



canopus

**Canopus Reinsurance Limited
Financial Condition Report**

FOR THE YEAR ENDED 31 DECEMBER 2025

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Executive Summary

Canopus Reinsurance Limited (the “Company”) is a Bermuda-based reinsurance company licensed by the Bermuda Monetary Authority and is subject to the requirements of The Insurance Act 1978 and associated rules and regulations including the Insurance (Public Disclosure) Rules 2015. As such, the Company is required to publish annually a Financial Condition Report (“FCR”) in accordance with applicable guidelines.

The FCR contains qualitative and quantitative information on the business and performance, governance structure, risk profile, solvency valuation, and capital management.

The Company uses the standard Bermuda Solvency Capital Requirement (“BSCR”) model to assess the Enhanced Capital Requirement (“ECR”). This FCR is based primarily on the Economic Balance Sheets (“EBS”) and the audited financial statements prepared in accordance with United States Generally Accepted Accounting Principles. All figures provided in this report are in United States dollars, the functional currency of the Company.

Business

The Company is a member of Canopus Group, (the “Group”) which is a privately owned global specialty (re)insurance company. The Group is domiciled in Jersey and operates in Australia, Bermuda, Singapore, the United Kingdom and the United States. The Group operates through the following underwriting platforms:

- Lloyd’s Syndicate 4444 (“S4444”), managed by Canopus Managing Agents Limited (“CMA”) (AM Best: ‘A+’; S&P: ‘AA-’; Fitch: ‘AA-’);
- Canopus Reinsurance Limited, a Bermudian Class 4 insurer (AM Best: ‘A-’; Fitch “A”); and
- Canopus US Incorporated (“CUSI”), a U.S. excess and surplus lines insurer (AM Best: ‘A-’).

The Company underwrites a portfolio of third-party property, casualty, marine and specialty reinsurance contracts and management and professional lines insurance business. In addition, the company assumes a quota share of Canopus Corporate Capital Limited (“CCCL”), Canopus’ corporate member vehicle for Lloyd’s Syndicate 4444.

The CCCL quota share is on a whole account, funds withheld basis, whereby the Company assumes a share of CCCL's investment income and expenses. The Company classifies investment income, foreign exchange gains and losses and expense arising from the CCCL quota share into one line item on its Statement of Income, Other Expenses.

Key Performance indicators

Gross premiums written

Gross written premium of \$1,051,316 (2024: \$933,243) increased by \$118,073 or 12.7% compared to the prior year. The increase was driven by the continued expansion of the Company's unrelated business portfolio of \$142,255 offset by a small decrease in net written premiums assumed from the CCCL quota share (\$24,181) due to an increase in proportion of premiums ceded under outwards reinsurance programs.

Underwriting Income

The Company generated underwriting income of \$174,692 (2024: \$140,698) and a combined ratio of 83.2% (2024: 81.7%).

Net investment income

Net investment income for 2025 was \$34,525 (2024: 29,564), an increase of 16.8%, primarily driven by a higher asset base in 2025 compared to 2024.

Total investment return of \$44,864 (2024: \$37,399) includes net realized and unrealized gains on investments of \$10,339 (2024: \$7,835) representing a net investment return of 5.4% in both 2025 and 2024.

Net income after tax

Net income after tax for the years ended December 31, 2025 and December 31, 2024 was \$191,381 and \$167,111 respectively.

Governance Summary

This section contains details of the corporate governance, risk management and solvency self-assessment frameworks of the Company.

The Company operates a 'Three Lines of Defence' approach to ensure effective and robust day-to-day governance is in place. The Operational line, or the 'First Line of Defence', the 'Second Line of Defence', is made up of the risk and compliance

functions; and the Group Internal Audit Function provides the ‘Third Line of Defence’ which provides an independent assessment of the effectiveness of the Company’s internal controls and reports to the Group Audit Committee.

Risk profile Summary

The Company has assessed and classified its exposure to various material risks. These include Insurance Risk, Market Risk, Liquidity Risk, Credit Risk, Operational Risk, and other risks such as Environmental, Social and Governance (“ESG”) Risk (including climate change).

Solvency Valuation Summary

The Company values each Asset Class, the Net Technical Provisions and Other Liabilities utilizing a combination of valuation bases, methods and assumptions on the inputs used to determine solvency. At December 31, 2025 and 2024, the total Net Technical Provisions amounted to \$1,160,130 and \$835,952 respectively.

Capital Management Summary

The Company operates with a strong solvency position. The amount of available statutory economic capital held at year-end 2025 and 2024 comfortably meets regulatory and internal capital requirements. The Company’s year-end available statutory economic capital and surplus, BSCR and ECR are summarized below:

	2025	2024
Available statutory economic capital and surplus	\$1,215,010	\$1,019,520
BSCR	206%	234%
ECR	206%	221%

Business and Performance

Name of Insurer

The Company, originally Omega Specialty Insurance Company Limited, was incorporated under the laws of Bermuda on January 26, 2006. The Company redomiciled to Switzerland on November 23, 2015, and redomiciled back to Bermuda on June 28, 2019. The Company is registered as a Class 4 insurer under The Insurance Act 1978 (Bermuda).

The Company's registered office is H.P House, 21 Laffan Street, Hamilton HM 09 and its physical head office is Ideation House, 1st floor, 94 Pitts Bay Road, Hamilton, HM 08.

Insurance Supervisor and Group Supervisor

The Company is supervised by the BMA. The contact details are as follows:

The Bermuda Monetary Authority

BMA House

43 Victoria Street

Hamilton, Bermuda

Lead Supervisor: Greg Bell

Email: gbell@bma.bm

Phone: +1-441-278-0227

The Company is not subject to group supervision. Each of Canopius' regulated entities are supervised by the local regulator in the jurisdictions in which they are registered.

Approved Auditor

The Company's auditor is Ernst & Young Ltd. The contact details are as follows:

Ernst & Young Ltd.

3 Bermudiana Road

Hamilton, Bermuda

Engagement Partner: Craig Redcliffe

Email: craig.redcliffe@bm.ey.com

Phone: +1-441-294-5318

Ownership Details

The Company's immediate parent is Canopius Group Limited, who own 100% of the share capital. Fortuna Topco Limited is the ultimate parent, owning 100% of the Canopius Group.

Group Structure Chart

Please see Appendix 1 for the Canopus Group structure chart, including country of incorporation, as at December 31, 2025.

Performance

Insurance business written by Line of Business and by Geographical Region

The table below represents the gross premiums written by BMA prescribed class of business for the years ended December 31, 2025 and 2024:

Line of Business	2025 GWP (\$000s)	2024 GWP (\$000s)
Property Catastrophe	67,569	50,494
Property	216,554	206,081
Property Retro	860	1,963
Personal Accident	55,749	57,996
Aviation	(247)	481
Credit/Surety	81,839	62,642
Energy Offshore/Marine	130,310	153,389
US Casualty	191,154	121,194
US Professional	112,885	99,528
US Specialty	50,119	37,806
International Motor	6,927	6,210
International Casualty Non-Motor	137,597	135,459
Total	1,051,316	933,243

Source: BSCR Schedule IVA (EBS)

The following represents the gross premiums written by geographical region for the years ended December 31, 2025 and 2024:

Geographical Location	2025 GWP (\$000s)	2024 GWP (\$000s)
North America	713,583	467,984
Europe	191,373	249,096
Asia & Oceania	116,330	179,927
Rest of World	30,030	36,236
Total	1,051,316	933,243

Source: BSCR Schedule IVC (EBS)

Investment Performance and Material Income and Expenses

Investment Performance by Asset Class

The primary objective of the Company's investment portfolio is to create economic value subject to the maintenance of appropriate liquidity to meet expenses and claims. A diversified portfolio of appropriate nature, term and liquidity profile is preserved to ensure that sufficient cash is available to meet obligations as and when they fall due, having regard also to the expected payment of claims and other liabilities.

The Company's investment strategy is to broadly align with a Strategic Asset Allocation (SAA) which is underpinned by a 'Core' exposure to high quality fixed income securities which are desirable in terms of broadly matching the duration of liabilities and meeting cash flow requirements.

