Compre Group Holdings Limited

Annual Report and Consolidated Financial Statements
31 December 2023

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Directors and Officers

Directors

Luigi Sbrozzi
Rhonda Ramparas
Emmanuel Clarke
Aaron Papps
Robert Perry
William Bridger
Anup Seth (Appointed on 22 January 2023)
LoriAnn Lowery-Biggers (Appointed on 21 December 2023)
Jonathan Reiss (Appointed on 21 December 2023)

Company secretary

Conyers Corporate Services (Bermuda) Limited

Registered office

c/o Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Registered number

56052

Auditors

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Business Performance – A landmark year for Compre driven by its strongest performance to date

2023 was a landmark year for Compre[1] with the business delivering a YoY growth of 112% in the insurance reserves under management and registering a net income of $279.4m for the year ended 31 December 2023. This represents a step change in the scale and stature of the business having completed five deals in the year with acquired reserves in excess of $1.0bn including the largest transaction in Compre's history – the acquisition of $1.3bn[2] of net reserves from SiriusPoint in June 2023. The Tangible Net Asset Value[3] (TNAV) of the business has increased by 67% to $783.7m compared to the prior year figure of $469.0m and the operating profit[4] for the year was $80.5m (PY: $69.8m) which resulted in an Adjusted Operating RoTE[5] of 19.9% in 2023. The financial strength and operational capabilities of the business have been systematically improved over the last few years to be able to deliver the level of growth seen in 2023 and the expansion of the business into North America continues to provide new growth opportunities going into 2024. Given the hard live underwriting market, elevated interest rate environment and its 30 year track record and expertise, Compre is well positioned as a global specialty reinsurer that provides capital and liability solutions to its clients, thereby giving them certainty on their portfolios.

Strategic Growth

A key part of the Compre strategy is to build a portfolio of insurance liabilities which is well-diversified from a line of business, duration and geography perspective. This provides the business the best opportunity to grow profitably whilst managing its risk and capital deployment effectively. The volume of acquired reserves at the execution date (for all signed deals) increased to $1.1bn in 2023 compared to $462m in 2022 which was driven by the completion of the SiriusPoint transaction in June 2023 and the workers' compensation legacy portfolio acquired from SUNZ Insurance Company earlier in the year. In the second half of the year, Compre signed and completed two further deals adding $219m of new reserves to the portfolio which comprised of European Motor, German and Italian Medical Malpractice (Med Mal) Insurance and other liability lines adding to the diversified pool of liabilities already held. In addition, the Group also completed one of the two transactions agreed in late 2022 - the acquisition of Medical Insurance Company DAC (MIC), the Irish subsidiary of French mutual insurance group Covéa, post the receipt of the necessary regulatory approvals. The completion of the other Med Mal portfolio signed in 2022 is expected to complete in Q2 2024. The deal pipeline remains active driven by the hard live underwriting market as rate increases have continued on most P&C lines of business and the favourable competitive environment where Compre is amongst a handful of other players that are capable of acquiring larger portfolios of insurance liabilities (>$500m) to provide effective capital and liability solutions to clients.

Further details of the transactions are as follows:

<u>*Deals signed and completed in 2023*</u>

- In March 2023, Compre signed an agreement with SiriusPoint Limited for a loss portfolio transfer (LPT) on a diversified portfolio of primarily reinsurance business. The LPT covers approximately $1.3bn of reserves as at the signing date of 30th September 2022. The transaction was completed on 30th June 2023 post regulatory approvals.
- In May 2023, Compre signed agreements to acquire a workers' compensation prior year portfolio of SUNZ Insurance Company (SUNZ). The transaction is structured as a loss portfolio transfer into Pallas Reinsurance Company Limited (Pallas Re). The transaction was completed in May 2023.
- On September 14, 2023, Compre Group signed an agreement with a European based insurer to acquire a Med Mal portfolio for an undisclosed sum. The deal is structured as a LPT together with the operational claims management and the acquisition was completed in November 2023 post regulatory approval.
- In December 2023, Compre signed agreements with an international insurance group for the acquisition of European motor and casualty liabilities through a loss portfolio transfer into Pallas Re for an undisclosed sum. The transaction was completed post regulatory approvals before the end of the year.

<u>*Deals signed in 2022 and completed in 2023*</u>

- In October 2022, Compre Group signed agreements to acquire MIC, which provided general liability insurance covering professional medical malpractice risks. MIC entered into run-off in 2015. The transaction was completed at the end of August post regulatory approvals.

<u>*Deals signed in 2022 and expected to complete in 2024*</u>

- Compre Group agreed to acquire technical liabilities of approximately EUR 200 million through a LPT of hospital liability (MedMal) portfolio of German insurer Basler Sachversicherungs-AG, a subsidiary entity of the Baloise Group. The portfolio mainly consists of underwriting years 2004 to 2018 and as such has been in run-off for several years.

The table below illustrates the significant growth in new business activity in the last few years especially since 2021 under the new ownership structure and the management team.

Deal Volume (based on signing date) ($m)	2023	2022	2021	2020	2019
Acquired Net Reserves	1,115	462	405	201	98

[1] Represents Compre Group Holdings Limited and subsidiary undertakings herein referred to as CGHL, Compre Group, Compre or the Group
[2] Valuation of $1.3bn was at the date of signing and the figure had reduced to $862.0m as at the completion date of 30 June 2023.
[3] Tangible Net Asset Value excludes goodwill and other intangible assets from the net asset value. The figure shown is based on all signed deals as at the end of the period including signed deals which are yet to be completed. Details of the deals signed but yet to be completed have been provided in the Performance Review under the Strategic Growth section.
[4] Operating profit refers to profit before tax adjusted for items outside the control of the management team such as mark to market movement on investments, discounting on liabilities, currency related movements and other non-recurring items. The figure shown is based on all signed deals in the period including signed deals which are yet to be completed.
[5] Adjusted Operating Return on Tangible Equity (RoTE) is calculated based on the operating profit for the year as a proportion of the opening TNAV. The opening TNAV is adjusted for the same items as operating profit to aid a like for like comparison

The deal volume has seen a significant increase which is driven by building strong relationships with clients, actively seeking out opportunities that align with our risk appetite and the strength of the operating platform. The transactions in 2023 include two transactions with clients we have previously transacted with which aligns with our business ethos of building long lasting client relationships, providing a client centric experience around capital and liability solutions and certainty on transaction execution. We understand the importance and responsibility of being a regulated business and work pro-actively with regulatory bodies across our market. This is exemplified by receipt of regulatory approval for the change of control of MIC and the liabilities are in the process of being transferred to our Finnish risk carrier, Bothnia International Insurance Company Limited (Bothnia), through a legal transfer in 2024. We are thankful for the support of the multiple regulatory bodies involved in completing this and other transactions in 2023.

Strong Financial Performance

Underwriting discipline and acquiring a diversified pool of insurance liabilities are at the heart of Compre's business model. As a result of Compre's continued growth and reputation in the market, we reviewed more deals than ever before in 2023. However, Compre remains extremely focused on being selective in deploying capital to opportunities that meet its target return hurdles and risk appetite. Therefore, only a small fraction of the total transactions reviewed in 2023 were recommended to the Board for approval which have all been successfully completed. The Group considers operating profit and growth in Tangible Net Asset Value (TNAV) based on all signed deals in the year as key measures of performance and value generation in the year. The operating profit accounting for all signed deals in the period amounted to $80.5m which grew by 15% compared to the prior year figure of $69.8m. Adjusted Operating RoTE was 19.9% for 2023 which is testament to the business model and our disciplined underwriting approach. Profit after tax in 2023 was $279.4m which is the highest in any financial year during Compre's 30 year operating history and compares favourably with a loss after tax of $14.1m in 2022. The strong results are driven by the deals completed in the year, a significant increase in the net investment income which has benefited from the higher invested assets combined with the prevalent high interest rate environment. In addition, the 2022 reported result did not include the benefit of all the deals that were signed in the year as the completion of some deals has happened in subsequent periods. The strong net profit has resulted in the TNAV growing by 67% in the period to $783.7m at the end of 2023. This has increased significantly since the beginning of 2021 having increased by 5.3x over this period.

Compre Group has adopted the UK Generally Accepted Accounting Principles (GAAP) from 1 January 2023 and hence comparative information in these financial statements has been restated to reflect this change.

Key Performance Indicators ($m)	2023	2022	Change
Operating Profit	80.5	69.8	15.3%
Tangible Net Asset Value	783.7	469.0	67.0%

Invested assets including those held in funds withheld arrangements increased by 110% in the period and have been invested at higher yields than in previous years. As a result, the net investment income in the period was $48.7m which has more than doubled over prior year. The average running yield of the portfolio at 31 December 2023 was up by 103 bps compared to the prior year. Asset leverage[6] was 3.8x at the end of 2023 and has increased at the peak of the interest rate cycle which is likely to deliver sustainability and predictability to our future earnings. From a macro economic standpoint, 2023 witnessed an increase in interest rates in the first three quarters followed by inflation indicators beginning to cool off leading to a pause in the rate hiking cycle across US, Europe and UK in the latter part of the year. Towards the end of the year, the rate setters adopted a more dovish tone at the possibility of rate cuts in 2024 which led to positive mark-to-market movements on the bond portfolio and credit spreads also tightened. Since the Group has a well matched investment portfolio in terms of duration and currency, the impact of mark-to-market movements is largely offset by the reduced discounting on insurance liabilities. Over the course of 2023, there were several notable market events such as the regional banking crisis in the US, the merger of Credit Suisse with UBS, continued conflict in Ukraine and new unrest in the Middle East. Compre's investment portfolio has had limited direct impact from these events as part of our cautious, yet return focused investment strategy. Many expect 2024 to be a year in which global inflation moderates further and central bank rates begin to decline from their current levels. Along with the Group's investment managers – Goldman Sachs Asset Management, the Group Chief Investment Officer is responsible for ensuring a well managed investment portfolio and are already planning for portfolio actions to be well positioned for the lower yield environment in 2024 and beyond.

Capital and Solvency

The capital management strategy for Compre is underpinned by its business model which involves the acquisition of insurance liabilities where risk events have substantially occurred in the past. This represents a significantly lower risk of events which could erode capital as compared to a business that underwrites live and unexpired insurance risks. As a result, the Group manages its capital buffers based on the lower inherent risk profile of the business model and seeks to optimize its capital stack through the use of debt and equity instruments. The Bermuda Solvency Coverage Requirements (BSCR) at the end of 2023 for Compre Group was 186% which has reduced from the position at the end of 2022 as the Group has deployed its excess capital towards the significant growth experienced in the year. This still remains significantly above the minimum regulatory requirements. During the year, the Group received an equity injection of $68.0m from its existing institutional shareholders shortly before the completion of the transaction to acquire insurance liabilities from SiriusPoint in June 2023. This equity injection combined with the significant profit generation in the year has led to an increase in the Tier 1 capital for the group and a consequent reduction in leverage ratio. Compre has a strong track record of accessing the debt capital markets as was in evidence during 2022 when it issued approximately $200m of subordinated debt. The Company will evaluate opportunities for further such issuances in 2024 as part of maintaining an optimal capital position.

[6] Asset leverage is the average assets held in the year over the opening equity position.

