Compre Group Holdings Limited

Interim Report and Consolidated Financial Statements
30 June 2024

Contents Page

Directors and Officers

Directors

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Rhonda Ramparas
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Will Bridger
Anup Seth
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Company secretary

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Business Performance – H1 2024 focus on maintaining underwriting discipline and consolidating the 2023 growth

In the first half of 2024, Compre[1] maintained its focus on underwriting discipline, operational excellence, investment portfolio optimisation and new business origination platform enhancements.

Compre's earnings are largely driven by the timing of deal activity and in the absence of a significant deal in the first half of the year, it has reported a net loss after tax of $(60.2)m (H1 2023 net profit after tax: $162.1m). This financial result was driven by a lower level of deal activity compared to the significant transactions successfully completed in recent prior periods, prudent additions to certain liability portfolio reserves and unrealised mark to market losses (which are expected to reverse in full) in Compre's investment portfolio.

Investment Income in the period of $37.2m represents a significant increase compared to the prior year equivalent of $13.6m. This is largely driven by the increase in assets under management in the latter half of 2023 with the full impact on investment income materializing in 2024. The Tangible Net Asset Value[2] at 30 June 2024 was $677.8m which has decreased compared to 30 June 2023.

New Business Activity

Compre reviewed a number of opportunities in the first half of the year with a keen eye on maintaining strong underwriting discipline. As was reported in the PwC Non-life Insurance Run Off deals review for H1 2024, the industry experienced approximately half of the deal activity and volume compared to the same period in 2023. Our experience would validate this view in H1 2024.

In the period, Compre completed a small transaction for a German motor liability portfolio which was a follow on transaction from a deal completed in 2022. This is the first success story of building a transaction structure with a highly attractive recurring income stream. In August 2024, we also announced a transaction to provide approximately $150m of cover on US and European property and casualty liabilities on 2020 and 2021 underwriting years with Compre retaining the right of first refusal to bid for future underwriting years.

Completing the integration of new portfolios and / or companies into Compre's existing platforms can often be complex but is key to cost and capital efficiency. As a result, at Compre, we prioritise post deal integration activity given this has implications for our economics, as well as our commitment to meeting regulatory obligations and service standards to both our clients and policyholders. The first half of 2024 was focused on successfully assimilating the books of business and companies which were acquired in 2023. In early July 2024, we successfully completed the legal transfer of the French Med Mal portfolio from Medical Insurance Company (MIC) to our Finnish risk carrier, Bothnia International Insurance Company Limited (Bothnia) which required approvals from the Irish, French and Finnish regulators.

There has been a significant increment in deal activity in the past few months and the deal pipeline contains several mid and large sized transactions in lines of business which remain our core area of focus. Compre is well positioned as one of a handful of players in the P&C retrospective reinsurance market to underwrite new business of scale and has significant excess capital to deploy.

Financial Performance

Compre's earnings are driven by the timing of deal activity and in the absence of a significant deal in the first half of the year, it has reported a net loss after tax of $(60.2)m in the period. The result was impacted by recent adverse development on a liability portfolio where Compre has taken the prudent decision proactively to strengthen reserves. This movement has impacted the H1 2024 earnings adversely, however, this represents less than 2% of the overall portfolio. The H1 2024 result was also impacted by mark to market movements on the investment portfolio which is expected to fully reverse as the Group continues to deploy a buy and hold strategy on its investment portfolio.

TNAV at 30 June 2024 was $677.8m which has decreased from the figure a year ago of $714.9m. The Group aims to deliver positive TNAV growth by the end of 2024 as it has done for several years in a row and remains committed to providing capital and liability solutions to its clients.

Capital and Solvency

Compre has limited appetite for unexpired risks which allows it to restrict its underwriting exposures to risk events that have substantially occurred in the past, where Compre has very strong visibility on the expected development of its liability portfolios. This allows the Group to manage its capital buffers based on a lower inherent risk profile of the business. In periods where lower levels of new business are written, the run-off of the in-force liabilities will typically lead to a decrease in capital requirements and an increase in the solvency ratio, as seen in H1 2024. The Bermuda Solvency Capital Requirement (BSCR) at June 30, 2024 for Compre Group is 194% which has increased from 186% at the December 31, 2023. Compre continues to focus on building an insurance portfolio which is well diversified across lines of business, duration and geography as effective mitigation and efficient capital management are at the heart of what we do. Compre has expanded its senior lending facilities in August 2024 by adding a $25m letter of credit facility for its Lloyd's of London portfolio allowing it to further optimize its capital structure and reduce its cost of capital.