The benefits of a modest exposure to 'Non-Core' asset classes arise from increased diversification across the wider portfolio and generation of additional investment income. Within this allocation, the Company has exposure to an Absolute Return vehicle to generate lesser-correlated consistent returns above a cash benchmark over the medium to long term. The Company also has modest exposure to London-listed closed-end funds (otherwise known as Investment Companies), which provide the Company with a means of acquiring exposure to a portfolio of privately-originated yet publicly traded assets. This portfolio is now in the process of being wound down - liquidity conditions and favourable market pricing permitting.

The following represents the market values and performance of the investment portfolio:

Type of Security	2025 Market Value (\$000s)	2024 Market Value (\$000s)
Fixed income securities:		
U.S. government and government agency securities	249,362	158,878
Corporate and other securities	174,394	64,728
Mortgage-backed securities	54,617	11,300
Asset-backed securities	232,237	199,982
Total fixed income securities	710,610	434,888
Equity shares	1,353	3,931
Other investments	87,569	66,048
Total	799,532	504,867

Source: US GAAP Financial Statements

The value of the Company's investment portfolio fluctuates with changes in cash flow needs, the interest rate environment and overall economic conditions.

For the years ended December 31, 2025, and 2024, net investment income was derived from the following sources:

	2025	2024
	(\$000s)	(\$000s)
Fixed income securities	25,197	20,923
Equities	156	327
Cash and cash equivalents	6,779	5,742
Loans to related parties	3,020	3,065
Investment income before expenses	35,152	30,057
Investment expenses	(627)	(493)
Net investment income	34,525	29,564

Source: US GAAP Financial Statements

Material Income and Expenses

The following tables provide summaries of the Company's material income and expense lines:

	2025	2024
	(\$000s)	(\$000s)
Income		
Gross premiums written	1,051,316	933,243
Investment income	34,525	29,564
Other income	5,135	1,729
Expense		
Loss and loss adjustment expense	653,197	514,976
Acquisition costs	120,773	68,148
General and administration expenses	14,745	8,033

Source: US GAAP Financial Statements

The Company's expenses primarily consist of loss and loss adjustment expenses incurred on the reinsurance and insurance policies we underwrite and acquisitions costs, which typically represent a percentage of premiums written by the Company. Other income expenses include investment income, expenses and foreign exchanges gains and losses assumed by the Company related to the CCCL quota share. General and administrative expenses include personnel expenses, rent, professional fees and other miscellaneous items.

On December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023 (the “CIT Act”), which applies a 15% corporate income tax for fiscal years on or after January 1, 2025. The Company was subject to this corporate income tax starting with the 2025 fiscal year, and as such recorded income tax expense of \$31,672 for the year ended December 31, 2025.

Governance Structure

Board and Senior Executive

Structure of the board and senior executive, roles, responsibilities and segregation of these responsibilities

The Board of Directors (the “Board”) is responsible for overseeing the Company’s business and affairs to ensure it operates in a sound and prudent manner and maintains a governance framework appropriate for the nature, scale and complexity of its operations. The Board consisted of the following directors as at December 31, 2025:

Name	Board Position	Additional Responsibilities
Sheldon Lacy	Chairman and Non-Executive Director	Group Chief Risk & Governance Officer
Mark Berry	Independent Non-Executive Director	
Charles Cooper	Executive Director	Chief Executive Officer and Group Global Head of Reinsurance
Jesse DeCouto	Executive Director	Chief Underwriting Officer and Group Head of Product - Reinsurance
Tonia Morgan	Executive Director	Chief Financial Officer

The Board meets at regular intervals and is guided by the Company’s Bye-Laws, Corporate Governance Framework and Enterprise Risk Management Framework. The Board has not appointed any formal board committees. Given that the Company is a wholly owned subsidiary of the Group, its activities are supported by Committees designated by the Group Board of Directors (the “Group Board”), such as the Audit Committee and the Risk Committee.

The Company’s senior management is responsible for the day-to-day management of the Company and provides regular reporting to the Board thereby enabling

effective monitoring of business activities and control environments.

The Company outsources many of its back office operational functions to other Group entities.

Remuneration policy and practices and performance-based criteria governing the board, senior executive and employees

The Company's Remuneration Policy was developed in accordance with applicable regulatory requirements and sets out the approach to remuneration which includes:

- Securing the maximum possible alignment between the interests of employees with the ambitions of the Company and the creation of value for its shareholders;
- Ensuring that Canopus' remuneration policy does not encourage unauthorised or unwarranted risk-taking that exceeds the Board's risk appetite;
- Having first class employment practices, which contribute to Canopus being "the workplace of choice" for high-calibre talent.

Executive directors are not separately compensated for their Board roles.

The Company outsources all its Bermuda-based functions to Canopus Underwriting Bermuda Limited ("CUBL"). The Executive and Employee remuneration consist of fixed reward (base salary, benefits and pension contributions) and variable rewards (Short-Term Incentive Plans ("STIP") and a Long-Term Incentive Plans ("LTIP")) that can be offered to retain top talent.

Base salaries are reviewed annually. The Remuneration Committee considers inflation rate movements, market data and the overall performance of the business, to set the overall salary budget.

The STIP is designed to be explicitly linked to the performance of the Group and reward employees for meeting their performance objectives/goals aligned to the performance of their capability.

LTIP is awarded to identified key talent. This award is separate from the annual discretionary bonus and is intended to reward continuing contribution towards delivering business targets over a designated period.

Supplementary pension or early retirement schemes for the board, senior executive and employees

All executives and employees of CUBL receive an amount equal to 10% of their base salaries in respect of a retirement benefit contribution.

Material transactions with shareholder controllers, persons who exercise significant influence, the board or senior executive

None outside that described in the Background section and Outsourcing section.

Fitness and Propriety Requirements

Fit and Proper Process

The Chairman monitors the composition of the Board and considers its diversity, balance of skills, experience, independence, and knowledge and ensures that it remains appropriate. Additionally, board members complete a confidential Board Performance Review overseen by the Chairman.

The Directors should be and remain qualified for their positions. They should have clear understanding of their role in corporate governance and be able to exercise sound and objective judgement about the affairs of the Company. Board training sessions are held on an ad hoc basis when it is determined there may be a knowledge deficiency in an area.

Senior executives and employees are assessed when the individual is hired and on an ongoing basis. The initial assessment is conducted during the recruitment stage through the interview process. Ongoing assessments are conducted by the Group's Continuous Performance Management approach through performance and development discussions and feedback.

Board and Senior Executive Qualification

Sheldon Lacy, Board Chairman and Non-Executive Director

Mr. Lacy is the Group Chief Risk Officer for the Group and an Executive Director for Canopius Re. After graduating with a Masters in Physics, Mr. Lacy worked in Banking where he held several quantitative roles on a Trading Floor, before running the global funding and liquidity analytics for Lloyd's Banking Group Treasury. In 2005 he transitioned into Insurance as Head of Financial Risk for listed insurer RSA responsible for Asset side Capital and Reinsurance Credit risk leading RSA through their Solvency II model validation.

In 2010, Mr. Lacy moved into the Specialty P&C Market as Head of Risk for Talbot Underwriting, ultimately leading the global ERM team for Validus and co-Chairing the Lloyd's Market Association Chief Risk Officers Forum before becoming the Chief Risk Officer for ANV where he led the Risk, Legal and Compliance function through the Lloyd's Solvency II application.

Mr. Lacy was previously a Managing Director for AmTrust at Lloyd's and joined the Group in 2019 as part of the transaction.

Mark Berry, Independent Non-Executive Director

Mr. Berry was appointed as a Non-Executive Director for the Company in November 2023. Mr. Berry has over 40 years' experience in the reinsurance industry in a variety of Management and Underwriting roles. He was most recently the Senior Vice President for the Specialty Division of AXA XL's Bermuda reinsurance operations and was part of AXA XL Group's Managing Director team. Mr. Berry joined XL in 1992 and retired in good standing in 2021. Before joining XL, he worked at Stockholm Re (Bermuda) Ltd as a Non-Marine Deputy Underwriter.

Mr. Berry is a former Board member of the International Underwriting Association, the London Market Group, and the Non-Bureau Working Group, all based in London.

