Canopius Group Limited Annual Report and Financial Statements FOR THE YEAR ENDED 31 DECEMBER 2023

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

Company number 129591

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GROUP ACCOUNTS

2023 Key Statistics[1]

Total shareholders' equity

$1,617.9m

Tangible net assets (TNAV)[2]

$1,448.3m

Total available capital[3]

$1,718.8m

Insurance contract written premium

$2,795.5m

Net insurance revenue[4]

$1,773.9m

Insurance service result

$284.9m

Profit after taxation

$363.4m

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Net combined ratio - discounted

83.9%

Net combined ratio - undiscounted[5]

88.7%

Insurance contract written premium comprises the gross premiums on business incepting in the financial year, adjusted to exclude inwards reinstatement premiums and non-claim dependent ceding commissions on inwards reinsurance together totalling $57m (2022: $46m).

The combined ratio - discounted is calculated by dividing 'insurance service expenses' net of 'amounts recoverable from reinsurers for incurred claims' by 'net insurance revenue'.

1 Amounts presented are determined from the financial statements except as noted below.
2 Tangible net assets (TNAV) represents total equity attributable to equity holders of the parent less intangible assets and deferred tax liabilities on intangibles.
3 Total available capital represent tangible net assets (TNAV) plus utilised unsecured letter of credit facilities, as per note 27(b).
4 Net insurance revenue is 'insurance revenue' net of the 'allocation of reinsurance premiums'
5 Net combined ratio - undiscounted excludes the impact of discounting net claims costs recorded within 'insurance service expenses' and 'amounts recoverable from reinsurers' of $85m (2022: $17m).

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Chairman's Statement

December 2023 marked 20 years since the founding of Canopius. Since that time, we have developed into a highly diversified global specialty (re)insurance business with $2.8billion of insurance contract written premium across 5 product groups and three thriving international business units. It is a privilege to have served as Chairman of the Group throughout this period and heartening to look back upon two decades of profitable growth built by colleagues past and present.

I am thrilled that, coinciding with this significant anniversary, we have delivered our highest ever annual profit of $363m.

A positive and winning culture at our heart

Our empowered people and entrepreneurial spirit have been the driving force behind our exceptional achievements in 2023.

I believe our employee-led culture is the key to building a profitable and sustainable business and the investments we are making into our people and their wellbeing will ensure we attract and retain the best talent across all functions and regions.

There is a genuine positivity around Canopius. The recent feedback from our regular Employee Engagement Survey was very encouraging. We continue to score highly when we ask our employees to evaluate us as a caring and inclusive employer. The survey told us that people feel empowered, and they feel that they are listened to and their efforts recognised.

I remarked to colleagues during our anniversary celebrations that the strides we have made over the last 20 years to make Canopius a fantastic place to work are one of our most outstanding, and I hope enduring, achievements.

Strengthening our leadership

In my statement last year, I noted that we had assembled our "strongest ever management team" but I am delighted to report that we further strengthened our Leadership Team (LT) in 2023 through the appointment of Sam Harrison as Group Chief Underwriting Officer and Charles Cooper as Global Head of Reinsurance and Bermuda Chief Executive Officer. Both Sam and Charles are hugely respected in their fields and come to Canopius with decades of underwriting experience that will help us take the next step in our evolution.

Led by our Group Chief Executive Officer Neil Robertson, the LT continued to make great strides in building a more resilient and sustainable organisation in 2023. They delivered meaningful, profitable growth and continued to foster a positive and winning culture. It is fair to say that I am more delighted than ever with the calibre of skilled and experienced colleagues who make up our new generation of senior leadership!

Embedding positive changes

The success of 2023 was made possible by the transformation initiatives we implemented in 2022 and continued to deliver throughout the year.

In 2022, we stood up a new target operating model, with a focus on regional execution and global (re)insurance products. I am glad to see that this model blossomed in 2023. Our three Business Units in the UK, U.S. & Bermuda and APAC are working more closely than ever, reflected in our positive results and achievements across the globe. Our established international presence and proven operating model makes Canopius a highly agile business and one that is able to take advantage of the best opportunities wherever they arise.

