOMIC's risk profile by reference to the components of the SCR, as the MCR is an absolute floor determined under the Solvency II framework and does not provide a risk -module breakdown.

3.1 Underwriting Risk

3.1.1 Description of the risk

For ASOMIC, the underwriting risk reflects the risk arising from insurance obligations, in relation to Protection and Indemnity, Marine Hull and the processes used in conducting the business. This risk refers to the uncertainty in the results of the Company related to the existing insurance obligations as well as to the new business expected to be written over the following 12 months and arises mainly due to the uncertainty around the frequency, timing and amount of claims.

The underwriting performance remains the most material source of risk for the Company and which necessitates close monitoring of the performance.

In February 2022, the Superintendent of Insurance approved the application of ASOMIC to begin writing Protection and Indemnity (P&I) business. Following this development, an injection of \$7m in the form of new share capital took place in March 2022 to accommodate and strengthen Company's capital position.

During the last years ASOMIC's portfolio has shifted from H&M to P&I business. As a result of this transition and due to the reinsurance arrangement of the P&I business, underwriting risk has exhibited a material reduction.

The introduction of the Protection and Indemnity line of business has increased the underwriting risk but not to a large extent as the P&I business is heavily reinsured with a 80% quota share agreement (capped at USD200k).

3.1.2 Description of the measures used to assess the risk

ASOMIC measures its Underwriting risk using the standard formula. The measurement is done in three parts:

- Premium & Reserve Risk;
- Lapse Risk; and
- Catastrophe risk.

The Company's primary exposure to underwriting risk arises from Premium & Reserve risk, the measurement of which depends on premium and reserve volumes.

3.1.3 Risk Concentration

Underwriting risk is concentrated to the following line of businesses: Marine Hull and Machinery and Marine Protection and Indemnity due to the business strategy and focus of the Company. Within these lines of businesses, the Company diversifies the risk by type of vessel from bulk carriers to tankers, geographical location, broker and fleet.

3.1.4 Risk Mitigation

Underwriting risk is largely mitigated through the Company's reinsurance programme. This reduces the volatility in financial results due to potential claims and also provides protection against extreme losses due to catastrophic events.

For the Hull and Machinery business, the Company has taken a strategic decision to temporarily abstain from writing new H&M business.

For the Protection and Indemnity business, there is a 80% quota share arrangement with the American P&I Club with the maximum possible loss per event being capped at \$200,000. As a result, the residual underwriting risk for the Company is at very low levels and well within the Company's tolerances.

3.1.5 Risk Sensitivity

3.1.5.1 Methods used, Assumptions made and Outcome of stress testing and sensitivity testing

The Company has carried out stress testing based on its latest projections which included underwriting risks such as higher loss ratio, lower/higher future premium volumes, adverse development of claims within next year and increase of bad premium debts. In all scenarios Company remained solvent. The stress scenarios are indicative of the resilience of ASOMIC to deterioration of forecasted performance and help identify the events representing a material threat to solvency and financial condition, thus necessitating the increase of capital upon their occurrence.

3.2 Market risk

3.2.1 Description of the risk

Market risk refers to the risk arising from changes in the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities of the Company. Market risk forms 0.2% of the total SCR which is not material.

As at 31st December 2025, ASOMIC's investment assets are held in cash in both Cyprus and USA based bank accounts and in US Treasury bills and notes. Investments are subject to credit risk (including default risk, spread risk and concentration risk) which is dealt with in the respective section below. In addition to credit risk, investment risk arises from the US Treasury bills and notes which introduce interest rate risk. However, this exposure is minimal due to the short duration of the assets. Moreover, interest rate risk arising from investments is partly offset by the impact of changes in interest rates on the value of the best estimate liabilities.

ASOMIC has also exposure to currency risk due to operating accounts cash balances in EUR and GBP.

ASOMIC has no exposure to equity, property or derivatives.

The overall market risk exposure is considered to be minimal.

3.2.2 Description of the measures used to assess the risk

ASOMIC measures its market risk using the standard formula. The measurement is done in separately for Interest rate risk, Equity risk, Property risk, Spread risk, Currency risk and Concentration risk. Then the aggregate market risk measure allows for diversification between its components.

3.2.3 Risk Concentration

The Company's investments are concentrated to just two asset classes. This however is in line with having very limited appetite for market risk.

3.2.4 Risk Mitigation

Market risk is mitigated through the investment policy adopted by ASOMIC which safeguards limited exposure to risky asset classes and minimum diversification limits.

3.2.5 Risk Sensitivity

Due to the low exposure to market risk, ASOMIC does not perform any sensitivity or stress testing.

