Howden Re International
& Barnett Waddingham

HOWDEN

Strategic ALM & Market Risk Assessment

Capital & Operational Solutions

6 May 2026

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Agenda

Introduction

Howden Investment Network

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Capital & Operational Solutions

Howden Re's unique offering

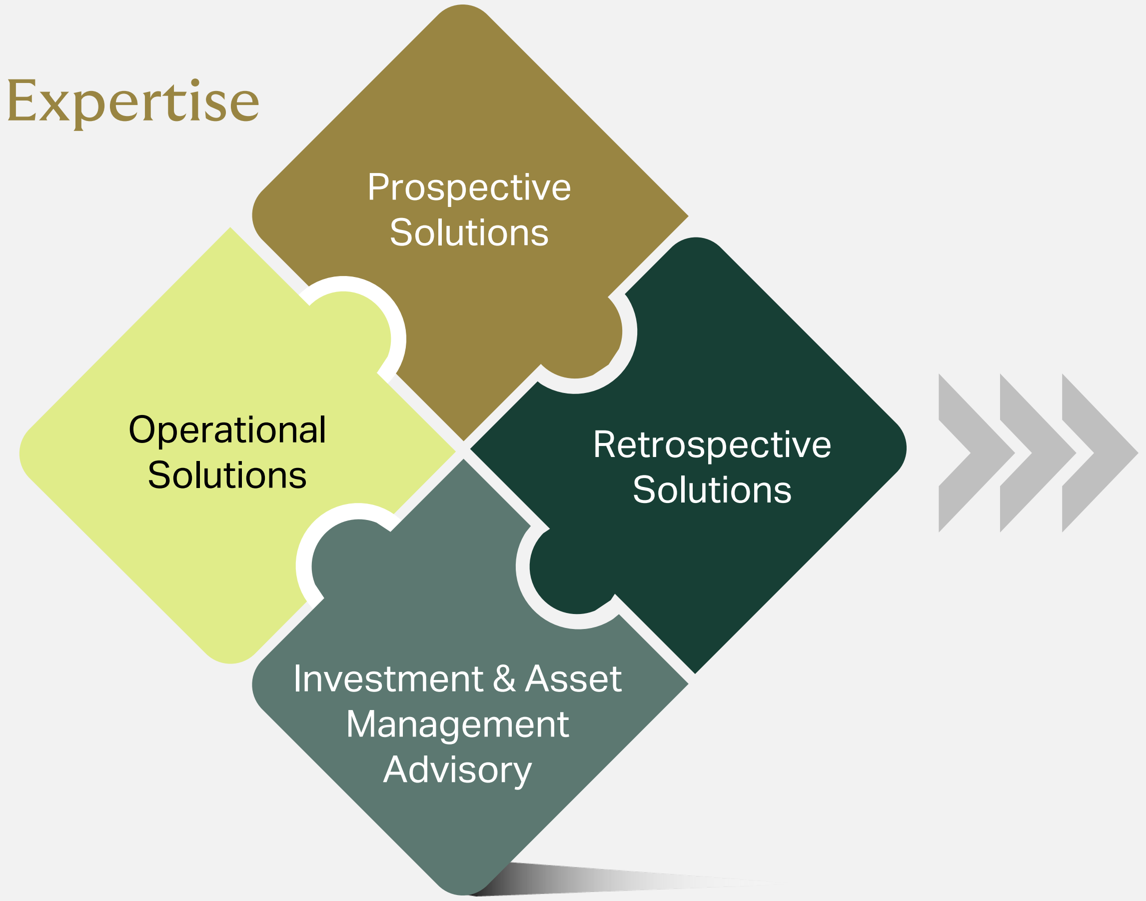
Alexander Roth

Head of Capital & Operational Solutions, International

We believe the future of insurance lies in strategic partnerships, not transactions. At Howden Re, we help clients unlock resilience and growth by aligning capital and operational strategies with long-term ambitions. Through a holistic approach across assets, liabilities, and operational efficiency, we deliver solutions that protect earnings, optimise balance sheets, and create flexibility to thrive beyond market cycles.

Howden Re's Capital & Oxperational Solutions (COS) team utilises a multi-strategy and multi-disciplinary approach and leverages Howden's core capabilities to be a value adding "full-service" intermediary. We can support you in efficiently challenging and addressing the most complex capital & operational challenges.

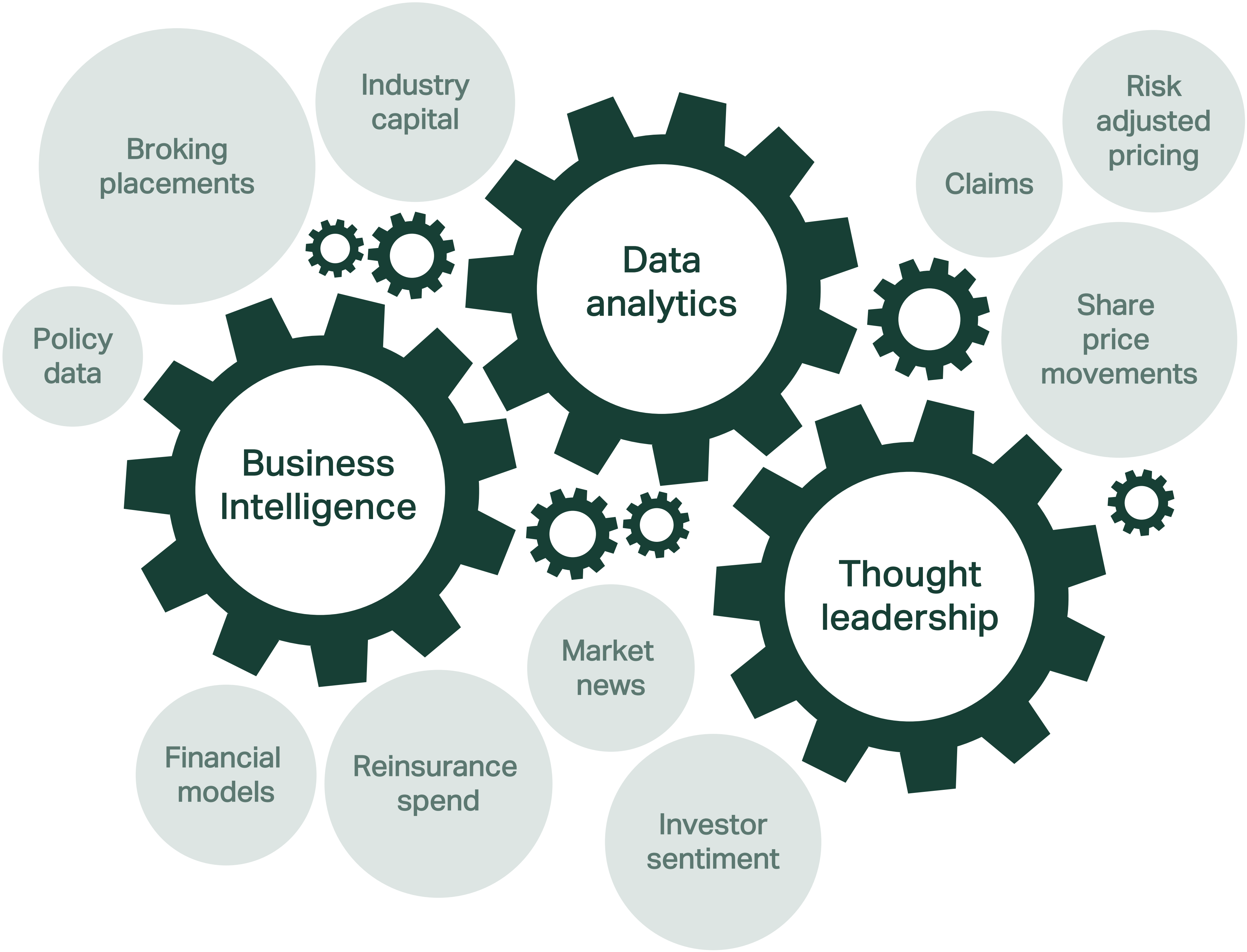
Our Expertise



What we can assist you with

Earnings Volatility	Financial / Investor Targets Pressure	Claims Inefficiencies and Expense Ratio Pressure	Low Investment Returns
Operational, Systemic and Transition Risk	Impact of New Accounting or Regulatory Standards	Prior Year Adverse Reserve Development	Legacy Portfolio Management
Access to Alternative Capital & Diversification	Meeting Regulatory Capital Requirements	High Cost of Raising Additional Capital	Managing Market Risk Charges

Business Intelligence: Utilising technology to transform information into action with the combination of unique datasets with strategic insights



Market insight

Investor perceptions
Premium growth drivers
Pricing trends
Market dynamics
Profitability
Shareholder returns

Insurer analysis

Performance benchmarking
Strategic impact
Historical analysis
Peer differentiators

Business strategy

Investment impact
Portfolio diversification
Operational approach

Strategic Advisory
UK & International

Support, insights and analysis offered by Howden Re, tailored to specific client needs.