The new transactions have diversified very well with the existing Compre portfolios which has been beneficial from a capital management perspective. This coupled with the fact that the Group's portfolio of assets and liabilities is well matched from a duration and currency perspective has resulted in the economic balance sheet remaining resilient in a period of considerable macro economic volatility.

Capital and Solvency Metrics	2023	2022	Variance
Own Funds ($m)	820	527	293
Solvency Ratio (BSCR) (%)	186%	231%	-45%pts

Continued Journey to Operational Excellence

Compre began the year with an aim to enhance the operational platform to expand its global footprint especially in North America and increase its capacity for integration of new, larger and more complex transactions. Taking each of these in turn, expansion into North America has progressed well in 2023 with the creation of a strong core claims team with particular expertise and experience in managing US casualty and assumed reinsurance portfolios. Compre's US presence was further enhanced by the establishment Compre Reinsurance NA Inc, an authorised insurance entity in the state of Connecticut which is permitted to write reinsurance business in the US. The license is effective from 1 January 2024. The Group additionally opened a new office in Manchester, New Hampshire during the course of 2023. As a result, Compre remains confident of further expansion into the US capital and liability solutions market in 2024.

Enhancing the deal capacity has been central to the Group’s strategy in 2023 and this has involved several aspects where the business has developed its capabilities significantly through the year. The Group has expanded its claims capabilities by adding experienced personnel and a strong group of third-party administrators with specific capabilities in our centres of excellence on European Med Mal and US Workers' Compensation. We have also added new talent to our M&A and Business Generation teams on both sides of the Atlantic to cater to higher deal volume and more complex structures. The strength of the operating platform was put to test through the execution of the deal with SiriusPoint in June 2023 with completion achieved on schedule. Given that this was achieved on a transaction of this magnitude was heartening and a matter of great pride for the whole organization. The added scale in 2023 has also increased the operational leverage of the portfolio as is evident from a reduction in the operating expense ratio (operating expenses as a proportion of net reserves) from 7.1% in 2022 to 6.4% in 2023. The ability to fund new deals is another area where the business has experienced a step change as it renegotiated its senior facilities up from $40m in 2022 to $150m through a combination of revolving and letter of credit facilities.

Another key aspect of investing in enhancing future deal capacity has been a number of transformation initiatives across the organization around maintaining a robust control environment and investment in key finance and claims systems. A key transformation initiative has also been to expand our data analytics capabilities by employing a dedicated team of data scientists capable of extracting the insights from the vast history of data sources that Compre has accumulated over its 30 year operating history. This is expected to provide significant benefit into the reserving and pricing endeavors in the future and is likely to be a key differentiator to Compre above its peer group. A new Chief Operating Officer – Dan Fiehn joined the Group during the year with significant experience in technology and data analytics and is tasked with driving change on this front in 2024.

Above all, Compre has continued to invest in its people with the headcount increasing from 129 to 155 over the course of the year. We remain committed to providing our talented team with the best opportunities to work and develop their career to the fullest extent possible. A separate learning and development cohort was created during the year under HR and the Group appointed a new HR Director – Rebecca McGill, who comes in with a wealth of experience on creating and managing talented, cross functional teams. The Group has also added three new independent non-executive directors to the board of directors which provides further support to a strong governance culture

Industry Outlook

The market for solutions relating to prior year liabilities has continued to expand and the market size is estimated to be $1.0 trillion[7] with Compre’s focus markets - North America and Europe representing 82%[8] of the total. This market has witnessed 30 deals in 2023 with a total reserve volume transacted of $8.1bn[9]. Interestingly, the transaction volume has been higher in UK and Europe compared with North America which traditionally has been the more prominent and active market for such deals. Much like the overall global insurance deals market, there has been a slow down in deal activity driven by the uncertainty around the macro-economic environment, sustained inflationary pressures and geopolitical factors. However, the business fundamentals for the sector remain strong as the hard live underwriting market is expected to continue which is likely to intensify the need for solutions for a number of insurance and reinsurance players. In addition, the competitive pressures in the sector have reduced with a few players being sidelined due to historical performance issues dragging on their ability to transact further. Compre remains well positioned to benefit from the favourable pricing and commercial environment that is currently prevalent in the sector.

[7] Source: Global Insurer Run-Off Survey 2024 by PwC
[8] Source: Global Insurer Run-Off Survey 2024 by PwC
[9] Source: Global Insurer Run-Off Survey 2024 by PwC

Outlook for 2024

2023 has been a transformational year for Compre in many respects – it entered a select group of retrospective reinsurers that have completed a transaction with reserves in excess of $1bn. It also completed all signed deals in the period including two transactions completed in December which highlights the commitment to delivering on client goals who wanted solutions prior to the end of the year. The business also made significant in-roads into building its North American presence with new hires and the establishment of an insurance entity in the state of Connecticut, US. The business approaches 2024 with a very optimistic outlook to build on its success from the previous year and will continue to focus on the mid-market deal segment where pricing and the competitive environment remain attractive. The focus, as always, will be on maintaining underwriting discipline and delivering long term profitable growth through continued focus on opportunities across all our three pillars – Europe, North America and Lloyd's of London. We will also remain committed to maintaining a well diversified portfolio of insurance liabilities especially in lines such as Property, Workers' Compensation and Asbestos liabilities. The Board of Directors and shareholders are delighted with the progress that the business has made in 2023 and express their sincere gratitude to the entire team at Compre who have worked relentlessly in pursuit of excellence.

William Bridger
Director

31 May 2024

Registered number 56052
Directors' report

The directors present their report and the audited consolidated financial statements of Compre Group Holdings Limited for the year ended 31 December 2023.

Incorporation and principal activities

The Group is a global specialty reinsurance business providing capital and liability solutions giving certainty to our clients over the past 30 years. CGHL was incorporated in November 2020 by international private equity firm Cinven and British Columbia Investment Management Corporation (BCi) to acquire the Compre Group and is domiciled in Bermuda under the regulatory supervision of the BMA. Compre is a global specialty reinsurance business that provides capital and liability solutions, giving certainty to their clients on their portfolios. The principal activities of Compre Group Holdings Limited (the Parent Company or Company) and its subsidiaries (collectively, the Group) are the acquisition and subsequent management of prior year insurance and reinsurance liabilities which can include both run-off re/insurance portfolios as well as prior year liabilities for ongoing business still being underwritten.

Compared to traditional insurance and reinsurance business models, the retrospective re/insurance business model typically benefits from less volatile underlying liabilities, reflecting the fact that (i) losses generally are known when the prior year liabilities are acquired and can be re-underwritten to higher levels of profitability, (ii) claims typically have a more predictable pay-out pattern and (iii) there is limited catastrophic or single event risk that has already occurred. In addition, the retrospective reinsurance market is less reliant on the broader property and casualty insurance market and pricing environment.

The principal insurance and reinsurance companies in the Group are:
- Pallas Re is domiciled in Bermuda and regulated by the BMA;
- Bothnia International Insurance Company Ltd (Bothnia) is domiciled in Finland and regulated by the Finanssivalvonta (FIN-FSA); and
- Syndicate 1994 at Lloyd's supported by our corporate member Compre Corporate Member (2) Limited

During the year, the Group completed the acquisition of MIC. The net insurance liabilities in MIC at the end of 2023 are nil due to reinsurance arrangements with the Group's reinsurance carrier, Pallas Re and external third parties. A legal transfer process has commenced to move the insurance liabilities to Bothnia. It is expected that the company will be wound up once the transfer has taken place.

Private equity firm Cinven and Canadian pension fund BCi are ultimately the majority shareholders alongside certain members of Compre's management team as minority shareholders. Both investors have strong knowledge of the insurance industry and are actively involved in the management of the business.

Results and dividends

The results for the Group are shown in the Consolidated profit and loss account on page 14. The directors are reporting a profit for the year ended 31 December 2023.

The directors do not recommend the payment of a dividend in the current year (2022: $Nil).

Review of business

During the year under review the Group made a profit after tax of $279.4m (2022: loss of $14.1m).

A more detailed analysis of the business performance during the year may be found within the Performance Review.

Environmental, Social and Governance (ESG)

Compre commenced its ESG journey in 2022, in collaboration with its investors. Since then, Compre has made significant and positive progress in addressing sustainability and social issues, whilst always maintaining good governance. During the year, the Group conducted its first materiality assessment, with the participation of all relevant stakeholders, including the board members, senior executives, and all other employees. This helped Compre identify the most relevant ESG areas which will be one of the main drivers of Compre's ESG strategy going forward.

Environmental
During the year Compre took another step forward in improving data collection processes and data quality which helps us track our carbon footprint better. Our largest emissions remain driven by our investments, where we are assisted by Compre's investment managers, Goldman Sachs Asset Management ("GSAM"), in monitoring and tracking our carbon footprint in this regard.

Social
Compre remains committed to fostering an environment where all its people can fulfil their potential and in which they feel comfortable to be themselves. Compre prides itself at being an inclusive and diverse workplace and has a culture of celebrating authenticity. Compre is deliberate about building a corporate culture of acceptance in all respects.

Governance
Compre strives to maintain a strong system of governance and a robust risk management framework. Strong governance practices allow Compre to make effective decisions, comply with regulatory requirements and meet the needs of clients and other stakeholders. During the year, Compre strengthened its Board composition with the addition of three independent non-executive directors.

Currency

The accounts are drawn up in United States Dollar ("USD" or "$"). This is also the currency in which the Company's share capital is denominated.

Directors

The directors of the Company who served during the year are as follows:

Luigi Sbrozzi
Rhonda Ramparas
Emmanuel Clarke
Aaron Papps
Robert Perry
William Bridger
Anup Seth (Appointed 22 January 2023)
LoriAnn Lowery-Biggers (Appointed 21 December 2023)
Jonathan Reiss (Appointed 21 December 2023)

Principal risks and uncertainties facing the business

Management continually monitor the key risks facing the Group together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually. Additional information on management of insurance and financial risks can be found in note 5 on page 28.

The principal risks and uncertainties recognised by the directors of this Company in respect of insurance business in run-off are the unpredictable nature of claims arising on business which may have been written many years ago, asset risk and the exposure to currency exchange rate fluctuations. These risks are mitigated by active claims management, reinsurance arrangements, regular monitoring and management of interest rate and foreign exchange risks.

Financial risk management and exposures

The following are considered by the Board to be the Group's principal risks and are regularly monitored by the Board:

- Strategic Risk - Economic loss resulting from failed business strategy and strategic objectives.
- Insurance Risk - Economic loss associated with insurance liabilities acquired and related to data quality, reserve assessment and claims payments.
- Financial Risk - Economic loss resulting from failure in investment strategy and/or investment underperformance or reinsurance default.
- Market Risk - Economic Loss that arises from movements in stock prices, interest rates, exchange rates and other market risk factors.
- Operational Risk - Failure of operational aspects that could have material negative impact related to people, processes, systems and external factors.
- Regulatory Risk - Failure to comply with regulatory requirements that could impact on the ability of the Company to conduct its business.
- Reputational Risk - This is the risk associated with the potential for loss of economic value from reputation-damaging incidents.
- ESG Risk - Transition and Physical Risks arising as a result of consideration (or lack of) environmental, social and governance impact within the business, including climate change.

