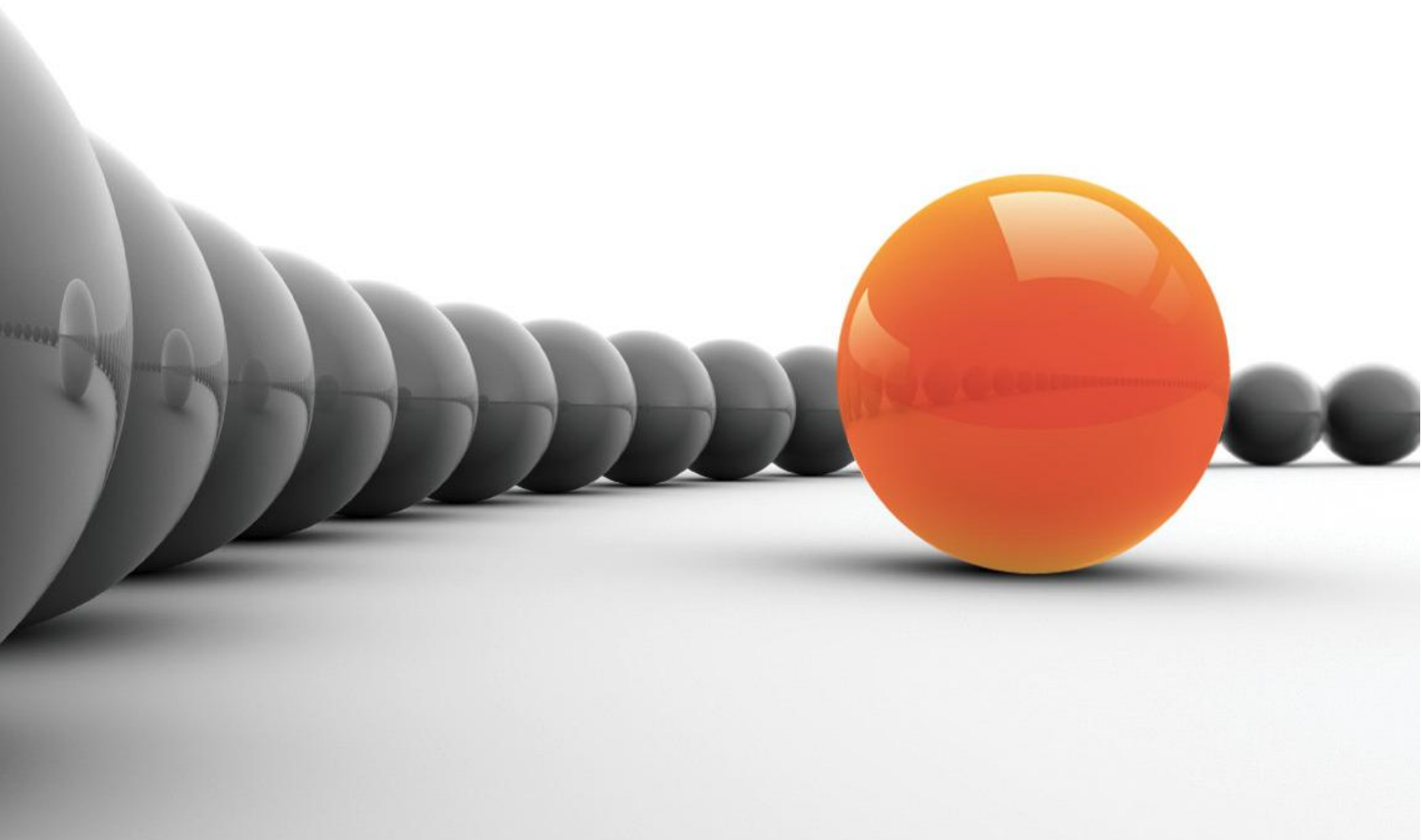


# **FINANCIAL CONDITION REPORT**

## **COMPRE GROUP**

**For the year ended 31 December 2025**



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## Introduction

This Financial Condition Report (“**FCR**”) contains quantitative and qualitative information relating to Compre Group (“**the Group**” or “**Compre**”) and Pallas Reinsurance Company Ltd (“**Pallas Re**” or “**the Company**”) covering the business performance, governance structure, risk profile, solvency valuation and capital management of the Group and Pallas Re.

This FCR is prepared in accordance with Schedule 3 of the Insurance (Group supervision) Rules 2011. The requirement for Pallas Re to prepare an FCR in accordance with Rule 3 of the Insurance (Public Disclosures) Rules 2015 also applies, however, the Company has received a modification approval from the Bermuda Monetary Authority (“**BMA**”), pursuant to Section 6C of the Insurance Act 1978 (“**the Act**”), to file the Group’s FCR in lieu of a separate FCR for the Company. This report endeavours to disclose equivalent information that is specific to the Company in accordance with the approved modification conditions.

Compre Group’s principal activities consist of acquiring and managing re/insurance liabilities and selectively underwriting prospective reinsurance. The Group delivers specialist solutions that support capital and liability management beyond pure risk transfer.

This FCR is based on the Group’s results as at 31<sup>st</sup> December 2025, therefore the reporting period defined in this document refers to year 2025, unless specified otherwise. For any material subsequent events in the period between 31<sup>st</sup> December 2025 and the filing date of this report, please refer to Section VI.

# **I. BUSINESS AND PERFORMANCE**

## **a. The insurance group**

For the purposes of the FCR, the Group consists of Compre Group Holdings Limited (“**CGHL**”) and its subsidiary entities, both regulated and non-regulated. CGHL is a Bermuda domiciled exempted entity limited by shares and the Group is regulated by the BMA.

Pallas Re is a Class 3B reinsurer based in Bermuda and forms part of Compre Group. The Company is limited by shares and is licenced and regulated by the BMA, pursuant to the Act.

## **b. Group supervisor**

The BMA is currently the Group supervisor and also the insurance supervisor for Pallas Re. Full details of the BMA are provided below:

Bermuda Monetary Authority  
BMA House  
43 Victoria Street  
Hamilton  
Bermuda

## **c. Approved auditor**

The approved auditor for CGHL is:

Ernst & Young LLP (“**EY LLP**”)  
25 Churchill Place  
Canary Wharf  
London E14 5EY  
United Kingdom

The approved auditor for Pallas Re is:

EY Bermuda Ltd. (“**EY Bermuda**”)  
Bermudiana Road  
Hamilton HM 08  
Bermuda

## **d. Ownership details**

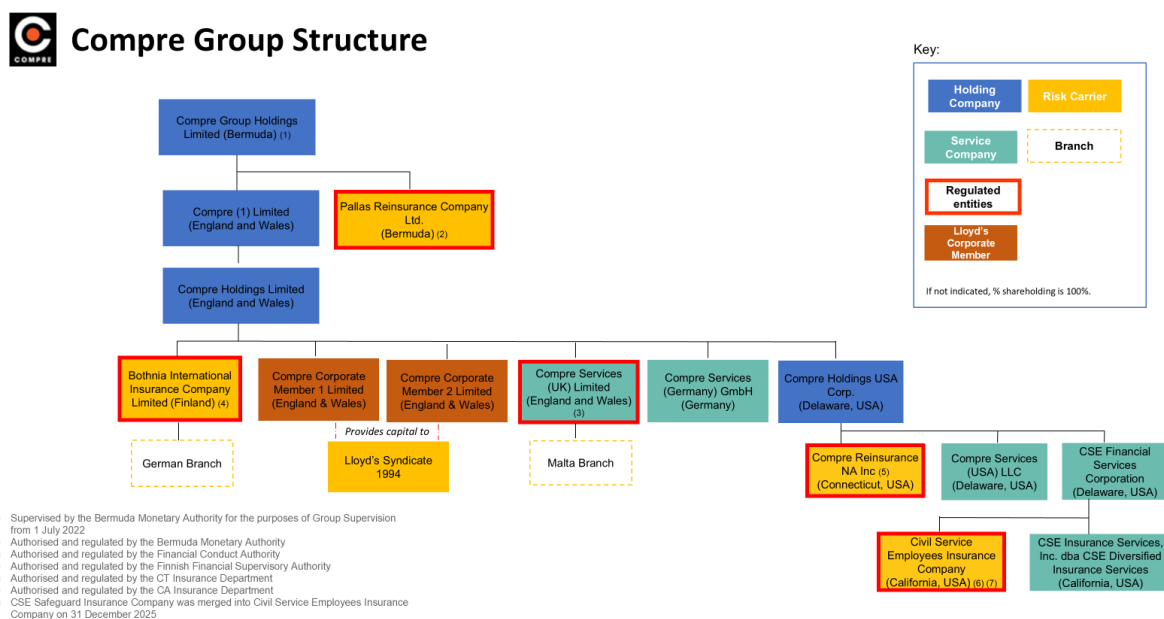
Compre is privately owned by entities controlled by and/or funds managed by private equity firm Cinven Limited (“**Cinven**”) and British Columbia Investment Management Corporation (“**BCI**”), with the Group’s ultimate parent company being Maple TopCo Limited (“**Maple TopCo**”). The investors are equal partners and jointly own 83.31% of the voting rights and 98.29% of the share capital of Maple TopCo, with the remaining percentages being held by

Compre’s management. CGHL is the parent undertaking which prepares group accounts incorporating the results and statements of the Group’s subsidiaries.