Charles Cooper, Executive Director and Chief Executive Officer

Mr. Cooper has close to 30 years' experience in insurance and reinsurance in a variety of Management and Underwriting roles. He began his career with AIG and Zurich North America in New York, writing International Primary Casualty business. He transitioned to reinsurance when he joined XL Reinsurance America, Inc. in 2000. Mr. Cooper assumed the role of President and Chief Underwriting officer of XL Re Ltd in 2010 and subsequently Chief Executive of Bermuda Reinsurance for XL Catlin in 2017. From 2018 – 2022, he was Chief Executive, Reinsurance for AXA XL – responsible for managing the company's global reinsurance business.

Mr. Cooper joined the Company in September 2023 as the Chief Executive Officer, Chief Underwriting Officer and Global Head of Reinsurance for the wider Canopus Group.

Jesse DeCouto, Executive Director and Chief Underwriting Officer

Mr. DeCouto is the Canopus Reinsurance Ltd. (Bermuda) Chief Underwriting Officer and Canopus Global Product Leader for Reinsurance. In this role Mr. DeCouto directs all aspects of the reinsurance underwriting activities of Canopus which also includes

establishing the global strategy and collaborating senior throughout the Canopus Group.

Prior to his role at Canopus, Mr. DeCouto joined Validus Re in 2007 and held progressively senior roles underwriting Financial, Specialty, and Marine and Energy Lines and ultimately leaving in 2023 as the Chief Underwriting Officer. Jesse started his reinsurance career full time in 2000 at Partner Re for a total of eight years as a US Property Cat Underwriter in Bermuda and a Pricing Actuary for Partner Re in Greenwich, CT.

Mr. DeCouto earned his MBA at the College of Insurance, NY in Financial Risk Management and his B.S. in Biomedical Engineering from the University of Miami, FL. Jesse is an Associate of the Casualty Actuarial Society and has earned his Registered Professional Liability Underwriter ("RPLU") designation from the Professional Liability Underwriting Society.

Tonia Morgan, Executive Director and Chief Financial Officer

Ms. Morgan was appointed Chief Financial Officer on July 1, 2024. She has over 25 years' experience in the reinsurance industry. Prior to this appointment, Ms. Morgan served as CFO, Reinsurance Bermuda at Axa XL, where she served in various positions from 2018 to 2024, including Head of Finance Reinsurance Ceded, overseeing the financial reporting for the company's alternative capital and ceded reinsurance activities. Her previous experience also includes roles at Aeolus Capital Management, Hiscox Bermuda and Validus Holdings.

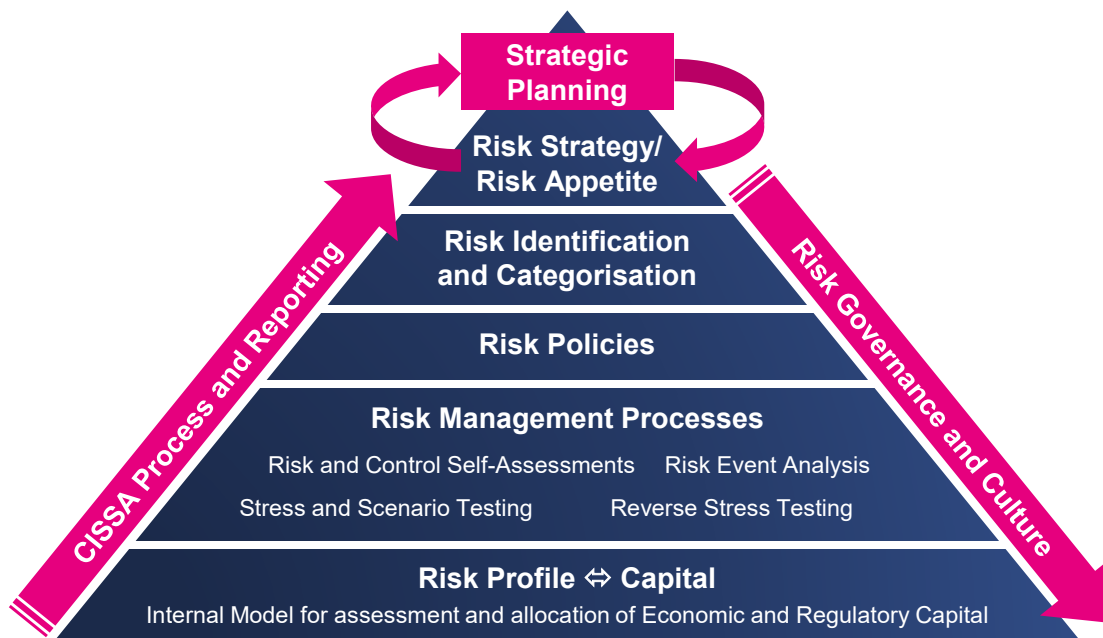
Ms. Morgan is a CPA, CA and a member of CPA Bermuda. She holds a Bachelor of Business Management from Ryerson University and has also earned Chartered Property Casualty Underwriter ("CPCU") and Associate in Reinsurance ("ARe") designations.

Risk Management and Solvency Self-Assessment

Risk management process and procedures to identify, measure, manage and report on risk exposures

The Company's Enterprise Risk Management (ERM) Framework has been developed in line with its risk management strategy and principles. Risk taking and risk management are an inherent part of its business activities. The adoption of sound risk management practices is considered imperative by management and the Board and is fundamental to the ongoing success of the entity. The high-level business and risk strategies are owned and directed by the Board.

The entity operates a 'three lines of defence' risk governance model. The first line of defence comprises underwriting divisions and operations (risk ownership), the second line of defence comprises risk and compliance functions (risk oversight) and the third line of defence comprises internal and external audit (independent risk assurance). An overview of the ERM Framework is shown below.



The practical application of the ERM Framework comprises a range of policies, processes and procedures but in order to work effectively, all of these have to be underpinned by an appropriate risk culture.

The Risk team continues to promote and embed a strong risk culture through:

- Clearly defined risk ownership/ roles and responsibilities within the first line;
- Staff training (ad hoc and as part of other regular processes);
- An open and transparent communication style which is leading to more timely escalation and remediation of issues; and
- Supporting wider culture initiatives, including encouraging individuals to self-identify issues to enable the business to learn from mistakes.

Implementation of Risk Management and Solvency Self-Assessment

Key exposures are identified, measured, managed and reported using various processes and tools, including:

- Assessing risk exposure in aggregate and by type against Board-approved risk appetite and limits;
- Performing independent model validation of risk and capital models via the Model Oversight Group;
- Risk reporting focused on issues with actions and mitigation plans;
- Stress and reverse stress testing scenarios to provide management and the Board with both a quantitative and qualitative view of how materialisation of existing and plausible risks could impact the business;
- The Risk Register, which outlines the identified risks, board level and management level risk owners and the assessment of the impact and probability of each risk along with the adequacy of controls in place; and
- Risk and Control Self-Assessments are conducted quarterly, and any controls assessed as partially operating as intended or not operating as intended are assigned an action plan, action owner and an action due date.

In line with the Group approach, the Company's risk management strategy is to generate attractive returns on investor capital through informed risk taking, i.e. by exposing capital to risk in order to generate suitable returns. As such, the effective management and control of both the upside of risk taking and the potential downside is a fundamental core competency of the organization. the Company's Risk strategy is aligned to its corporate strategy and focuses on:

- Underwriting discipline;
- Sophisticated exposure management;
- Robust reserving;

- Conservative and sophisticated investment management;
- Efficient, effective and robust operations;
- Effective cost management; and
- Strong focus on capital management and delivering appropriate returns.

Relationship between the solvency self-assessment, solvency needs, and capital and risk management systems

The CISSA considers all relevant and material risks to which the Company is exposed. The CISSA uses quantitative methods to assess the risk profile of the business where sufficient quantitative information exists; this is supplemented by qualitative risk assessment methods to ensure a holistic view of the risk profile.

Risk appetite is the articulation of the amount of risk from all sources that the Company is prepared to accept to meet its strategic objectives. The Board has responsibility for ensuring the effective management and control of risk. Accordingly, the Board approves the ERM Framework and risk appetite in line with the business plan. The CISSA compares the Company's risk profile against risk appetite to confirm whether the business has operated within the Board approved risk appetite. The CISSA is also forward looking and assesses risk and capital required for the duration of the strategic business plan time horizon (typically three to five years). The CISSA compares this against available capital resources (quantity and quality) to ensure the Company's overall solvency needs are met throughout.