Ukraine

The Group does not have extensive direct exposure to Ukraine or Russia. However, the on-going events continue to present a threat to the global economic environment and stability. The Group will continue to monitor the situation and take appropriate measures, if and when required.

Auditors

The auditors, Ernst & Young LLP, who were appointed in 2023, have expressed their willingness to continue in office, and a resolution proposing their reappointment and authorising the directors to fix their remuneration will be put before the members at the next annual general meeting.

Disclosure of information to auditors

Each of the persons who is a director at the date of this report confirms that:

1. As far as each of them is aware, there is no information relevant to the audit of the Group's consolidated financial statements for the year ended 31 December 2023 of which the auditors are unaware; and

2. The directors have taken all steps that they ought to have taken in their duty as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Registered number 56052
Directors' report (continued)

Approval

Approved by the directors and signed on 31 May 2024.

William Bridger
Director

Emmanuel Clarke
Director

Registered office:

c/o Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COMPRE GROUP HOLDINGS LIMITED

Opinion
In our opinion:

- Compre Group Holdings Limited's group financial statements (the "financial statements") give a true and fair view of the state of the group's affairs as at 31 December 2023 and of the group's profit for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of Compre Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise:

Group
Consolidated Statement of Financial Position as at 31 December 2023
Consolidated Profit and Loss for the year then ended
Consolidated Statement of Comprehensive Income for the year then ended
Consolidated Statement of Changes in Equity for the year then ended
Consolidated Statement of Cash Flows for the year then ended
Related notes 1 to 24 to the financial statements, including a summary of significant accounting policies

The financial reporting framework that has been applied in their preparation is FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

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 financial statements section of our report below. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Climate change
The Group has determined that currently there is no material impact from climate change on its operations and financial position. In planning and performing our audit we assessed the potential impacts of climate change on the Group business and any consequential material impact on its financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating the impact of climate risk, physical and transition. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Risk	Our response to the risk
Valuation of gross and net technical provisions (including IBNR) (Gross Technical provisions: $1,559m, Reinsurers' share of technical provisions: $158m) Refer to accounting policies (pages 20 to 26) and notes to the accounts (pages 20 to 45) Technical provisions are inherently uncertain and subjective by nature and therefore more susceptible to fraud or error. Small manipulations in assumptions could lead to material changes in the reserves. Financial statement risks principally arise from: • the accuracy and timeliness of source data (premiums, claims paid and outstanding) used in making the estimate; • sensitivity of assumptions made by management; and • limitations of models and modelling techniques used for the preparation of the actuarial best estimates.	• Supported by our actuarial specialists, we examined and challenged the assumptions used by management in determining CGHL's reserves, in particular focusing on the consistency of the basis and/or methodology of recording reserves between the regulatory returns and those contributing to Compre's reserves, challenging the appropriateness of reserves on older years. • We performed a review of classes by comparing the reserves independently projected by EY Actuaries with managements' estimate on a gross and net basis and assessed any material differences. • We assessed the adequacy of claims reserves for inflation by benchmarking against a peer group and performing AvE (actual vs. expected) analysis. • We performed independent reprojections for a number of the acquired portfolios along with assessing emerging experiences up to 31 December 2023 and compared the reserves projected by EY Actuaries with managements' estimate and assessed any material differences. • We performed procedures to evaluate the competence, capabilities and objectivity of Compre actuaries. • We verified the integrity of data being used by Compre actuaries through tests of detail of the operational records and source documents. • We used data analytics software to test the appropriateness of journal entries recorded in the general ledger and other adjustments specifically related to the gross claims outstanding balance. • We performed an analytical review over claims outstanding to confirm our understanding of the movement and used this to sample select and test any outliers; • We selected and processed attritional and large ultimate claims data and analysed it for major trends.

Valuation and accounting for new claims portfolio acquisitions (Value of acquired gross reserves: $1,297m) Refer to accounting policies (pages 20 to 26) and notes to the accounts (pages 20 to 45) The planned continuing expansion of the group and increasing size of the claims portfolios means that errors due to fraud or error in the Day 1 accounting position and the valuation of the technical reserves would result in a material misstatement of the reserves and Day 1 profit recognised in the financial statements. These claims portfolio acquisitions additionally involve complexity of IT systems (data being held outside the Compre claims system) and involvement of various Third Party Administrators, with reduced involvement from Compre and outsourcing of the claims portfolio management. This inherently increases the risk of accounting for these portfolios on an ongoing basis.	• We walked through management's process for the acquisition of new claims portfolios and the process for arriving at Day 1 accounting profit. • We challenged management's assumptions and rationale behind accounting for new portfolio acquisitions and the recognition of Day 1 accounting profit by reviewing management's position paper for each portfolio acquisition and the supporting agreements. • We performed substantive audit procedures on assets and liabilities at take-on including the review of formal legal agreements and the confirmation of assets relating to those portfolios. • In conjunction with our IT specialists, we performed procedures over IT systems, including IT general controls evaluation. We assessed third-party service organisation controls in line with the requirements of ISA 315 procedures, to target the complexities surrounding the claims portfolio acquisitions where data continues to be managed by third parties. • We engaged our actuaries to review the Day 1 take on reserve value for each portfolio as part of their wider reserving procedures. This included discussions with management's actuarial team, performing independent reprojections of those portfolios and an assessment of emerging experiences up to 31 December 2023. • We tested the appropriateness of journal entries recorded in the general ledger and other adjustments specifically related to these transactions.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 directors
The directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group'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 directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 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 these financial statements.

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 consolidated financial statements, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's 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 Group'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 consolidated financial statements 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of our report

This report is made solely to the company's directors, as a body, in accordance with our engagement letter dated 6 October 2023. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Bruce
Ernst & Young LLP
London
31 May 2024

Consolidated profit and loss account
For the year ended 31 December 2023
Technical account – General business

	Note	**2023** **$000**	2022 $000
Earned premiums, net of reinsurance			
Gross premiums written		**3,123**	3,474
Outward reinsurance premiums		**(73)**	(1,179)
Change in the gross provision for unearned premiums		**5,518**	4,155
Change in the provision for unearned premiums, reinsurers' share		**(281)**	(87)
Total technical income		**8,287**	6,363
Claims incurred, net of reinsurance			
Claims paid			
– gross amount		**(296,519)**	(133,848)
– reinsurers' share		**18,279**	22,971
		(278,240)	(110,877)
Change in the provision for claims			
– gross amount	5	**602,592**	251,514
– reinsurers' share	5	**(64,799)**	(19,123)
		537,793	232,391
Claims incurred, net of reinsurance		**259,553**	121,514
Net operating expenses	6	**(66,107)**	(41,318)
Total technical charges		**193,446**	80,196
Balance on the technical account for general business		**201,733**	86,559

The notes on pages 20 to 45 form an integral part of these consolidated financial statements.

Consolidated profit and loss account
For the year ended 31 December 2023
Non-technical account

	Note	2023 $000	2022 $000
Balance on the general business technical account		**201,733**	86,559
Investment income	8	**48,640**	22,313
Unrealised gains on investments	8	**54,169**	—
Investment expenses and charges	8	**(28,510)**	(25,128)
Unrealised losses on investments	8	**—**	(100,881)
Other income	9	**1,360**	(3,483)
Other charges, including value adjustments		**(4,185)**	(4,162)
Profit/(loss) on ordinary activities before tax		**273,207**	(24,782)
Tax on profit/(loss) on ordinary activities	10	**6,176**	10,675
Profit/(loss) after tax		**279,383**	(14,107)

The notes on pages 20 to 45 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	Note	2023 $000	2022 $000
Profit/(loss) after tax		**279,383**	(14,107)
Other comprehensive income:			
Currency translation differences		**2,942**	312
Unrealised gain/(loss) from available for sale securities		**1,800**	(238)
Other comprehensive income, net of tax		**4,742**	74
Total comprehensive income/(expense)		**284,125**	(14,033)

The notes on pages 20 to 45 form an integral part of these consolidated financial statements.

Registered number 56052
Consolidated Statement of Financial Position
As at 31 December 2023

	Note	**2023**	2022
		$000	$000
Assets			
Intangible assets			
Goodwill	11	**69,485**	73,345
Other intangible assets	11	**660**	954
		70,145	74,299
Investments			
Other financial investments	12	**1,614,025**	1,093,494
Deposits with ceding undertakings	12	**765,264**	39,602
		2,379,289	1,133,096
Reinsurers' share of technical provisions			
Claims outstanding	5	**158,198**	118,189
		158,198	118,189
Debtors			
Debtors arising out of reinsurance operations		**95,748**	54,915
Deferred tax assets	15	**12,713**	8,981
Other debtors		**15,505**	8,390
		123,966	72,286
Other assets			
Tangible assets	13	**824**	463
Cash at bank and in hand		**37,082**	74,955
		37,906	75,418
Prepayments and accrued income			
Accrued interest		**9,916**	6,390
Other prepayments and accrued income		**952**	1,088
		10,868	7,478
Total Assets		**2,780,372**	1,480,766

Registered number 56052
Consolidated Statement of Financial Position
As at 31 December 2023

	Note	2023 $000	2022 $000
Equity and Liabilities			
Capital and reserves			
Called up share capital	14	**2,698**	2,630
Share premium	14	**513,115**	445,183
Revaluation reserve	14	**1,562**	(238)
Other reserves	14	**1,151**	(1,791)
Retained earnings		**290,481**	11,098
Total equity		**809,007**	456,882
Subordinated liabilities	16	**245,676**	243,414
Technical provisions			
Provision for unearned premiums	5	**14,994**	560
Claims outstanding	5	**1,543,863**	735,538
		1,558,857	736,098
Provisions for other risks			
Provision for taxation	15	**297**	3,443
		297	3,443
Creditors			
Creditors arising out of reinsurance insurance operations		**52,359**	27,621
Amounts owed to credit institutions	16	**73,396**	—
Other creditors including taxation and social security	17	**25,055**	4,486
		150,810	32,107
Accruals and deferred income		**15,725**	8,822
Total liabilities		**1,971,365**	1,023,884
Total equity and liabilities		**2,780,372**	1,480,766

The notes on pages 20 to 45 form an integral part of these consolidated financial statements.