The immediate parent undertaking of Pallas Re is CGHL.

## e. Group Structure

The Group structure below shows the legal structure of Compre as at 31<sup>st</sup> December 2025.



## f. Insurance business written

Compre Group’s principal activities consist of acquiring and managing re/insurance liabilities and selectively underwriting prospective reinsurance. The Group delivers specialist solutions that support capital and liability management beyond pure risk transfer.

The Group, through its risk-carriers (including Pallas Re), manages the assets that support the liabilities when they fall due and optimizes returns for shareholders. Please refer to Appendix 1 for additional supplementary information. The Compre Group has operations located in Bermuda, Finland, Germany, Malta, the United Kingdom (“**UK**”) and the United States (“**US**”).

## g. Performance of investments and material income & expenses

### i. Performance of investments for reporting period

The Group’s cash and investments and the net investment income for the year ended 31<sup>st</sup> December 2025 were as follows:

<b>Investment Type</b>	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
Cash	10,696	16,475
Fixed Income Securities	1,615,161	1,457,472
<b>Total</b>	<b>1,625,857</b>	<b>1,473,947</b>

	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
Net Investment Income/ (loss)	126,290	94,960

Pallas Re's cash and investments and the net investment income for the year ended 31<sup>st</sup> December 2025 were as follows:

<b>Investments type</b>	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
Cash	2,660	4,050
Fixed Income Securities	1,149,714	1,214,823
<b>Total</b>	<b>1,152,374</b>	<b>1,218,873</b>

	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
Net Investment Income/ (loss)	110,080	76,892

*ii. Material income and expenses for reporting period*

The Group's expenses for the year ended 31<sup>st</sup> December 2025 were as follows:

<b>Expenses</b>	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
Net Claims expense	11,410	127,767
General and Administration cost	71,264	66,199

Pallas Re's expenses for the year ended 31<sup>st</sup> December 2025 were as follows:

<b>Expenses</b>	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
Net Claims expense	21,839	119,794
General and Administration cost	74,610	63,452

## **h. Any other material information**

During 2025, the Group expanded its risk appetite by writing Prospective business in line with its diversification strategy. The Group's prospective underwriting strategy is intended to complement and support its core retrospective and legacy business. This change in the Group's business model is intended to provide a stable revenue stream while allowing the Group to provide more solutions to its clients.

The Group completed the following transactions during 2025:

### Deals

- Pallas Re invested in QBE Re's debut casualty sidecar – George Street Re. This is a fully collateralised quota share reinsurance in which George Street Re reinsures a portion of QBE Re's global casualty reinsurance portfolio, with Compre participating in a defined portion of the sidecar.
- Pallas Re entered into a Loss Portfolio reinsurance transaction with Wakam SA and its UK branch. The transaction mainly relates to UK and French Motor and Property insurance liabilities for accident years 2024 and prior, with an optional forward flow mechanism under which Pallas Re will have the opportunity to reinsure subsequent years.
- Pallas Re entered into a Whole Account Quota Share (WAQS) agreement with a US-domiciled speciality P&C insurer. The WAQS covers a diversified portfolio of speciality P&C business across multiple lines, including commercial auto, general liability, workers' compensation, excess casualty/umbrella, professional lines, marine etc.
- The Group, through its Lloyd's Syndicate 1994, completed a Lloyd's transaction with Apollo syndicates 1971 and 1969 to reinsure a share of a portfolio of US auto risks written in the 2022 and prior years. The agreement covers approximately £100m of net reserves. In addition, through its Lloyd's Corporate member, the Group will provide capital to support Ariel Re's new Syndicate 2006 across the 2026-28 underwriting years.
- The Group, through its Finnish regulated entity Bothnia International Insurance Company Ltd ("Bothnia"), completed the legal transfer of a portfolio of non-life German medical malpractice liabilities from Basler Sachversicherung AG.
- Bothnia received all necessary approvals by the Belgian and Finnish regulators to fully take over the European casualty and motor liabilities portfolio from Ethias S.A, Belgium's third largest insurance company.

### Capital Injection

- During 2025, the BMA approved Compre's application for a Tier 3 Capital injection.

### Merger

- As reported in last year's FCR, in April 2025, Compre Holdings USA Corp, a Delaware corporation, completed the acquisition of CSE Safeguard Insurance Company and Civil Service Employees Insurance Company, both subsidiaries of CSE Financial Services Corporation. Subsequently, on 30<sup>th</sup> December 2025, the California Department of Insurance approved the merger between the two acquired companies, with Civil Service Employees Insurance Company as the surviving company.

## II. GOVERNANCE STRUCTURE

Compre has developed a governance structure that is proportionate to the nature, scale and complexity of its business model and its risk profile. The Board of Directors recognizes the need to have a system of governance in place which:

- meets regulatory expectations;
- is proportionate to the nature of the business;
- complies with existing requirements; and
- is flexible enough to be able to adapt to changes in the regulatory and statutory environment.

The system of governance is based on a number of principles in order to achieve this, in particular, sound and prudent management requiring:

- clear organisational structure;
- effective communication & information; and
- common directors and senior managers wherever possible.

### a. Board and senior executives

#### i. Structure of the Board and senior executives

##### Group

The Group Board has the responsibility for setting and monitoring adherence to the strategy and risk framework and is made up of nine (9) members, four (4) of whom are Independent Non-Executive Directors (INEDs), four (4) Non-Executive Directors, and one (1) Executive Director involved in the day-to-day management of the Group.

The Group has four (4) Board committees and two (2) management committees. The Group Board retains responsibility for its obligations at all times whilst delegating authority to the committees (which operate under defined terms of reference) and the Executive Management Team (“**EMT**”).

In addition to the above, the Group Board has established a risk management model that separates the business’s risk management responsibilities into three lines of defence.

##### Pallas Re

The day-to-day management of Pallas Re is overseen by its management team, with support from the Board of Directors. During the reporting period the Board was composed of five (5) directors, three (3) of whom are INEDs and two (2) are Executive Directors involved in the day-to-day management of the Company. The Board’s oversight role is primarily focused on review of financial reporting, investment decisions, actuarial and regulatory compliance and ensuring that material transactions are subject to an appropriate level of analysis and consideration, including use of appropriately qualified or experienced team members and reputable third-party advisors, as appropriate.

The Board is responsible for ensuring that principles of good governance are observed, has an effective internal control and risk management framework, and employs a three lines of defence model to manage risk. Pallas Re has three (3) Board committees and one (1) management committee.

## **ii. Remuneration policy**

The Group Board is responsible for the establishment and review of the Remuneration Policy, ensuring alignment with the Group's strategic objectives and corporate governance. This includes sound and effective risk management through the existence of a stringent governance structure. The Nominations and Remuneration Committee supports the Board on the design of the Group's overall Remuneration Policy.

The Group recognises the need to attract, develop, retain and motivate high-performing employees, provide financial incentives for those accepting promotional opportunities, and improve the Group's position within the current market. Short-term profitability is not rewarded at the expense of long-term performance.

The remuneration package consists of fixed and variable components, as well as a range of benefits. Fixed pay is primarily determined according to the nature of the role the individual performs. In addition, rates are determined for comparable roles in the market. Variable reward comprises of discretionary bonus payments. The variable remuneration depends on the achievement of the combination of the assessment of the performance of the individual and of the overall result of the Group. The Nominations and Remuneration Committee approves the basis of any bonus scheme for all staff.

It is the Nominations and Remuneration Committee's responsibility to determine the remuneration of the executive directors.

Pallas Re adopts and follows the Remuneration Policy of the Group.

## **iii. Supplementary pension or early retirement schemes**

Compre Group provides certain employees with pension benefits but does not have any early retirement schemes.