We operate in a world that is changing rapidly, not least with respect to developments in technologies such as automation and artificial intelligence. A focus on the future and the challenges it may bring is vital to the success of any business. Canopius has always embraced change and I remain pleased with the way that we are continuing to embed technology and data across our business, as Neil describes in his report.

Outlook for 2024

With strong foundations across the business, a top-tier leadership team in place and a positive 2024 renewal season already behind us, the future looks bright for Canopius.

We enter the new year emboldened after our strong achievements in 2023. Market conditions continue to be generally favourable and we have an energised workforce ready to take on the next set of challenges. I firmly believe we have the vision, structure and talent, necessary to continue delivering on our ambition to make Canopius a leading international specialty and P&C (re)insurer.

And, while we should celebrate the excellent achievements outlined in this report, we remain hungry to deliver even more. I am immensely proud to see that same spirit and dynamism which shaped Canopius' early fortunes is still on show two decades later.

I would like to thank our employees, customers, partners, and shareholders for their continued support. We remain committed to delivering on our promises to all our stakeholders and look forward to another successful year.

MICHAEL WATSON
Chairman

11 March, 2024

GROUP ACCOUNTS

Chief Executive's Statement

> We have achieved high levels of growth and profitability, enhanced our strategic focus, and added substantial capabilities to our business.

Our 2023 Ambition

Our ambition is to be a profitable, international specialty and P&C (re)insurer, taking an ambitious approach to efficiently growing a sustainable business in areas where we have or can have distinction or competitive advantage. I am pleased to report another year of strong delivery against this ambition.

We have achieved high levels of growth and profitability, enhanced our strategic focus, and added substantial capabilities to our business. We have also continued to develop and foster a positive and winning culture.

The strong 2023 result speaks for itself and will be described in more detail by Gavin Phillips, our Group CFO and Sam Harrison, our new Group CUO. It is particularly pleasing to see that all our business units are delivering attractive rates of growth on both the top and bottom line. In addition to the financial results, there were many other achievements that enhance our position to deliver in future. Sheldon Lacy, our Group CRO outlines a year where we continued to make improvements to our risk and governance structure; and Barbara Turner, our Group CHRO can proudly outline our culture programme that's making Canopius a go-to destination for the best talent.

We recognise that for us to deliver value to customers and shareholders we must continue to strive for ever greater excellence and consistency. There is plenty more to do. The business is well positioned, engaged and motivated to succeed, and we can look forward with optimism.

Reaping the rewards of our Transformation

Alongside the clarity of focus offered by our five strategic goals, transformation from the ground up has been necessary to position the business to take advantage of the many opportunities that we see, and realise our full potential.

The hard work and structural reforms of the last two years (our "Transformation") has positioned us well for the next stages of growth and evolution, and has made us a considerably more resilient business.

We reset our Group target operating model in 2022 – optimising for profitable growth, effectiveness of decision-making, efficiency, and greater operational resilience. The benefits of the strengthening of financial, operational, and strategic planning and processes have been evident in 2023.

Furthermore, we have continued to strengthen our Leadership Team, evolved our systems and target operating models, added greater focus to our governance and sustainability practices, and enhanced transparency and accountability throughout the organisation. These actions have reinforced the positive culture and future-focused mindset across our teams, which in turn has helped drive innovation and continuous improvement.

As can be seen in the results, the growth initiatives put in place over the last two years are bearing fruit. These initiatives, and the robust process and accountability that lies behind them, are now cornerstones of our business planning.

There are many more initiatives to progress in 2024 across our underwriting units and capabilities. We recognise the process of evolution is never complete, but we are strongly positioned and optimistic for the future.

Cementing our regional strengths

Over the last two years we have transformed Canopius Group into a truly international business that offers clients insurance solutions across multiple underwriting platforms. We have a strong underwriting and operating platform that can drive sustainable returns.

Canopius Group Ambition 2024

Achieve financial plan

Focusing on Combined Ratio and Profit after Tax.

Refine and mature our organisation and operating model

Focus on building an operationally efficient, sustainable, and competitive organisation which allows us to effectively execute goals and enable our ambitions.

Embed new operating model in underwriting and reinsurance and reinvigorate our strong strategic planning process.