William Bridger
Director

31 May 2024

Emmanuel Clarke
Director

31 May 2024

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Notes	Called-up share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
		$000	$000	$000	$000	$000	$000
At 1 January 2022		2,630	445,183	—	(2,103)	25,205	470,915
Profit/(loss) after tax		—	—	—	—	(14,107)	(14,107)
Other comprehensive income, net of tax		—	—	(238)	312	—	74
Total comprehensive income/ (expense)		—	—	(238)	312	(14,107)	(14,033)
At 31 December 2022		2,630	445,183	(238)	(1,791)	11,098	456,882
At 1 January 2023		**2,630**	**445,183**	**(238)**	**(1,791)**	**11,098**	**456,882**
Profit/(loss) after tax		—	—	—	—	**279,383**	**279,383**
Other comprehensive income, net of tax		—	—	**1,800**	**2,942**	—	**4,742**
Total comprehensive income/ (expense)		—	—	**1,800**	**2,942**	**279,383**	**284,125**
Share Issuance		**68**	**67,932**	—	—	—	**68,000**
At 31 December 2023		**2,698**	**513,115**	**1,562**	**1,151**	**290,481**	**809,007**

The notes on pages 20 to 45 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	Note	2023 $000	2022 $000
Cash flow from operating activities			
Profit/(loss) on ordinary activities before tax		**273,207**	(24,782)
Adjustment for:			
- Change in operating assets		**(87,010)**	(4,024)
- Change in operating liabilities		**(452,410)**	(234,218)
- Investment income		**(48,640)**	(22,313)
- Net finance costs		**28,510**	25,128
- Amortisation of intangible assets		**4,216**	4,149
- Depreciation of property, plant and equipment		**547**	177
- Fair value movements		**(50,264)**	107,368
- Foreign currency movements		**(13,148)**	(5,021)
- Net cash inflows from loss portfolio transfers		**436,020**	167,418
		91,028	13,883
Interest received		**31,888**	23,988
Income tax paid		**(522)**	(1,266)
Net cash generated from operating activities		**122,394**	36,605
Cash flow from investing activities			
Purchases of intangible assets		**(62)**	(1,274)
Purchases of tangible assets		**(908)**	(227)
Purchases of investments		**(1,540,006)**	(555,291)
Proceeds from disposal of investments		**1,263,136**	354,057
Net cash used in investing activities		**(277,840)**	(202,735)
Cash flow from financing activities			
Issue of shares		**68,000**	–
Proceeds from issue of borrowings		**107,672**	197,420
Repayments of borrowings		**(34,631)**	(55,369)
Interest paid		**(23,843)**	(25,099)
Net cash generated from financing activities		**117,198**	116,952
Net decrease in cash at bank and in hand		**(38,248)**	(49,179)
Cash and cash equivalents at the beginning		**74,955**	127,860
Exchange gains/(losses) on cash and cash equivalents		**374**	(3,727)
Cash and cash equivalents at the end		**37,082**	74,955
Cash and cash equivalents consists of:			
Cash at bank and in hand		**37,082**	74,955
Cash and cash equivalents		**37,082**	74,955

The notes on pages 20 to 45 form an integral part of these consolidated financial statements.

1. General information

Compre Group Holdings Limited ('the company') and its subsidiaries (together 'the group') is a global specialty reinsurance business that provides capital and liability solutions to its clients, thereby giving them certainty on their portfolios.

The company is a private company limited by shares and is incorporated in Bermuda. The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11.

2. Statement of compliance

The Group financial statements of Compre Group Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'' (''FRS 102''), and Financial Reporting Standard 103, "Insurance Contracts" ("FRS 103"). The Group financial statements were authorised for issue in accordance with a resolution of the directors on 31 May 2024.

As reported in the financial statements for the year ended 31 December 2022, the Group has adopted UK GAAP with effect from the financial period that began on 1 January 2023. The date of transition to UK GAAP, being the first day of the comparative period, is 1 January 2022. The necessary restatements and reconciliations from IFRS to UK GAAP have been presented in Note 23 to these financial statements.

3. Accounting policies

The principal accounting policies applied in the preparation of these consolidated are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The only changes in accounting policies from those that were disclosed in the Group's consolidated financial statements for the year ended 31 December 2022 are a result of the Group's transition to UK GAAP, details of which are disclosed in Note 23.

3.1. Basis of preparation

The preparation of financial statements in conformity with FRS 102 and FRS 103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2. Basis of measurement

The financial statements have been prepared on the historical cost basis with the exception of financial instruments measured at fair value, and insurance claims reserves that are measured at current value.

3.3. Going concern

The Directors have prepared a going concern assessment for the Group for the financial period to May 2025 (reflecting twelve months period from the date of the signing of the 2023 Consolidated accounts in May 2024). Business activities, together with the factors likely to affect the business' future development, financial position, financial risk management objectives, details of financial instruments and exposures to credit, liquidity and cash flow risk are described in the performance review report.

The Group has considerable financial resources together with long-term relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Board expects the Group will continue to generate positive cash flows for the foreseeable future as it remains a global specialty reinsurance business provider of capital and liability solutions.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the annual report and financial statements.

3.4. Basis of consolidation

The Group financial statements consolidate those of the parent company and the entities it controls (the 'subsidiaries'). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary is acquired/disposed of during the year, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal. All inter-company balances and transactions between group companies have been eliminated on consolidation.
Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

Underwriting members at Lloyd’s have several but not joint liability for the transactions of the syndicates in which they participate. Therefore, for each managed syndicate on which the Group participates, only the relevant proportion of the transactions, assets and liabilities of those syndicates are reflected in the consolidated financial statements. Syndicate assets are held subject to trust deeds for the benefit of the syndicate’s insurance creditors. As at 31 December 2023 and 2022 Compre Corporate Member 2 Limited, a subsidiary of the Group, provided 100% of the capital for Syndicate 1994 and therefore all transactions, assets and liabilities of Syndicate 1994 have been included in the Group’s financial statements.

3.5. Presentation currency and level of rounding

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States Dollars ("USD"), which is also the functional currency of the parent company. All financial information presented in USD has been rounded to the nearest thousand USD, except when otherwise indicated. In tables with rounded figures, sums may not add up due to rounding.

3.6. Foreign currency

Transactions in foreign currencies are translated into the functional currency at the prior month's closing exchange rates of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at each reporting date are translated into the functional currency at the closing exchange rates as at that date. For this purpose all assets and liabilities arising from insurance contracts (including unearned premiums, deferred acquisition costs and unexpired risks provisions) are monetary items. Foreign currency differences are generally recognised in Consolidated profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of foreign subsidiaries are translated into United States Dollars at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at average exchange rates for the year for which the accounts have been prepared. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the component of other comprehensive income relating to that particular foreign subsidiary is recognised in profit or loss.

Any goodwill arising on the acquisition of foreign subsidiaries and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign subsidiaries and translated at the spot rate of exchange at the reporting date.

3.7. Insurance contracts

Gross written premiums

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense.

Unearned premium

Unearned premiums represent the proportion of premiums written and unexpired policies acquired in that year that relate to unexpired terms of policies in force at the end of each accounting period. These premiums are calculated separately for each insurance policy on a pro-rata basis, and subsequently recognised in the Consolidated profit and loss account over the period during which the policies are in force..

Claims paid

Gross claims paid comprises both claims approved for payment in the year and paid claims incorporated into the Group by way of a portfolio transfer. Claims are presented in the Consolidated profit and loss account as ‘claims paid’ when payment has been approved and a creditor has been recognised; claims arising via a portfolio transfer are recognised when a legal agreement is reached between the original risk carrier and the third party transferring the risk and regulatory approval is received.

Technical provisions

Non-life technical provisions comprise the outstanding claims provision and the provision for unearned premium. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with claims related costs, including future run-off expenses and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. No provision for equalisation or catastrophe reserves is recognised.

Technical provisions are discounted to present value to reflect an adjustment for the time value of money. Management considers this measurement to give more relevant information about the Group’s financial position.

Technical provisions are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

Reinsurance

The Group cedes insurance risk in the normal course of business. A reinsurance asset (reinsurers' share of technical provisions) is recognised to reflect the amount estimated to be recoverable under the reinsurance contracts in respect of the outstanding claims reported. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. Any impairment loss is recorded in profit or loss.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Consistent with technical provisions, reinsurance assets are discounted to present value to reflect an adjustment for the time value of money.

Retroactive reinsurance

Under retroactive reinsurance, the Group assumes liabilities incurred as a result of past insurable events. Legal transfers and loss portfolio transfers that are not business combinations (see note 3.10) are also accounted for as retroactive reinsurance. The Group recognises assets acquired and liabilities assumed as a direct consequence of retroactive reinsurance agreements on the earlier of the following occurrences:

- the beginning of the coverage period; and
- the date when the first payment from a cedant becomes due.

The Group measures the assets acquired and the liabilities assumed in retroactive reinsurance agreements in accordance with the accounting policies for the respective assets and liabilities; these primarily include financial assets and technical provisions, policies for which are disclosed in notes 3.17, 3.19, and this note. Future adjustment premiums arising from retroactive reinsurance agreements are only recognised when there is a reliable measure for them, which is generally not expected to occur before such adjustment premiums crystallise and are notified to the Group.

Gains or losses on retroactive reinsurance, representing the difference between the assets acquired and the liabilities assumed, are recognised in the profit or loss immediately upon initial recognition and are not amortised.

Subsequent changes to the estimated timing and amount of loss payments on retroactive reinsurance are reflected in profit or loss in accordance with the policies set out in this note.

Commissions and profit participation

Commissions and profit participation are recognised in the Consolidated profit and loss on an accruals basis.

Equalisation provision

No provision for equalisation reserves have been recognised.

3.8. Insurance claims handling expenses

The provision for the costs of handling and settling claims to extinction and all other costs of managing the run-off included in technical provisions is based on an analysis of the expected costs to be incurred in run-off activities, incorporating expected savings from the reduction of transaction volumes over time. Changes in the estimates of such costs and future investment income are reflected in the year in which the estimates are made.

3.9. Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Consolidated profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting year.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

3.10. Business combinations and goodwill

The Group applies the purchase method of accounting for business combinations. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

The Group elected not to retrospectively apply the requirements of FRS 102 to business combinations effected prior to the date of transition to FRS 102; costs directly attributable to such business combinations had been expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values; deferred tax balances are however measured in accordance with the policy disclosed in note 3.9.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (i) fair value of consideration transferred, (ii) the recognised amounts of any non-controlling interest in the acquiree and (iii) acquisition-date fair values of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets.

Goodwill is amortised over its expected useful life which is twenty years, and which has been applied to all goodwill held at the balance sheet date. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

3.11. Other intangible assets

Other intangible assets are initially measured at cost. After initial recognition, other intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisable amount of an other intangible asset is allocated on a systematic basis over that period. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The useful life is deemed to be for computer software 4 years.

The amortisation period and the amortisation method for other intangible assets is reviewed at least each financial year-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly, and the changes are accounted for prospectively as a change in an accounting estimate. Amortisation is presented in other charges in the non-technical account. The assets are reviewed for impairment if there exist any factors that indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred.

3.12. Tangible assets

Tangible assets are recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

A tangible asset that qualifies for recognition as an asset is measured at its cost. Cost of a tangible asset comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the cost of dismantling and removing the asset and restoring the site on which it is located. After recognition, all tangible assets are carried at cost less any accumulated and depreciation impairment losses.

Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Computer equipment	4 years
Furniture and equipment	5 years

The residual value and the useful life of an asset is reviewed at least at each financial year-end and if expectations differ from previous estimates, the changes are accounted for prospectively as a change in an accounting estimate.
Gains or losses arising on the disposal of tangible assets are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in profit or loss. Depreciation is presented in other charges in the non-technical account.

The assets are reviewed for impairment if there exist any factors that indicate that the carrying amount may be impaired.

Costs associated with maintaining tangible assets are recognised as an expense as incurred.

3.13. Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.14. Leases – group as lessee

At their inception, the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Consolidated profit and loss account on a straight-line basis over the period of the lease.

The Group has no leases classified as finance leases throughout the reporting period.

3.15. Impairment of non-financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value. For impairment assessment purposes assets are grouped at the lowest levels for which there are largely independent cash flows. All individual assets or are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The impairment loss is allocated to reduce the carrying amount of the asset. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's recoverable amount exceeds its carrying amount.