The assessment also includes an analysis of the extent to which the CISSA may deviate from the regulatory capital required, as calculated by the BSCR formula, to understand the drivers of any material variances between capital perspectives.

By consolidating risk appetite, risk-based capital requirements and overall business strategy, the CISSA process provides a basis to communicate the strength of the Company's solvency position (both on an economic and regulatory basis) and the extent to which ERM processes and practices are embedded within the business.

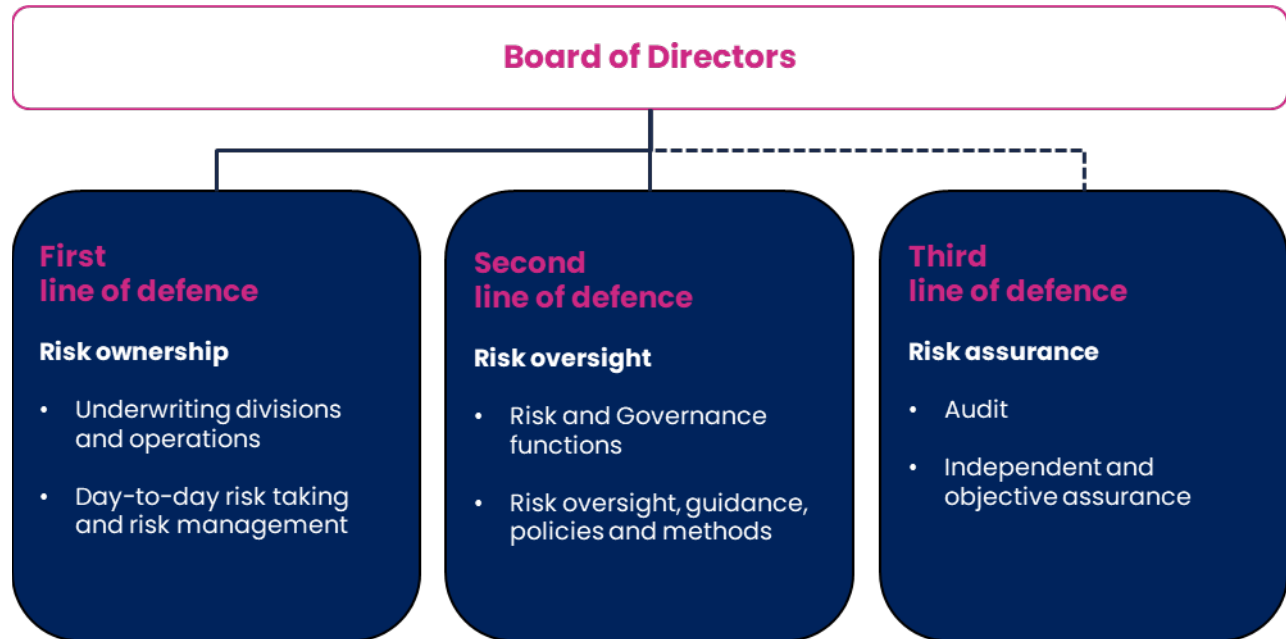
Approval process

The CISSA is prepared via consultation with relevant functions and business units. The CISSA is then reviewed and approved by the Company's CFO, CEO and Group CRO. Finally, it is approved by the Board as part of the Company's Capital and Solvency Return submission.

Internal Controls

Internal Control System

The Company operates a 'three lines of defence' risk governance model.



Risk management and oversight begins with the Board which has the ultimate accountability for ensuring the effective management and control of risk from all sources.

The first line of defence (first line) involves everyone involved in day-to-day risk taking and comprises all underwriting and operational (e.g. Actuarial, Claims, Finance, HR, IT, etc.) areas. The first line has direct responsibility for the management and control of risk which includes:

- The implementation of appropriate and cost-effective controls;
- Monitoring control effectiveness;
- Ensuring the risk profile of the business is in line with the Board's expectations and risk appetite;
- Implementing risk management processes and risk mitigation where appropriate;
- Identifying emerging risks; and

- Reporting material risks, control breakdowns upwards within the governance structure.

Internal controls are documented in the internal control framework, which outlines the risks identified, the controls in place to mitigate those risks and who is responsible for operating the control. These controls are assessed for operational effectiveness on a quarterly basis.

Risk and Compliance Function

The second line of defence provides oversight and challenge to the risk-taking business as the first line of defence. This comprises the Risk and Compliance Functions. The second line is primarily responsible for:

- Providing oversight of all material risks;
- Establishing policies, systems, processes and tools for risk management; and
- Ensuring the risk management framework is robust and effective.

The Risk team is responsible for facilitating and monitoring the implementation of effective risk management across the business, enabling the business to effectively manage risk in pursuit of its business strategies and objectives.

Key responsibilities of the Risk function are:

- The implementation, maintenance, embedding and continuous improvement of the ERM Framework;
- Managing the Commercial Insurer Solvency Self-Assessment and annual reporting;
- Co-ordinating the defining of risk appetite and supporting risk tolerances/limits and ongoing monitoring;
- Facilitating the identification, analysis and reporting of risk incidents and near misses;
- Supporting the identification of new and emerging risks;
- Annual risk and quarterly control assessments;
- Helping to facilitate an appropriate risk culture, through training, coaching and support to staff as required;
- Testing and validating the internal model in addition to analysing its performance; and

- Stress and Scenario Testing to inform business planning and strategic initiatives.

The Compliance function has an overarching strategic goal of demonstrating compliance with all regulatory requirements. The Compliance function provides advice, guidance and challenge in line with Canopus' objectives and risk profile, regulator expectations and the emergence of new regulatory requirements. In broad terms the Compliance function:

- Acts in an advisory capacity, guiding and supporting the first line business management in discharging the firm's regulatory related obligations;
- Works in partnership with the business to explain regulatory responsibilities of the business and helping to frame regulatory compliance policies;
- Acts as a guide to help prevent regulatory breaches from occurring within the business;
- Acts as an independent and objective review, oversight and monitoring function;
- Assesses the systems and controls in place to meet regulatory responsibilities providing challenge and identifying potential regulatory risk areas; and
- Provides management information to senior management on the adequacy and effectiveness of compliance with key applicable laws, regulations and policies.

Internal Audit

The third line of defence principally involves the independent Internal Audit Function. The Internal Audit Function resides at Group level and has oversight over the Company.

Internal Audit contributes to the achievement of business objectives by bringing a systematic, disciplined approach to evaluating and strengthening the effectiveness of risk management, control and governance processes. This is done by:

- Providing independent, objective, timely and relevant assurance to the Group Audit Committee, senior management, the Board including any sub committees of the Board, as appropriate, on the adequacy and effectiveness of the Enterprise Risk Management ("ERM") activities, including the system of internal control, and compliance with key applicable laws, regulations, policies and other governance requirements;

- Reviewing and evaluating the adequacy and effectiveness of risk management practices, internal control systems, information systems, and governance processes through periodic reviews and testing of transactions, 'good practice' reviews, special investigations, appraisals of regulatory requirements and measures to help prevent and detect fraud and operational inefficiencies;
- Providing assurance that significant risks are proactively identified, reported and competently evaluated by management;
- Reviewing the effectiveness of the management of significant risks; and
- Following up on the status of recommendations and confirm that effective and timely remedial action has been taken.

Actuarial

The Actuarial Function is a Group function within Canopus and is made up of Fellows and Members of the Institute and Faculty of Actuaries, statisticians and business analysts. The Actuarial Function is headed by the Chief Actuary who ensures that work is performed by suitably qualified people and that a suitable system of checking and peer review is in place.

The Chief Actuary is a member of the Group Executive Committee and sits on the Group Model Oversight Group and Group Reserving Committee. The Model Oversight Group and Reserving Committee report to the Group Audit Committee. Additionally, the Chief Actuary has separate discussions with the Chairman and Group Risk Committee. This allows the Actuarial Function to remain free from influence of the Board.

All members of the Actuarial Function follow the professional standards required by the Institute and Faculty of Actuaries. There is an annual training session for the Actuarial team covering professional issues such as conflicts of interest and whistleblowing. This helps ensure all member of the team know how to deal with conflicts should they arise.