David Flandro
Head of Industry Analysis and Strategic Advisory

Stakeholder

- Board / investor
- Client
- Market
- Rating implications (in conjunction with RAA)

Regulatory

- Solvency II
- IFRS-17
- Regional

Asset-side

- Counter-party
- Reinsurer selection
- Investment return analysis

Underwriting

- Reinsurance programme efficacy
- Market landscape
- Peer comparisons

Strategic

- Sector research
- Market dynamics
- Financial analysis & benchmarking
- Corporate structure
- Cost of capital
- Captive strategy

Barnett Waddingham and the Insurance Market

Leading independent professional services consultancy

Barnett Waddingham (BW) is a leading independent UK professional services consultancy at the forefront of risk, pensions, investment and insurance.

We provide services to established insurers (life and general insurance), reinsurers, new entrants, captives, Lloyd's syndicates, asset managers, brokers and capital providers.

This slide describes the range of services that BW provides.

Kim Durniat
Partner

BPA pricing support	Regulatory & actuarial services (Life)	Capital modelling
Reserving (GI)	Longevity	Modelling, processes and controls
Risk function support	Investment	Pricing and data analytics

60+
Dedicated people

Proudly demonstrating
36
Years of growth

2024/5
£11m
Annual turnover

70+
Insurers

Introduction

Investment & Asset Management Advisory

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Investment & Asset Management Advisory

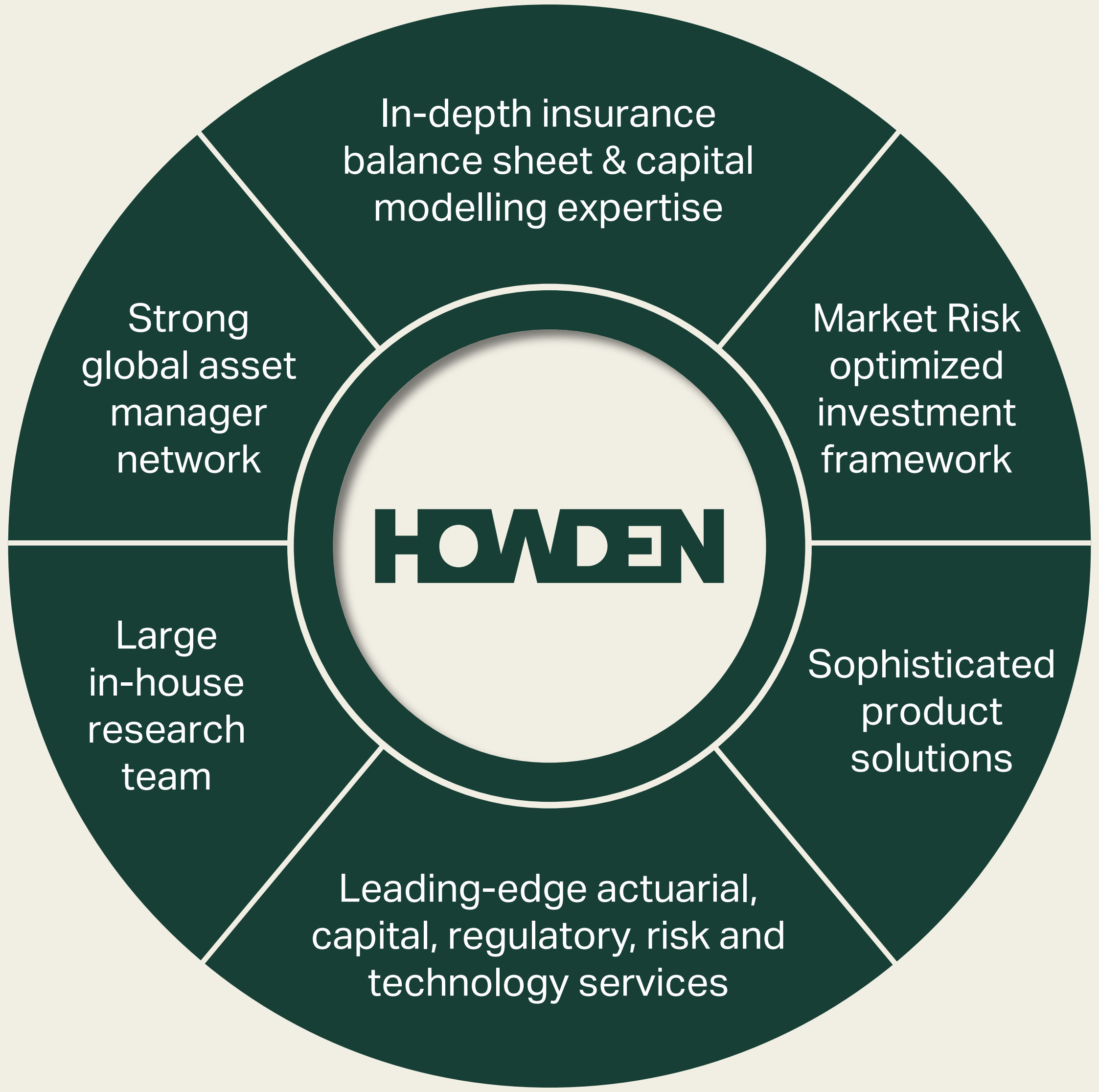
Deep know how across the insurance investment framework

Strategic Asset Allocation & Asset Liability Advisory

- Strengthening the asset allocation and investment portfolio framework, ensuring alignment with ALM, return, financial risk, and solvency requirements.
- Considering client's liability profile and its wider asset-liability management context, such as the group's investment and liquidity risk appetites and any relevant supervisory expectations.
- Structuring reinsurance solutions (prospective & retrospective) aimed at enhancing the efficiency, stability, and capital profile of the liability side.

Asset Manager Research & Selection Process

- Using industry-leading databases and research network to conduct search in full universe of funds and products.
- Qualitative & quantitative fund assessments and peer group analysis based on client's bespoke criteria (e.g. mission, accountability, fund size, performance, target return objectives, risk budget, ESG etc.).
- Well risk-managed and cost-efficient asset transition, including completion and checking of instructions and post-trade reporting.



Downside Risk Protection

- Systematic Risk Management & Tactical Overlays via derivatives-based tactical hedges (e.g. futures, options) for multi-asset portfolios to dynamically limit drawdowns.
- Derivative overlays for residual mismatches or for tactical risk control and/or structured upside.
- Structured Products for Defined Outcomes

Benchmarking & Fee savings

- Comparison and benchmarking of asset manager fees and performance.
- Providing insights into Top tier managers and investment costs.
- Discovering saving potential in current operational set up and portfolio composition.

Product Solutions

- Expanding the range of possible products and solutions accessible to clients to support new strategies.
- Wide range of potential solutions to target specific asset classes, solvency exposures, and volatility management objectives, e.g. Long-Term Equity Investments (LTEI), Qualified Infrastructure Investments (QII), and other capital- or inflation-optimised investment opportunities.
- Impactful solutions via ESG investments or other solutions embedding sustainability and responsible investments.

Governance, regulatory & actuarial advisory

- Investment related governance & risk management.
- Establishing governance frameworks & investment guidelines in line with group structure and regulatory requirements.

Research expertise

Client-focussed and nimble

Experts: We are the 4th largest investment advisory consultant in the UK*. Our research team is comprised of over 40 experts, specialising in 4 key areas; Strategy, Sustainability, Markets and Managers, covering the full spectrum of asset classes. You get expertise in all the areas that you need support.

Independent: We are a pure advisory business with no asset management services, therefore we don't have strategies or funds to sell. This means we have one clear goal: to get the best result for clients. You will get our tailored recommendation.

Client-focused: We work in Partnership with our clients. Most of our research team operate under dual roles, also having client-facing responsibilities. This allows them to have a first-hand understanding of the needs of clients, enabling tailored client solutions to be created.

Pragmatic: We focus on what really matters. Whilst our research and analysis is of course robust we do not over-engineer. We will get you to the right decision quickly and efficiently. The ideas we bring to you will be relevant and add value.

Innovative: We're at the forefront of investment thinking for insurers. Our team provides ongoing monitoring and coverage of latest investment solutions and products for capturing opportunities and tackling issues most relevant for you.

*Based on a three-year average number of investment advisory appointments (Greenwich Survey)

Research Team

Our 450+ clients have access to 'best-in-class' investment ideas
through our 140+ strong investment team who are supported by our dedicated research team comprised of over 40 experts.