## **iv. Material transactions with shareholders, persons who exercise significant influence, the parent board or its senior executives**

As mentioned under section I(d) above, a minority shareholding in the Group is held by management. Further, some of the directors of Pallas Re are Board members of the Group Board as outlined under para b(ii) below. In addition, some of the Senior Executives and Board members of the Board also sit on the Boards of other intra-group companies.

There were no other material transactions with shareholders, persons who exercise significant influence, the Group board or its senior executives.

## **b. Fitness and propriety requirements**

### **i. Assessment process**

Individuals assuming a key role within Compre are required to be suitable for their role and are assessed in line with the Group Fit and Proper Policy which sets out the process for such an assessment including the specific requirements concerning skills, knowledge and expertise that are applicable to them.

An initial assessment of fitness and propriety is performed prior to the appointment of any individual assuming a key role, including Board members and senior executives. Fitness and propriety of such individuals are then further formally assessed on an annual basis.

The assessment considers the respective duties to be allocated to that individual and in addition includes the assessment of:

- academic background and relevant experience within the insurance sector, other financial sectors or other businesses;
- where relevant, the insurance, financial, accounting, actuarial and management skills of the individual;
- whether the individual has any conflicting interests that may hinder objective decision-making, and whether the individual can avoid or resolve conflicts of interest;
- whether the individual can devote sufficient time to the proposed role taking into consideration the other professional roles and responsibilities;
- whether the individual has adequate professional and personal skills and experience (where applicable individually and collectively) and knowledge of the structure and business of the Group and proper understanding of its risks; and
- the individual's integrity and reputation by considering any criminal, financial, disciplinary and supervisory aspects relevant for the purposes of the assessment.

The individual with the overall responsibility for an outsourced key function or a key operational area is also expected to possess sufficient knowledge and experience regarding the outsourced function to be able to challenge the performance and results of the service provider.

It is ensured that Board members are collectively sufficiently competent to provide for a sound and prudent management of Compre. Directors with a strong knowledge in specific areas compensate for deficits of other directors in these areas.

Pallas Re has its own Fit and Proper Policy based on the Group Policy and follows the same assessment process of the Group.

### **ii. Board and senior executives' professional qualifications, skills and expertise**

#### Group

The below table lists the members of the Group Board as at 31 December 2025:

<b>Members</b>	<b>Role</b>
John Howard*	Chairman and Independent Non-Executive Director
Anup Seth	Independent Non-Executive Director
Jonathan Reiss	Independent Non-Executive Director
LoriAnn Lowery-Biggers	Independent Non-Executive Director
Luigi Sbrozzi	Non-Executive Director
Aaron Papps	Non-Executive Director
Balazs Lam*	Non-Executive Director
Derrick Estes*	Non-Executive Director
Will Bridger	Executive Director and CEO

*\*Mr Howard was appointed during the reporting period and replaced Mr Emmanuel Clarke who resigned as Chairman and Non-Executive Director. Mr Lam and Mr Estes were also appointed during the reporting period replacing Mr Robert Perry and Ms Rhonda Ramparas respectively.*

The below table lists the members of Senior Executives of the Group as of 31 December 2025:

<b>Members</b>	<b>Role</b>
Will Bridger	Group Chief Executive Officer
Simon Hawkins	Group Chief Operations Officer
Mark Lawson	Group Chief Actuary
Ian Patrick	Group Chief Financial Officer
Brid Reynolds	Group Chief Risk Officer and BMA Principal Representative
Rachel Bardon*	Group Chief Underwriting Officer

*\*Ms Bardon was appointed in September 2025, while Mr Jonathan Zisaruk resigned in November 2025.*

### Pallas Re

The below table lists the members of the Pallas Re Board as at 31 December 2025:

<b>Members</b>	<b>Role</b>
Anup Seth	Chairman and Independent Non-Executive Director
Andrew Smith	Independent Non-Executive Director
Abiramy Ponnampalam*	Independent Non-Executive Director
Rachel Bardon*	Executive Director
Will Bridger	Executive Director and CEO

*\*Ms Ponnampalam and Ms Bardon were appointed in April 2025 and September 2025, respectively, while Mr Zameer Mitha resigned in October 2025.*

The below table lists the Officers of Pallas Re as appointed in accordance with Section 30J of the Bermuda Insurance Business Act 1978:

<b>Members</b>	<b>Role</b>
Will Bridger	Chief Executive Officer
Brid Reynolds	Chief Risk Officer and BMA Principal Representative
Rachel Ann Bardon*	Chief Underwriting Officer
Thuan Ho	Head of Pricing – North America
Simon Hawkins	Chief Information Security Officer
Damian Everest	Data Protection Officer
Nick Watford	Loss Reserve Specialist (PwC)

\*Ms Bardon was appointed in September 2025, while Ms Aoife Burke resigned in August 2025.

Below are the details of the qualifications, skills and expertise of the current Board members and the Senior Executives and Officers of the Group and Pallas Re respectively:

**John Howard** *(Group Board Chairman)*

Mr Howard has over 30 years of experience in the financial services sector, most of which in the insurance industry. Mr Howard holds a Bachelor of Arts Degree in Economics from Columbia University and a Master of Business Administration Degree from Duke University. Mr Howard has held board positions within internationally active insurance groups and other entities.

**Jonathan Reiss** *(Group Board member)*

Mr Reiss is Chairman of Strategic Risk Solutions Bermuda and has over 33 years of experience in the insurance market. He was part of Hamilton Insurance Group's founding management team and served as President and Group Chief Financial Officer. He also earned the US Certified Public Accountant designation and a Chartered Accountant Property & Casualty Underwriter designation.

**LoriAnn Lowery-Biggers** *(Group Board member)*

Ms Lowery-Biggers is the CEO and co-founder of Bella Vaughan, a global diamond, design, and manufacturing company. With over 30 years of experience in finance and insurance, she has held senior roles at Navigators Group, Lloyd's Inc. North America, Wells Fargo Insurance Services, and Marsh & McLennan Companies. She has also served as a non-executive director on BMS Investment Holding Company, CopperPoint Mutual Insurance Company, and lead independent director of Brown & Riding Insurance Services, Inc.

**Luigi Sbrozzi** *(Group Board member)*

Mr Sbrozzi is a Partner within Cinven's Financial Services team and heads the Strategic Financials Funds where he is responsible for origination, execution and portfolio management of investments in the financial services sector. Mr Sbrozzi has over 12 years' experience of investing in financial services across sectors including insurance, banking, specialty finance and payments. He served as a director on a number of boards and also served on audit, remuneration, risk and investment committees. Mr Sbrozzi has a MSc in Finance from Bocconi University, Milan.

**Balazs Lam** *(Group Board Member)*

Mr Lam is a Senior Principal at Cinven Group, specifically in the Cinven Strategic Fund team and Business and Financial Services sector teams, responsible for deal origination, deal execution and portfolio monitoring. He has been involved in a number of transactions including Cinven's acquisition of Compre. Prior to joining Cinven in 2021, Mr Lam worked at CVC Capital Partners as a private equity investor and began his career in investment banking at Bank of America Merrill Lynch. Mr Lam holds a Master's degree in Law and Finance from the University of Oxford, an LLM in Law, an LLB in Law, and a BSc in Economics and Business from the University of Amsterdam.

**Aaron Papps** *(Group Board member)*

Mr Papps is a Senior Managing Director at BCI where he is co-lead of the industrials sector direct private equity investing initiative, with a particular focus on the materials, packaging, chemicals and energy sub-sectors, and is responsible for originating, executing and monitoring various direct private equity investments. Mr Papps has over 15 years of investment banking experience (capital markets and M&A) and has served on both large and small company boards. Mr Papps has a BA from the University of Ottawa and is a graduate from Schulich School of Business/Osgoode Hall Law School of York University, where he participated in the joint MBA/LLB program.

**Derrick Estes** *(Group Board Member)*

Mr Estes has over twenty years' experience in global private equity, finance and capital markets. He joined BCI in 2024 as Senior Managing Director and leads the private equity program's global financial services team from London where he covers numerous verticals including insurance services, asset and wealth management, financial technology, specialty finance and payments solutions. In addition, he provides oversight of the investment team in London. Mr Estes was a partner and member of the investment and operating committees at Corsair Capital where he spent nearly 17 years, working closely with BCI team over that time. Prior to Corsair, Mr Estes was a member of the Financial Institutions Group at Merrill Lynch & Co. in New York. He holds a B.A. from Williams College.