The Actuarial Function is responsible for:

- Supporting underwriting by developing and maintaining a pricing policy, reviewing and updating pricing models, and by providing individual case pricing;
- Reviewing reserves on a quarterly basis (including holding tracking meetings with underwriting and claims staff) and calculating technical provisions; and
- Calculating the capital required to support each underwriting plan and ensuring the standards for calculation as set out by the relevant regulatory bodies are met.

Outsourcing

Outsourcing Policy and key functions outsourced

Outsourcing involves entering into an agreement with a service provider in any number of functions to perform ongoing business activities on a continuing basis (including agreements for a limited period), a business activity which currently is, or could be, undertaken by the Company. The Company has adopted the Canopus Group Outsourcing Policy. The Group manages all outsourcing arrangements to a minimum standard and in a manner which appropriately reflects the materiality of the arrangement. Enhanced scrutiny shall be applied to outsourcing of Material Business Functions or Activities and outsourcing of Critical or Important Functions or

Activities.

A Material Business Activity is one of such importance that weakness, or failure, of the activity would cast serious doubt on the Company's satisfaction of the threshold conditions (that is, the minimum standards that the regulator expects firms to satisfy to become and remain regulated by it) or compliance with the Insurance Code of Conduct (for example, our obligation to take reasonable care to organize and control our affairs responsibly and effectively with adequate risk management systems). This expressly includes Critical or Important Functions or Activities.

A Critical or Important Function or Activity is defined as any function or activity that is essential to the operation of the Company such that it would be unable to deliver its services to policyholders without the function or activity. The Company considers that this would include where a failure in the outsourced service provider's performance would materially impair The Company's financial performance, reputation, ability to comply with its conditions of authorization and regulatory obligations, and the continuity of its services to policyholders.

Where The Company outsources a "key function" (risk management, compliance, internal audit, actuarial, the function of effectively running the insurer, or any other function that is of specific importance to its sound and prudent management), will also ensure it:

- Applies the "fit and proper" requirements to persons employed by the service provider that will perform the outsourced key function;
- Designates a person with overall responsibility for outsourced key functions who is fit and proper, and possesses sufficient knowledge and experience regarding the outsourced key function to be able to challenge the performance and the results of the service provider; and
- Notifies the relevant regulator of the reasons for selection the function as key, information about any changes and the identity of the persons effectively running a key function.

Intra-Group Outsourcing

The Company seeks to achieve operational efficiencies through intra-group outsourcing. To manage operational risk to regulated operating entities, rules and requirements contained in its Outsourcing Policy applies to intra-group outsourcing and the Company has determined that intra-group outsourcing constitutes an

outsourcing of Material Business Activity and/or a Critical or Important function or Activity.

As part of intra-group outsourcing, the Company ensures that:

- Ongoing assessment is carried out to determine that the insurer should rely on functions and activities provided by a service provider within the Group;
- A written agreement exists to stipulate the duties and responsibilities of both parties; and
- Overall responsibility shall be robustly managed with business contingency plans in place.

The provision of staff required to operate the business is conducted through Group service companies and documented in Service Agreements. Underwriting, claims handling, finance decision making, compliance, risk management and the function of effectively running the Company are outsourced to CUBL, which acts as the Bermuda service company. Actuarial, investment management, IT & cyber security, and internal audit are outsourced to Canopus Services Limited ("CSL"), the UK service company.

Other Material Information

There is no other material information to report regarding the governance structure.

Risk Profile

Material Risks – how they are measured and material changes

The key risks the Company is exposed to consist of insurance risk (underwriting risk and reserve risk), market risk (investment interest rate, asset price and foreign exchange risk), liquidity risk, credit risk, operational risk (people, regulatory, fraud, outsourcing, systems, IT and physical risk) and emerging risks.

Insurance Risk

In line with the business model and strategy, insurance risk is the dominant risk. Insurance risk is defined as the risk of loss arising from inherent uncertainties as to the occurrence, amount and timing of insurance liabilities. Insurance risk encompasses the risks that policies are written for too low a premium or provide inappropriate cover such that the frequency or severity of insured events will be higher than expected or that estimates of claims subsequently prove to be insufficient. Insurance risk is further broken down into three main sub-categories: non-catastrophe premium risk, catastrophe premium risk (collectively underwriting risk) and reserve risk.

Insurance risk presents significant exposures to the Company including high severity/low frequency losses, low severity/high frequency losses and underestimation of reserves. Catastrophe exposures from a variety of perils (both natural and non-natural/man-made) exist within most classes of business written.

Market Risk

Market risk is defined as the risk of loss resulting directly or indirectly from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. This is further broken down into interest rate risk, asset price risk and foreign exchange risk.

- Interest rate risk is the risk that rising interest rates and/or credit spreads of fixed income securities can reduce the market value of the investment portfolio.
- Asset price risk is the risk of decline in market values of equity securities.
- Foreign exchange risk is the risk that changes in foreign exchange rates on both assets and liabilities could impact the Company's net capital.

Market risk factors are measured against yield curve movements, credit risk spreads, equity price movements, and foreign exchange movements using stress tests.

The Company's investment portfolio remains defensively positioned and therefore no

material changes occurred in 2025.

Liquidity Risk

Liquidity risk relates to projected cash flows where assets backing the liabilities of the business are not available at the time liability payments are due. This can occur through holding illiquid assets or having timing issues, for example having to pay gross claims before reinsurance recoveries are received.

The Company's liquidity risk management approach is to hold assets that can be readily converted, if required, to deal with unexpected cash outflows and/ or changes in expected cash inflows. The business holds a minimum level of liquidity to ensure that sufficient liquidity is in place to meet projected cash outflows. Scenario analysis is regularly performed to assess liquidity under stressed conditions.

In accordance with BMA requirements, the Company's liquidity ratio is calculated on a quarterly basis. Where appropriate, forward-looking liquidity projections are prepared to ensure the Company can meet its financial obligations as they fall due, even under stressed conditions.

There were no material changes with respect to liquidity risk during the year.

Credit Risk

Credit risk is defined as the risk of loss if the counterparties fail to perform their obligations or fail to perform them in a timely fashion. The key business counterparties are CCCL and external reinsurers. Credit risk also exists with investment counterparties, including banks holding cash and cash equivalents.

Credit risk is measured in terms of exposure to counterparty default. External credit ratings are used as a key indicator to measure credit risk as well as concentrations with counterparties.

There were no material changes with respect to credit risk during the year.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risks, if not managed properly, can lead to a number of issues such as increased expenses, regulatory fines or other censure, and through less quantifiable areas such as reputational damage.

Operational risk includes group risk, people risk, financial reporting risk, change management risk, cyber & information security risk, data quality risk, organizational

resilience risk, outsourcing & procurement risk, systems & infrastructure risk, fraud, financial crime, and sanctions risk, model risk, legal & regulatory risk, claims risk, and tax risk.

- Group risk is the risk that activities and events occur within Canopus Group and/or other legal entities in the corporate structure, that directly or indirectly impact the business unit.
- People risk is the risk that the Company fails to attract or retain the desired calibre and capabilities; and/or number of employees to meet the corporate goals of the business.
- Financial reporting risk is the risk that financial statements and returns to external bodies are materially incorrect.
- Change management risk is the risk that the (Board approved) change program fails to deliver the desired goals within required timelines and within stated budget.
- Cyber & information security risk is the risk to operations arising from internal or external deliberate or accidental threats and/or vulnerabilities associated with information systems and data in use by the Company.
- Data quality risk is the risk that data which is used by the business to make informed decisions is inaccurate, incomplete, outdated or inconsistent.
- Organisational resilience risk is the risk that the Company is unable to maintain critical business functions/capabilities and/or important business services both during and following an adverse event that impacts our customers within specified tolerance levels.
- Outsourcing and procurement risk is the risk that the Company is adversely impacted due to the actions and/or failings of business-critical outsourced providers and/or procurement partners.
- Systems & infrastructure risk is the risk of losses from failure or inadequacies of the business technology infrastructure in place to support insurance operations.
- Fraud, financial crime and sanctions risk is the risk that financial crime, fraud or non-compliance with sanctions requirements causes the Company to suffer

financial loss as a result of deliberate or inadvertent action/inaction by an employee or a person acting on behalf of the Company.