Matt Tickle
Partner & Chief Investment Officer

Sarah Lochlund
Partner and Head of Research

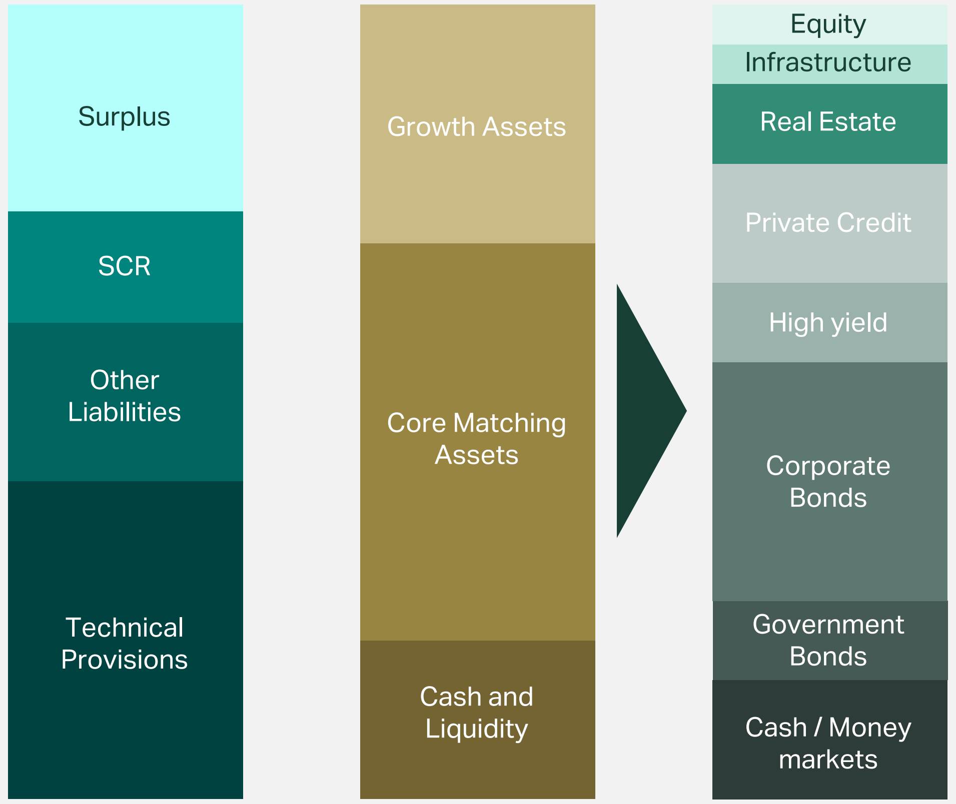
Approach to setting an investment framework

Flexible, and we will work with you on areas where we can add value

Lay the foundations
- Markets
- Strategy
- Sustainability
- Key trends

Understand your objectives
- Aims
- Beliefs
- Constraints
- Delivery

Designing SAA in a Market Risk Framework



Getting the strategic asset allocation right in an optimized market risk framework will be the biggest driver of returns

Research

Objectives

Strategy

Implementation

Evaluation

Translate strategy into action

- Best-in-class managers
- Value for money
- Provision of Reporting
- Independence

Monitor and refine
- Oversight
- Service
- Performance
- Evolution

Building capital-efficient, resilient investment and ALM frameworks

Strategic foundation to establish a long-term investment approach

What we do

We support insurers in building capital-efficient, resilient investment and ALM frameworks that strengthen solvency, enhance liquidity, reduce earnings volatility, and improve long-term returns under Solvency II, IFRS 9 and IFRS 17.

How we work

1. A 360-Multi-Disciplinary View

- Aligned integration of regulatory, actuarial, accounting and investment perspectives.
- Our frameworks remove silos and focus on coherent decision-making across ALM, risk, and reporting.

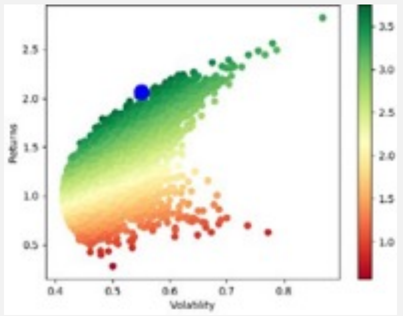
2. Two-Speed ALM Framework

- **Speed 1:** Matching Portfolios: Liability-driven, low-volatility portfolios designed to secure claims, preserve liquidity, and stabilise IFRS results.
- **Speed 2:** Surplus Portfolios: Capital-optimising, return-seeking allocations using FX. diversified credit, infrastructure, private markets, and structured participation strategies.

3. Capital-Efficient Portfolio Engineering

We optimise for Solvency II capital efficiency with a focus on productive capital deployment, stronger returns, and resilient solvency outcomes. These could include, among other instruments

- Diversify spread risk to lower capital intensity
- Use structured equity to capture upside with reduced SCR
- Apply Long Term Equity Investments (LTEI) and Qualifying Infrastructure Investments (QII) where appropriate to benefit from preferential capital treatment



4. A 360-Multi-Disciplinary View

Clear, disciplined oversight across investment, risk and finance functions.

We support investment committees and Board of Directors with reporting frameworks that deliver transparency, repeatability, and regulatory governance.

5. IFRS-Integrated Decision Making

ALM and investment structures are aligned with IFRS 9 and IFRS 17 to manage:

- OCI/P&L interactions
- Stabilise earnings, and
- Harmonise asset-liability behaviour.

6. A Phased Implementation

A structured rollout from diagnostic mapping to design, pilot execution and scaling to ensure clarity, implementation, low disruption, and measurable outcomes.

Client Outcomes

- Stronger solvency position and capital efficiency
- Enhanced liquidity resilience and reduction of forced-sale risk
- Improved long-term yield and diversification
- Lower accounting volatility under IFRS 17/9
- Clear governance, improved decision-making, and a scalable ALM model

Investment & Asset Management Advisory

Case Study

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Case Study - European Non-Life Insurer
Portfolio Rebuild under an ALM Framework

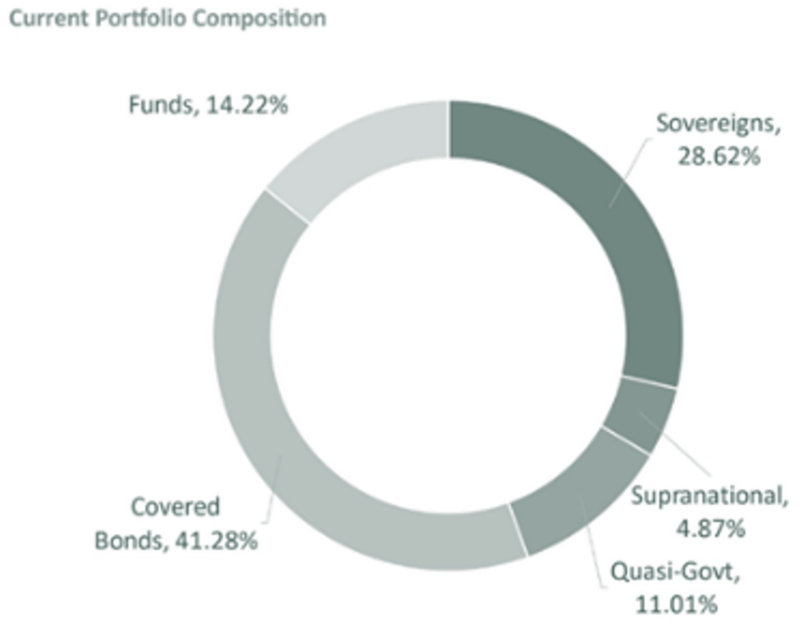
1. Context

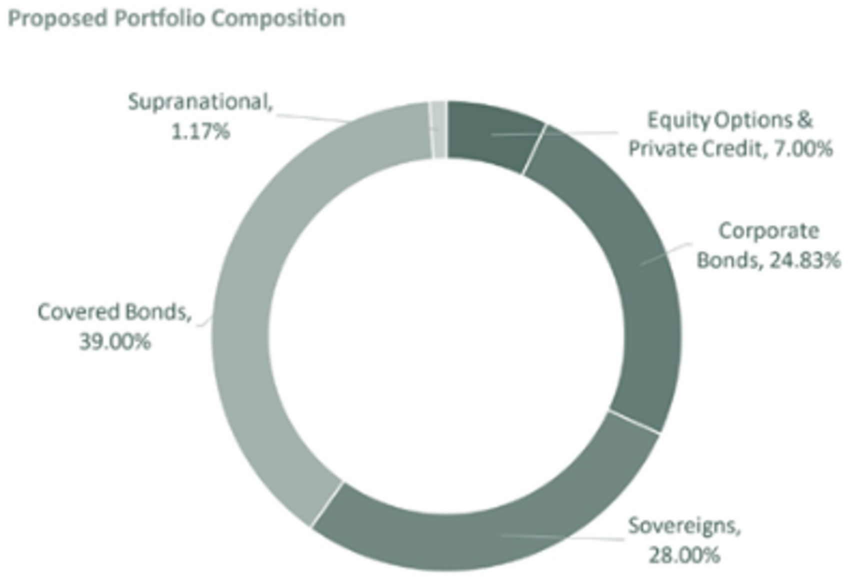
- KPMG was engaged by a European non-life insurance company to support the redesign of its investment portfolio in line with an Asset–Liability Management (ALM) framework and Solvency II capital efficiency objectives.
- The review included benchmarking the insurer's investment approach against its incumbent asset managers and four external candidates competing for the mandate (including our solution "Proposed" on page 13).

2. Objective

- To enhance portfolio yield while maintaining solvency resilience and avoiding any increase in the overall Solvency Capital Requirement (SCR).