3.16. Financial instruments

The Group has chosen to apply the recognition and measurement provisions of IAS 39 and the disclosure requirements of FRS 102 in respect of financial instruments. As a result, the adoption of UK GAAP has not resulted in changes to the classification and measurement of the Group's financial assets and financial liabilities.

3.17. Financial assets

Initial recognition and measurement

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments designated at fair value through profit or loss, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value. Changes in fair value are recorded in 'Income from financial assets at fair value through profit or loss'. Interest is accrued and presented in 'Investment income' using the effective interest rate (EIR).

Dividend income is recorded in 'Investment income' when the right to the payment has been established.

Available-for-sale financial assets

Available-for-sale financial investments include equity and debt securities. Equity investments (including investments in funds) classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised in other comprehensive income in the revaluation reserve. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available-for-sale investments is reported as interest income using the EIR. Dividends earned whilst holding available-for-sale investments are recognised in the statement of comprehensive income as 'Investment income' when the right of the payment has been established. When the asset is derecognised or determined to be impaired, the cumulative gain or loss is reclassified from the revaluation reserve to the Consolidated profit and loss account.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost, using the EIR, less allowance for impairment. Amortised cost is calculated by considering any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in 'Investment income' in the Consolidated profit and loss account. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as investment income in the income statement) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Available-for-sale financial assets

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments (including funds) classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

3.18. Financial liabilities

Borrowings are initially recorded at fair value less transaction costs incurred. Subsequently borrowings are stated at amortised cost and interest is recognised in the Consolidated profit and loss account over the period of the borrowings. Fees paid on the establishment of the loan and other debt facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Upon the draw down the transaction costs are netted off against the liability and subsequently charged to the Consolidated profit and loss account as part of investment expenses and charges on financial liabilities measured using the effective interest rate.

Creditors are also financial liabilities and are recognised initially at fair value, net of directly attributable transaction costs. Creditors are subsequently stated at amortised cost, using the effective interest method.

3.19. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position. Deposits, as well as insurance funds withheld, are only included within cash and cash equivalents if the Group is able to access the assets in the short term without requiring another party's consent, and the underlying instruments are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.20. Investment return and expenses

In respect of investment return:

- Interest income on financial assets at fair value through the profit or loss is recognised using the effective interest rate method.
- Dividend income is recognised when the right to receive payment is established.
- Interest on financial assets not at fair value through the profit or loss and expenses are accounted for on an accruals basis.

Realised gains and losses on investments carried at fair value through profit or loss are calculated as the difference between net sales proceeds and purchase price. In the case of investments included at amortised cost, realised gains and losses are calculated as the difference between sale proceeds and their latest carrying value. Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price or their fair value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

3.21. Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium represents the value of shares issued in excess of the nominal value of those shares less a deduction for issuance costs.

The currency translation reserve arises on the translation of foreign subsidiaries' financial information, as disclosed in note 3.6, and the revaluation reserve arises upon the fair valuation of available-for-sale financial assets, as disclosed in note 3.17.

Retained earnings include all current year profits and losses and prior years' profits and losses.

3.22. Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised prior to settlement as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders.

These amounts are recognised in the statement of changes in equity.

3.23. Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

3.24. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources to, and assessing performance of, the business, and of making strategic decisions, has been identified as the board of directors of Compre Group Holdings Limited. Taking cognisance of the discrete financial information that is provided to the board of directors, the Group has been determined to constitute one reportable segment, that is as a global specialty reinsurance business that provides capital and liability solutions to its clients, thereby giving them certainty on their portfolios

4. Significant management judgements in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying accounting policies and estimation uncertainties of the Group that have a significant risk of resulting in a material adjustment to the carrying amount of the Group's assets and liabilities in the next financial year. Where there is uncertainty, the Group bases its assumptions and estimates on parameters available at the time when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments are however inherently subject to change (or changes in circumstances) that are beyond the Group's control. Any such changes are reflected in the assumptions when they occur.

The most significant management judgements and estimates have been applied in the calculation of insurance contract provisions and reinsurers' share of insurance liabilities, and future claims handling expenses. Information about these estimates and assumptions that have the most significant effect on the recognition of assets, liabilities, income and expenses is provided below.

Technical provisions for outstanding claims and reinsurers' share of insurance liabilities

The Group is exposed to technical provisions for outstanding claims, against which it holds assets representing reinsurers' share of those insurance liabilities. Claims outstanding include an estimate of provisions for claims incurred but not reported ("IBNR"). The carrying amount of the gross liabilities and of the reinsurers' share thereof is disclosed in note 5. Measurement of these provisions inherently gives rise to measurement uncertainty as the ultimate costs of gross claims, as well as amounts recovered from reinsurers, could vary materially from the amounts recognised in these financial statements.

Provisions for outstanding claims are established based on actuarial and statistical projections and other estimates of the ultimate cost of settlement. The Group estimates claims outstanding gross of reinsurance recoveries, and performs a netting down exercise to calculate the amounts that will be recoverable from reinsurers. Traditional actuarial techniques are used to estimate future liabilities for each major class of liabilities and other estimates of the ultimate cost of settlement, and to derive IBNR reserves for the Group's exposure. The models are designed explicitly to reflect the features of the risks and all information currently available in the market.

These techniques and projections are however dependent on a number of assumptions, and actual experience will often differ from these assumptions. Whilst management believe that the provisions for outstanding claims are fairly stated, these estimates inevitably contain inherent uncertainties, also because significant periods of time may elapse between the occurrence of an incurred loss, the reporting of that loss to the Group and the Group's payment of the loss and the receipt of reinsurance recoveries. These uncertainties are inherent in much of the business underwritten by the Group, and may cause the ultimate net costs of settling the liabilities to differ from the amounts previously estimated. Changes in the carrying amount of net claims outstanding that are attributable to changes in these estimates and assumptions are recognised in the Group's income statement in the accounting period in which the estimates and assumptions are updated.

The Group calculates its actuarial liabilities using standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a management margin. Those projections of claims outstanding are discounted to present value; this calculation is based on the estimated timing of cash outflows required to settle the claims, and the determination of interest rates used to discount those cash flows. The discount rates used by the Group are aligned with the Bermuda Solvency Coverage Requirements rules.

Information about how the risk is managed, and how sensitive the carrying amounts are to changes in assumptions including with respect to the discounting of claims outstanding to present value, together with an analysis of claims development is disclosed in note 5.

Certain transactions that the Group enters into contain a profit participation feature under which payments may ultimately fall due from the cedant, being dependent on how the claims outstanding and/or related outward reinsurance develop.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The carrying value of these instruments is \$1,614m (31 December 2022: \$1,093m). The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Estimated impairment of goodwill

The Group assesses for impairment of goodwill in accordance with the accounting policy stated in Note 3.10. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The carrying value of goodwill is \$69m (31 December 2022: \$73m). The assumptions on which any goodwill impairment testing is based include, but are not limited to, discount rate, useful life and cash flow forecasts for future business generation. These assumptions have been subject to sensitivity analysis, however, if any assumptions made prove to be inaccurate, this may mean that the value of the goodwill is not supportable, which could have a material effect on the Group's financial position.

5. Management of insurance and financial risks

The Group’s activities expose it to a variety of insurance and financial risks. Management is responsible for managing the Group’s exposure to these risks and, where possible, for introducing controls and procedures that mitigate the effects of the exposure to risk.

The following describes the Group’s exposure to the more significant risks and the steps management have taken to mitigate their impact.

(a) Insurance risk

The Group includes insurance risk carriers who provide run-off services but do not provide live underwriting operations. The Group is therefore not exposed to underwriting risk except as provided below under reserving risk.

Concentration risk

The Group’s concentration of insurance risk by geographical location is as follows:

	Gross liabilities	**Reinsurance of liabilities**	**Net liabilities**
	$000	**$000**	**$000**
Europe	**(650,696)**	**66,035**	**(584,662)**
North America	**(575,990)**	**58,453**	**(517,536)**
United Kingdom	**(143,515)**	**14,564**	**(128,951)**
Other	**(188,656)**	**19,146**	**(169,510)**
As at 31 December 2023	**(1,558,857)**	**158,198**	**(1,400,659)**

	Gross liabilities	Reinsurance of liabilities	Net liabilities
	$000	$000	$000
Europe	(198,420)	31,859	(166,562)
North America	(490,126)	78,695	(411,431)
United Kingdom	(46,574)	7,478	(39,096)
Other	(978)	157	(821)
As at 31 December 2022	(736,098)	118,189	(617,909)

The Group's concentration of insurance risk by line of business is as follows:

	2023	2022
	$000	$000
Property	**364,033**	17,077
Medical Malpractice	**353,415**	149,561
US APH	**223,594**	204,868
Non-Marine Liability	**149,746**	60,320
General liability	**77,872**	156,644
Workers' Compensation	**58,419**	48,214
Other liability Incl. Motor	**399,489**	107,109
	1,626,569	743,793
Effect of discounting	**(254,059)**	(144,168)
Other technical provisions	**28,150**	18,284
Net insurance risk	**1,400,659**	617,909

Analysis of technical provisions and movements therein

	Gross liabilities	Reinsurance of liabilities	Net liabilities
	$000	$000	$000
2023			
Unearned premium reserve	**14,994**	**–**	**14,994**
Provision for outstanding claims	**1,513,249**	**(155,734)**	**1,357,515**
Other technical provisions	**30,614**	**(2,464)**	**28,150**
Total	**1,558,857**	**(158,198)**	**1,400,659**
2022			
Unearned premium reserve	560	–	560
Provision for outstanding claims	714,665	(115,600)	599,065
Other technical provisions	20,873	(2,589)	18,284
Total	736,098	(118,189)	617,909

Unearned premium reserve

	Gross liabilities	Reinsurance of liabilities	Net liabilities
	$000	$000	$000
2023			
Opening Balance	**560**	**–**	**560**
Arising on acquisition of portfolio transfer	**19,666**	**–**	**19,666**
Earned premiums	**(5,236)**	**–**	**(5,236)**
Exchange rate changes	**4**	**–**	**4**
Closing Balance	**14,994**	**–**	**14,994**
2022			
Opening balance	–	–	–
Arising on acquisition of portfolio transfer	4,629	–	4,629
Earned premiums	(4,069)	–	(4,069)
Exchange rate changes	–	–	–
Closing Balance	560	–	560

Provision for outstanding claims including other technical provisions

	Gross liabilities	Reinsurance of liabilities	Net liabilities
	$000	**$000**	**$000**
2023			
Opening Balance	**735,538**	**(118,189)**	**617,349**
Movement through the income statement	**(602,592)**	**64,799**	**(537,793)**
Liabilities acquired on portfolio transfers	**1,377,682**	**(80,298)**	**1,297,384**
Exchange rate changes	**33,235**	**(24,510)**	**8,725**
Closing Balance	**1,543,863**	**(158,198)**	**1,385,665**
2022			
Opening balance	772,723	(128,040)	644,683
Movement through the income statement	(251,514)	19,123	(232,391)
Liabilities acquired on portfolio transfers	210,902	(10,159)	200,743
Exchange rate changes	3,427	887	4,314
Closing Balance	735,538	(118,189)	617,349

The movement for portfolio transfers reflects claims portfolio reserves taken on in the period which are matched by equivalent transfers of financial assets at fair value and reflected in investments and cash in the balance sheet.