Operational Update

Compre has experienced significant growth in the last few years and utilized the first half of 2024 to consolidate this growth. This ensures that appropriate value was extracted from the business written and invested in improving operational capabilities. Compre added to its business origination capabilities by appointing Zameer Mitha as Group Commercial Director in a newly created role.

[1] Represents Compre Group Holdings Limited and subsidiary undertakings herein referred to as CGHL, Compre Group, Compre or the Group
[2] Tangible Net Asset Value (TNAV) 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 (if any).

The Group had commenced a number of transformation initiatives across the organization in 2023 in order to expand the deal capabilities of the business. In particular, the programme to improve the business' data and analytics capabilities has been a key focus area in 2024 with continued development of improved reserving and pricing databases and models. This will allow the business to adapt and develop with the emerging changes in technology trends and cater to the needs of our clients and policy holders appropriately.

Compre continues to be an employer of choice in the P&C retrospective market. It expanded its work force substantially in 2023 which has increased the depth of the overall team significantly especially in areas such as Claims, Actuarial and Human Resources. In H1 2024, Compre added a further 17 new full time employees taking the total headcount to 172 at the end of June 2024.

Outlook for 2024

Compre has been in business for 30 years and this longevity is driven by maintaining strong underwriting discipline through underwriting cycles. This translates to not chasing deals for volume but being focused on profitable growth which will allow the business to provide quality solutions to its clients for many years to come. It is in this context that the Compre Board and Management team consider the performance in H1 2024. The team is glad to see the discipline of the underwriting process and the resilience of the business which continues to produce significant levels of investment income from the existing asset pool. Our appetite for continued growth has not diminished, however, the business has utilized the opportunity presented by the lower volume of completed transactions in H1 2024 to refine our processes, expand our capacity and sharpen our focus to be ready to deliver on growth ambitions in the second half of the year. In addition, the management team continues to be focused on developing recurring revenue streams such as doing deals which have the potential to allow Compre to underwrite future underwriting years as underlying risks expire. This along with continued increase in investment income will allow the business to generate an even greater level of earnings predictability. The Board of Directors and shareholders are thankful to the committed team at Compre for their continued pursuit of excellence.

Will Bridger
Director
11 September 2024

Consolidated profit and loss account
For the period ended 30 June 2024
Technical account – General business

	Note	30 June 2024 $000	30 June 2023 $000
Earned premiums, net of reinsurance			
Gross premiums written		**474**	1,491
Outward reinsurance premiums		**226**	761
Change in the gross provision for unearned premiums		**1,322**	327
Total technical income		**2,022**	2,579
Claims incurred, net of reinsurance			
Claims paid			
– gross amount		**(224,978)**	(66,117)
– reinsurers' share		**16,554**	10,793
		(208,424)	(55,324)
Change in the provision for claims			
– gross amount	5	**161,224**	250,686
– reinsurers' share	5	**3,620**	(15,094)
		164,844	235,592
Claims incurred, net of reinsurance		**(43,580)**	180,268
Net operating expenses		**(28,932)**	(31,122)
Total technical charges		**(72,512)**	149,146
Balance on the technical account for general business		**(70,490)**	151,725

The notes on pages 11 to 17 form an integral part of these consolidated financial statements.

Consolidated profit and loss account
For the period ended 30 June 2024
Non-technical account

	Note	**30 June 2024 $000**	30 June 2023 $000
Balance on the general business technical account		**(70,490)**	151,725
Investment income	6	**37,216**	13,617
Unrealised (losses)/gains on investments	6	**(9,151)**	10,265
Investment expenses and charges	6	**(16,768)**	(12,312)
Other income		**554**	1,446
Other charges		**(2,497)**	(2,092)
(Loss)/profit on ordinary activities before tax		**(61,136)**	162,649
Tax on (loss)/profit on ordinary activities	7	**970**	(542)
(Loss)/Profit after tax		**(60,166)**	162,107

The notes on pages 11 to 17 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
For the period ended 30 June 2024