Key figures





3. Approach

- The engagement focused on restructuring the portfolio across all major asset classes, guided by capital charge optimization and liquidity preservation principles.
- The portfolio was structured from a barbell perspective to ensure sufficient liquidity, while taking targeted higher yielding SCR efficient risk.
- Key design elements included:
  - Equity Exposure: Captured through derivative-based strategies (option overlays and structured participation notes) to obtain market participation at significantly lower capital cost compared with direct equity holdings.
  - Corporate Bonds: Focused on short-duration, hybrid, and selected non-rated instruments offering incremental yield while maintaining either investment-grade or high-yield equivalent risk characteristics.
  - High-Quality Liquid Assets: Allocation to Danish mortgage bonds (AA/AAA-rated) where structural yield premia could be achieved without compromising credit quality or liquidity.
  - Spread Charge Optimisation: Portfolio construction targeted reduction in Solvency II spread charge, balancing diversification across rating segments, maturities, and issuers.

Executive Summary

A large international specialty reinsurer had an issue; its investment portfolio carried a **13%** market risk charge, inflating Solvency Capital Requirement (SCR) and restricting capital flexibility.

Howden COS solution:

- Strategic asset reallocation
- Portfolio restructuring to maintain yield while minimising market risk capital charge

Result:

80% Reduction in market risk capital charge from 13% to 2.5%.

Lower SCR, freeing up excess capital for growth

Maintained comparable investment returns to previous asset allocation

Case Study - European Non-Life Insurer
Portfolio Rebuild under an ALM Framework (contd.)

4. Outcome

Through an integrated ALM and capital optimisation process, the reconstructed portfolio delivered:

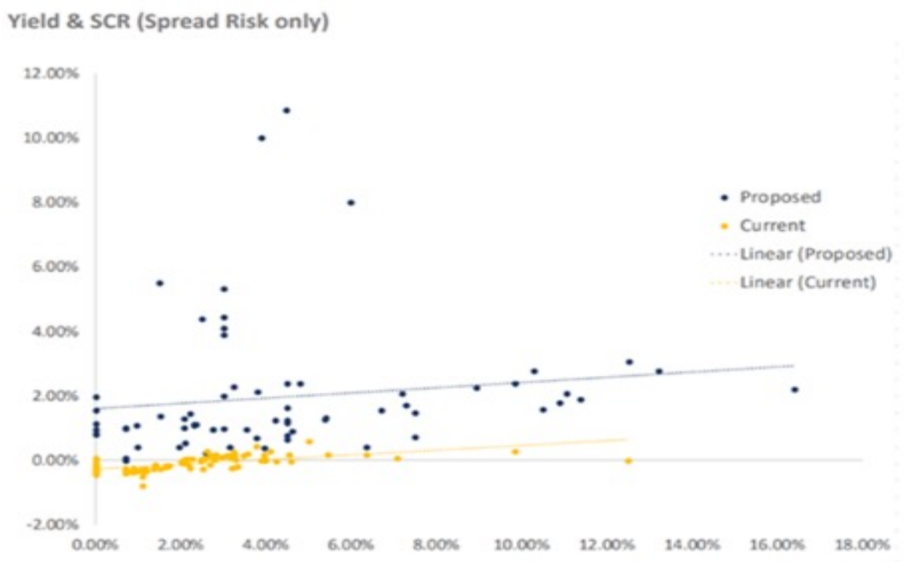
- A measurable increase in running yield;
- A reduction in concentration and spread capital charges, and
- Improved alignment between asset cashflows and liability profiles.

The insurer maintained its solvency position while enhancing portfolio return, demonstrating that yield and capital efficiency can be improved simultaneously through an ALM-driven, structured approach.

Key figures

Portfolio / Metrics	Current	Proposed	AbsΔ
E[r]	0.03%	2.07%	*2.04%*
Duration	2.69	2.56	*-0.13*
Convexity	0.09	-0.98	*-1.07*
SCR (Spread)	2.50%	2.35%	*-0.15%*
Yield to SCR	0.01	0.88	*0.87*
VaR (95%)	4.66%	4.06%	*-0.60%*
Av. Portfolio Rating	A2*	A1**	
% High Yield[1]	5.91%	17.68%	*+11.77%*

*According to [redacted] 29.12.2017
**Weighted calculation using the Solvency II Credit Step as a proxy for ratings
[1]Solvency II ratings used. Funds are estimated using look-through and Moody's Ratings



Source: Bloomberg, [redacted]

- The chart to the right gives a granular break-down of individual asset yield and spread risk charges. As you can see, relative to the current portfolio, the proposed portfolio shifts the average yield to SCR curve up by almost 2%pts

5. KPMG's conclusion

The engagement confirmed that our "Proposed" solution, a capital-aware ALM framework, combined with derivative-based equity participation and disciplined spread risk management, enables insurers to materially enhance portfolio returns without increasing SCR or liquidity risk.

Such an approach also strengthens the governance linkage between investment, risk, and actuarial functions, and as such forming a foundation for sustainable, long-term balance sheet performance.

Background and Scope

— [redacted] has asked KPMG for their view on the Strategic Asset Allocation proposed by [redacted].

— This report provides a market comparison of the [redacted] solution against the solutions provided by the other managers in the ongoing manager selection; [redacted] and [redacted], [redacted] has been excluded from this given their pooled fund solution is not directly comparable with that of the other managers.

— This report does not provide any ALM analysis from KPMG which should be agreed separately.

Summary

— We requested from each of the managers, their proposed solution based on the same guidelines that were provided to [redacted].

— The below table shows a headline comparison of the proposed solutions from each of the managers, as well as the current portfolio.

— Given the statistics provided by [redacted] on their proposed solution were markedly more efficient that the initial solutions provided [redacted] and [redacted] on their respective solutions, we held a call with each of the managers to explore at a very high level, the possible difference between their solutions and the [redacted] Solution.

— Following the discussion, the managers responded with a Second Proposal with the aim of optimising the efficiency of their portfolios. These results are also shown in the table below.

— The managers also provided their considerations around the proposed portfolios, which we have outlined on the following sides.

Market Comparison	Proposed	Current	Alternatives (Initial Proposal)			Alternatives (Second Proposal)		
	[redacted]	[redacted]	Manager 1	Manager 2	Manager 3	Manager 1	Manager 2	Manager 3
Yield / Expected Return	2.1%	-0.1%	0.4%	1.2%	2.5%	0.7%	2.1%	1.9%
Average Credit Rating	A+	AA-	A-	BBB	-	A-	A	-
Duration	2.6	2.7	2.9	4.0	4.9	3.1	3.0	3.0
SCR Spread	2.4%	2.5%	8.0%	10.0%	13.0%	9.0%	6.4%	8.8%

— We note that the statistics provided by [redacted] are markedly more efficient than those provided by the other managers, even when compared to their secondary proposal.

— [redacted] should be comfortable with the considerations raised on the following slides.

KPMG

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Focus

Solvency Market Risk Advisory

4

Unlocking value to fuel growth
Solvency market risk advisory

We help you unlock the full potential of your assets so you can strengthen your financial position and support long-term growth. By optimising capital and improving balance sheet efficiency, we enable you to release trapped value, enhance returns, protect the downside and create flexibility for strategic opportunities.

Howden Re offers:

Solvency Market Risk Advisory

We take a holistic approach to insurance risk management - addressing both liabilities and the asset side of the balance sheet. Our Solvency market risk advisory bridges traditional asset portfolio theory with regulatory capital requirements, helping insurers optimise investment strategies while maintaining compliance and resilience.

Solvency Capital Optimisation

We can optimise the allocation to market risk and regulatory capital charges to target specific cash flow requirements and return generating outcomes.