Gross claims liabilities include a provision for future claims handling and run off expenses of $30.6m (2022: $20.9m).

Significant assumptions and sensitivity analysis

In accordance with the policy described in note 3.7, the amounts for technical provisions as disclosed in the above tables are discounted to their present value. The discount rate comprises risk-free yield curve in the relevant currencies of the technical provisions, adjusted by an illiquidity premium that reflects the characteristics and liquidity of fulfilment cash flows. In selecting a discount rate, regard is also given to the duration of the expected settlement dates of the claims.

If the cash outflows required to settle net technical provisions or if the discount rates were to be increased/decreased, the net result for the reporting period would be impacted as follows:

	Impact of change in estimate of cash outflows to settle technical provisions	
	2023	2022
	+/- 2.5%	+/- 2.5%
	$000	$000
Change in profit/(loss) and equity		
Increase in cash outflows	**(35,016)**	(15,448)
Decrease in cash outflows	**35,016**	15,448

	Impact of change in interest rate used for discounting	
	2023	2022
	+/- 2.5%	+/-2.5%
	$000	$000
Change in profit/(loss) and equity		
Decrease in interest rates	**(145,289)**	(70,083)
Increase in interest rates	**115,427**	54,583

Reserving risk

Reserving risk represents a significant risk to the Group in terms of driving capital requirements and the threat to profit and loss.

Reserving risk is managed through the application of an appropriate reserving approach and the application of extensive due diligence on new run-off acquisitions prior to acceptance.

The Group faces risk under insurance and reinsurance contracts from which the actual amounts of claims and benefit payments, or the timings thereof, differ from expectations. The frequency of claims, their severity, actual benefits paid, subsequent development of long- tail claims and external factors beyond the Group's control, especially inflation, legal and regulatory developments, and others, have an influence on the principal risk faced by the Group. Additionally, the Group is subject to the underwriting of cedants for certain reinsurance treaties and to claims management by companies and other data provided by them.

Despite these uncertainties, the Group seeks to ensure that sufficient reserves are available to cover its liabilities.

Claims development tables

Claims outstanding (gross)

Reporting year	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Estimate of ultimate claims costs:						
- at end of reporting year	105,731	101,757	624,713	182,138	1,163,348	**2,177,687**
- One year later	114,724	83,920	637,676	196,952		**1,033,272**
- Two years later	118,213	91,811	633,793			**843,817**
- Three years later	118,317	116,258				**234,575**
- Four years later	116,938					**116,938**
Current estimate of cumulative claims	116,938	116,258	633,793	196,952	1,163,348	**2,227,289**
Cumulative payments to date	(70,038)	(50,620)	(224,390)	(35,496)	(144,295)	**(524,839)**
	46,900	65,638	409,403	161,456	1,019,053	**1,702,450**
Effect of discounting	(7,486)	(7,427)	(95,637)	(17,332)	(148,378)	**(276,260)**
Foreign exchange movements	(8,297)	(7,792)	(700)	19,854	26,500	**29,565**
Liability recognised in the balance sheet	31,117	50,419	313,066	163,978	897,175	**1,455,755**
Provision in respect of prior years*						**88,108**
Total provision included in balance sheet						**1,543,863**

Claims outstanding (net)

Reporting year	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Estimate of ultimate claims costs:						
- at end of reporting year	105,731	96,922	487,071	168,547	1,106,194	**1,964,465**
- One year later	114,724	79,085	484,172	183,266		**861,247**
- Two years later	118,213	86,870	491,835			**696,918**
- Three years later	118,317	111,466				**229,783**
- Four years later	116,976					**116,976**
Current estimate of cumulative claims	116,976	111,466	491,835	183,266	1,106,194	**2,009,737**
Cumulative payments to date	(70,038)	(50,606)	(164,094)	(34,312)	(144,141)	**(463,191)**
	46,938	60,860	327,741	148,954	962,053	**1,546,546**
Effect of discounting	(7,486)	(6,658)	(72,333)	(16,426)	(137,744)	**(240,647)**
Foreign exchange movements	(9,282)	(6,880)	(9,435)	19,031	8,518	**1,952**
Liability recognised in the balance sheet	30,170	47,322	245,973	151,559	832,827	**1,307,851**
Provision in respect of prior years*						**77,814**
Total provision included in balance sheet						**1,385,665**

* The Group did not sign any deal in 2018. The provision in respect of all deals prior to 2018 are disclosed in this line.

(b) Financial risk management

Other than in the case of exposures to technical insurance balances which were described above, the Group's risk primarily arises on its investments (including cash and cash equivalents).

The Board is responsible for setting an investment strategy for the management of the Group's assets. The investments of the Group are primarily managed by external investment managers, appointed by the Board. The Board is responsible for setting the policy to be followed by the investment managers. The Board strives to mitigate the impact of interest rate fluctuation and credit risks and to provide appropriate liquidity, in addition to monitoring and managing foreign exchange exposures.

The main objective of the Group's investment policy is to maximise return whilst protecting the underlying value and ensuring the Group continues to meet its solvency requirements.

Market risk

Market risk is the risk that the fair value or cash flows of financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is exposed to market risk as a consequence of fluctuations in values or returns on assets which are influenced by one or more external factors. These include changes and volatility in interest rates and inflation expectations.

Interest rate risk

In general, the Group is exposed to risk associated with the effect of fluctuations in the prevailing level of market rates. Assets carrying variable rates expose the Group to cash flow interest rate risk. Assets carrying fixed rates expose the Group to fair value interest rate risk. The Group's exposure to interest rate risk is primarily to fair value interest rate risk arising on fixed rate investments and borrowings; its exposure to cash flow interest rate risk is not considered to be significant within the context of the Group's risk management strategy.

The Group manages this risk through a selection of well-diversified investments through the appointment of specialist investment managers who manage the portfolio duration and associated cash flows in line with the duration and cash flows of the technical provisions. Detailed investment guidelines are implemented, restricting the level of investment in any one instrument, and the maturity date of investments. Investment performance is regularly monitored against market-based benchmarks.

The Group's profit or loss is sensitive to the impact that movements in market rates of interest will have on the above financial instruments; other comprehensive income is not directly sensitive to interest rate movements. The following analysis shows what impact a reasonably possible shift in market rates of interest (when holding all other variables constant) would have on profit for the period:

	2023	2022
	$000	$000
Change in profit/(loss) and equity		
Increase by 100 basis points	**(52,570)**	(45,004)
Decrease by 50 basis points	**26,285**	22,502

In those instances where interest is payable on insurance policies (e.g. in the case of damages awarded by Courts), that interest is included in the claims cost. Technical provisions are however discounted to present value, and their sensitivity to the level of market interest rates is disclosed in note 5(a).

Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises wherever financial instruments are denominated in a currency other than the respective group entity's functional currency. Currency risk also arises on technical insurance balances.

The Group's principal transactions giving rise to currency risk are denominated in EUR, USD and GBP, and therefore its exposure to foreign exchange risk arises primarily with respect to those currencies. The Group's financial assets are primarily denominated in the same currency as its insurance liabilities and reinsurance thereon. Assets and liabilities are reviewed on a quarterly basis, on a risk carrier level to ensure that these match for the major currencies subject to a tolerance limit. These are reported via the quarterly management accounts which are approved by the Group Board.

	2023	2022
	$000	$000
Change in profit/(loss) and equity		
10% strengthening of the GBP	**2,106**	2,860
10% weakening of the GBP	**(1,723)**	(2,340)
10% strengthening of the EUR	**50,012**	14,621
10% weakening of the EUR	**(40,919)**	(11,962)

Credit risk

Credit risk is the risk that another party fails to perform their financial obligations or fails to perform them in a timely fashion. The Group's credit risk primarily arises on its investments in bonds and on its cash and cash equivalents; it also arises on receivables.

The Group seeks to manage this risk by having a concentration of assets that are rated externally and that are considered to be of investment grade quality.

In the case of the investment portfolio, the Group has established investment guidelines that are also designed to mitigate credit risk by ensuring diversification of holdings. The credit risk in respect of reinsurance debtors is managed by the monitoring of reinsurers' ratings and the exposure of the debt to each reinsurer.

The Group's exposure to counterparty credit risk arises on the below instruments. The following table sets out the credit risk exposure and ratings of financial investments which are susceptible to credit risk. The ratings used have been sourced from S&P, Moody's or Fitch. When ratings for the same instrument or issuer differ across the various rating agencies, the Group uses the second-best rating. The remaining unrated assets are not classified by S&P, Moody's or Fitch.

	AAA	**AA**	**A**	**BBB**	**BB**	**B**	**Unrated**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
2023								
Investment in funds	**230,648**	**418**	**392**	**344**	**–**	**–**	**81,880**	**313,682**
Other investments	**536**	**–**	**–**	**–**	**–**	**–**	**–**	**536**
Government Bonds	**36,088**	**398,455**	**5,014**	**2,504**	**–**	**–**	**–**	**442,061**
Corporate Bonds	**12,850**	**79,454**	**453,417**	**275,288**	**30,120**	**6,230**	**387**	**857,746**
Deposits with ceding undertakings	**–**	**–**	**765,264**	**–**	**–**	**–**	**–**	**765,264**
Cash at bank and in hand	**3,172**	**7,276**	**22,958**	**2,671**	**–**	**305**	**700**	**37,082**
Reinsurers' share of claims outstanding	**–**	**24,443**	**123,578**	**257**	**–**	**5,378**	**4,542**	**158,198**
Debtors arising out of reinsurance operations	**–**	**13,776**	**25,945**	**387**	**–**	**22,488**	**33,152**	**95,748**
	283,294	**523,822**	**1,396,568**	**281,451**	**30,120**	**34,401**	**120,661**	**2,670,317**

	AAA	AA	A	BBB	BB	B	Unrated	Total
	$000	$000	$000	$000	$000	$000	$000	$000
2022								
Investment in funds	–	–	–	–	–	–	64,794	64,794
Other investments	536	–	–	–	–	–	–	536
Government Bonds	24,631	348,403	6,594	1,305	–	–	–	380,933
Corporate Bonds	9,554	66,108	300,565	227,192	32,557	11,056	199	647,231
Deposits with ceding undertakings	–	–	36,672	–	–	–	2,930	39,602
Cash at bank and in hand	2,888	41,721	29,036	1,275	–	35	–	74,955
Reinsurers' share of claims outstanding	–	24,957	61,104	3,601	–	7,516	21,011	118,189
Debtors arising out of reinsurance operations	–	8,465	12,959	625	–	11,097	21,769	54,915
	37,609	489,654	446,930	233,998	32,557	29,704	110,703	1,381,155

The carrying values in the above table represent the maximum exposure to credit risk at the financial position date in respect of these assets.

No financial assets are past due or impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

Liquidity risk

Liquidity risk is the risk that the Group may not have liquid assets available at the right times to be able to pay its liabilities, despite the fact that it meets its regulatory solvency requirements. The Group maintains adequate free cash flows to finance its day-to-day operations. The risk that the Group fails to hold cash balances that are sufficient to pay creditors is managed by the use of cash flow forecasts and related monitoring systems. A review is performed on a quarterly basis along with an assessment of asset liability management and a prudent policy is maintained and conducted with respect to the duration of investments. The investment policy is reviewed annually.