**Anup Seth** (*Pallas Re Board Chairman and Group Board member*)

Mr. Seth is the CEO of Agam Bermuda Limited and has over 30 years of international re/insurance experience across both the Property & Casualty and Life & Annuity industry sectors. Prior appointments include Global Leader of Aon's Underwriting Solutions business, Managing Director of ACE Bermuda International and Chief Actuary of ACE Bermuda Ltd. Mr. Seth has comprehensive knowledge of the Bermuda regulatory framework. Mr. Seth has a BSc. in Actuarial Science from the London School of Economics and is a Fellow of the Institute and Faculty of Actuaries, UK.

**Rachel Bardon** (*Group Chief Underwriting Officer, Pallas Re Board Member*)

Ms Bardon has 25 years of experience in P&C insurance, reinsurance, sidecar, capital markets and hedge funds. Her experience ranges across investing, portfolio management, underwriting, reserving, fund and actuarial valuations, capital modeling, financial modeling and planning, and risk management. Before joining Compre, Ms Bardon was a Partner and Deputy CIO Reinsurance and CIO Insurance Credit at Hudson Structured Capital Management, Bermuda. Prior to that, she was the VP and Head of Montpelier Re (Actuarial), Bermuda. Ms Bardon has a B.S. in Mathematics from Brigham Young University.

**Andrew Smith** (*Pallas Re Board member*)

Mr Smith is an experienced insurance executive who has served as Chief Risk Officer at Conduit Re, a UK-listed Bermuda Class 4 (re)insurer, and at Qatar Re (now Antares Re), also a Bermuda Class 4 (re)insurer and group supervision designated entity. He has held Bermuda regulatory principal representative roles at both entity and group levels, as well as regulatory-approved positions in Europe. Prior to these roles Mr. Smith spent nearly 20 years with PwC London and Bermuda, and EY Bermuda, focusing on insurance clients across property, casualty, and life, including captives, mutuals, and industry bodies. His expertise spans risk, technology, and data. He is a regular speaker at industry events in Bermuda and an active participant in insurance association initiatives.

**Amy Ponnampalam** (*Pallas Re Board Member*)

Ms Ponnampalam is an experienced insurance executive, independent director, and qualified actuary, with more than 20 years of experience working with multinational life, annuity and consultation organisations across London and Bermuda. She has held executive leadership roles, including as Chief Executive Officer of Athora Life Re Ltd, a Bermuda-based Class E reinsurer, where she was responsible for overseeing the company's operations and strategic development. Ms Ponnampalam holds a BSc degree in Actuarial Science from the London School of Economics and Political Science and is a Fellow of the Institute and Faculty of Actuaries, UK.

**Will Bridger** (*Group CEO, Group and Pallas Re Board member*)

Mr Bridger has been involved in the re/insurance industry for over 30 years in various regulated markets including UK, Ireland, Finland, Sweden, Germany, Malta and Switzerland. Mr Bridger previously assumed the group role of Managing Director – Acquisitions prior to being appointed as CEO of Compre Group in 2018. He is responsible for the strategic development of Compre Group and driving the growth agenda. Mr Bridger was previously a partner at EY advising on M&A activity in the insurance sector.

**Simon Hawkins** (*Group COO and Pallas Re CISO*)

Mr Hawkins has been holding positions of significant responsibility within Compre Group for the past five years. Mr Hawkins has 25 years of experience in insurance and reinsurance legacy management with significant experience of the run-off business model, transaction evaluation and run-off performance throughout his career. Mr Hawkins has a BSc (Honours) in Accounting from Cardiff University and is a Fellow of the Association of Chartered Certified Accountants.

**Mark Lawson** (*Group Chief Actuary*)

Mr Lawson is a qualified actuary with over 25 years of experience in the legacy sector. He is currently the Group Chief Actuary and is responsible for driving all actuarial activities relating to reserving and M&A pricing, including actuarial assessment of M&A valuations and structuring, claims reserves and associated technical value creation. Mr Lawson is a Fellow of the UK Institute and Faculty of Actuaries and holds a BSc in Maths and Statistics from the University of Bristol.

**Ian Patrick** (*Group CFO*)

Mr Patrick is the Group Chief Financial Officer and has over 25 years of experience in the financial services industry mainly as CFO and Board director of non-life and life companies and brokers in a variety of jurisdictions including the UK, USA, France, Jersey, Guernsey, Luxembourg, Switzerland, Finland, Ireland and Liechtenstein. Mr Patrick is a member of the Institute of Chartered Accountants of Scotland.

**Brid Reynolds** (*Group CRO and BMA Principal Representative*)

Ms Reynolds is the Group Chief Risk Officer and has over 20 years of experience within the insurance industry having held various roles in both Ireland and Bermuda, including experiences with the Central Bank of Ireland and the BMA. Ms Reynolds is the individual responsible for the Risk and Compliance functions of Pallas Re. Ms Reynolds holds a B.Comm International (French) Honours Degree from the National University of Ireland and is a Fellow of the Institute of Chartered Accountants of Ireland.

**Thuan Ho** (*Head of Pricing – North America and Pallas Re Officer*)

Mr Ho has over 15 years of experience within the insurance industry. Mr Ho is the individual responsible for Pricing at Pallas Re and holds a BCom from the University of New South Wales and is also a Fellow of the Actuaries Institute of Australia.

**Damian Everest** (*Group Chief Compliance Officer and Data Protection Officer*)

Mr Everest has 25 years of experience in the insurance industry and has been working with Compre since 2017. He is the Group's Chief Compliance Officer and Data Protection Officer (Privacy Officer in terms of the Bermuda PIPA). Mr Everest is an Associate of the Chartered Insurance Institute (UK) and a Certified Member of the Institute of Risk Management (UK).

### **c. Risk management and solvency self-assessment**

#### **i. Risk management process and procedures**

The risk management process is a core component of the risk management framework, ensuring that risks are continuously identified, measured, managed, monitored, and reported across the business.

#### **Risk Identification**

A top-down key risk identification and assessment process is undertaken annually as part of the annual risk management questionnaire, which includes the consideration of emerging risks. This process is supported by an established risk universe, which defines the full range of risk categories relevant to the business and is reviewed on a quarterly basis to ensure completeness and continued relevance.

#### **Risk Measurement and Evaluation**

All identified risks are assessed using a consistent methodology to enable comparison and prioritisation.

Risks are evaluated using a defined scoring matrix based on likelihood and impact:

- Inherent risk is assessed prior to considering controls.
- Residual risk reflects the effectiveness of controls in mitigating the risk.

This approach supports a structured and comparable assessment of risk exposures.

#### **Risk Control and Monitoring**

Risks are managed on an ongoing basis through defined response strategies, including avoidance, reduction, transfer, or acceptance, guided by Board-approved risk appetite and tolerance limits. Appropriate controls are established for all risk categories, with clear ownership assigned to ensure effective mitigation. Risk monitoring is performed quarterly

through risk and control self-assessments using the Standard Fusion tool, where risk and control owners review risk exposures, assess control effectiveness, and capture any changes to risks or controls. This ensures that risks remain within acceptable levels and that the risk register accurately reflects the current risk profile.

## **Risk Reporting**

The Risk Management function provides quarterly reports to the Risk & Compliance Committees and the Boards, covering key risk developments.

Reporting includes:

- **Risk Universe:** Updates on output of the Risk and Control Self-Assessment (“RCSA”) process to provide the current status of risks categories, as well as any changes to risk or control ownership.
- **Control Effectiveness:** Assessment of the internal control environment and the effectiveness of key controls.
- **Key Risk Indicators and Risk Appetite:** Monitoring of KRI and any breaches of risk appetite metrics, with any proposed changes subject to review and Board approval.
- **Other Updates:** Material risk developments, including Solvency Self-Assessment (“SSA”) outputs, stress and scenario testing, recovery plan early warning indicators, and risk events during the period.

### **ii. Implementation and integration of the risk management and solvency self-assessment systems into the group’s operations**

Compre has established a risk management framework, supported by a Risk Strategy, Risk Appetite Framework (“RAF”), and Board-approved policies, which are integrated into the Group’s strategic planning, operational processes, and governance structure.

Risk management supports the achievement of strategic objectives by ensuring that risks are proactively identified, assessed, and managed within defined appetite and tolerance levels. It is embedded within business planning, capital allocation, and key decision-making processes across the Group and its risk carriers.