Strategy Design and options to reduce capital risk charge

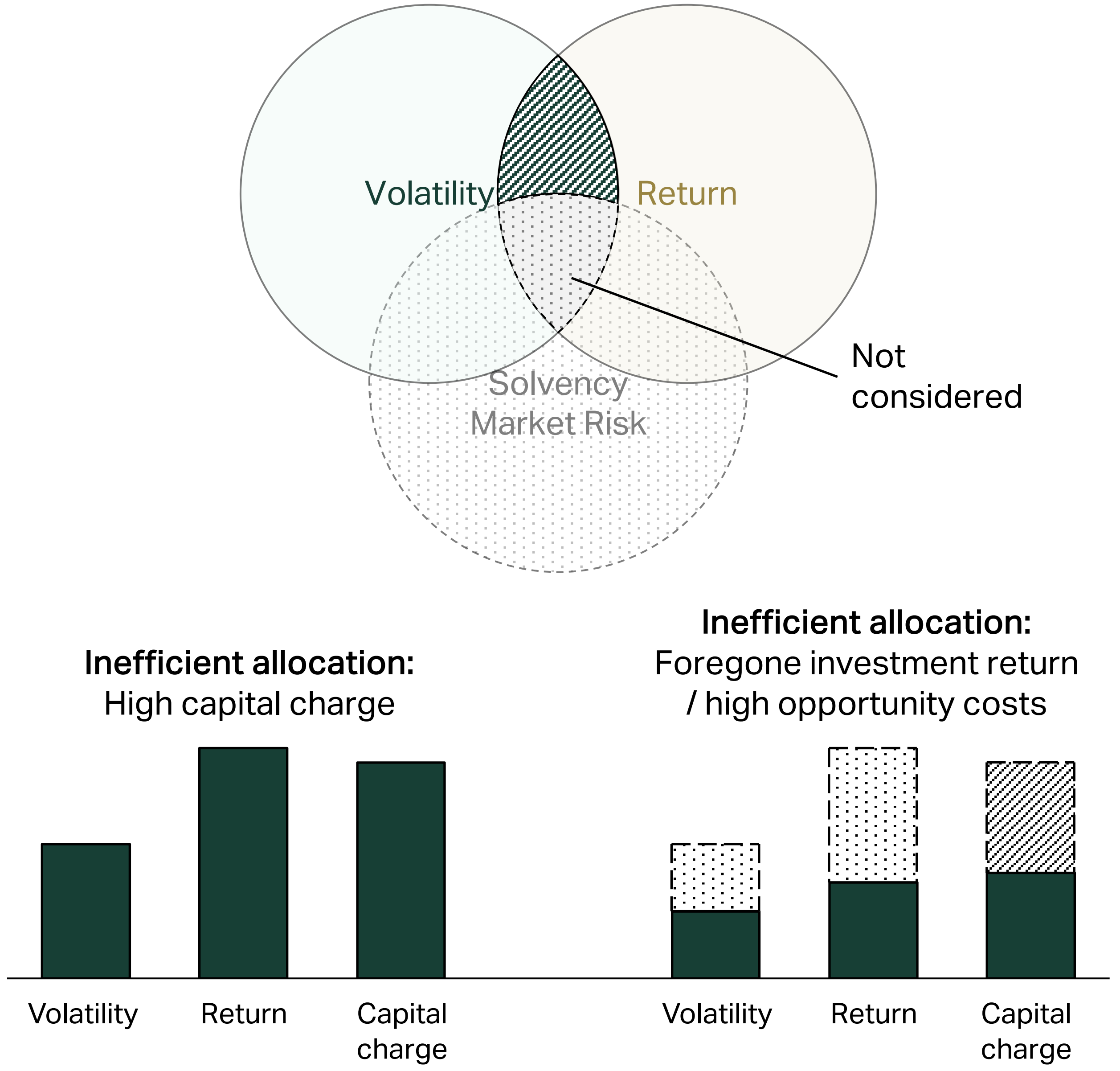
- Develop a set of implementable portfolio alternatives (for example base, conservative, capital-light).
- Quantify expected ROE impact, SCR effects (market risk modules), and liquidity/ALM fit.
- Include potential hedging overlays and capital-efficient exposures (infrastructure debt/equity, Solvency II-optimised ETFs/funds etc).
- Incorporate LTEI and QII within the asset mix to enhance capital efficiency under Solvency II and support long-term return stability.
- Assess opportunities to smooth volatility and accounting fluctuations (via asset mix design, duration management, hedge overlays etc) in order to support targeted ROE and valuation objectives.

Reducing Capital Charges

Unlocking expensive regulatory capital for growth

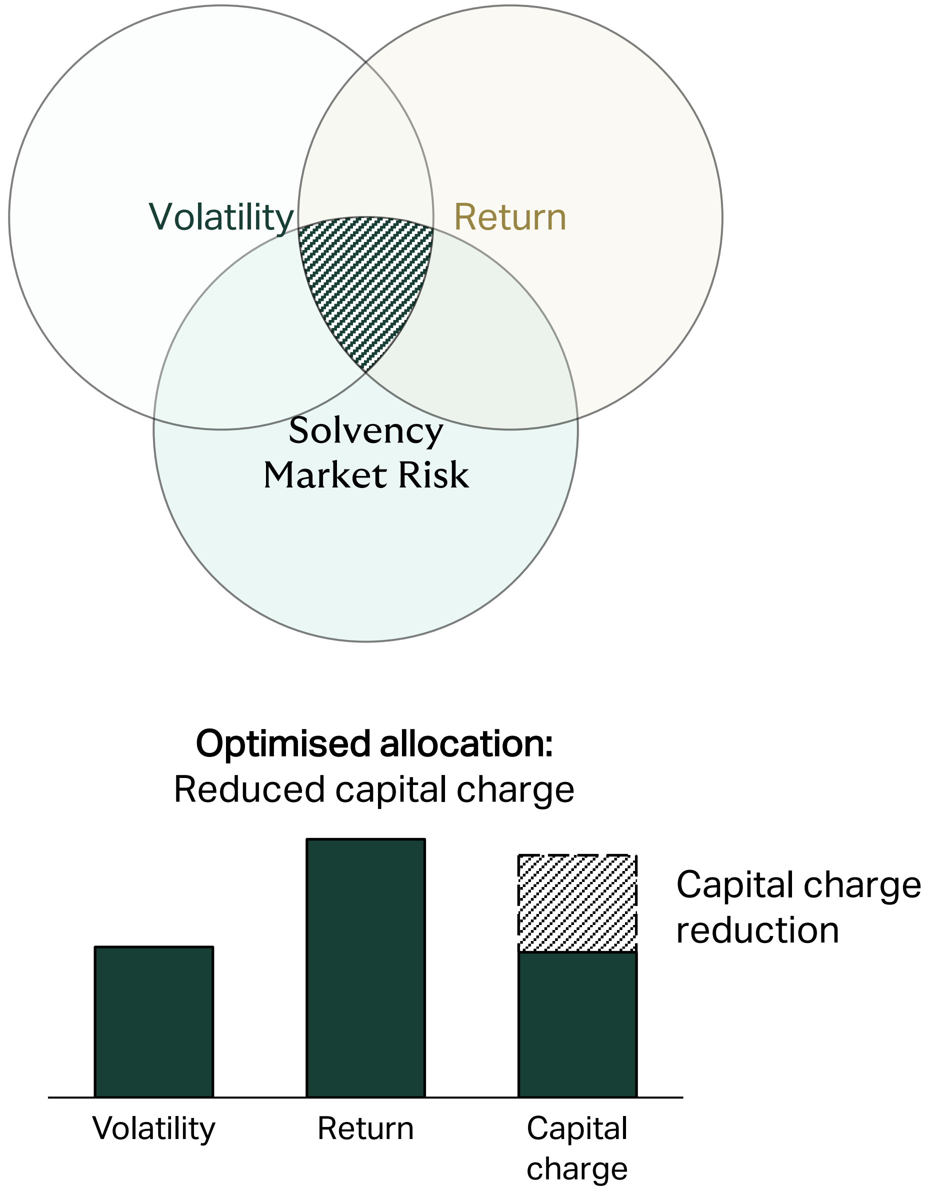
Status Quo

The traditional approach focuses on the portfolio's volatility and return as the two main metrics. The implications of the solvency market risk are not considered, usually leading to a high capital charge for the solvency market risk and an increased solvency capital requirement.



Solvency market risk advisory model (3-dimensional approach)

The three-dimensional approach taken in Howden Re's solvency market risk advisory practice considers the implications of the solvency market risk and constitutes the investment portfolio with securities matching or outperforming the initial volatility and return profile, but with a reduced capital charge.



Solvency market risk advisory

Bridging Portfolio Theory, Insurance Technical Requirements & Regulatory framework

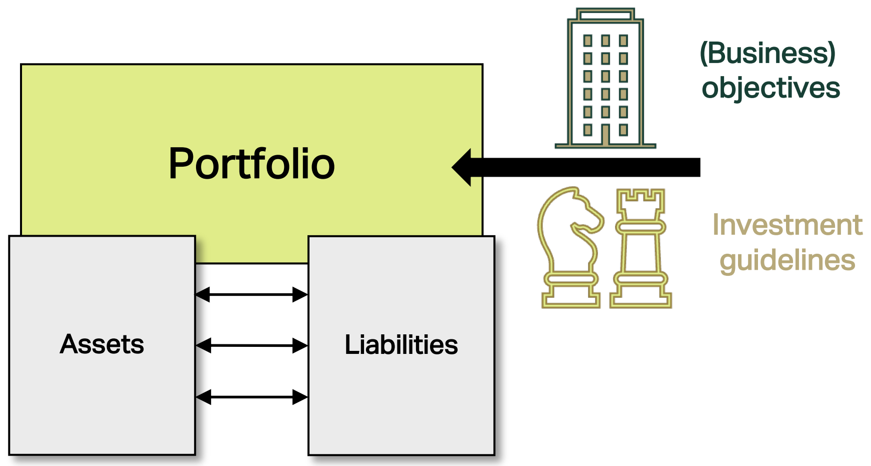
1. Understanding your needs

Portfolio assessment

- Portfolio composition (asset classes, ratings, durations, impact on
solvency regime's market risk module etc.)
- Solvency situation and solvency requirements, based on expected liabilities und underlying cashflows (ALM)

Client objectives

- (Business) objectives such as reducing volatility, increasing return etc.