	Note	**30 June 2024 $000**	30 June 2023 $000
(Loss)/Profit after tax		**(60,166)**	162,107
Other comprehensive income:			
Currency translation differences		**(4,542)**	1,015
Unrealised gain from available for sale securities		**190**	456
Other comprehensive (expense)/income, net of tax		**(4,352)**	1,471
Total comprehensive (expense)/income		**(64,518)**	163,578

The notes on pages 11 to 17 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
As at 30 June 2024

	Note	30 June 2024	31 December 2023
		$000	$000
Assets			
Intangible assets			
Goodwill		**67,555**	69,485
Other intangible assets		**489**	660
		68,044	70,145
Investments			
Other financial investments	8	**1,522,413**	1,614,025
Deposits with ceding undertakings	8	**624,498**	765,264
		2,146,911	2,379,289
Reinsurers' share of technical provisions			
Claims outstanding	5	**144,387**	158,198
		144,387	158,198
Debtors			
Debtors arising out of reinsurance operations		**105,385**	95,748
Deferred tax assets		**13,901**	12,713
Other debtors		**6,334**	15,505
		125,620	123,966
Other assets			
Tangible assets		**771**	824
Cash at bank and in hand		**12,975**	37,082
Other Assets		**13,746**	37,906
Prepayments and accrued income			
Accrued interest		**10,492**	9,916
Other prepayments and accrued income		**1,856**	952
		12,348	10,868
Total Assets		**2,511,056**	2,780,372

Consolidated Statement of Financial Position
As at 30 June 2024

	Note	30 June 2024	31 December 2023
		$000	$000
Equity and Liabilities			
Capital and reserves			
Called up share capital	9	**2,698**	2,698
Share premium	9	**513,115**	513,115
Revaluation reserve		**1,752**	1,562
Other reserves		**(3,391)**	1,151
Profit and loss account		**230,315**	290,481
Total equity		**744,489**	809,007
Subordinated liabilities	10	**242,848**	245,676
Technical provisions			
Provision for unearned premiums	5	**13,668**	14,994
Claims outstanding	5	**1,358,243**	1,543,863
		1,371,911	1,558,857
Provisions for other risks			
Provision for taxation		**118**	297
		118	297
Creditors			
Creditors arising out of reinsurance insurance operations		**53,853**	52,359
Amounts owed to credit institutions	10	**79,250**	73,396
Other creditors including taxation and social security		**4,339**	25,055
		137,442	150,810
Accruals and deferred income		**14,248**	15,725
Total liabilities		**1,766,567**	1,971,365
Total equity and liabilities		**2,511,056**	2,780,372

The notes on pages 11 to 17 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the period ended 30 June 2024

	Notes	Called-up share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
		$000	$000	$000	$000	$000	$000
At 1 January 2023		2,630	445,183	(238)	(1,791)	11,098	456,882
Profit after tax		—	—	—	—	162,107	162,107
Other Comprehensive income, net of tax		—	—	456	1,015	—	1,471
Total comprehensive income		—	—	456	1,015	162,107	163,578
Share Issuance		68	67,932	—	—	—	68,000
At 30 June 2023		2,698	513,115	218	(776)	173,205	688,460
At 1 January 2024		**2,698**	**513,115**	**1,562**	**1,151**	**290,481**	**809,007**
Loss after tax		**—**	**—**	**—**	**—**	**(60,166)**	**(60,166)**
Other Comprehensive (expense)/ income, net of tax		**—**	**—**	**190**	**(4,542)**	**—**	**(4,352)**
Total comprehensive (expense)/ income		**—**	**—**	**190**	**(4,542)**	**(60,166)**	**(64,518)**
At 30 June 2024		**2,698**	**513,115**	**1,752**	**(3,391)**	**230,315**	**744,489**

The notes on pages 11 to 17 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the period ended 30 June 2024