## **Risk Strategy**

The Group’s risk strategy is designed to support its strategic objectives by:

- maintaining a consistent and robust risk management framework;
- enabling informed decision-making through risk assessment, monitoring, and reporting, including stress and scenario testing;
- ensuring risks are managed within approved appetite and regulatory expectations; and
- enhancing resilience and control effectiveness.

## **Integration with Decision-Making and Operations**

Risk considerations are incorporated into strategic and operational decision-making through:

- alignment of business plans with risk appetite and capital constraints;
- use of risk assessments and stress testing to inform strategic initiatives, including acquisitions and portfolio transfers;
- regular risk reporting to senior management and the Board to support oversight and decision-making; and
- clearly defined roles and responsibilities for risk ownership and management across the organisation.

### **Risk Appetite Framework**

The RAF defines the Group's overall approach to establishing, communicating, and monitoring risk appetite. Risk appetite statements set qualitative and quantitative limits across key risk categories and are aligned with the Group's strategic objectives.

Risk appetite is actively used as a decision-making tool, guiding risk acceptance, capital deployment, and operational activities. Performance against risk appetite is monitored regularly and reported to the Board, with breaches subject to escalation and remediation.

The RAF is reviewed at least annually, and more frequently where required, to ensure continued alignment with the Group's strategy and operating environment.

### **Integration of the SSA**

The SSA is integrated with the Group's risk management, capital management, and strategic planning processes. It provides a forward-looking assessment of the Group's risk profile, solvency needs, and capital adequacy under both base and stressed conditions.

SSA outputs are used to:

- inform business planning and strategic decision-making;
- assess the impact of changes in the risk profile, including new transactions;
- support capital planning and ensure ongoing compliance with regulatory requirements; and
- enhance the understanding of risk exposures and their potential impact on solvency.

The SSA is reviewed by senior management and the Board, ensuring that its results are considered in setting strategy, managing risk, and maintaining appropriate capital levels.

#### **iii. Relationship between solvency self-assessment, solvency needs, and capital and risk management system**

The Group and Pallas Re regularly assess their solvency needs by forming an internal view of the capital required to support the business, taking into account current and projected risk exposures, including stressed scenarios and changes in the risk profile arising from new transactions.

The SSA is the primary mechanism through which risk and capital are integrated. It identifies and quantifies all material risks and assesses the extent to which the BSCR standard formula appropriately captures those risks. This supports decision-making on risk management

actions, including risk mitigation, transfer, or retention within approved risk appetite and tolerance levels.

The SSA links the Group's:

- Risk management framework, through the identification, assessment, and monitoring of risks;
- Capital management framework, through the assessment of capital adequacy, capital planning, and contingency planning; and
- Strategy and planning processes, through forward-looking assessments of the risk profile and solvency position.

This ensures that solvency needs are aligned with the Group's risk profile and that sufficient capital is maintained, including a buffer above the BSCR, in line with risk appetite.

#### **iv. SSA process**

The SSA is an ongoing process that brings together risk, capital, and strategic planning to determine the Group's overall solvency needs. It assesses both the quality and quantity of capital required to support the business and ensure that obligations can be met under a range of conditions.

The SSA is structured around three core components:

- **Strategy and Planning:** Assessment of the business plan and potential changes in the risk profile over the planning horizon.
- **Risk Management:** Evaluation of current and emerging risks, effectiveness of controls, forward-looking risk assessments, and stress and scenario testing, including assessment of ongoing compliance with regulatory requirements.
- **Capital Management:** Assessment of current and projected capital requirements and available resources, including capital planning, contingency planning, and evaluation of the appropriateness of capital relative to the risk profile.

The SSA supports strategic decision-making by ensuring that risk and capital considerations are fully integrated into business planning.

The SSA is a continuous process, with key elements performed on a quarterly basis and a formal report produced annually, or more frequently where triggered by material changes in the business or risk profile.

Senior management is responsible for the preparation and execution of the SSA, ensuring that it reflects the Group's current and forward-looking risk and capital position. The process is supported by risk and capital management functions, which provide input, review, and challenge.

The Board has overall responsibility for the governance and approval of the SSA. This includes:

- approval of the GSSA and CISSA policies;

- review and approval of the SSA results; and
- oversight of the use of SSA outputs in strategy and business planning.

The Board and relevant committees provide independent challenge of the SSA, including review of key assumptions, stress and scenario testing, and the adequacy of capital relative to the Group's risk profile.

Out-of-cycle SSA assessments are performed where there are material changes in the business model, significant acquisitions, or other events leading to a material change in the risk profile.

## **d. Internal controls**

### **i. Internal control system**

Internal control is an essential part of all business processes and a key method of mitigating risks that are inherent in them. Within the Group and Pallas Re, internal controls are defined as a continuous set of processes carried out by the Board of Directors, senior management and all personnel, designed to provide reasonable assurance of:

- Effectiveness and efficiency of operations;
- Reliability of financial and non-financial information;
- Adequate control of risks;
- A prudent approach to business; and
- Compliance with laws and regulations, and internal policies and procedures.

Internal controls aim to strengthen the internal operating environment of Compre, thereby increasing its capability to deal with external and internal events and uncover possible flaws and deficiencies in processes and structures.

The internal control system is supported by the Risk Register and Risk Appetite Framework.

The internal control framework includes the following:

#### **Control environment**

A sound control environment is created by management through communication, culture and example. This includes focus on integrity, a commitment to investigating discrepancies, diligence and due care when designing systems and assigning responsibilities. Senior management ensures that reporting lines and appropriate authorities are established and maintained to ensure that the Board is provided with the relevant information that aids in the decision-making process.

#### **Risk Management**

Risk management is an essential component of Compre's internal control and is embedded on the following principles:

- Compre specifies its objectives with enough clarity to enable the identification and assessment of risks relating to objectives;
- Compre identifies risks to the achievement of its objectives and analyses risks as a basis for determining how the risks should be managed;
- Compre considers the potential for fraud in assessing risks to the achievement of its objectives; and
- Compre identifies and assesses changes that could significantly affect the system of internal control.

### **Control activities**

Compre has adopted internal control activities which include policies, procedures, process maps and RACM matrices for the main processes that are currently in place for the Group and Pallas Re. The day-to-day controls that have been implemented include:

- *Four-eye principle* – Compre ensures that any significant decision involves at least two individuals before the decision is implemented and certain matters are reserved for the Board to decide;
- *Separation of Duties* – this involves dividing the employee’s tasks to reduce the risk of errors or committing fraudulent acts;
- *Process Segmentation* – involves splitting sensitive processes between functions/individuals so that each function/employee acts a control over the other;
- *Standardised financial documentation* – standardising documents used for financial transactions such as invoices and travel expense reports which help in maintaining consistency in record keeping;
- *Periodic reconciliations in accounting systems* – maintaining regular accounting reconciliations to ensure that balances in the accounting system match up with balances in the Group’s and Pallas Re’s accounts held;
- *Approval authority requirements* – requiring managers to authorise certain transactions to add a layer of responsibility to accounting records by proving that transactions have been seen, analysed and approved by a person having the appropriate authority;
- *Physical access controls* –Hardware including computer, mobile phones and tablets are specifically assigned to an employee and access is protected via log-in requirements, user identification and passwords. Access to Compre offices is also restricted to Compre personnel only via office entry and identification cards;
- *User access controls* – Access to information restricted to authorised users who have a business need to access the information;
- *Malicious Software Protection* – The Group and Pallas Re use software countermeasures, including anti-malware and management procedures to protect itself against the threat of malicious software;

- *Data Storage & Backup* – Compré data is cloud-hosted on Microsoft’s Azure Infrastructure. This data is replicated across multiple sites to ensure the security, consistency, and reliability of company data; and
- *Business Continuity and Disaster Recovery Plan* - Business continuity and disaster recovery plans are produced for all critical information, applications, systems, and networks. A full system Disaster recovery test is carried out at least annually, and the results are presented to the Group Board.

## **Information and communication**

Compré’s management is committed to having good communication of responsibilities and expectations and operate on the following principles:

- Compré obtains or generates and uses relevant, quality information to support the functioning of internal controls;
- Compré internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal controls; and
- Compré communicates with external parties regarding matters affecting the functioning of internal controls.

An Internal Controls Policy is also in place, which supports the Internal Control System within the Group and Pallas Re by defining the Internal Control Framework and setting out the main internal control measures that are in place.