The table below analyses the maturity of the Group's financial liabilities and outstanding claims. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented with their expected cash flows.

	Less than one year	After one year but less than five years	More than five years	Total	Carrying value
	$000	$000	$000	$000	$000
2023					
Subordinated notes	**23,858**	**315,283**	**18,713**	**357,854**	**245,676**
Amounts owed to credit institutions	**74,518**	**–**	**–**	**74,518**	**73,396**
Creditors arising out of reinsurance insurance operations	**52,359**	**–**	**–**	**52,359**	**52,359**
Accruals and deferred income	**15,725**	**–**	**–**	**15,725**	**15,725**
Other creditors	**25,055**	**–**	**–**	**25,055**	**25,055**
Technical provisions	**491,302**	**860,090**	**495,904**	**1,847,296**	**1,558,857**
Financial liabilities and outstanding claims	**682,817**	**1,175,373**	**514,617**	**2,372,807**	**1,971,068**

	Less than one year	After one year but less than five years	More than five years	Total	Carrying value
	$000	$000	$000	$000	$000
2022					
Subordinated notes	22,327	89,827	258,414	370,568	243,414
Amounts owed to credit institutions	–	–	–	–	–
Creditors arising out of reinsurance insurance operations	27,621	–	–	27,621	27,621
Accruals and deferred income	8,822	–	–	8,822	8,822
Other creditors	4,486	–	–	4,486	4,486
Technical provisions	221,711	425,573	265,393	912,677	736,098
Financial liabilities and outstanding claims	284,967	515,400	523,807	1,324,174	1,020,441

In addition to the above recognised financial liabilities, the Group is also exposed to liquidity risk on open (unfunded) commitments to invest in financial assets. Open commitments at 31 December 2023 amounted to $47.1m (2022: $33.9m), and the Group could be requested on demand to fund these open commitments. Nevertheless, management expects that calls to fund the open commitments will be staggered over a period of time that is generally estimated to be of not less than two years from when the initial commitment is made.

Capital management

The Group's policy is to maintain a strong capital base to support its business plans and comply with all regulatory requirements on an ongoing basis whilst assessing the impact of capital employed on shareholder returns. The Group defines capital as shareholders' equity as presented within the statement of financial position.

The Group is required to maintain minimum solvency standards and to hold available statutory capital and surplus equal to or exceeding the Enhanced Capital Requirement as determined by the Bermuda Monetary Authority ("BMA").

The Group was in full compliance with the regulatory capital requirements throughout the financial year and at 31 December 2023. The Group's total statutory economic capital and surplus of $820m (2022: $527m) was in excess of the required ECR of $441m (2022: $228m).

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices in an active market (Level 1).
- Recent transactions in an identical asset if there is unavailability of quoted prices (Level 2).
- Use of a valuation technique if there is no active market or other transactions which are a good estimate of fair value (Level 3).

The following table presents the Group's assets measured at fair value. No liabilities were measured at fair value.

	Level 1	**Level 2**	**Level 3**	**Total Balance**
	$000	**$000**	**$000**	**$000**
2023				
Assets				
Financial assets at fair value through profit or loss:				
- Government bonds	**—**	**442,061**	**—**	**442,061**
- Corporate bonds	**—**	**857,746**	**—**	**857,746**
- Investments in funds (Open-end)	**—**	**241,731**	**—**	**241,731**
- Other financial investments	**—**	**536**	**—**	**536**
Available-for-sale financial assets:				
- Investments in funds (Closed-end)	**—**	**—**	**71,951**	**71,951**
	—	**1,542,074**	**71,951**	**1,614,025**

	Level 1	Level 2	Level 3	Total Balance
	$000	$000	$000	$000
2022				
Assets				
Financial assets at fair value through profit or loss:				
- Government bonds	—	380,933	—	380,933
- Corporate bonds	—	647,231	—	647,231
- Investments in funds (Open-end)	—	17,119	—	17,119
- Other financial investments	—	536	—	536
Available-for-sale financial assets:				
- Investments in funds (Closed-end)	—	—	47,675	47,675
	—	1,045,819	47,675	1,093,494

The fair value of financial instruments traded in active markets is based on quoted bid prices at the balance sheet date as described in Note 3.16. These instruments are included in Level 1.

If observable prices are available for recent arm's length transactions, the instrument is included in Level 2.

Government and agencies fixed maturity securities – These securities are generally priced by pricing services or index providers. The pricing services or index providers may use current market trades for securities with similar quality, maturity and coupon. If no such trades are available, the pricing service typically uses analytical models which may incorporate option adjusted spreads, daily interest rate data and market/sector news. The group generally classifies the fair values of government and agencies securities in Level 2.

Corporate fixed maturity securities – These securities are generally priced by pricing services or index providers. The pricing services or index providers typically use discounted cash flow models that incorporate benchmark curves for treasury, swap and high issuance credits. Credit spreads are developed from current market observations for like or similar securities. The group generally classifies the fair values of its corporate securities in Level 2.

Investments in funds that the group classifies as fair value through profit or loss - These investments are generally priced by the administrator. The administrator will value investments using mark-to-market where possible with securities at market price where quoted, listed or traded on a recognised market. Investments in other funds which are not on that basis will be valued on the latest available redemption price less any redemption charges. The group generally classifies the fair values of these investments in funds Level 2.

Investments in funds that the group classifies as available-for-sale - These investments are generally priced on net asset values ("NAV") received from the fund managers or administrators. Due to the timing of the delivery of the final NAV by certain of the fund managers, valuations of certain alternative funds and specialty funds are estimated based on the most recently available information, including period end NAVs, period end estimates, or, in some cases, prior month or prior quarter NAVs. As this valuation technique incorporates both observable and significant unobservable inputs, the group generally classifies the fair value of its investments in funds as Level 3.

Other financial investments - Other financial investments are structured securities including mortgage and asset-backed securities. These securities are generally priced by broker/dealers. Broker/dealers may use current market trades for securities with similar qualities. If no such trades are available, inputs such as bid and offer, prepayment speeds, the U.S. treasury curve, swap curve and cash settlement may be used in a discounted cash flow model to determine the fair value of a security. The group generally classifies the fair values of its structured securities in Level 2.

Due to the short-term nature of cash and cash equivalents, deposits with ceding undertakings, and other current receivables, their carrying amount is considered to be the same as their fair value.

6. Expenses

a) Net operating expenses

	2023	2022
	$000	$000
Administrative expenses	**64,371**	44,586
Reinsurance commissions and profit participation	**1,736**	(3,268)
	66,107	41,318

b) Operating lease rentals

Total operating lease charges paid during the year amounted to $675k (2022: $653k).

7. Employees and directors

	2023	2022
	$000	$000
Salaries and other short-term benefits	**26,764**	17,366
Other pension costs	**1,678**	879
	28,442	18,245

Directors remuneration

The compensation paid or payable to the Board of Directors for employee services is shown below:

	2023	2022
	$000	$000
Directors' emoluments	**1,103**	488

8. Investment return and expenses

	2023	2022
	$000	$000
Investment income:		
Interest income on financial assets not at fair value through profit or loss	**4,500**	2,773
Income from financial assets at fair value through profit or loss	**43,465**	19,215
Income from financial investments	**47,966**	21,988
Net gains on the realisation of investments	**675**	325
	48,640	22,313
Net unrealised gains/(losses) on investments	**54,169**	(100,881)
Total investment return	**102,809**	(78,568)
Investment expenses and charges:		
Interest payable on financial liabilities at amortised cost	**25,540**	12,939
Other investment management expenses and amortisation on investments	**(1,610)**	5,377
Net losses on the realisation of investments	**4,581**	6,812
Total investment management expenses, including interest	**28,510**	25,128

Included in the above are net gains on financial assets at fair value through profit or loss of $50,263k (2022: net losses of $107,368k).

9. Other income

Other non-technical income comprises the below amounts.

	2023	2022
	$000	$000
Net foreign exchange gains/(losses)	**1,172**	(3,604)
Other	**186**	121
	1,358	(3,483)

10. Taxation

	2023	2022
	$000	$000
Current tax		
Current tax on income for the period	**(400)**	(347)
Adjustments in respect of prior periods	**56**	294
Total current tax	**(344)**	(53)
Deferred tax		
Deferred tax for current period	**2,936**	6,948
Deferred tax in respect of prior period	**3,584**	3,780
Total deferred tax	**6,520**	10,728
Tax on profit/(loss) on ordinary activities	**6,176**	10,675

Tax expense/(income) included in other comprehensive income

	2023	2022
	$000	$000
Deferred tax		
- Origination and reversal of timing differences	**0**	0
	0	0

The tax rate used for the reconciliation is the corporate tax rate of 0% (2022: 0%).

	2023	2022
	$000	$000
Profit/(loss) on ordinary activities before tax	**273,207**	(24,782)
Tax charge at the applicable rate of 0%	**—**	—
Tax effect:		
Non-deductible expenses	**690**	21,032
Exempt income	**(242)**	(30,659)
Amount not recognised	**235**	(259)
Effects of overseas tax rates	**2,701**	2,711
Foreign exchange	**(5,502)**	1,744
Other	**(268)**	360
Effect of changes in tax rates	**(150)**	(1,530)
Prior period adjustment	**(3,640)**	(4,074)
	—	
Tax credit for the period	**(6,176)**	(10,675)

11. Goodwill and other intangible assets

	Goodwill $000	Computer Software $000
2022		
Cost	77,206	1,388
Accumulated amortisation and impairment	(3,861)	(434)
Net book amount	73,345	954
2023		
Opening net book amount	**73,345**	**954**
Additions	**—**	**62**
Amortisation	**(3,860)**	**(356)**
Closing net book amount	**69,485**	**660**
2023		
Cost	**77,206**	**1,450**
Accumulated amortisation and impairment	**(7,721)**	**(790)**
Net book amount	**69,485**	**660**

The directors have assessed the useful life of the goodwill arising on the acquisition of Compre as 20 years based on the period over which the value of the underlying business acquired is expected to exceed the values of the acquired identifiable net assets. The remaining amortisation period for the goodwill at 31 December 2023 was 18 years.

12. Investments

The following table analyses the Group's investments by financial asset category.

	2023 $000	2022 $000
Other financial assets		
Financial assets at fair value through profit or loss	**1,542,074**	1,045,819
Available-for-sale financial assets	**71,951**	47,675
	1,614,025	1,093,494
Deposits with ceding undertakings		
Loans and receivables	**765,264**	39,602
Total financial investments	**2,379,289**	1,133,096

Deposits with ceding undertakings increased in 2023 as a result of the transactions completed during the year.

The following table analyses the Group's financial investments by class of investment.