	Note	**30 June 2024**	30 June 2023
		$000	$000
Cash flow from operating activities			
(Loss)/profit on ordinary activities before tax		**(61,136)**	162,649
Adjustment for:			
- Change in operating assets		**11,942**	(2,689)
- Change in operating liabilities		**(207,628)**	(190,580)
- Investment income		**(37,216)**	(13,617)
- Net finance costs		**16,768**	12,312
- Amortisation of intangible assets		**2,101**	2,066
- Depreciation of property, plant and equipment		**150**	120
- Fair value movements		**(14,874)**	(23,082)
- Foreign currency movements		**19,837**	6,010
		(270,056)	(46,812)
Interest received		**31,896**	11,499
Income tax paid		**(107)**	–
Net cash used in operating activities		**(238,267)**	(35,313)
Cash flow from investing activities			
Purchases of tangible assets		**(96)**	(359)
Purchases of investments		**(1,294,636)**	(266,125)
Proceeds from disposal of investments		**1,511,794**	215,422
Net cash generated from/(used in) investing activities		**217,062**	(51,062)
Cash flow from financing activities			
Issue of shares		**–**	68,000
Proceeds from issue of borrowings		**9,086**	33,000
Repayments of borrowings		**(2,180)**	(361)
Interest paid		**(9,654)**	(12,283)
Net cash (used in)/generated from financing activities		**(2,748)**	88,356
Net (decrease)/increase in cash at bank and in hand		**(23,953)**	1,981
Cash at bank and in hand at the beginning		**37,082**	74,955
Exchange (losses)/gains on cash at bank and in hand		**(153)**	468
Cash at bank and in hand at the end		**12,976**	77,404

The notes on pages 11 to 17 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 5th Floor, 11 Bermudiana Road, Pembroke HM08.

2. Statement of compliance

The Group interim report and condensed consolidated financial statements of Compre Group Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 104, ''Interim Financial Reporting (''FRS 104'').

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 periods presented, unless otherwise stated. There have been no significant changes in accounting policies from those that were disclosed in the Group's consolidated financial statements for the year ended 31 December 2023 which contained an unqualified audit opinion.

3.1. Basis of preparation

The preparation of financial statements 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. Accounting policies and methods of computation followed in the interim financial statements is the same as for the annual financial statements.

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 September 2025 (reflecting twelve months period from the date of the signing of the 2024 interim consolidated accounts in September 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 elevated geopolitical risks adding to inherent economic uncertainty.

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. 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.

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 $1,522m (31 December 2023: $1,614m). 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. 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 $68m (31 December 2023: $69m). 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 risk

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.

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.

Analysis of technical provisions and movements therein

	Gross liabilities	Reinsurance of liabilities	Net liabilities
	$000	$000	$000
30 June 2024			
Unearned premium reserve	**13,668**	**–**	**13,668**
Provision for outstanding claims	**1,326,273**	**(141,338)**	**1,184,935**
Other technical provisions	**31,970**	**(3,049)**	**28,921**
Total	**1,371,911**	**(144,387)**	**1,227,524**
31 December 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

Unearned premium reserve

	Gross liabilities	Reinsurance of liabilities	Net liabilities
	$000	$000	$000
30 June 2024			
Opening Balance	**14,994**	**–**	**14,994**
Earned premiums	**(1,322)**	**–**	**(1,322)**
Exchange rate changes	**(4)**	**–**	**(4)**
Closing Balance	**13,668**	**–**	**13,668**
31 December 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

Provision for outstanding claims including other technical provisions

	Gross liabilities	Reinsurance of liabilities	Net liabilities
	$000	**$000**	**$000**
30 June 2024			
Opening Balance	**1,543,863**	**(158,198)**	**1,385,665**
Movement through the income statement	**(161,224)**	**(3,620)**	**(164,844)**
Liabilities acquired on portfolio transfers	**6,389**	**(5)**	**6,384**
Exchange rate changes	**(30,785)**	**17,436**	**(13,349)**
Closing Balance	**1,358,243**	**(144,387)**	**1,213,856**
31 December 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

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 $32.0m (2023: $30.6m).

Reserving risk

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

Reserving risk is managed through the application of an appropriate reserving approach and the application of extensive due diligence on 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.