- Model risk is the risk of loss due to quantitative models used in decision-making being materially incorrect as a result of errors in the development, implementation and use of the model.
- Legal & regulatory risk is the risk of loss, fines or enforcement as a result of failure(s) to adhere to regulatory requirements/ legislation and/ or failure to adapt to changes in regulation/legislation
- Claims risk is the risk that the Company suffers greater than expected losses due to claims being assessed and/or paid incorrectly, internal or third-party errors or systemic bias within the claims adjustment process or failure to recover money through salvage or from a third party.
- Tax risk is the risk that the Company may be deemed to have created a permanent establishment or other taxable presence in a foreign jurisdiction, or is deemed to not have sufficient economic substance in Bermuda, due to the nature, location, or execution of its activities

Operational risks are assessed via the enterprise risk management framework, with each risk being assigned an inherent probability and impact that reflects the level of risk in absence of internal controls.

Financial Risk from Climate Change

Climate-related risk is the risk of loss from the consequences and responses to the impacts of climate change. The principal climate-related risks and opportunities include:

- Physical risks, which relate to specific weather events include rising temperatures, flooding, drought, sea-level rise and water scarcity, which may give rise to insured financial losses and impact the value of the Group's invested assets;
- Transition risks – the impact of the move to a low-carbon economy via changes to policy, regulation, changes to society or the emergence of new technologies and business models, which may impact the demand for certain types of insurance policies; and

- Liability risks, which is the risk that parties who have suffered loss or damage from physical or transition risks may seek to recover losses from those they hold responsible, potentially affecting classes of business such as Directors & Officers and Professional Indemnity.

These risks have the potential to adversely impact our business, but the transition to a more sustainable world may also lead to certain opportunities. Climate change risk management therefore requires a strategic approach, including a proactive approach to climate risk management including scenario analysis, mitigation measures and horizon scanning to ensure we are staying abreast of the changing climate risk landscape.

Risk Mitigation Methods and Effectiveness Monitoring

Insurance Risk Mitigation

Insurance risk is mitigated by the actions of the Company in maintaining a diversified business mix (underwriting classes and risks), suitable reinsurance protection and control activities.

The business plan sets out targets for volumes, pricing, line sizes, aggregate exposures. Performance against these targets is monitored regularly by senior management and the Board.

The Company benefits from the pricing policies that are in place for each class of business supported, where appropriate, with class level technical underwriting guidelines. Risks written are also subject to peer review and, on a selective basis, independent expert review. Controls over the aggregation of claim exposures include limiting total exposures written in defined geographical zones, monitoring aggregation by country/region, and applying line size limits in all classes.

Similarly, the Company benefits from the reinsurance cover purchased to arrive at an acceptable net risk in line with the approved risk appetites and tolerance limits. For unrelated party exposures, the Company participates on the Group reinsurance programmes and currently does not purchase any specific cover on a standalone basis.

Catastrophe risk modelling and other techniques are used to model expected loss outcomes for Realistic Disaster Scenario (“RDS”) and in-house catastrophe event scenarios. Gross and net aggregate exposures against risk appetites and tolerance

limits are monitored and reported at least on a quarterly basis.

Reserves are reviewed for adequacy on a quarterly basis by in-house actuaries and reported to the Group Reserving Management Committee and the Group Audit Committee. The Company obtains an independent opinion on the adequacy of reserves annually, and the Syndicate reserves are also subject to independent actuarial review on at least an annual basis. An appropriate level of reserves in excess of actuarial best estimates is held in line with appetite.

Market Risk and Liquidity Risk Mitigation

Market and Liquidity risks are principally mitigated by way of control activities, including asset-liability management policy.

Investment risk is managed through compliance with the investment management and asset-liability management policies. This includes setting limits by investment type, grade and exposure to any entity group.

Our overall investment strategy is developed by reference to an investment risk appetite, set annually by the Board as part of the overall risk appetite framework of the business. Investment management is outsourced to professional fund managers whose performance is monitored regularly by the Investment team, with oversight of the executive members of the Board.

The asset-liability management policy sets out the framework that governs the matching of asset and liabilities to control risks associated with foreign exchange and interest rates. Where appropriate, hedging instruments are used from time to time to manage the exposures to foreign exchange and interest rate risks.

In respect of liquidity risk, our policy is to manage the liquidity position so that we can reasonably meet a significant individual or market loss event. This means maintaining sufficient liquid assets, or assets that can be quickly converted into liquid assets, without any significant capital loss, to meet estimated cash flow requirements. The availability of liquidity in the event of a major disaster is regularly tested using internal cash flow forecasts and realistic disaster scenarios.

Credit Risk Mitigation

Credit risk is principally mitigated by way of control activities including the setting of limits for each counterparty.

Credit risk in respect of premium debt is overseen by the Credit Control and Finance functions. Key controls include a robust broker and coverholder approval process, annual financial review of brokers and coverholders, and regular monitoring of premium settlement performance.

Outwards reinsurances are placed with reinsurers who have good credit rating, or have alternative collateral provided, and who have a good record of claims payment. Limits are set as to the maximum exposures to reinsurers, and these are monitored quarterly.

Investment guidelines ensure that investments are of appropriate quality to match the risk appetite of the business. The portfolio is restricted and monitored for concentration with respect to any one issuer and credit ratings across the portfolio.

Operational Risk Mitigation

Operational risk is mitigated by way of control activities covering (not exhaustive): people, IT systems, outsourcing arrangements, governance, regulation, and business continuity. Processes, policies and procedures, are reviewed on a regular basis. The performance of control activities is reviewed on (at least) a quarterly basis.

In addition, the Internal Audit function provides independent assurance on the control environment and control activities, including compliance with internal policies and procedures for controlling activities and managing risk. Periodic reports are issued to management and the Group Audit Committee, summarizing results of audit activities and any significant issues. The Board regularly review and manage risks arising from the group and their impact on the business.

Climate Risk Mitigation

The Company incorporates governance and climate risk management into its business strategy and decision-making processes. We have established a Climate Risk Framework that outlines our systematic approach to managing climate risks, enabling us to assess the potential effects of climate change on both our operations and our clients.

The Climate Risk Framework provides a means of assessment, evaluation, ongoing measurement and reporting as we aim to build on our understanding, enhance decision-making capabilities, risk management and governance processes, meeting both internal and external stakeholder expectations.

The following are in place as part of our framework:

- Approved Sustainability Strategy, and Responsible Underwriting and Investment Policies;
- An Environmental, Social and Sustainability (ESS) Committee to help drive the strategic direction of Canopus' sustainability ambitions. Note, that whilst this is a Canopus Group Board committee, the Company's Board remains ultimately accountable and responsible for the Company's sustainability and climate risk matters. The sustainability strategy and risk appetites are managed in line with the Group, whilst ensuring it is meeting its fiduciary duties to act in the best interests of the Company, including long-term resilience and sustainability, and for regulatory compliance;
- Climate-related activities are supported by the Group Sustainability Forum, Climate Risk Working Group and Sustainability Quantitative Working Group;
- Climate risk training for the Board and senior management, including mandatory sustainability training covering climate science and associated risks, regulatory and market challenges;
- Climate Scenario analysis is performed at least annually for physical and liability risks. A qualitative risk assessment is undertaken for transition risk; and
- ClimateWise membership and annual preparation of public climate disclosures.

Material Risk Concentrations

The Company maintains and monitors tolerances around key risk exposures, particularly around catastrophe risk and investment risk. Exposures are monitored by the Risk Function. The Company has adopted policies governing risk concentrations in relation to counterparties and their credit quality.

Assets Are Invested According to the Prudent Person Principle

In accordance with the prudent person principle, the Company only assumes risks that any reasonable individual with objectives of capital preservation and return on investment would accept on their own investments. The Board has considered alternative ways of establishing risk limits for the Company and have considered and approve the use of a Value at Risk (VaR) limit at the 1-in-10 year level, and a scenario test limit corresponding to the impact of the 2008 Global Financial Crisis. The Board has established monetary limits for both the VaR measure and scenario-based measure.

Stress Testing and Sensitivity Analysis to Assess Material Risks

Several stress and scenario tests and reverse stress tests have been carried out as part of the CISSA process. The purpose of these is to provide management with both a quantitative and qualitative view of how materialization of existing and plausible risks could impact the business.