### **ii. Compliance function**

The Compliance function forms part of the 2<sup>nd</sup> line of defence and at Group level is performed by the Chief Compliance Officer. The Compliance function reports to the Group Chief Risk Officer, the Risk and Compliance Committee and the Board of Directors and is responsible for assessing the Group’s overall compliance with all relevant minimum standards and regulatory requirements in order to effectively mitigate the risk of non-compliance. The Board is ultimately responsible for ensuring effectiveness of the Compliance function. The day-to-day responsibilities of the Compliance function include:

- Advise the Board on compliance with laws and regulations;
- Submit regulatory returns on a timely basis including annual and quarterly quantitative reporting templates, FCR and GSSA reports;
- Consider possible future changes in the legal environment and their potential effect on the Group; and
- Advise Compré’s management team on compliance risks in relation to new deals.

The Group Chief Risk Officer is responsible for the Compliance Function within Pallas Re and reports to the Risk & Compliance Committee and the Board. The day-to-day responsibilities are similar to those mentioned above.

## **e. Internal Audit**

The Internal Audit Function forms part of the Group's third line of defence and serves the Board and management of the Group as an independent provider whose activity is designed to add value, independently audit, control and provide advice on how to improve the Group's processes and controls.

This function is outsourced to a local service provider and reports to the Board of Directors of the Group as well as to the Audit Committees of the Group and Pallas Re. The service provider is independent of the Group and Pallas Re.

The Internal Auditors follow a 3-year internal audit plan that is approved by the Audit Committees. The plan captures all the significant activities of the Group and the risk carriers within the Group. An internal audit report is prepared after each audit carried out and is presented to the Board and the Audit Committees.

## **f. Actuarial function**

The Actuarial Function (reserving and capital) forms part of the second line of defence and is performed by the Group Chief Actuary with assistance from the actuarial team including the Chief Actuary – Reserving and Capital and the Chief Actuary – M&A. The key actuarial responsibilities include:

- Coordinating the calculation of technical provisions and ensuring that the methodologies and assumptions used in the calculation of the technical provisions are appropriate for the specific lines of business of the Group;
- Assisting in the execution of the Risk Management framework, particularly as it relates to modelling techniques used to estimate loss reserves, policyholder obligations, potential exposures and capital requirements.
- Ensuring the adequacy of the underlying pricing process in relation to new acquisitions and ensuring sufficient premiums are received to cover future claims and expenses.
- The Group's Capital team sits within the Actuarial function to:
  - Calculate the regulatory capital requirements;
  - Identify sources of capital and opportunities to achieve capital efficiency;
  - Develop capital models to enable the Group and its risk carriers to project future capital requirements, ensuring continued compliance with the respective risk appetite statements and regulatory capital requirements; and
  - Provide quantitative analysis to support the risk management function.

The Actuarial Function for Pallas Re is also performed by the Group Chief Actuary. During the reporting period, Mr Nick Watford from PwC served as the approved Loss Reserve Specialist as required by the Act.

## **g. Outsourcing**

### **i. Outsourcing policy**

The Group only considers outsourcing key functions and/or key operational areas that are uneconomical for the Group to undertake itself or would require a high level of specialisation not available within the Group. The Board of Directors is ultimately responsible for any outsourcing arrangements.

To govern risks derived from the outsourcing of key functions and/or key operational areas, the Group Outsourcing Policy defines a specific monitoring and control process that includes the following minimum requirements:

- Undertaking and documenting an appropriate risk assessment and due diligence process on potential service providers to evaluate all relevant information;
- Entering into clearly written contracts, or service level agreements, the nature and detail of which shall be appropriate to the materiality of the outsourced key function and/or key operational area in relation to the ongoing business of Compre; and
- Designating a person within the Group with overall responsibility for each outsourced key function and/or key operational area and who will be responsible for ensuring that adequate and effective oversight is implemented and maintained on an ongoing basis.

Pallas Re has its own policy based on the Group Outsourcing Policy and follows the same monitoring and control process of the Group.

### **ii. Material intra-group outsourcing**

#### Group

The Group functions are mostly carried out by individuals employed with Group entities in their respective jurisdiction and assigned with the responsibility of a Group key function and/or key area. As mentioned above, the internal audit function is outsourced to a local service provider.

#### Pallas Re

Pallas Re also receives support from other Group entities in relation to certain key functions and outsources the Internal Audit function to a local service provider.

## **h. Other material information**

No other material information to report.

### **III. RISK PROFILE**

#### **a. Material risks & Risk Mitigations**

Compre systematically identifies, assesses, and manages the risks attaching to its business activities and has identified 8 material level 1 risk classes within its risk universe.

##### **i. Strategic Risk**

Strategic risk refers to the risk associated with economic loss resulting from failed business strategy and strategic objectives. This includes risks arising across the acquisition lifecycle (origination, execution, and integration), as well as reputational and competitive risks.

##### Measurement

This risk is measured and assessed through transaction-level due diligence, financial modelling, and scenario analysis, and is considered qualitatively within the SSA process.

##### Material Changes

During 2025 Compre evolved the business strategy to include prospective business; please see sections I(f) and I(h) above for full disclosure.

##### Risk Mitigation and Monitoring

Strategic risk is managed via robust due diligence, including actuarial, financial, and legal assessments, supported by external advisers where appropriate. Integration processes and project governance frameworks are applied to all acquisitions, with ongoing monitoring of funding access and transaction performance. Control effectiveness is monitored through periodic review processes and reported to senior management and the Board.

##### **ii. Insurance risk**

Insurance risk refers to the economic loss associated with insurance liabilities acquired and related to data quality, reserve assessment and claims payments.

##### Measurement

Insurance risk is measured and assessed through actuarial reserving analyses, actual versus expected claims monitoring, and its contribution to regulatory capital requirements (BSCR).

##### Material Changes

Premium and catastrophe risk have been introduced during the period due to the inclusion of prospective business in the business strategy. However, the exposure is not material for either Pallas Re or Group.

### Risk Mitigation and Monitoring

Risk is managed via regular actuarial reserve reviews, including independent challenge and external validation, quarterly claims performance monitoring, and robust claims governance processes. Due diligence is performed on new transactions to assess risk concentrations. Control effectiveness is monitored through periodic review processes and reported to senior management and the Board.

#### **iii. Finance risk**

Finance risk is defined as ‘the risk of economic loss resulting from failure in investment strategy and/or investment underperformance or reinsurance default.’ Finance risk is driven by investment risk, market risk, liquidity risk and credit default risk which are defined as level 2 risk categories within the risk universe as follows:

- Investment risk is defined as ‘the risk of financial loss, reduced income, or capital strain resulting from adverse movements in financial markets, poor investment decisions, or mismatches between assets and liabilities’.
- Market risk is defined as ‘the risk of loss arising from fluctuations in market variables such as interest rates, equity prices, foreign exchange rates, and credit spreads, which can negatively impact the value of financial instruments, investment portfolios, or balance sheet positions.’
- Liquidity risk is defined as ‘the risk that Compre is unable to generate sufficient cash, or access funding, to meet short-term obligations’.
- Credit Default risk is defined as ‘the risk of financial loss arising from the default, downgrade, or credit deterioration of a counterparty to whom Compre has exposure to through investments, reinsurance recoverables, or other receivables.’

### Measurement

These risks are measured through regulatory capital requirements (BSCR), exposure limits, counterparty credit assessments, asset-liability matching metrics, and liquidity stress testing.

### Material Changes

No material changes in overall finance risk exposure were identified during the reporting period.

### Risk Mitigation and Monitoring

Finance risk is managed via Board-approved investment and ALM policies, defined investment guidelines, and counterparty credit controls. Liquidity positions and cash flow forecasts are regularly monitored, supported by stress testing. Oversight is provided by the Investment Committees and the Boards, with control effectiveness monitored through periodic review processes and reported to senior management and the Board.

#### **iv. Capital & Solvency Risk**

Capital & Solvency Risk is defined as ‘the risk of economic loss that arises from inadequate capital and solvency or the inability to raise funds to meet obligations and regulatory capital requirements.

##### Measurement

This risk is measured through ongoing assessment of regulatory capital requirements (BSCR), internal capital models, and forward-looking solvency projections within the SSA.

##### Material Changes

No material changes in capital and solvency risk exposure were identified during the reporting period.

##### Risk Mitigation and Monitoring

Capital & Solvency Risk is managed via capital planning, including stress and scenario testing, and assessment of capital requirements for new transactions. The SSA process is used to evaluate capital adequacy and inform strategic decisions. Capital positions are reviewed quarterly and reported to relevant committees and the Board, with control effectiveness monitored through periodic review processes.