6. Investment return and expenses

	30 June 2024	30 June 2023
	$000	$000
Investment income:		
Interest income on financial assets not at fair value through profit or loss	**3,715**	1,943
Income from financial assets at fair value through profit or loss	**32,337**	11,485
Income from financial investments	**36,052**	13,428
Net gains on the realisation of investments	**1,164**	189
	37,216	13,617
Net unrealised (losses)/gains on investments	**(9,151)**	10,265
Total investment return	**28,065**	23,882
Investment expenses and charges:		
Interest payable on financial liabilities at amortised cost	**14,245**	11,625
Other investment management expenses and amortisation on investments	**(4,364)**	(342)
Net losses on the realisation of investments	**6,887**	1,029
Total investment management expenses, including interest	**16,768**	12,312

Included in the above are net losses on financial assets at fair value through profit or loss of $14.9m (H1 2023: net gains of $9.4m).

7. Taxation

	30 June 2024	30 June 2023
	$000	$000
Current tax		
Current tax on income for the period	**(262)**	(700)
Adjustments in respect of prior periods	**—**	—
Total current tax	**(262)**	(700)
Deferred tax		
Deferred tax for current period	**1,177**	158
Deferred tax in respect of prior period	**55**	—
Total deferred tax	**1,232**	158
Tax on (loss)/profit on ordinary activities	**970**	(542)

8. Investments

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

	30 June 2024	31 December 2023
	$000	$000
Other financial assets		
Financial assets at fair value through profit or loss	**1,450,266**	1,542,074
Available-for-sale financial assets	**72,147**	71,951
	1,522,413	1,614,025
Deposits with ceding undertakings		
Loans and receivables	**624,498**	765,264
Total financial investments	**2,146,911**	2,379,289

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

	30 June 2024	31 December 2023
	$000	$000
Other financial assets		
Investments in bonds:		
- Government bonds	**377,002**	442,061
- Corporate bonds	**957,939**	857,746
Investments in funds:		
- Open-end funds	**114,842**	241,731
- Closed-end funds	**72,147**	71,951
Other	**483**	536
	1,522,413	1,614,025
Deposits with ceding undertakings	**624,498**	765,264
Total financial investments	**2,146,911**	2,379,289

The fair value of financial instruments traded in active markets is based on quoted bid prices at the balance sheet date and 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 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 classifies the fair values of government and agencies securities in Level 2.

Corporate fixed maturity securities – These securities are 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 classifies the fair values of its corporate securities in Level 2.

Investments in open-end funds that the group classifies as fair value through profit or loss - These investments are 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 classifies the fair values of these investments in funds Level 2.

Investments in closed-end funds that the group classifies as available-for-sale - These investments are 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 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 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 classifies the fair values of its structured securities in Level 2.

9. 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 2024	**269,807**	**2,698**	**513,115**
Issued in the period	–	–	–
At 30 June 2024	**269,807**	**2,698**	**513,115**

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 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.

10. Borrowings

	30 June 2024	31 December 2023
	$000	$000
Revolving credit facility	**79,250**	73,396
Subordinated notes	**242,848**	245,676
	322,098	319,072
Amounts falling due within 1 year	**79,250**	73,396
Amounts falling due between 1 and 5 years	**226,348**	229,176
Amounts falling due after 5 years or more	**16,500**	16,500
	322,098	319,072

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

Revolving credit facility (RCF)

In 2023, the Group modified the terms of the agreement to expand the RCF to $100m and extend the original maturity date 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 profit and loss account as incurred, and are presented within 'Investment expenses and charges' in the Group's consolidated profit and loss account. In August 2024 it was arranged for the maturity of the facilities to be extended by a year to August 2027 together with a $25m letter of credit put in place to be utilised by the Lloyd's syndicate to reduce its cost of capital.

Subordinated loan notes

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 2023 and 2024.

11. Events after the reporting period

In August 2024 a transaction was announced for Compre to provide approximately $150m of cover on US and European property and casualty liabilities on 2020 and 2021 underwriting years, with Compre retaining the right to offer terms to bid for future underwriting years.

INDEPENDENT REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO COMPRE GROUP HOLDINGS LIMITED

Introduction

We have reviewed the accompanying interim condensed financial statements of Compre Group Holdings Limited (the 'company' or the 'group') as at 30 June 2024 which comprise the interim Consolidated profit and loss account and the related interim Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cashflows for the six-month period then ended and the notes 1 to 11. Management is responsible for the preparation and presentation of this interim financial information in accordance with FRS 104 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with FRS 104 "Interim Financial Reporting" (United Kingdom Generally Accepted Accounting Practice).

Use of our report

This report is made solely to the group in accordance with guidance contained in International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
Date: