

### **Euler Hermes Singapore Branch**

The following supplementary information does not form part of the audited statutory financial statements of Euler Hermes Singapore Branch.

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This disclosure is a supplementary note to the audited financial statements, which are publicly available on the website of the Monetary Authority of Singapore and from the Accounting and Corporate Regulatory Authority. This disclosure should be read in conjunction with the audited financial statements and is issued pursuant to MAS Notice 124 – Public Disclosure Requirements.

### **Euler Hermes Group**

Euler Hermes Group (“EH Group”) is a global leader in trade credit insurance and a recognised specialist in the areas of surety and guarantee, fraud cover, and debt collection services. Its financial solidity, expertise in risk analysis, and integrated global structure enable the Group to provide companies of all sizes with the domestic and export market knowledge and support they need to successfully manage their trade receivables in a changing economic environment.

Euler Hermes Singapore Branch (“EHSG”) has been active in ASEAN since 2000, serving clients across Singapore, Malaysia, Thailand, India, Indonesia, Vietnam and the Philippines. EHSG offers credit insurance, debt collection and surety and guarantee solutions to a broad client base, ranging from small and medium enterprises to multinational companies.

The broader credit insurance and surety market is influenced by macroeconomic conditions, including global trade volumes, business insolvency trends, geopolitical developments, supply chain disruptions and interest rate movements. As a Singapore branch of a global trade credit insurer, EHSG operates within a regulatory framework governed by the Monetary Authority of Singapore (MAS) under the Insurance Act 1966.

With a dedicated and diverse team comprising professionals of various nationalities, EHSG combines credit insurance expertise, local market knowledge, and financial analysis capabilities to help clients identify, assess, and manage commercial risks. Beyond risk identification, EHSG supports clients in developing effective export risk management strategies, enabling them to protect their receivables and pursue growth with greater confidence.

### **Objectives of EHSG**

The objectives of EHSG are to:

- Provide trade credit insurance and surety that enable businesses to trade domestically and internationally with confidence;
- Maintain a strong capital base and solvency position well above regulatory requirements;
- Deliver sustainable and profitable growth across ASEAN through disciplined underwriting and risk management; and

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- Support clients in identifying, managing and mitigating trade receivables and credit risk exposures.

### **Business Review of EHSG**

Gross written premiums increased from SGD126.0 million in 2024 to SGD141.9 million in 2025. Reinsurance cession increased from SGD102.1 million in 2024 to SGD104.9 million in 2025. Net claims incurred amounted to SGD19.8 million in 2025.

Interest income increased from SGD2.5 million in 2024 to SGD3.7 million in 2025.

### **Corporate Governance**

EHSG leverages the governance framework of EH Group. EH Group has a comprehensive governance framework that sets out how the organisation is directed, administered and controlled. EH Group promotes a strong risk management culture supported by robust risk, compliance and corporate governance structures.

EH Group is headed by a Board of Management, which is in turn overseen by a Supervisory Board supported by an Audit, Risk & Compliance Committee and a Nomination and Remuneration Committee. The leadership and management powers held by the Board of Management are clearly separated from the oversight powers exercised by the Supervisory Board. The Supervisory Board permanently oversees the management of EH Group by the Board of Management. EH Group's organisational structure, which is based on the separation of executive and oversight functions, ensures a balance of powers. The managers of Group functions provide the foundations of the Group's operational management.

To distinguish between risk ownership, independent oversight and independent assurance, the risk governance framework is structured along three lines of defence. The first line of defence comprises the risk-taking units. In EHSG, these include Risk Underwriting (Credit), Market Management, Commercial Underwriting and Distribution (Commercial). Risk Underwriting is required to comply with quantitative limits set in the "Risk Underwriting Quality Standards". Commercial Underwriting is required to follow EH Group's Commercial Underwriting rules and Pricing Strategy, which are aligned with the business strategy, profitability targets and reinsurance programme. Commercial Underwriting adopts a risk-based approach to pricing, supporting the Group's objective of remaining adequately capitalised against the risks assumed.

Risk Management, Actuarial and Compliance form the second line of defence and support the maintenance of a robust system of governance. Risk

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Management provides a consistent framework for risk activities across EH Group, protects the EH Group's capital base and supports value creation. The Actuarial function coordinates the calculation of technical provisions, assesses the appropriateness of methodologies and underlying models, and provides an opinion on the overall underwriting policy. EH Group provides actuarial services on reserving to EHSB. In addition, an external actuary, Willis Towers Watson, is engaged to provide an independent view on reserving. Compliance supports EH Group in complying with applicable laws, regulations, business principles, rules of conduct and established good business practices. For EHSB, EH Group issues guidelines relating to risk management, actuarial and compliance matters. The Finance Director of EHSB is responsible for ensuring these guidelines are properly implemented.

The third line of defence for EHSB is carried out by EH Group's Internal Audit. Internal Audit is a key function within the EH Group's internal control system and acts as the third line of defence in the "Three Lines of Defence" Model. Internal Audit evaluates and contributes to the improvement of the adequacy, effectiveness, and efficiency of the organisation's governance, risk management, and control processes through a systematic, disciplined, and risk-based approach.

EH Group maintains an annual audit programme to ensure that branches comply with Group requirements. Functional audits are carried out in different regions on a rotational basis. The audit programme is subject to discussion, communication and validation with operational staff, General Management and Audit Committees, before being submitted to the EH Audit, Risk & Compliance Committee for approval.

The Internal Audit function of EHSB is outsourced to EH Group Internal Audit. Its implementation is defined in the "Audit Policy" and the supplemental "Standard Audit Manual", which defines the basic principles, tasks, methods and processes. These include the definition of the audit universe, covering the areas and topics to be audited to ensure adequate coverage of relevant activities, procedures, and processes. The frequency and sequencing of the audits are determined using a risk-based approach, in which risk ratings are assigned to all areas and topics.

### **Investment and Asset-Liability Management**

EH Group monitors and steers investment at the group level. EH Group has an Investment Management Framework stating the requirements for managing and steering the investment of EH Group. The Framework also states minimum requirements for the implementation of new financial instruments, the management of derivatives and foreign exchange risk. EHSB's investment function is handled by the Finance department. All investment decisions need to be approved by EH Group Treasury.

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### **Solvency Margin**

The capital adequacy ratio (CAR) of EHSB as at 31 December 2025 was 310.9%, which was above regulatory requirements. EHSB leverages the EH Group Risk Policy, which aims to fulfil all regulatory solvency requirements at the group and branch levels. Therefore, risk appetite and limits are in place to ensure an adequate buffer above these requirements. Risk appetite and limits are based on a thorough understanding of the risks involved and enterprise-wide risk governance and management.