#### **v. Operational risk**

Operational Risk is defined as ‘the risk of failure of operational aspects that could have material negative impact related to people, processes, systems and external factors’. Compre has a low-risk appetite with respect to operational risk.

##### Measurement

Operational risk is assessed through RCSA, key risk indicators, and its contribution to regulatory capital requirements.

##### Material Changes

No material changes in operational risk exposure were identified during the reporting period.

##### Risk Mitigation and Monitoring

Operational risk is managed via established policies, documented processes, and a robust internal control environment. Business continuity and disaster recovery frameworks are in place and regularly tested. Control effectiveness is monitored through periodic review processes and reported to senior management and the Board.

## **vi. ICT & Security risk**

ICT & Security risk is defined as ‘the risk of losses due to inappropriate or failure of technical infrastructure which can compromise the availability, integrity, accessibility and security of data and I.T. infrastructure’.

### Measurement

This risk is assessed through security risk assessments, vulnerability monitoring, and internal control evaluations, and is reflected in operational risk capital requirements.

### Material Changes

No material changes in ICT and security risk exposure were identified during the reporting period.

### Risk Mitigation and Monitoring

Risk is managed via information security frameworks, access controls, system monitoring, and regular vulnerability assessments, including penetration testing. Oversight is provided by the CISO, with control effectiveness monitored through periodic review processes and reported to senior management and the Board.

## **vii. Regulatory & Legal Risk**

Regulatory and legal risk is defined as ‘the risk of failure to comply with regulatory and legal requirements that could impact on the Group’s ability to conduct its business.’

### Measurement

This risk is assessed through compliance monitoring, internal and external audit findings, and regulatory reporting processes.

### Material Changes

No material changes in regulatory and legal risk exposure were identified during the reporting period.

### Risk Mitigation and Monitoring

Risk is managed via a robust governance framework, supported by compliance and legal functions and external advisers where required. Ongoing monitoring includes regulatory engagement, audit reviews, and reporting to the Risk & Compliance Committees and the Boards, with control effectiveness monitored through periodic review processes.

## **viii. ESG Risk**

ESG Risk is defined as ‘Transition and physical risks arising as a result of consideration (or lack of) environmental, social and governance impact within the business, including climate

change.’ ESG Risk have been formally defined as a level 1 risk class in the risk universe. Level 2 risk categories under the ESG risk class are categorised as follows:

- Environmental risk: The risk of potential financial and operational impact arising from environmental issues such as climate change, natural disasters, pollution, and resource depletion.
- Social risk: The risk of reputational damage, employee attrition or legal action related to poor management of employee welfare, diversity and inclusion, community engagement and social equity.
- Governance risk: The risk of regulatory breaches, reputational damage and loss of investor confidence associated with the way the company is managed and controlled including board structure, ethics and compliance, risk oversight, transparency and data governance.

#### Measurement

ESG risk is assessed both quantitatively and qualitatively within the risk management framework and through its impact on other risk categories.

#### Material Changes

No material changes in ESG risk exposure were identified during the reporting period.

#### Risk Mitigation and Monitoring

ESG risk is managed via Board-approved policies, investment screening processes, KPI monitoring and governance oversight. ESG considerations are incorporated into risk assessments and decision-making processes, with control effectiveness monitored through periodic review processes and reported to senior management and the Board.

### **b. Material risk concentrations**

Compre identifies two primary areas of risk concentration: asset portfolio concentration and liability exposure concentration.

Asset concentration is managed through the Group’s Investment Policy and associated guidelines, which set limits by asset class, sector, credit quality, and geography to ensure appropriate diversification. Compliance with these limits is monitored quarterly by the Treasury function, with any breaches reported to the Investment Committees, Risk & Compliance Committees, and the Boards.

Liability concentration is monitored on an ongoing basis through regulatory capital calculations and the forward-looking SSA process. These assessments inform underwriting strategy and transaction decisions, including evaluation of diversification benefits for new acquisitions. The Group maintains a diversified liability portfolio across lines of business and geographies, supported by robust due diligence processes for all prospective transactions.

### **c. Prudent person principle**

Compre's investment strategy is outlined in the Group's Investment policy and complies with the requirements of the Prudent Person Principle as set out in the Insurance (Group Supervision) Rules 2011. Overall responsibility for the investment of assets for the Group and Pallas Re remain with the respective Boards. Compre has engaged a third-party manager to provide discretionary investment management services for the publicly listed assets of the Group and its risk carriers alongside a range of external specialist managers for its private assets. The investment policy and guidelines are reviewed at least on an annual basis and ad hoc if any significant developments have occurred that affect the financial markets.

The portfolio of assets is assessed considering the security, quality, liquidity, profitability and availability of investments. Limits are also in place for the Compre's exposure to a single counterparty, which ensure that it is not exposed to excessive risk concentration in its investment portfolio. Assets backing liabilities are invested to ensure they match the same currency and duration as liabilities within a tolerance threshold. The position of the investment portfolio is reviewed on a quarterly basis.

### **d. Material risk stress testing and sensitivity analyses**

Stress and scenario testing form an integral part of the Group's risk management framework and support the assessment of the resilience of the business model under adverse conditions.

The SSA incorporates forward-looking stress and scenario analysis, assessing the impact of 'extreme but plausible' events on the Group's solvency position and capital adequacy.

The testing framework includes:

- Stress testing: assessment of the impact of changes in individual risk factors;
- Scenario testing: assessment of combined or systemic events affecting the operating environment; and
- Reverse stress testing: identification of scenarios that could render the business model unviable and inform contingency planning.

Stress and scenario testing is based on a range of internally defined and regulatory-driven assumptions reflecting adverse market, insurance, and operational conditions. Results indicate that the Group maintains sufficient capital to meet regulatory requirements under these scenarios, with management actions identified where appropriate.

Results are used to support risk management, capital planning, and strategic decision-making, and are regularly reported to senior management and the Board.

**e. Other material information**

No other material information to report.

## **IV. SOLVENCY VALUATION**

### **a. Asset class valuation bases, assumptions and methods**

The Group and Pallas Re use the valuation principles outlined by BMA’s “Guidance Note for Statutory Reporting Regime” for the reporting period’s statutory filing. The economic valuation principles outlined in this document are to measure assets and liabilities on a fair value basis (which is the value that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date). The fair value principles used for the assets are as follows:

- Cash and Cash Equivalents – includes cash demand deposits.
- Accounts Receivable – are recorded at a fair value.
- Investments - are valued at quoted market prices. In the absence of an active market, prices are based on observable market inputs.
- Debt obligations – are carried at cost, net of unamortised issuance costs (ie. carrying value). Although a majority of the instruments are publicly issued, trading activity is negligible and reliable observable market prices are not consistently available. Given the absence of sufficient market activity to establish a verifiable fair value, carrying value is considered the most appropriate approximation of fair value.

### **b. Technical provisions valuation bases, assumptions and methods**

Insurance technical provisions are valued based on best estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure with an appropriate illiquidity adjustment. In addition, there is a risk margin to reflect the uncertainty inherent in the underlying cash flows which is calculated using the cost of capital approach and a risk-free discount rate term structure. The discount rate term structures are prescribed by the BMA for each reporting period.

A best estimate of the technical reserves is estimated using standard actuarial techniques. The reserves are calculated for each homogeneous cohort (“reserving cohort”) as determined by the Chief Actuary – Reserving and Capital and reinsurance recoveries are estimated using appropriate modelling techniques.

The claims provision is calculated by using the net (of reinsurance and reinsurance bad debt) undiscounted local basis technical reserves as the starting point and applying the following adjustments:

- Removal of unearned premium reserve (“UPR”) such that the earned reserves only comprise the starting point for the claims provision.
- Add a loading for events not in data (“ENID”);
- Add ULAE; and
- Discount the reserves for the time value of money by applying the standard yield curves as provided by the BMA to the projected future cash flows arising from each

reserving cohort. The future cash flows are assumed to occur mid-year and are projected based on payment patterns relevant to the nature of the liabilities in each cohort. Discounting is performed by underlying currency where significant reserves are payable in different currencies.

The premium provision is calculated by applying expected future loss ratios and expense ratios to the net unearned premium reserve. Further adjustments are made for ENIDs and bound but not incepted (“BBNI”) business. Amounts are discounted for the time value of money by applying the standard yield curves as provided by the BMA to the projected future cash flows arising from each reserving cohort. The future cash flows are assumed to occur mid-year and are projected based on payment patterns relevant to the nature of the liabilities in each cohort. Discounting is performed by underlying currency where significant reserves are payable in different currencies.