3.2.6 Prudent Person Principle

The short-term high-quality liquid investment holdings are a consequence of the investment assets being prudently invested, taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

ASOMIC regularly reviews the financial condition of its investment counterparties and ensures that the currency, nature and duration of assets is appropriate to the characteristics of its liabilities, avoiding excessive reliance on any one counterparty or asset class or geographical location.

Prior to any material investment an SCR impact is generated that helps the management understand the marginal impact on the SCR and the solvency coverage ratio of the proposed investment.

There are no investments in derivative instruments.

3.3 Credit risk

3.3.1 Description of the risk

Credit risk refers to the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of counterparties. ASOMIC is exposed to credit risk arising from the following exposures:

- Cash at bank (local and US banks)
- Reinsurance recoverables
- Premium receivables

Credit risk, as measured through the SCR, is entirely composed of counterparty default risk as there is no exposure to concentration risk or spread risk in relations to the investments.

The proportional reinsurance agreement with the American Club for the P&I line represents a significant counterparty exposure and material sensitivity to changes in the credit rating of that reinsurer. For this reason, Counterparty Default Risk is classified as High. This is considered within the Company's risk appetite in order to ensure the smooth continuity of its operations.

3.3.2 Description of the measures used to assess the risk

ASOMIC measures its credit risk using the standard formula. With respect to exposures to banks and reinsurers the assessment depends highly on the credit rating of the counterparties which defines the probability of default. On the other hand, for premium receivables the assessment is based on how long overdue these are and the probability of default is determined based on that.

3.3.3 Risk Concentration

Risk concentration is limited through the diversification of the asset portfolio.

3.3.4 Risk Mitigation

For the H&M portfolio, there is a diversified panel of reinsurers in the excess of loss treaty which reduces single name exposure. A further mitigation of credit risk is that reinsurance counterparties are large, well established multinational reinsurers and selected based on a minimum credit rating of BBB. Credit ratings of reinsurance counterparties are reviewed on a quarterly basis.

For the P&I portfolio, reinsurance is exclusively placed with the Club and the International Group of P&I Clubs. Considering that the Club is the exclusive shareholder of ASOMIC, there are no ultimate counterparty risks at either entity or group level. Furthermore, the quota share reinsurance obligations from the Club are fully secured by an irrevocable letter of credit in the amount of US\$6.000.000 issued by the Bank of Cyprus, serving as collateral to cover the reinsurer's potential liabilities.

Similarly, to mitigate the risk of banking counterparty default, banks are chosen following a thorough diligence exercise to select only highly reputable and creditworthy banks. Nonetheless, for operational efficiencies an amount is kept at local banks.

3.3.5 Risk Sensitivity

3.3.5.1 Methods used, Assumptions made and Outcome of stress testing and sensitivity testing

The sensitivity of the solvency ratio to a credit rating downgrade of ASOMPIA, which is ASOMIC's largest reinsurer, was assessed. The result was a reduction of 3.3% to the SCR

ratio when the credit quality deteriorated by one step. It is important to note that the SCR remains below the MCR in this scenario; therefore, the MCR is used to calculate the ratio.

The sensitivity of the solvency ratio to a credit rating downgrade of all the reinsurers that ASOMIC is exposed to, was assessed. The result was a reduction of 3.4% to the SCR ratio when the credit quality deteriorated by one step. It is important to note that the SCR remains below the MCR in this scenario; therefore, the MCR is used to calculate the ratio.

3.4 Liquidity risk

3.4.1 Description of the risk

Liquidity risk refers to the risk that ASOMIC may be unable to realise investments or other assets in a timely manner in order to settle their financial obligations as they fall due. Given that all investment assets of ASOMIC are highly realisable due to either being liquid (cash at bank) or due to being highly tradable (US Treasury Bills), the Company's exposure to liquidity risk is considered very low.

3.4.2 Description of the measures used to assess the risk

ASOMIC's liquidity requirements are assessed monthly in order to meet the Company's stated liquidity objectives. A projection is performed each month from the accounts department to assess whether all obligations due will be met by the expected cash inflows mainly from premiums due.

3.4.3 Risk Concentration

Sources of cash in and cash out flows (brokers' receivables, claims, expenses etc.) are diversified and to a certain extent independent.

3.4.4 Risk Mitigation

The Company maintains a pool of liquid assets which exceed its short-term liquidity demands. Moreover, ASOMIC continues to have in place a contingency liquidity plan to manage and co-ordinate the actions required to mitigate the effects of a liquidity problem across ASOMIC.

3.4.5 Risk Sensitivity

3.4.5.1 Methods used, Assumptions made, Outcome of stress testing and sensitivity testing

Given that liquidity is not a material risk for the Company, no specific risk sensitivity is performed.

3.4.6 Expected profit in future premiums

No allowance is made in the best estimate liabilities for expected profit in future premiums as these are outside contract boundaries.

3.5 Operational risk

3.5.1 Description of the risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, personnel or systems, or from external events. The measurement of operational risk involves a significant degree of professional judgment. ASOMIC maintains controls within its risk management system to identify, monitor and mitigate operational risk.

During the latest ORSA performed, the following sources of operation risk were identified as the most material following any risk mitigation actions:

Risk Class	Risk
Information Technology	Error in historical claims records.
Underwriting	Uncertainty around the frequency, timing and cost of claims. Inadequacy of underwriting model.
Cyber Risk	Phishing emails, Security breach.
Data Protection	Loss or Damage of data due to negligence or theft.
Claims	Poor administration of claim payments in claims payments leading to reputational risk.
Compliance	Lack of appropriate compliance procedures (breaches of laws/regulations including adherence to regulatory reporting timeframes).
Internal Processes	Inadequate internal processes when an employee is absent.

3.5.2 Description of the measures used to assess the risk

The following measures are used to assess operational risks:

- Risk and control assessments – A qualitative assessment of operational risks is performed at least once a year during which potential sources of risk are identified, then a frequency severity measurement is performed both before and after any risk mitigation/control actions taken.
- The SCR standard formula includes an assessment and quantification of the operational risk exposure.

3.5.3 Risk Concentration

The operations of ASOMIC are managed through one main service provider, Hellenic Hull Management.

3.5.4 Risk Mitigation

Since its inception, the Company has in place its Business Continuity plan, which captures a number of operational risks it is exposed to. In addition to that, several controls are enforced which mitigate the operation risk exposure, some examples of which are listed below:

- Effective oversight of management at BOD level
- Application of the four-eyes-principle in all activities
- Set up of a compliance function, an internal audit function and a risk management function
- Documented policies and procedures
- Introduction of a number of controls within the IT systems
- Training of employees to ensure that each task can be performed by more than one person

3.5.5 Risk Sensitivity

3.5.5.1 Methods used, Assumptions made and Outcome of stress testing and sensitivity testing

Operational risk makes up 10.5% of the standard formula SCR as at 31 December 2025.

ASOMIC perceives reputation damage as one of the primary loss that could be incurred by the crystallisation of an operational risk event. A stress test was performed in which reputational damage was modelled as a 15% reduction in business volumes over the next three-year business planning horizon. Under this scenario, the Company remained adequately capitalised in all years.

3.6 Any other material information

3.6.1 Environmental, Social & Governance Risks

The insurance industry plays an important role in promoting and addressing Environmental, Social and Governance (ESG) issues, which pose a shared risk to marine insurers and the shipping community. ESG risks are arising out of climate change, violation of human rights, pollution, together with risks related to health and safety of the onshore and offshore employees in the shipping industry.

ASOMIC aims to integrate Environment, Social and Governance issues into risk management, underwriting and capital adequacy decision – making processes. Unsustainable practices come at a serious cost to all insurance companies. Insurance capacity is not limitless and comes at a considerable price both for the insurance industry and the end-users of insurance products. In order to implement sustainability strategies and pioneer in new business models that embrace ESG risks, Hellenic Hull, the managers of ASOMIC, has invested in partnerships towards this direction.

Thus, ASOMIC's managers are the first marine insurance management company to enter into the United Nations family, as a member and signatory company of United Nations Environment Programme (UNEPFI) Principles for Sustainable Insurance initiative, United Nations Global Compact Initiative and UNEPFI Sustainable Blue Economy Finance Initiative.

With regards to environmental risks, the Company following EIOPA's Opinion on the supervision of the use of climate change risk scenarios in ORSA has started identifying, monitoring and evaluate qualitatively risks related to climate change so as to be in a position to collect information that can assist with forecasting future situations.

4 Valuation for solvency purposes

4.1 Assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

4.1.1 Value of assets

Other receivables: Other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period.

Financial assets: The Company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss and
- loans and receivables.
- held-to-maturity investments; and
- available for-sale financial assets.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Cash and cash equivalents: For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand. In the IFRS, cash and cash equivalents are presented at the notional amount. In the Solvency II, are presented at market value. There are no significant valuation differences between the two.

4.1.2 Description of bases, methods and main assumption used for valuation for solvency purposes

Bases, methods and main assumption used for valuation for solvency purposes is analysed in detail in section 4.2.2.

4.1.3 IFRS 17 vs Solvency II

- Quantitative and qualitative explanation of any material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS.

Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS 17 as per section 4.2.2.

4.2 Technical Provisions

4.2.1 Value of Technical Provisions (Amount of Best Estimate and Risk Margin)

The table below shows the value of technical provisions of ASOMIC as at 31st December 2025 both gross and net of reinsurance (RI) recoverables:

\$'000s	CLAIMS PROVISION	PREMIUM PROVISION	RISK MARGIN	TECHNICAL PROVISIONS
Gross	9,266	220	236	9,722
RI Recoverables	7,903	-161	0	7,742
Net	1,363	381	236	1,980

4.2.2 Description of the bases, methods and main assumptions used

4.2.2.1 Claims provision

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. Thus, the components of the Claims Provision are the Outstanding Case Estimates, the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER), and the Unallocated Loss Adjustment Expenses (ULAE). Under Solvency II, the reserves are discounted to allow for the time value of money.

For the Hull and Machinery portfolio, development factors have been solely based on the actual ASOMIC's portfolio.

For the Protection and Indemnity portfolio, the calculation of the IBNR was based on the IBF method. Due to insufficient volumes of claims data, the development factors used for the IBF method were derived using the triangles of the P&I business of the parent company.

4.2.2.2 Premium provision

The calculation of the best estimate of the premium provision relates to all future cashflows arising from future events, over the remaining duration of unexpired policies. Such cashflows mostly relate to future premium, claims, administration expenses and reinsurance cost.

Despite the limited volume of own experience data on the development of claims for the Protection and Indemnity, recent experiences shows a favourable trend. Thus a loss ratio of 50% was considered adequate. The same loss ratio is applied within the Company's business plan projections.

The expense ratio for all policies was set equal to 5.4%.

4.2.2.3 Recoverables

The reinsurer's share on the outstanding reserve was determined according to the reinsurance arrangements that relate to each claim. The calculations for the reinsurance share of IBNR and IBNER by accident year was based on the proportional allocation of claims under each reinsurance arrangement. Since the proportional reinsurance arrangements are determined by underwriting year, it was required to calculate the durations of all the policies in the claims dataset to specify the company's average exposure by underwriting year.

In order to estimate the gross reserves, cashflows relating to reinsurance are excluded. For net reserves, the projections also allow for any cashflows related to reinsurance. A reduction of reinsurance recoverables has been made to allow for expected losses due to the default of a counterparty. The probability of default is derived from that used in the counterparty default risk under the standard formula depending on the credit quality of each reinsurer.

4.2.2.4 Risk Margin

The Risk Margin is designed to ensure that the value of technical provisions is equivalent to the amount that a third undertaking would be expected to require in order to take over and meet the Company's insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's reinsurance obligations over their lifetime thereof. This rate, called the Cost-of-Capital, is prescribed at 6%.

4.2.2.5 Discounting

The USD risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA as at valuation date, has been used for discounting.

4.2.3 Description of the level of uncertainty associated with the value of technical provisions

Uncertainty arises primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. The key assumptions are development factors, loss ratios and expense ratios. A robust assumption setting process is followed in order to ensure the uncertainty is well understood and minimised.

As at 31st December 2025, an additional source of uncertainty arises from the limited historical claims data for the P&I portfolio. However the claim experience of the P&I line in the first 4 years of operation has been favourable and together with the fact that the line is heavily reinsured provides comfort that the technical provisions are not understated.

4.2.4 Quantitative and qualitative explanation of any material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS 17.

The table below are presented the main differences between the Net Technical Provisions under solvency II and IFRS 17 valuation.

\$'000s	Solvency II Valuation			
Marine, aviation and transport insurance	Net Claims Provision	Net Premium Provision	Risk Margin	Net Technical Provisions
	1,363	381	236	1,980

\$'000s	IFRS 17 Valuation				
Marine, aviation and transport insurance	LRC	ARC	LIC	AIC	Net Technical Provisions
	2,264	1,822	9,821	8,268	1,996

The difference between the net Premium Provision and the net remaining coverage (LRC - ARC) is the result of the following (partly) offsetting effects:

- Under IFRS 17 the liability for remaining coverage includes deferred acquisitions costs of c\$68k.

2. Under Solvency II, we allow for future profits where we expect these to emerge. This leads to the net Premium Provision being higher than the net LRC (IFRS 17) by c\$139k.
3. Under Solvency II, we allow for future premium payments by instalment (c\$458k) whereas under IFRS these are held separately on the asset side as premiums receivable.
4. Under Solvency II, we allow for commissions payable (c\$468k) whereas under IFRS these are held separately on the liability side as insurance & intermediaries payables.

In addition, there are minor differences in discounting the liability for incurred claims. Under IFRS 17 the discount rate is equal to the risk-free rate plus volatility adjustment. Under Solvency II the Net Claims Provisions is discounted using the risk free rates only.