In addition to the impact on the company's solvency position, the results are evaluated in the wider context of the risk management framework to:

- Identify and recommend to senior management, as applicable, realistic management actions, or capabilities to enhance the control framework, which further manage or mitigate the certain risks; and
- Escalate, as applicable, the extent to which the consistency of the risk appetites is met.

A variety of scenarios have been considered to capture several different risk exposures. An important part of this process has been the discussions about potential future risks and management actions.

The conclusions and recommendations are reported to the Board. The most recent stress testing and scenario analysis demonstrate that the business is resilient against stresses. The solvency ratio remains greater than 100% for all individual scenarios considered, with only a combination or aggregation of events that could result in a breach of the regulatory capital requirement.

Other Material Information

No other material information to report.

Solvency Valuation

Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset

Class

The Company's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). The financial statements form the basis for the preparation of both the Statutory Financial Statements ("SFS") and the EBS as required under Bermuda insurance regulations. The SFS and EBS are used by the Company and the BMA in assessing minimum solvency and capital requirements.

The following paragraphs detail how the asset classes are valued in accordance with US GAAP and discusses differences in valuation between US GAAP and the EBS.

Fixed Income Securities

The fixed income securities portfolio comprises securities issued by governments and government agencies, corporate bonds, mortgage and other asset-backed securities. Investments in fixed income securities are classified as held for trading and are reported at estimated fair value on the Balance Sheets. Fair values are based on quoted market prices and other data provided by third-party pricing services. No adjustments are made to get to the EBS valuation.

Equities

Equities consist of stock of public companies traded on stock exchanges and are classified as held for trading and carried at fair value. Fair values are based upon quoted market prices. No adjustments are made to get to the EBS valuation.

Other Investments

Other investments include collective investment schemes, an investment in an alternative Undertakings for Collective Investment in Transferable Securities ("UCITS") fund that focuses on fixed-income and currency markets, and private credit funds.

Collective investment schemes are classified as held for trading and are reported at estimated fair value on the Balance Sheets. Fair values are based on quoted market prices and other data provided by third-party pricing services.

Private credit funds are classified as held for trading and valued using net asset values

as provided by their investment managers. No adjustments are made to get to the EBS valuation.

Cash and Cash Equivalents

Cash and cash equivalents are carried at fair value. Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments due to mature within three months from the date of purchase and which are subject to insignificant risk of change in fair value. No adjustments are made to get to the EBS valuation.

Loss Reserves Recoverable

Under EBS valuation, loss reserves recoverable are transferred to technical provisions. See “Valuation Bases, Assumptions and Methods to Derive Values of Technical Provisions, and Level of Uncertainty Involved” section.

Accrued Investment Income and Receivable for Securities Sold

Accrued investment income and receivable for securities sold are valued at undiscounted historical cost. Due to their short-term maturity, the US GAAP valuation policy closely approximates fair value and is considered adequate for EBS valuation purposes.

Reinsurance Balances Receivable

Reinsurance balances receivable primarily consists of the net receivable of the CCCL quota share on a funds withheld basis, as well as premiums receivable on third party business. The Company monitors credit risk associated with premiums receivable. Amounts deemed uncollectable are charged to net earnings in the period in which they are determined.

Under the EBS approach, reinsurance balances receivable are valued in line with US GAAP with the exception that any balance due in more than one year is discounted. In addition, premium that is not contractually due or is deferred as at the balance sheet date is included within technical provisions at “Valuation Bases, Assumptions and Methods to Derive Values of Technical Provisions, and Level of Uncertainty Involved” section below.

Amounts Receivable from Related Parties

These are valued at undiscounted historical cost. No adjustments are made to get to the EBS valuation.

Valuation Bases, Assumptions and Methods to Derive Values of Technical Provisions, and Level of Uncertainty Involved

Reserves for losses and loss adjustment expense (“LAE”) are based in part upon the estimation of case reserves reported from brokers, insureds and ceding companies. The Company also uses statistical and actuarial methods to estimate ultimate expected losses and LAE. The period from the occurrence of a loss, the reporting of a loss to the Company and the settlement of the Company’s liability may be several months or years. During this period, additional facts and trends may be revealed. As these factors become apparent, case reserves will be adjusted, sometimes requiring an increase or decrease in the overall reserves of the Company, and at other times requiring a reallocation of incurred but not reported reserves to specific case reserves.

These estimates are reviewed regularly, and such adjustments, if any, are recorded in earnings in the period in which they become known. While management believes it has made a reasonable estimate of ultimate losses, there can be no assurances that ultimate losses and loss expenses will not exceed the total reserves.

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 contained inherent in the underlying cash flows, which is calculated using the cost of capital approach and a risk-free discount structure. The discount rate term structures are prescribed by the BMA (and EIOPA risk free rates).

The GAAP reserving estimates are used as the starting point for the technical provisions and are adjusted to reach a best-estimate reserve as follows:

- Remove any management margin included in internal best estimates, which corresponds to the probability-weighted average of reasonably foreseeable outcomes;
- Add claims and premium provisions on future premiums;
- Incorporate loading for Events Not in Data (ENIDs);
- Add an expense provision;
- Discount cash flows; then
- Add the Risk Margin.

The best estimate earned reserve position from the quarterly reserving process is used to form the basis of the claims provision. The reserves are then adjusted for ENIDs,

which are calculated by applying a series of uplift factors to the gross and net reserves for each class of business. Cash flow patterns are applied by class, currency and policy year. Cash flows are then discounted using EIOPA prescribed rates.

The best estimate for premium provision is calculated using the unearned premium reserve and adjusted for bound but not incepted business as at December 31, 2025, and applying expected future loss ratios, expense ratios and expected claims pay-out patterns to derive cash flows. These cash flows are then discounted using EIOPA prescribed rates.

Technical Provisions	2025 (000s)	2024 (000s)
Best estimate loss and loss expense provisions	1,218,510	925,796
Best estimate premium provisions	(107,897)	(123,826)
Risk margin	49,517	33,982
Total	1,160,130	835,952

Source: BSCR Schedule IEBS

Description of Recoverables from Reinsurance Contracts

The Company enters into reinsurance agreements to mitigate its accumulation of loss. Reinsurance recoveries are estimated using known estimates plus an expected recovery rate to the gross IBNR estimates. The recovery rates are based upon the reinsurance program purchased, historic recovery rates and underwriter estimates. A deduction for counterparty risk is made to future reinsurance recoveries.

Valuation Bases, Assumptions and Methods Used to Derive Value of Other Liabilities

The carrying values of payables for securities purchased, payables to related parties and other liabilities approximated their fair values due to their respective short maturities. No adjustments are made to get to the EBS valuation.

Other Material Information

There is no other material information relating to the solvency valuation.

Capital Management

Eligible Capital

Description of Capital Management Policy and Process to Determine Capital Needs for Business Planning, How Capital Is Managed and Changes During the Reporting Period

The Company maintains capital adequacy that fully satisfies its regulatory and rating capital requirements. The capital structure has been designed to deliver a strong investment return while maintaining liquidity and financial flexibility to achieve management's underwriting, investment and strategic plans.

The Company sets the amount of capital required in proportion to risk. It then manages the capital structure and makes changes based upon changes in economic conditions and risk characteristics of the underlying assets.

The Company's activities are funded primarily by issued equity share capital, contributed surplus and retained earnings. The Group is committed to provide ongoing capital support to the Company as part of its strategic plan. The ability of the Group to raise capital is underpinned by the ongoing capital backing from the shareholders for the Group's 2025 business plan and its medium-term strategy. It is therefore believed that, whilst it cannot be guaranteed, adequate capital will be available to support the future plan of the Company and any additional funding requirements under stressed conditions.

Description of Eligible Capital Categorized by Tiers in Accordance with Eligible Capital Rules

The BMA uses a three-tiered capital quality assessment for assessing statutory capital and surplus. The tiered capital system classifies capital instruments with different qualities into different tiers. Tier 1 capital is the most loss absorbent and Tier 3 is the least loss absorbent. There are eligibility limits applied to each tier to determine the amounts eligible to cover regulatory capital requirements.

The Company's total Tier 1 Eligible Capital and total Eligible Capital is \$1,215,010 (2024: \$1,019,520).