The Risk Margin is calculated by assuming that the best estimate technical provisions are acquired by a third party (re)insurance company with no other obligations. The BSCR of this hypothetical entity is then calculated in each future year (assuming all assets invested are risk-free, so the market risk charge is zero). The risk margin is then the discounted present value sum of these BSCRs, multiplied by the prescribed cost of capital rate of 6%.

On 31 December 2025, the total Insurance Technical Provisions amounted to:

\$m	Group	Pallas Re
Best Estimate Net Loss and Loss Expense Provision	1,284.2	1,014.8
Risk Margin	117.0	98.9
<b>Total Insurance Technical Provisions</b>	<b>1,401.2</b>	<b>1,113.7</b>

### **c. Recoverables from reinsurance contracts**

Compre cedes insurance risk in the normal course of business. Reinsurance recoverables are typically estimated using reinsurance to gross ratios based on the recoverability of the outstanding claims reserves. Where possible, specific reinsurance recoveries are modelled where losses are material and have significant reinsurance protections.

### **d. Other liabilities valuation bases, assumptions and methods**

The Group’s and Pallas Re’s liabilities follow the valuations principles outlined by BMA’s “Guidance Note for Statutory Reporting Regime”. In the absence of an active market, prices are based on observable market inputs.

### **e. Other material information**

No additional information to report.

## V. CAPITAL MANAGEMENT

### a. Eligible capital

#### i. Capital management policy

The Group and Pallas Re are required by the BMA to hold available statutory economic capital and surplus of an amount that is equal to or exceeds the Enhanced Capital Requirement (“**ECR**”). The ECR is the higher of the BSCR standard formula, and the Minimum Margin of Solvency (“**MSM**”). The Group and Pallas Re maintained compliance with their regulatory capital requirements throughout the reporting period.

The primary capital management objective of the Group is to maintain a strong capital base to support the development of its business, protect its policyholders and to meet regulatory capital requirements, on both a Group and risk-carrier basis. Capital is managed efficiently and deployed only to risks that the Group has assessed to be well understood and within risk appetite. The approach to capital management within the Group is consistently applied to the risk-carriers including Pallas Re.

The Group identifies, assesses, manages and monitors the various risks it faces in the course of business both currently and as anticipated over the business planning horizon. This process culminates in an assessment of the capital necessary to maintain solvency at the threshold targeted by the Board and management and documented in the Group’s risk appetite statement, taking into consideration the Group’s risk profile.

#### ii. Eligible capital categorised by tiers in accordance with the ECR

At the end of the reporting period, the Group’s eligible capital was categorised as follows:

<b>Group</b>	<b>\$000’s</b>
Tier 1 Capital	483,919
Tier 2 Capital	281,802
Tier 3 Capital	32,000
<b>Total Eligible Capital</b>	<b>797,721</b>

At 31<sup>st</sup> December 2025, Pallas Re's eligible capital was categorised as follows:

<b>Pallas Re</b>	<b>\$000's</b>
Tier 1 Capital	625,494
Tier 2 Capital	58,297
Tier 3 Capital	-
<b>Total Eligible Capital</b>	<b>683,791</b>

### iii. Eligible capital categorised by tiers to meet the ECR and the MSM

At 31<sup>st</sup> December 2025, the Group's Eligible Capital available to meet its MSM and ECR was categorised as follows:

<b>Group</b>	<b>MSM</b>	<b>ECR</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Tier 1</b>	483,919	483,919
<b>Tier 2</b>	120,980	281,802
<b>Tier 3</b>	-	32,000
<b>Total capital</b>	<b>604,899</b>	<b>483,919</b>

Tier 2 to meet the MSM is reduced to 25% of Tier 1 capital under BSCR rules.

At 31<sup>st</sup> December 2025, Pallas Re's Eligible Capital available to meet its MSM and ECR was categorised as follows:

<b>Pallas Re</b>	<b>MSM</b>	<b>ECR</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Tier 1</b>	625,494	625,494
<b>Tier 2</b>	58,297	58,297
<b>Tier 3</b>	-	-
<b>Total capital</b>	<b>683,791</b>	<b>625,494</b>

### iv. Eligible capital subject to transitional arrangements

Not applicable.

**v. Factors affecting encumbrances on the availability and transferability of capital to meet the ECR**

The Group provides funding to Lloyd’s Syndicate 1994 to ensure that it meets the requirements set out by Lloyd’s in the form of “Funds at Lloyd’s” (FAL). The assets underlying the FAL cannot be used for any other purpose within the Group.

Pallas Re has entered into a number of loss portfolio transfer transactions which require collateral assets to be held in trust accounts, pledged to the benefit for the policyholders of the relevant book of business. These assets cannot be used for any other purpose throughout the Group other than to service the relevant policyholder obligations. The collateral assets are released to Pallas Re as claims are paid and the underlying reserves run off. Excess encumbered collateral assets over and above policyholder obligations are reclassified from Tier 1 to Tier 2 capital.

**vi. Ancillary capital instruments approved by the BMA**

Not applicable.

**vii. Differences in shareholders’ equity versus available statutory capital and surplus**

Other than the impact of employing statutory-based technical provision valuation techniques and prepaid expenses, there are no significant differences between GAAP shareholders’ equity and available statutory capital and surplus.

**b. Regulatory capital requirements**

**i. ECR and MSM requirements at the end of the reporting period**

At 31<sup>st</sup> December 2025, the Group’s regulatory capital requirements were assessed as follows:

<b>Group</b>	<b>Actual \$000’s</b>
Statutory Economic Capital & Surplus	797,721
Minimum Margin of Solvency	194,172
Enhanced Capital Requirement	456,285
Enhanced Capital Requirement Ratio	175%

At 31<sup>st</sup> December 2025, Pallas Re’s regulatory capital requirements were assessed as follows:

<b>Pallas Re</b>	<b>Actual</b>
	<b>\$000's</b>
Statutory Economic Capital & Surplus	683,791
Minimum Margin of Solvency	147,128
Enhanced Capital Requirement	387,202
Enhanced Capital Requirement Ratio	177%

**ii. Non-compliance with the MSM and the ECR**

The Group and Pallas Re remained in compliance with the MSM and ECR during the reporting period.

**iii. Amount and circumstances surrounding the non-compliance with the MSM and the ECR, the remedial measures and their effectiveness**

Not applicable.

**iv. Amount of non-compliance with the MFM and the ECR where non-compliance is not resolved**

Not applicable.

**c. Approved internal capital model**

The Group and Pallas Re do not utilise an approved internal capital model to derive its ECR. The ECR is based on the BSCR model.

## VI. SUBSEQUENT EVENTS

The following is a list of transactions or changes that took place since the year ending 31<sup>st</sup> December 2025:

### Transactions

- In Q1 2026, Pallas Re entered into a Loss Portfolio reinsurance agreement with Amerisure Mutual Insurance Company. The transactions relates to a material portfolio of asbestos insurance liabilities from Amerisure and the management of all associated claims.
- Further, in Q1 2026 the Group executed its first Adverse Development Cover deal with a European-domiciled reinsurance entity, providing protection for a diversified portfolio of motor, engineering and liability business spanning underwriting years 2018 to 2024, with net reserves of approximately £250m.

Both of the above deals have continued to build and strengthen the balance sheet of the Group and Pallas Re.

### FCR and CISSA modification

On 8<sup>th</sup> January 2026, the BMA approved the Group's application, through Pallas Re as the designated insurer, to integrate the latter's CISSA and standalone FCR into the Group's GSSA and FCR. This modification was granted pursuant to Section 6(C) of the Insurance Act (1978).

### Appointment of Deputy CEO

On 6<sup>th</sup> February 2026, the Group announced the appointment (subject to regulatory approval) of David Atkins as Deputy CEO, who will join in July 2026 and will report directly to the Group CEO. Mr Atkins's appointment is intended to strengthen Compre's leadership capacity and support effective prioritisation and execution across the organisation. The new Deputy CEO role adds capacity at the top of the business, while maintaining clear accountability. The Executive Management Team will see no changes, except for the addition of Mr Atkins to the team.

### Underwriting Committee

In light of the Group's strategic shift towards underwriting prospective business, both the Group and Pallas Re established a new Board-level Underwriting committee in Q1 2026. The Committee's primary responsibility is to review and approve prospective reinsurance and related underwriting transactions within its delegated authority.

# Appendix 1 – Supplementary Information on Technical Liabilities as of 31 December 2025

A highly diversified portfolio of insurance risks across lines of business, geography and duration.