Furthermore, the IFRS balance sheet includes the Deferred Acquisition Cost of c\$68k which is not admissible in the Solvency II balance sheet.

Finally, the Solvency II Technical Provisions include the Risk Margin, whereas under IFRS 17 the liability for Incurred claims includes the Risk Adjustment.

4.2.5 Statement on whether the volatility adjustment referred to in Article 77d of Directive 2009/138/EC is used

4.2.6 Statement on whether the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC is applied

4.2.7 Statement on whether the transitional deduction referred to in Article 308d of Directive 2009/138/EC is applied

ASOMIC has not used any of the following:

- The volatility adjustment referred to in Article 77d of Directive 2009/138/EC
- The transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC
- The transitional deduction referred to in Article 308d of Directive 2009/138/EC

4.2.8 Material assumption changes

There have been no material assumption changes.

4.3 Valuation of other liabilities

Financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

4.3.1 Value of other liabilities

Borrowings: Borrowings are recorded initially at the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables: Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

4.3.2 Description of the bases, methods and main assumptions used for their valuation for solvency purposes

Bases, methods and main assumption used for valuation for solvency purposes is analysed in detail in section 4.2.2.

4.3.3 Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS

Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS as per section 4.2.2.

4.4 Any other information

4.4.1 Valuation under IFRS 17

IFRS 17 is an accounting Standard issued in May 2017 which sets out the requirements that the Company should apply in accounting for insurance contracts it issues and reinsurance contracts it holds. IFRS 17 had an effective date of 1st January 2023.

During IFRS 17 Implementation there were not identified any significant risk or point of concern related to our Company's readiness to apply the new IFRS 17 Standard.

5 Capital Management

5.1 Own Funds

5.1.1 Objectives, policies and processes employed for managing its own funds

The objective of capital management framework is to maintain sufficient own funds at all times to cover the SCR and MCR with an appropriate buffer. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company holds regular meetings of senior management and BoD, in which the ratio of eligible own funds over SCR and MCR are reviewed. As part of own funds management, the Company prepares annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

5.1.2 Information on the structure, amount and quality of own funds at the end of the reporting period and at the end of the previous reporting period

The following table shows the structure of own funds as at 31st December 2025 as well as at the end of the previous reporting period.

OWN FUNDS (\$'000s)	DECEMBER 2025	DECEMBER 2024
Ordinary share capital	13,550	13,550
Share premium account related to ordinary share capital	10,450	10,450
Net deferred tax assets	0	0
Reconciliation reserve	-18,603	-18,956
TOTAL BASIC OWN FUNDS	5,397	5,044

The current structure of own funds as shown above is composed entirely of capital classified as Tier 1 – Unrestricted.

5.1.3 Eligible amount of own funds to cover SCR (by tier)

The Company's own funds are available to cover the SCR.

5.1.4 Eligible amount of own funds to cover MCR (by tier)

All own fund items are eligible to cover the MCR as they are tier 1.

5.1.5 IFRS Equity vs Own Funds

The following summary table shows the comparisons and movement in the IFRS 17 and Solvency II valuation of assets, liabilities and Own Funds.

	IFRS 17 \$'000s	SOLVENCY II \$'000s	MOVEMENT \$'000s
Total Assets	14,921	18,865	-3,944
Total Liabilities	9,434	13,468	-4,034
Total Own Funds	5,488	5,397	91
Ordinary Share Capital (incl. share premium account)	24,000	24,000	0
Retained Earnings	-18,512	0	-18,512
Net deferred tax assets	0	0	0
Reconciliation Reserve	0	-18,603	18,603

The movement in the valuation of assets and liabilities arises from the differences in the valuation of IFRS and Solvency II standards, below:

- Deferred Acquisition Cost (DAC) is not included under Solvency II
- Differences in gross technical provisions and reinsurance recoverables (as explained in section 4.2.4)

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 Amounts of SCR and MCR

As at 31 December 2025 the SCR of ASOMIC was calculated at \$2,843k and the MCR at \$4,622k. This means that the MCR is used as the capital requirement for the company and also used to calculate the solvency ratio.

5.2.2 Amount of SCR split by risk modules

The following table shows the SCR split by risk modules:

SOLVENCY CAPITAL REQUIREMENT	\$'000s
Market risk	8
Counterparty default risk	1027
Non-Life underwriting risk	1,827
Life Underwriting risks	0
Health underwriting risk	0
Sum of risk components	2,862
<i>Diversification effects</i>	<i>-356</i>
Diversified risk	2,506
Intangible asset risk	0
Basic SCR	2,506
Operational risk	337
Adjustments	0
SCR	2,843

5.2.3 Simplifications

No simplifications have been used for any of the modules or sub-modules of the SCR.

5.2.4 Undertaking-specific parameters

ASOMIC has not used undertaking-specific parameters for any of the parameters of the standard formula.

5.2.5 Information on the inputs used to calculate the MCR

The inputs used in the calculation of the MCR are listed below:

- Absolute floor of €4,000K (converted to USD; \$4,622k)
- SCR of \$2,843k

Since the SCR has fallen below the absolute floor, there is no need for a calculation of the MCR and the absolute floor is taken to be the MCR.

5.2.6 Material changes in the SCR and MCR compared to the previous reporting period

For the last 12 months the MCR has been greater than the SCR hence the MCR is used to calculate the capital requirement ratio.

5.3 Non-compliance with the MCR and non-compliance with the SCR

5.3.1 Non-compliance with the MCR

5.3.1.1 The period and maximum amount of each non-compliance during the reporting period, an explanation of its origin and consequences, any remedial measures taken and an explanation of the effects of such remedial measures

ASOMIC was compliant with the MCR throughout the reporting period.

5.3.2 Non-compliance with SCR

5.3.2.1 The period and maximum amount of each significant non-compliance during the reporting period, an explanation of its origin and consequences and any remedial measures taken and an explanation of the effects of such remedial measures

ASOMIC was compliant with the SCR throughout the reporting period.

6 Annexes

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

	Solvency II value
Assets	
Intangible assets	0
Deferred tax assets	0
Pension benefit surplus	0
Property, plant & equipment held for own use	0
Investments (other than assets held for index-linked and unit-linked contracts)	7,744
Property (other than for own use)	0
Holdings in related undertakings, including participations	0
Equities	0
Equities - listed	0
Equities - unlisted	0
Bonds	7,744
Government Bonds	7,744
Corporate Bonds	0
Structured notes	0
Collateralised securities	0
Collective Investments Undertakings	0
Derivatives	0
Deposits other than cash equivalents	0
Other investments	0
Assets held for index-linked and unit-linked contracts	0
Loans and mortgages	0
Loans on policies	0
Loans and mortgages to individuals	0
Other loans and mortgages	0
Reinsurance recoverables from:	7,742
Non-life and health similar to non-life	7,742
Non-life excluding health	7,742
Health similar to non-life	0
Life and health similar to life, excluding health and index-linked and unit-linked	0
Health similar to life	0
Life excluding health and index-linked and unit-linked	0
Life index-linked and unit-linked	0
Deposits to cedants	0
Insurance and intermediaries receivables	2,554
Reinsurance receivables	444
Receivables (trade, not insurance)	135
Own shares (held directly)	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	246
Any other assets, not elsewhere shown	0
Total assets	18,865
	Solvency II value
Liabilities	
Technical provisions – non-life	9,722
Technical provisions – non-life (excluding health)	9,722
TP calculated as a whole	0
Best Estimate	9,486
Risk margin	236
Technical provisions - health (similar to non-life)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions - life (excluding index-linked and unit-linked)	0
Technical provisions - health (similar to life)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions – life (excluding health and index-linked and unit-linked)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions – index-linked and unit-linked	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Contingent liabilities	0
Provisions other than technical provisions	0
Pension benefit obligations	0
Deposits from reinsurers	0
Deferred tax liabilities	0
Derivatives	0
Debts owed to credit institutions	0
Financial liabilities other than debts owed to credit institutions	0
Insurance & intermediaries payables	790
Reinsurance payables	2,777
Payables (trade, not insurance)	178
Subordinated liabilities	0
Subordinated liabilities not in Basic Own Funds	0
Subordinated liabilities in Basic Own Funds	0
Any other liabilities, not elsewhere shown	0
Total liabilities	13,468
Excess of assets over liabilities	5,397

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

	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	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
Premiums written																	
Gross - Direct Business	0	0	0	0	0	11,478	0	0	0	0	0	0	0	0	0	0	
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	8,134	0	0	0	0	0	0	0	0	0	0	
Reinsurers' share	0	0	0	0	0	3,344	0	0	0	0	0	0	0	0	0	0	
Net	0	0	0	0	0	11,247	0	0	0	0	0	0	0	0	0	0	
Premiums earned																	
Gross - Direct Business	0	0	0	0	0	11,247	0	0	0	0	0	0	0	0	0	0	
Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	7,865	0	0	0	0	0	0	0	0	0	0	
Reinsurers' share	0	0	0	0	0	3,382	0	0	0	0	0	0	0	0	0	0	
Net	0	0	0	0	0	4,329	0	0	0	0	0	0	0	0	0	0	
Claims incurred																	
Gross - Direct Business	0	0	0	0	0	2,780	0	0	0	0	0	0	0	0	0	0	
Gross - Proportional reinsurance accepted	0	0	0	0	0	1,349	0	0	0	0	0	0	0	0	0	0	
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	1,957	0	0	0	0	0	0	0	0	0	0	
Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net	0	0	0	0	0	4,329	0	0	0	0	0	0	0	0	0	0	
Expenses incurred																	
Balance - other technical expenses/income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total technical expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Annex I
S.17.01.02
Non-life Technical Provisions

	Direct business and accepted proportional reinsurance										Accepted non-proportional reinsurance				Total Non-Life obligation		
	Medical expenses insurance	Income protection/accident/health 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
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	220	0	0	0	0	0	0	0	0	0	0	220
	0	0	0	0	0	-161	0	0	0	0	0	0	0	0	0	0	-161
	0	0	0	0	0	381	0	0	0	0	0	0	0	0	0	0	381
	0	0	0	0	0	9266	0	0	0	0	0	0	0	0	0	0	9266
	0	0	0	0	0	7903	0	0	0	0	0	0	0	0	0	0	7903
	0	0	0	0	0	1363	0	0	0	0	0	0	0	0	0	0	1363
	0	0	0	0	0	9486	0	0	0	0	0	0	0	0	0	0	9486
	0	0	0	0	0	1744	0	0	0	0	0	0	0	0	0	0	1744
	0	0	0	0	0	236	0	0	0	0	0	0	0	0	0	0	236
	0	0	0	0	0	9772	0	0	0	0	0	0	0	0	0	0	9772
	0	0	0	0	0	7742	0	0	0	0	0	0	0	0	0	0	7742
	0	0	0	0	0	1980	0	0	0	0	0	0	0	0	0	0	1980

Technical provisions calculated as a whole
Total Recoverables from reinsurers/SPV and Finite Re after the adjustment for expected losses due to counterparty default, associated to TP as a whole

Technical provisions calculated as a sum of BE and RM

Best estimate

Premium provisions

Gross

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

Net Best Estimate of Premium Provisions

Claims provisions

Gross

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

Net Best Estimate of Claims Provisions

Total Best estimate - gross

Total Best estimate - net

Risk margin

Technical provisions - total

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

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

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	20020	Accident year [AY]
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Gross Claims Paid (non-cumulative)
(absolute amount)

Year	Development year										In Current year	Sum of years (cumulative)		
	0	1	2	3	4	5	6	7	8	9			10 & +	
Prior												0	0	0
N-9	267	1,874	253	84	15	17	6	-14	-5	0			0	2,497
N-8	2,047	2,972	1,047	76	99	7	10	12	1				1	6,212
N-7	4,031	6,753	1,358	34	471	480	71	1					1	13,199
N-6	2,505	8,023	3,238	719	100	411	72						72	15,068
N-5	2,860	10,368	2,370	598	291	-109							-109	16,378
N-4	3,291	7,353	1,583	396	302								302	12,925
N-3	2,008	4,368	1,344	524									524	8,244
N-2	1,285	955	1,831										1,831	4,072
N-1	641	725											725	1,366
N	865												865	865
Total													4,212	80,826

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year										Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9		10 & +
Prior												0
N-9	2,453	713	43	27	46	-10	-23	0	0	0	0	0
N-8	4,153	1,637	264	272	245	150	47	0	0			0
N-7	4,590	1,879	579	721	560	102	-9	-1				-1
N-6	4,926	4,286	573	97	-244	-61	-12					-11
N-5	5,443	1,884	1,084	510	4	4						4
N-4	4,235	2,237	692	-68	-14							-12
N-3	7,393	3,713	594	234								213
N-2	2,952	5,796	2,195									2,005
N-1	5,379	2,678										2,447
N	5,058											4,621
Total												9,266

Annex I
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					
Ordinary share capital (gross of own shares)	13,550	13,550		0	
Share premium account related to ordinary share capital	10,450	10,450		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
Subordinated mutual member accounts	0				
Surplus funds	-18,512	-18,512		0	0
Preference shares	0	0		0	0
Share premium account related to preference shares	0	0		0	0
Reconciliation reserve	-91	-91		0	0
Subordinated liabilities	0	0		0	0
An amount equal to the value of net deferred tax assets	0	0		0	0
Other 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	0		0	0
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					
Deductions	0				
Deductions for participations in financial and credit institutions					
Total basic own funds after deductions	0	0	0	0	0
Ancillary own funds	5,397	5,397	0	0	0
Unpaid and uncalled ordinary share capital callable on demand	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
Unpaid and uncalled preference shares callable on demand	0			0	
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
Other ancillary own funds	0			0	
Total ancillary own funds	0	0	0	0	0
Available own funds	5,397	5,397	0	0	0
Total eligible own funds to meet the SCR	5,397	5,397	0	0	0
Total eligible own funds to meet the MCR	5,397	5,397	0	0	0
SCR	2,643				
MCR	4,622				
Ratio of Eligible own funds to SCR	1,891				
Ratio of Eligible own funds to MCR	1,157				
Reconciliation reserve	5,397				
Excess of assets over liabilities	0				
Own shares (held directly and indirectly)	0				
Expected distributions and charges	0				
Other basic own funds items	0				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
Reconciliation reserve	-91				
Expected profits	0				
Expected profits included in future premiums (EPFP) - Life business	0				
Expected profits included in future premiums (EPFP) - Non-life business	0				
Total Expected profits included in future premiums (EPFP)	0				

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

	Gross solvency capital requirement	USP	Simplifications
	€1000	€1000	€1000
Market risk	8		
Counterparty default risk	1,027		
Life underwriting risk	0		
Health underwriting risk	0		
Non-life underwriting risk	1,827		
Diversification	-356		
Intangible asset risk	0		
Basic Solvency Capital Requirement	2,506		

Calculation of Solvency Capital Requirement

	€1000
Operational risk	337
Loss-absorbing capacity of technical provisions	0
Loss-absorbing capacity of deferred taxes	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
Solvency capital requirement excluding capital add-on	2,843
Capital add-on already set	0
of which, capital add-ons already set - Article 37 (1) Type a	0
of which, capital add-ons already set - Article 37 (1) Type b	0
of which, capital add-ons already set - Article 37 (1) Type c	0
of which, capital add-ons already set - Article 37 (1) Type d	0
Solvency capital requirement	2,843
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	0
Total amount of Notional Solvency Capital Requirement for remaining part	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
Diversification effects due to RFF nSCR aggregation for article 304	0

Approach to tax rate

Approach based on average tax rate

Yes/No
3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

Calculation of loss absorbing capacity of deferred taxes

	LAC DT
DTA	
DTA carry forward	
DTA due to deductible temporary differences	
DTL	
LAC DT	0
LAC DT justified by reversion of deferred tax liabilities	0
LAC DT justified by reference to probable future taxable economic profit	0
LAC DT justified by carry back, current year	0
LAC DT justified by carry back, future years	0
Maximum LAC DT	0

Independent Auditor's Report

To the Board of Directors of American Steamship Owners Marine Insurance Company (Europe) Ltd

Report on the Audit of relevant elements of the Solvency and Financial Condition Report

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2023/895 of 4 April 2023, of American Steamship Owners Marine Insurance Company (Europe) Ltd (the "Company"), prepared as at 31 December 2025.

- S.02.01.02 - Balance sheet
- S.17.01.02 - Non-Life Technical Provisions
- 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

The above QRTs are collectively referred to for the remainder of this report as "the relevant QRTs of the Solvency and Financial Condition Report".

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 December 2025 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016 as amended, the Commission Delegated Regulation (EU) 2015/35 as amended, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' and other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of preparation. The Solvency and Financial Condition Report is prepared in compliance with the Framework, and therefore in accordance with a special purpose financial reporting framework. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the Other information. The Other information comprises certain narrative sections and certain QRTs of the Solvency and Financial Condition Report as listed below:

Emphasis of Matter

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' and other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of preparation. The Solvency and Financial Condition Report is prepared in compliance with the Framework, and therefore in accordance with a special purpose financial reporting framework. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the Other information. The Other information comprises certain narrative sections and certain QRTs of the Solvency and Financial Condition Report as listed below:

Narrative sections:

- Business and performance
- Valuation for solvency purposes
- Capital management

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2023/895 of 4 April 2023):

- S.05.01.02 - Premiums, claims and expenses by line of business
- S.19.01.21 - Non-Life insurance claims

Our opinion on the relevant QRTs of the Solvency and Financial Condition Report does not cover the Other information listed above and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Solvency and Financial Condition Report

The Board of Directors is responsible for the preparation of the Solvency and Financial Condition Report in accordance with the Framework.

The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Solvency and Financial Condition Report, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the relevant QRTs of the Solvency and Financial Condition Report

Our objectives are to obtain reasonable assurance about whether the relevant QRTs of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Solvency and Financial Condition Report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the relevant QRTs of the Solvency and Financial Condition Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

Our report is intended solely for the Board of Directors of the Company and should not be used by any other parties. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Dimitrios Chioureas

Certified Public Accountant and Registered Auditor

for and on behalf of

Grant Thornton (Cyprus) Limited

Certified Public Accountants and Registered Auditors

Nicosia, 23 April 2026