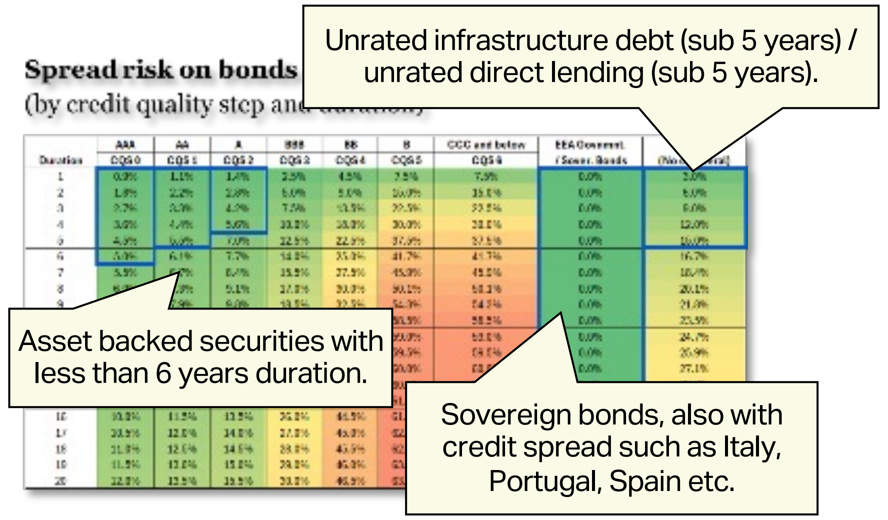


2. Design

It is our objective to develop a holistic strategy that considers the requirements and characteristics of both, the asset and liability side, whilst considering the solvency regime's impact.

Portfolio assessment

- Optimising the risk adjusted return
- Solvency situation and solvency requirements, based on expected liabilities und underlying cashflows
- Reduced/optimised solvency charges on e.g., market risk module



3. Execution

Howden Re's solvency market risk advisory is leveraging Tier-1 partnerships to execute and deliver the tailored strategies to clients.

We work in your existing financial and actuarial ecosystem to achieve a seamless service provision without any disruptions.

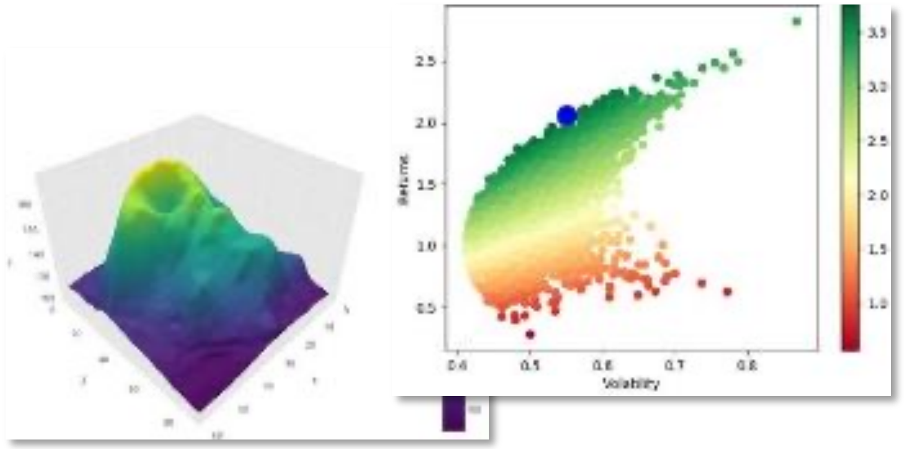
High capital charges (guideline)

- Private equity and hedge funds: 49%
- Listed equity: 39%
- Property: 25%
- Strategic equity participations (long-term): 22%

Our approach is to reduce the capital charge from above securities and assets through structuring and hedging, to achieve a comparable return profile with a reduced capital charge.

4. Ongoing support

After the implementation, Howden Re supports you on an ongoing basis with periodic reviews and dynamic adjustments of both, your portfolio and the underlying strategy.



Solvency market risk advisory utilises a three-dimensional approach

Risk, return, and solvency regime implications on the risk module

Howden Re's Investment and Solvency Market Risk Advisory practice unlocks value from your investment and asset management activities by using targeted strategies, leading to a reduced market risk module and ultimately, SCR.

Doing this, we focus on a cost-benefit perspective, minding transaction costs and the costs of risk.

1. Optimise asset allocation

- Transition to assets with a lower SCR-impact (capital charge), considering the risk and return requirements (e.g., favourably treated infrastructure investments)
- Assets like private credit and ESG investments

2. Matching Adjustments

- Match the existing liabilities with optimised asset portfolios (ALM) in different metrics such as duration, cashflows, currency etc.

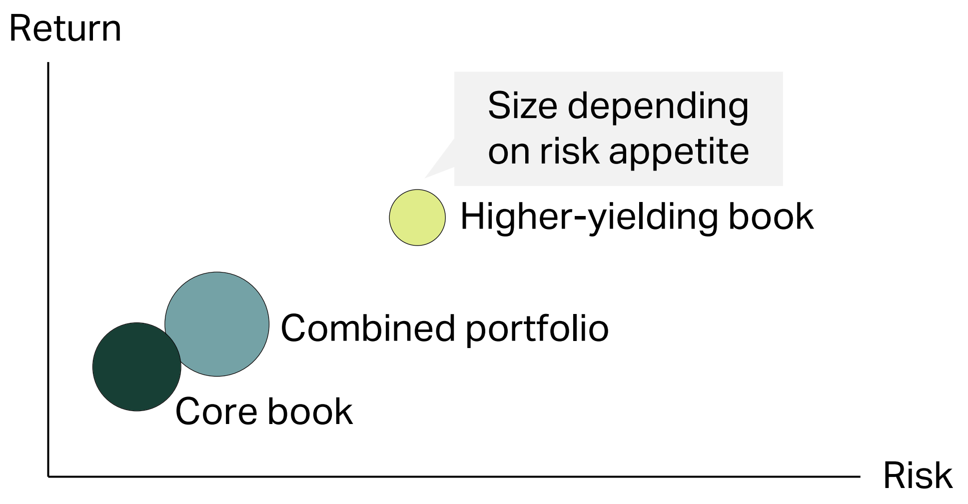
3. Dynamic hedging

- Protecting against inflation, interest rate changes, and market volatility with hedging strategies or other minimum volatility products

From a holistic portfolio perspective, we believe the majority of the portfolio should consist of a **core book** which serves as a low-risk, capital efficient, and diversifying anchor.

We combine this with efficient allocations into a **higher-yielding book** to boost returns without materially increasing the capital charges or combined portfolio's risk.

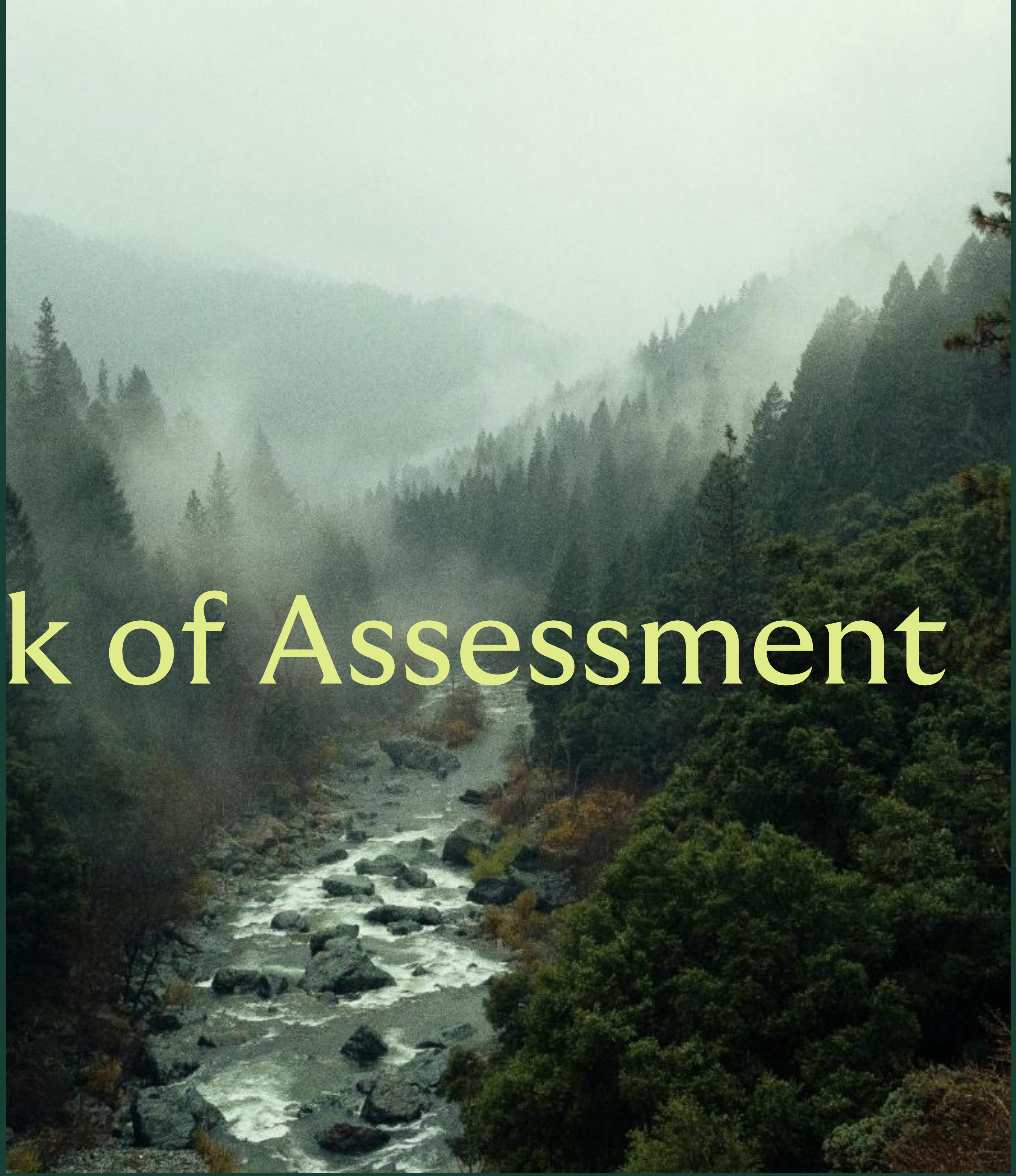
Illustration of both books and the combined portfolio



Core book	• Ultra liquid assets and main source to service (re)insurer's or captive's obligations. • Capital efficient and fully matches obligations' requirements (e.g., FX exposure, duration etc.) • Serves as a diversifying anchor.
Higher-yielding book	• Second book of the portfolio is composed of higher yielding growth assets to boost returns without materially affecting capital charges or the combined portfolio's riskiness. • Size and relation to core book depending on risk appetite and cost of capital. • Composition variable: long-term bonds, infrastructure investments, (equity) options etc.

Appendix

Framework of Assessment



Investment & Asset Management Advisory

Potential Framework of Assessment and Scope of Work

Diagnostic & Peer Benchmarking

- Map current SAA, asset classifications, and capital charges.
- Benchmark against a relevant European peer group (mix of life/non-life, as applicable).
- Assess client's position relative to an efficient frontier of return, financial risk, and Solvency II market risk.

Strategy Design & Options

- Develop a set of implementable portfolio alternatives (for example base, conservative, capital-light).
- Quantify expected ROE impact, SCR effects (market risk modules), and liquidity/ALM fit.
- Include potential hedging overlays and capital-efficient exposures (infrastructure debt/equity, Solvency II-optimised ETFs/funds etc).
- Incorporate LTEI and QII within the asset mix to enhance capital efficiency under Solvency II and support long-term return stability.
- Assess opportunities to smooth volatility and accounting fluctuations (via asset mix design, duration management, hedge overlays etc) in order to support targeted ROE and valuation objectives.

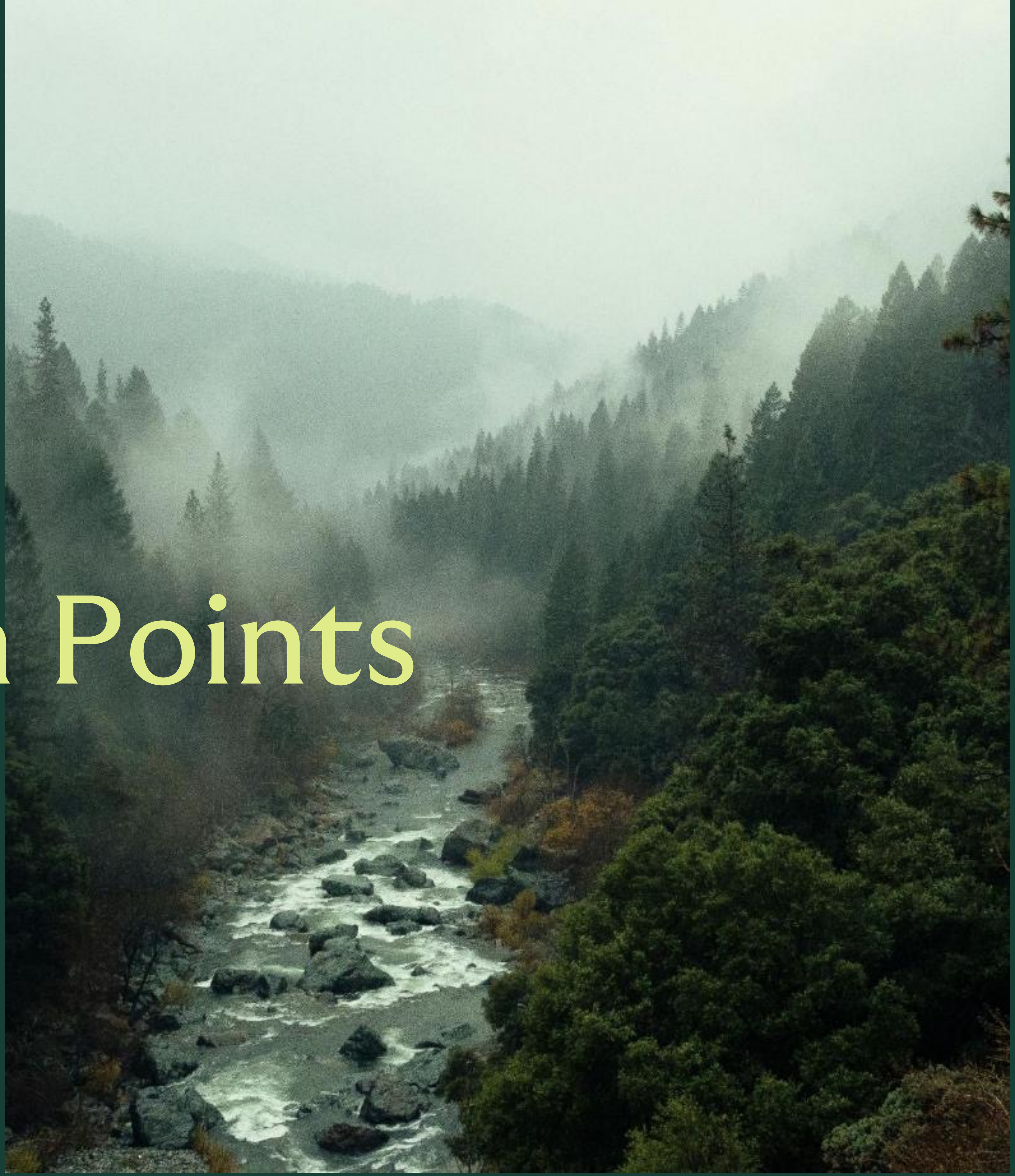
Regulatory & Actuarial Considerations

- Confirm treatments under Solvency II and the prudent person principle, aligning asset classifications accordingly.
- Coordinate with actuarial input to reflect liability characteristics, risk appetite, and capital requirements.

Implementation Roadmap

- Define a phased plan, governance steps, data requirements, and a measurement framework to monitor impact and progress.

Appendix
Discussion Points



Investment & Asset Management Advisory
Discussion Points

Strategic & Organisational Alignment

- What are your strategic investment priorities: solvency resilience, return optimisation, earnings stability, liquidity strength, or a combination?
- How centralised vs. decentralised should investment and ALM decision-making be between Group and local entities?
- What is the Group's formal risk appetite with respect to market, liquidity, credit, and accounting volatility?
- Are investment returns or return-on-capital explicitly defined as a Group profitability metric?

Group vs Local ALM Responsibilities

- How should responsibilities be divided between Group and local entities for ALM, investment decisions, and risk oversight?
- How should local matching portfolios interact with Group-level surplus strategies?
- Are entities allowed to transfer surplus capital to Group for centralised management, and under what conditions?

Liability & Cashflow Structure

- What is the duration and cashflow profile of liabilities for each entity?
- Are there significant FX or inflation-linked cashflows that must be hedged?
- What minimum liquidity coverage horizon (e.g. 12 months) should each entity maintain?

Solvency Position & Capital Constraints

- Which Solvency II stresses under Market Risk are currently most binding (interest-rate, spread, equity, concentration)?
- What is the target SCR ratio at both entity and Group levels (base case and post-stress)?
- How much capital is available to deploy into surplus portfolios without compromising entity-level resilience?
- Is the Solvency II Volatility Adjustment or Matching Adjustment applied to any liabilities?

Liquidity Management & HQLA Expectations

- What are the internal and regulatory expectations regarding High-Quality Liquid Assets?
- How much liquidity must be available to meet claims, operations, or stress scenarios without forced selling?
- Are there constraints on allocating capital to less liquid assets such as infrastructure, private credit, or alternatives?

Investment Policy, Governance & Operating Model

- Are derivatives permitted for hedging and/or investment purposes under current policies?
- Does the IPS allow allocations to infrastructure, private markets, structured equity, or alternative strategies?
- Should the investment model rely more on internal management, external managers, or a hybrid structure?
- What governance committees exist today (Investment, Risk, Capital), and how do they interact?

Investment & Asset Management Advisory
Discussion Points (contd.)

Internal vs External Asset Management

- What is the current split between internally managed assets and externally managed mandates?
- Is the organisation aiming to expand internal capabilities, consolidate external providers, or maintain the current mix?

IFRS 17 & IFRS 9 Optimisation

- How are liabilities currently measured and presented (OCI vs P&L)?
- To what extent is earnings volatility a concern for management, analysts, or the board?
- Should matching portfolios be structured for FVOCI to stabilise the Insurance Finance Result?
- Is there appetite to hold surplus assets under FVTPL for transparent performance recognition?
- How closely should asset duration and curve exposure match IFRS 17 liability discount curves?

LTEI & QII Eligibility and Appetite

- Is the organisation interested in pursuing Long-Term Equity (LTEI) or Qualifying Infrastructure (QII) classifications?
- Do entities have sufficient liquidity buffers to demonstrate "no forced sale" conditions for 7+ years (LTEI)?
- What governance processes exist for pre-trade qualification and annual revalidation of LTEI/QII?

ESG, Sustainability & Regulatory Expectations

- What ESG or EU Taxonomy objectives should the investment framework support?
- Are there restricted sectors or asset types?
- How should ESG metrics be integrated into reporting and manager oversight?

Data, Reporting & Operational Capabilities

- Do current systems support measurement of DV01, interest-rate sensitivity, FX exposures, and liability-asset matching?
- Can the system model CSM and BEL sensitivities to asset movements under IFRS 17?
- Is there capability to manage and monitor derivatives, including Greeks (Delta, Vega, Gamma)?
- What reporting frequency is expected for solvency, liquidity, IFRS sensitivities, ESG, and performance?

Implementation Constraints & Timeline

- Are there upcoming regulatory reviews, audits, etc that could affect timing?
- What could a transition path look like: immediate optimisation, phased implementation, or long-term evolution?

Appendix

Capital & Operational Solutions

Deep dive

Looking ahead to protect what's next
prospective solutions

Prospective solutions are forward-looking reinsurance structures that protect against future underwriting risk. These solutions offer flexibility and stability, enabling organisations to manage uncertainty while boosting efficiency and long-term performance.

Prospective Solutions are especially effective in:

Reducing Volatility and Risk
Helping you to stabilise your earnings and lower underwriting risk.

Expand Underwriting Capacity
Increase risk-taking ability while managing shareholder risks.

Enhance Capital Efficiency
Release trapped capital, improve ROE (and reduce capital costs), and manage shareholders' risks.

We deliver tailored coverage solutions designed to address unique risk profiles and support prospective strategies for long-term resilience.

Example Client Problem

A **hardening market** was driving higher reinsurance spend and greater earnings volatility. The client needed **P&L protection** in bad years without overpaying in good years, and a way to **improve capital efficiency.**

Howden Re Approach – **Multi-Year Spread Loss Cover** resulting in **2.1m** Savings on Reinsurance Expense

Key Terms (NatCat XOL)	Multi-Year	Traditional
Layer	10m xs 30m	10m xs 30m
Aggregate Annual Limit (AAL)	20m	20m
Term Aggregate Limit (TAL)	40m	-
Premium (Year 1)		
Multi-Year / Annual	6m	3.0m
Upfront RoL	60%	30%
Additional Premium	30% of ceded losses (max 3m)	-
Reinstatement	-	1 @100%
Profit Commission (P/C)	100%	
Reinsurer Margin	15%	
High Level Comparison of Costs (Single-Year Perspective)		
Annual Premium	6m	3.0m
Minimum Cost after P/C	0.9m	3.0m
Loss-free RoL	9%	30%

Managing the past to secure the future
retrospective solutions

Retrospective reinsurance solutions give you the ability to transfer existing liabilities and past losses to a reinsurer, helping you release trapped capital, reduce balance sheet volatility, and create financial flexibility. This means you can focus on growth, strategic priorities, and confidently manage legacy risk without uncertainty.

Retrospective Solutions can help you:

Enhance Capital Efficiency & Reduce Volatility

Optimise your capital structure for more efficient uses such as underwriting or investing and reduce the uncertainty surrounding Best Estimate reserves.

Mitigate Operational Concerns

Transformation projects or IT migrations should not focus on legacy portfolios – we can help you in finding a finality solution.

Enhance Efficiency

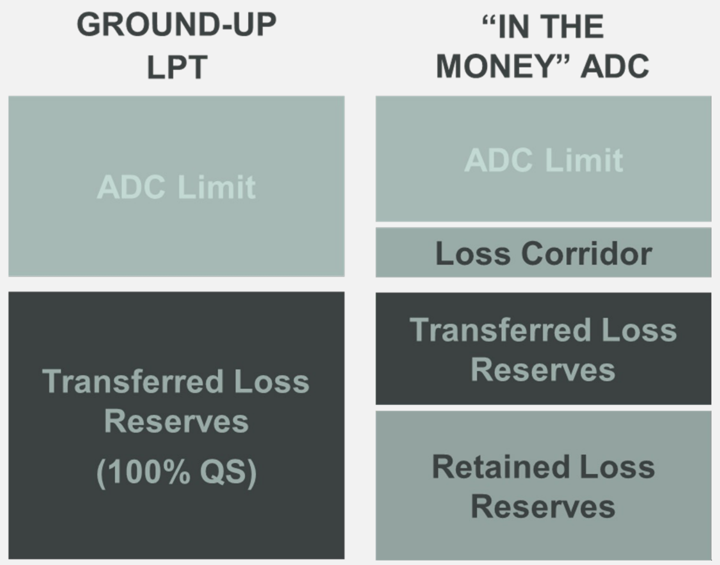
Powerful capital and risk management tool, either on a stand-alone basis or in combination with other measures (e.g. prospective reinsurance or Tier 2 Capital).

Example Client Problem

Howden's client, a specialised European insurance group, sought a retrospective reinsurance solution to reduce volatility of earnings and simultaneously benefit from capital relief. Howden Re engaged with legacy & traditional reinsurance markets to provide the client the best solution to meet its requirement.

Solution: selected reinsurer provided the client with a ground-up Loss Portfolio Transfer consisting of a 100% Quota Share (QS) with a limit through an Adverse Development Cover (ADC) on top.

The structure & features provided client with a Day 1 discount on the funds transferred, granting them immediate liquidity and favourable run-off results were returned to the cedant via a 100% profit commission.



Structural considerations:

In some instances, the reinsurer may require the cedant to retain shares of the risk through co-participation or a loss corridor to better align interests and deal economics between the parties.

The size of the in-the-money layer depends on the underlying portfolio's size and duration.

Unlocking value to fuel growth
solvency market risk advisory

We help you unlock the full potential of your assets so you can strengthen your financial position and support long-term growth. By optimising capital and improving balance sheet efficiency, we enable you to release trapped value, enhance returns, protect the downside and create flexibility for strategic opportunities.

Howden Re offers:

Solvency Market Risk Advisory

We take a holistic approach to insurance risk management - addressing both liabilities and the asset side of the balance sheet. Our Solvency market risk advisory bridges traditional asset portfolio theory with regulatory capital requirements, helping insurers optimise investment strategies while maintaining compliance and resilience.

Solvency Capital Optimisation

We can optimise the allocation to market risk and regulatory capital charges to target specific cash flow requirements and return generating outcomes.

Example Client Problem

A large international specialty reinsurer had an issue; its investment portfolio carried a 13% market risk charge, inflating Solvency Capital Requirement (SCR) and restricting capital flexibility.

Howden COS solution:

- Strategic asset reallocation
- Portfolio restructuring to maintain yield while minimising risk

Result: **80%**

Reduction in market risk charge from 13% to 2.5%.

Lower SCR, freeing up excess capital for growth

Maintained comparable investment returns to previous asset allocation

Optimising today for tomorrow’s success
operational solutions

We can help you streamline your organisation’s operations and processes, so you can concentrate on your core business. By improving efficiency and performance, we enable you to reduce complexity, lower costs, and create a stronger foundation for sustainable growth.

Howden Re offers:

Claims Outsourcing Advisory

Full support along the outsourcing process from requirement collection, to tender process support, Service Provider selection, service handover (emphasise KPIs) and regular audits to monitor and improve service standards.

Outsourced Partner Selection	Onboarding & Transition	Performance Monitoring & Improvement

We have the expertise to support you in addressing any operational challenges you face, e.g.

Reserve Accuracy	IT Compatibility	Surge Planning	MI Quality

Example Client Problem

Operational underperformance resulting from selecting Third-Party Administrators (TPAs) primarily on cost, without considering critical factors like operational capacity, system compatibility, and experience in specific classes.

Howden Re delivered a structured, criteria-driven evaluation process including:

- An Assessment of Needs: Defined business and technical requirements.
- Scoring Framework: Benchmarked TPA performance against market standards and contracted terms (e.g., IT compatibility, surge capacity, management info quality).
- RFP & Due Diligence: Managed end-to-end selection, interviews, and challenge sessions.
- A Final Recommendation: Provided board-ready decision support for strategic alignment.

Long-Term Value Achieved: Focused on sustainable partnerships, reducing operational risk and improving claims outcomes.

50%
Reduction in claims processing error rate after implementing structured evaluation.

30%
Reduction in operational cost per claim reduced due to improved efficiency and fewer escalations.

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