	2023	2022
	$000	$000
Other financial assets		
Investments in bonds:		
- Government bonds	**442,061**	380,933
- Corporate bonds	**857,746**	647,231
Investments in funds:		
- Open-end funds	**241,731**	17,119
- Closed-end funds	**71,951**	47,675
Other	**536**	536
	1,614,025	1,093,494
Deposits with ceding undertakings	**765,264**	39,602
Total financial investments	**2,379,289**	1,133,096

13. Tangible assets

	Computer equipment	**Furniture and equipment**	**Total**
	$000	**$000**	**$000**
2022			
Cost	378	343	721
Accumulated depreciation	(158)	(100)	(258)
Net book amount	220	243	463
2023			
Opening net book amount	**220**	**243**	**463**
Additions	**352**	**556**	**908**
Depreciation	**(231)**	**(316)**	**(547)**
Closing net book amount	**341**	**483**	**824**
2023			
Cost	**730**	**899**	**1,629**
Accumulated depreciation	**(389)**	**(416)**	**(805)**
Net book amount	**341**	**483**	**824**

14. Share capital and reserves

Share capital and share premium

Ordinary shares of $0.01 each allotted and fully paid	Number of shares '000	Share capital $000	Share premium $000
At 1 January 2023	259,717	2,597	445,183
Issued in the period	6,800	68	67,932
Re-designated from Preference shares of $0.01 each	3,290	33	–
At 31 December 2023	**269,807**	**2,698**	**513,115**
Preference shares of $0.01 each allotted and fully paid			
At 1 January 2023	3,290	33	
Re-designated as Ordinary shares of $0.01 each	(3,290)	(33)	
At 31 December 2023	**0**	**0**	

During 2023, 3,289,500 Preference shares of nominal value $0.01 were re-designated and re-classified as 3,289,500 Ordinary shares of nominal value $0.01. 6,710,500 unissued Preference shares of nominal value $0.01 were re-designated as Ordinary shares of nominal value $0.01. On 26 June 2023, 6,800,000 Ordinary shares were issued for $68,000,000.

The Ordinary shares are entitled to one vote per share, discretionary dividends, and the surplus assets in the event of a winding-up or dissolution of the parent company.

The Preference shares had no voting rights except in relation to an amalgamation or merger (in which case they would carry one thousandth of a vote per share), were entitled to a cumulative preferential dividend, and were only entitled to the subscription price and any accrued but unpaid dividends in the event of a winding-up or dissolution of the parent company. Redemption of the Preference shares, as well as declaration of preferential dividends, was at the discretion of the company's directors.

The above number of shares are authorised, issued and fully paid.

Share premium is the payment for shares in excess of the nominal value of those shares.

Revaluation and other reserves

	Revaluation reserve $000	Currency translation reserve $000	Other reserves $000	Total $000
Opening balance	–	(2,086)	(17)	(2,103)
Currency translation differences	–	312	–	312
Unrealised (loss)/gain on available for sale securities	(238)	–	0	(238)
At 31 December 2022	(238)	(1,774)	(17)	(2,029)
Currency translation differences	–	2,942	–	2,942
Unrealised (loss)/gain on available for sale securities	1,800	–	–	1,800
At 31 December 2023	**1,562**	**1,168**	**(17)**	**2,713**

The nature and purpose of the above reserves have been disclosed in note 3.21.

15. Provisions for other risks and charges

The Group has the following provisions at year end:

	2023	2022
	$000	$000
Deferred tax assets	**12,713**	8,981
Deferred tax liabilities	**(297)**	(3,443)
Net deferred tax balances	**12,416**	5,538

Deferred taxation

The movement in the deferred tax balances during the year is set out below.

	Net deferred tax balance	Net deferred tax balance
	$000	$000
At start of the year	**5,538**	(5,190)
Amounts (charged)/credited in the income statement	**6,519**	10,728
Currency translation differences	**359**	—
At end of the year	**12,416**	5,538

The provision for deferred taxation provided in the financial statements comprises the following:

	2023	2022
	$000	$000
Trade losses	**6,540**	6,170
Deferred syndicate taxation impacts	**14,245**	9,899
Technical provisions	**(7,569)**	(9,722)
Other	**(800)**	(809)
Net deferred tax balances	**12,416**	5,538

The net deferred tax asset expected to reverse in 2024 is $2,525K. This primarily relates to the utilisation of tax losses and reversal of short-term timing differences.

Unrecognised deferred taxation assets

The Group has carried forward losses in the UK, which have given rise to a deferred tax asset of $17.7m (2022: $16.3m); this deferred tax asset has not been recognised due to uncertainty over recovery. The tax losses can be carried forward indefinitely.

16. Borrowings

	2023	2022
	$000	$000
Revolving credit facility	**73,396**	–
Subordinated notes	**245,676**	243,414
	319,072	243,414
Amounts falling due within 1 year	**73,396**	–
Amounts falling due between 1 and 5 years	**229,176**	–
Amounts falling due after 5 years or more	**16,500**	243,414
	319,072	243,414

The Group had the following subordinated notes and terms loans outstanding during the period covered by these financial statements. The origination and maturity dates disclosed in this table provide information about the period in which these borrowings were outstanding.

Facility	**Origination date**	**Maturity date**	**Rate**	**Principal**
USD subordinated notes	27 June 2022	27 June 2028	9.25%	USD 160m
EUR subordinated notes	27 June 2022	27 June 2028	3m Euribor + 5.6%	EUR 37.5m
USD subordinated notes	24 October 2019	24 October 2029	Term SOFR + 7.16161% *	USD 16.5m
EUR subordinated notes	1 December 2017	5 January 2028	3m Euribor + 6.9%	EUR 2.5m
EUR subordinated notes	1 December 2017	5 January 2028	3m Euribor + 6.7%	EUR 24m

* The applicable interest rate on this debt was changed during the year from the 3m USD LIBOR + 6.9% to the Term SOFR + 7.16161% as a direct result of the IBOR reform. This change in interest rate was established in order to achieve equivalence to the previous interest exposure, and there were no changes to the outstanding nominal value of the debt, its maturity and repayment dates, and counterparty credit spread. The Group has applied the practical expedient to account for changes to contractual cash flows required by the IBOR reform as if they were a re-estimation of the cash flows of a variable rate financial instrument.

Revolving credit facility

In 2023, the Group modified the terms of the agreement to expand the facility to $100m and extend the original maturity dates to June 2026. The Group pays a commitment fee based on the unutilised amount of the RCF; this fee and corresponding interest expenses are charged to the income statement as incurred, and is presented within 'Investment expenses and charges' in the Group's consolidated income statement.

Subordinated loan notes

In June 2022, the Group issued two subordinated debt notes through the parent entity, Compre Group Holdings Limited. The key terms of the notes are set out below:

- $160m bearing a fixed rate of interest, maturing in June 2028, with semi-annual interest payments; and
- €37.5m bearing a floating rate of interest, maturing in June 2028, with quarterly interest payments.

The Group has an option to redeem the USD-denominated note on any date within the 6 months prior to maturity, and an option to redeem the EUR-denominated note 3 months prior to maturity.

The subordinated notes serve the purpose of increasing the Group's Tier 2 basic own funds regulatory capital for its solvency purposes. The Group has complied with the financial covenants of its borrowing facilities during 2022 and 2023.

17. Other creditors including tax and social security

	2023	2022
	$000	$000
Corporation tax	**245**	433
Other creditors	**24,810**	4,054
	25,055	4,486

18. Net debt

Analysis of changes in net debt:

	At 1 January 2023	**Cash Flows**	**Fair value and exchange movements**	**Non-cash changes**	**At 31 December 2023**
	$000	**$000**	**$000**	**$000**	**$000**
Cash at bank and in hand	74,955	(38,248)	374	—	**37,082**
Revolving credit facility	—	(72,101)	(1,138)	(157)	**(73,396)**
Subordinated notes	(243,414)	—	(1,896)	(366)	**(245,676)**
	(168,459)	(110,349)	(2,660)	(523)	**(281,990)**

19. Commitments

Operating leases – Group as lessee

The total future minimum lease payments under non-cancellable operating leases are:

	2023	2022
	$000	$000
Operating leases which expire:		
Within one year	**547**	447
Between one and five years	**655**	960
	1,202	1,407

20. Contingencies

In June 2023 the Group entered into a Letter of Credit arrangement which provides a commitment from the provider to cover outstanding claims reserves if required. The Letter of Credit is for up to USD 50m expiring on 27 August 2024 and has been utilised to provide collateral on one of the transactions completed in the year.

The Group has established a number of service companies to provide outsourcing solutions and consultancy services related to the management and administration of insurance and reinsurance operations undertaken by other Group companies. The remuneration for these services is based on the Group's defined transfer pricing methodology. The Group's UK service company, Compre Services (UK) Ltd (CSUK), currently has an ongoing enquiry with the local tax authority for the periods ending 31 December 2019, 2020 and 2021 in relation to the transfer pricing methodology applied. Compre has been co-operating fully in the ongoing process but the date of completion for the enquiry is not known. Based on the current stage of discussions the Group does not consider it possible to form a reliable estimate of any additional tax liability that could arise in CSUK as a result of any proposed adjustment to the transfer pricing methodology used.

There were no outstanding contingent assets or liabilities at 31 December 2023 (2022: $nil).

21. Controlling parties

Compre Group Holdings Limited's immediate parent company is Maple Finco Limited. Maple Feederco Limited is the Group's ultimate controlling party.

22. Related party transactions

The key management personnel are considered to be the Board of Directors only. Details of the Directors' remuneration are disclosed in note 7. There are no other material related party transactions requiring disclosure.

23. Transition to FRS 102

This is the first financial year in which the Group has presented its results under FRS 102. Its last financial statements were for the year ended 31 December 2022, and they had been prepared under International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board. Set out below are the changes in accounting policies which reconcile Group profit for the financial year ended 31 December 2022 and the total Group equity as at 1 January 2022 and 31 December 2022 between IFRS as previously reported and FRS 102.

Loss for the financial year

		2022
	$000	$000
IFRS - As previously reported		(10,198)
IFRS 9 Credit Losses	(34)	
IFRS 16 Leases	(15)	
Goodwill amortization under UK GAAP	(3,860)	
Total adjustment to loss for the financial year		(3,909)
FRS 102		(14,107)

Other comprehensive income

		2022
	$000	$000
IFRS - As previously reported		95
Currency translation difference	(21)	
Total adjustment to loss for the financial year		(21)
FRS 102		74

Total equity

	1 January 2022	31 December 2022
	$000	$000
IFRS - As previously reported	470,661	460,558
IFRS 9 Credit Losses	35	1
IFRS 16 Leases	219	184
Goodwill amortization under UK GAAP	—	(3,860)
FRS 102	470,915	456,882

Goodwill amortization

Under IFRS, goodwill was not amortised, and was instead tested for impairment on an annual basis. Under FRS 102, goodwill needs to be amortised over its finite useful life which, for Compre Group Holdings Limited, is considered to be 20 years; impairment testing under FRS 102 is only required if there are indicators that the carrying amount of goodwill may be impaired.

IFRS 16 Leases

FRS 102 requires that leases need to be recorded separately according to whether they are operating or financing leases. Compre Group Holdings Limited only leases office premises, and these have been classified as operating leases; the rental costs are now being expensed to profit & loss on a straight line basis over the life of the lease. As a result, the right of use assets and lease liabilities that were previously recognised under IFRS 16 have been derecognised, and the amortisation of the right of use assets and the interest cost on the lease liabilities have been reversed. This has also resulted in a foreign exchange gains/losses through other comprehensive income.

24. Events after the reporting period

In April 2022, Compre Group entered into a small loss portfolio transaction with a German re-insurer to acquire a portfolio of motor and marine business in run-off in the Netherlands. The initial deal completed in 2022 but a second deal relating to the original agreement was completed on 12 January 2024.