Description of Eligible Capital Classified by Tiers in Accordance with Eligible Capital Rules Used to Meet the Enhanced Capital Requirement (ECR) and Minimum Margin of Solvency (MSM)

The BMA requires at least 80% of the MSM and 60% of the ECR to be met by Tier 1 capital.

The Company only holds Tier 1 capital as noted above and this is used to meet its ECR and MSM.

Confirmation that Eligible Capital is Subject to Transitional Arrangements as Required Under Eligible Capital Rules

N/A

Factors Affecting Encumbrances Affecting the Availability and Transferability of Capital to Meet ECR

As at December 31, 2025, the Company had cash and cash equivalents, fixed income securities and other investments that were pledged during the normal course of business as either to benefit cedants and policyholders. These assets are released to the Company upon payment of obligations.

Ancillary Capital Instruments Approved by the BMA

N/A

Differences of Shareholder's Equity in the Financial Statements vs Available Statutory Capital and Surplus

Other than the impact of statutory based technical provision valuation techniques, the differences between shareholder's equity under US GAAP and available statutory capital and surplus is the removal of prepaid expenses.

Regulatory Capital Requirements

Amount of ECR and MSM at the End of the Reporting Period

As at December 31, 2025 and 2024, regulatory capital requirements were assessed as follows:

	2025 (\$000s)	2024 (\$000s)
MSM	510,920	460,690
ECR	590,795	460,690

Non-Compliance with MSM and ECR

During the year, the Company was compliant with its regulatory capital requirements.

Amount and Circumstances Surrounding Non-Compliance and Remedial Measures Taken

N/A

Description of Non-Compliance at End of the Reporting Period

N/A

Approved Internal Capital Model

The Company does not use an approved internal capital model to derive ECR. The ECR is based upon the BSCR model.

Subsequent Events

There were no other transactions or events beyond those addressed in the notes to the Financial Statements that were outside of events occurring in the ordinary course of business, between December 31, 2025 and April 24, 2026 that materially affected the Financial Statements.

FCR Declaration

To the best of my knowledge and belief, this financial condition report represents the financial condition of Canopus Reinsurance Limited as at December 31, 2025, in all material respects.

A handwritten signature in blue ink, appearing to read "C Cooper".

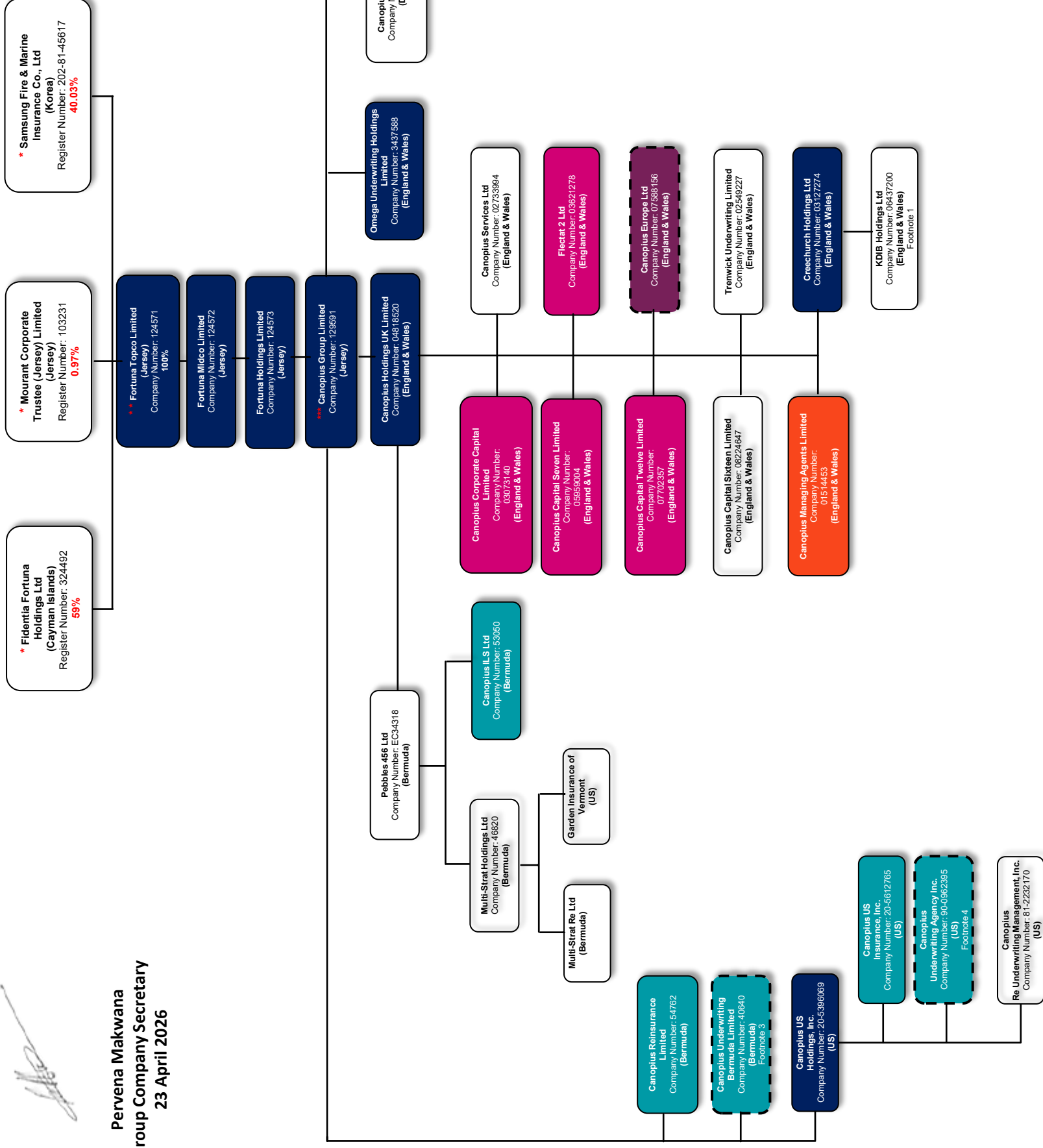
Charles Cooper
Chief Executive Officer
Canopus Reinsurance Limited

A handwritten signature in black ink, appearing to read "Tonia Morgan".

Tonia Morgan
Chief Financial Officer
Canopus Reinsurance Limited

Appendix 1: Canopus Group structure chart

Pervena Makwana
Group Company Secretary
23 April 2026



KEY	
	Controller
	FCA, PRA & Lloyd's Regulated
	FCA Regulated
	Lloyd's Regulated
	Overseas Jurisdiction Regulated
	Branch
	Appointed Representative/ Coverholder

Footnote:

- 17% of Preference Shares are owned by Crechurch Holdings Ltd. 83% of Preference Shares are owned by Canopus Holdings UK Ltd. 83% of Ordinary Shares are owned by a dissenting shareholder.
- Canopus Asia PTE Ltd is authorised to write business off the Lloyd's book under Canopus Managing Agents Limited's authority. Additionally, Canopus Asia PTE Limited operates locally under its own regulatory licences.
- Canopus Underwriting Bermuda Limited is authorised to write business off the Lloyd's book under Canopus Managing Agents Limited's authority. Additionally, Canopus Underwriting Bermuda Limited operates locally in Bermuda under its own regulatory licence.
- Canopus Underwriting Agency Inc. is authorised to write business off the Lloyd's book under Canopus Managing Agents Limited's authority. Canopus US Insurance, Inc., and Samsung Fire & Marine (US Branch). Additionally, Canopus Underwriting Agency Inc. operates locally in the US under its own regulatory licence.

(Otherwise than noted above all companies are 100% owned by their immediate parent company.)

* There is no natural person who holds beneficial ownership interest of 25% or more in Fidentia Fortuna Holdings Ltd and Mourant Corporate Trustee (Jersey) Limited. Ultimate Beneficial Owner (UBO) information is not applicable for Samsung Fire and Marine Insurance Co., Ltd., as it is a publicly listed entity on the Korea Exchange, and its ownership is subject to market disclosure and regulatory transparency.

** No natural person beneficial owner holds a 25% or more effective ownership interest in Fortuna Topco Limited.

*** No natural person beneficial owner holds a 25% or more effective ownership interest in Canopus Group Limited.

(This assessment is based on the Group's latest corporate records and regulatory definitions and should the ownership structure change, this statement will be updated accordingly)