Embed underwriting structure, strategy, and framework; and manage the portfolio to win in areas where we have/can have competitive advantage

Refresh product strategies to drive meaningful, profitable and sustainable growth in the UK, U.S. & Bermuda, and APAC regions. This includes the development of the Portfolio Solutions offering, consideration of strategic distribution opportunities and enablement of underwriting structures and specialty industries.

Live our values and develop our talent to embed our positive and winning culture

Set BUs and capabilities up for success to deliver their ambition, through empowering and developing people, and enabling teams to work more efficiently.

Focus on collaboration to foster an inclusive environment where colleagues are accountable for proactively driving positive change.

Become more keenly aware of external environment and future-focused in setting our strategic direction

Leverage external data and insight in setting strategic direction, decision making, tactical activity, and our innovation efforts; with the objective of better serving our clients and gaining competitive edge.

GROUP ACCOUNTS

Chief Executive's Statement

Continued

Canopius has a highly diversified Lloyd's of London business, able to react to market conditions and with scale across multiple lines of business. In the U.S., we have a multi-platform, growing business with established market positions in key growth sectors. In Asia-Pacific (APAC), we have built a business that is the leading Lloyd's business in the region. Bermuda has the right foundations, and with new management in place, we are confident this will become a more meaningful part of the Group.

Achieving success with our global, diversified portfolio

Our ambition is for underwriting growth to be diversified across products and geographies, through dynamic deployment of capital to realise market opportunities as they arise. Never has this been better illustrated than in 2023.

Market conditions were variable across the year, with softening in some lines beyond our expectations, while other lines fared much better. This allowed us to adopt an agile and tactical approach to putting capital to work so as best to capture market opportunities, as we set out in 2022 as part of the new target operating model.

As Sam explains in more detail in this report, short-term market opportunities are one thing, but we need to continue to push on areas of strategic focus for our portfolio to maintain resilience and diversification. We are fully aware that we benefitted from tailwinds in 2023. We are confident, however, that our underwriting capability is prepared for any future headwinds so that we can continue to deliver on our promises.

Fostering our positive and winning culture

A positive and winning culture remains paramount if we are to achieve our plans. We continue to focus on making Canopius the best place to work and empowering our colleagues to succeed.

In 2023, we defined the 'five pillars' of our continuous culture programme. Barbara will outline our success in embedding our culture in her report but I am delighted with the number of developments made in 2023 which benefit our colleagues. This includes the rollout of career development planning and launch of 'Elevate', our first global high performer development programme. In addition, we provided colleagues with clarity of direction through the cascading of goals linked to a new performance management system. As Michael noted, progressing our winning culture is recognised by our colleagues who continued to rate us highly as a caring employer.

Importantly, we also continued to champion inclusivity throughout the business as a fundamental cornerstone of how we work together. I believe that the successful results detailed in this report demonstrate that our inclusive environment encourages more diverse views, promotes innovation, wellbeing, engagement and delivers greater productivity.

Developing our future-focus

In 2023 we committed ourselves to being a more future-focused organisation. To best illustrate, our data strategy has prioritised the use of automation, analytics and digitally enabled operations. Using data in an integrated way across all of our business functions forms a core part of our growth strategy.

As a consequence, we are seeing the benefits of capturing data early in the underwriting process, enabling more informed and data driven benefits in our decision making; our increased focus on digital allows us to plug new solutions in to our data and adapt to new classes of business more easily; and the digitisation of existing products continues on the path we described last year. This together with our well trailed algorithmic underwriting platform, Vave, illustrates how data and innovation is a key plank of our underwriting and growth strategy.

More broadly, as we highlighted last year, we have established and are now seeing tangible benefit from our Manchester Tech and Data Hub, which is now fully operational and having a positive impact across all parts of the Group.

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2024 outlook

In recent years, Canopius has significantly improved what were already firm foundations. The business has been materially de-risked, with measures put in place to reduce volatility in our results. We are currently evolving our three-year strategic roadmap. We continue to invest in our capabilities and we look forward to reaping the rewards of our refreshed senior leadership, made up of some of the brightest talent in our industry.

Our business leaders have been empowered, our operating models and systems enhanced and the accountability and transparency within our organisation has moved forward at pace. Whilst we acknowledge that we benefitted from tailwinds from insurance market conditions, in 2023 we also continued to evolve our business. We materially strengthened our operational capabilities, our underwriting performance, and our structural growth prospects.

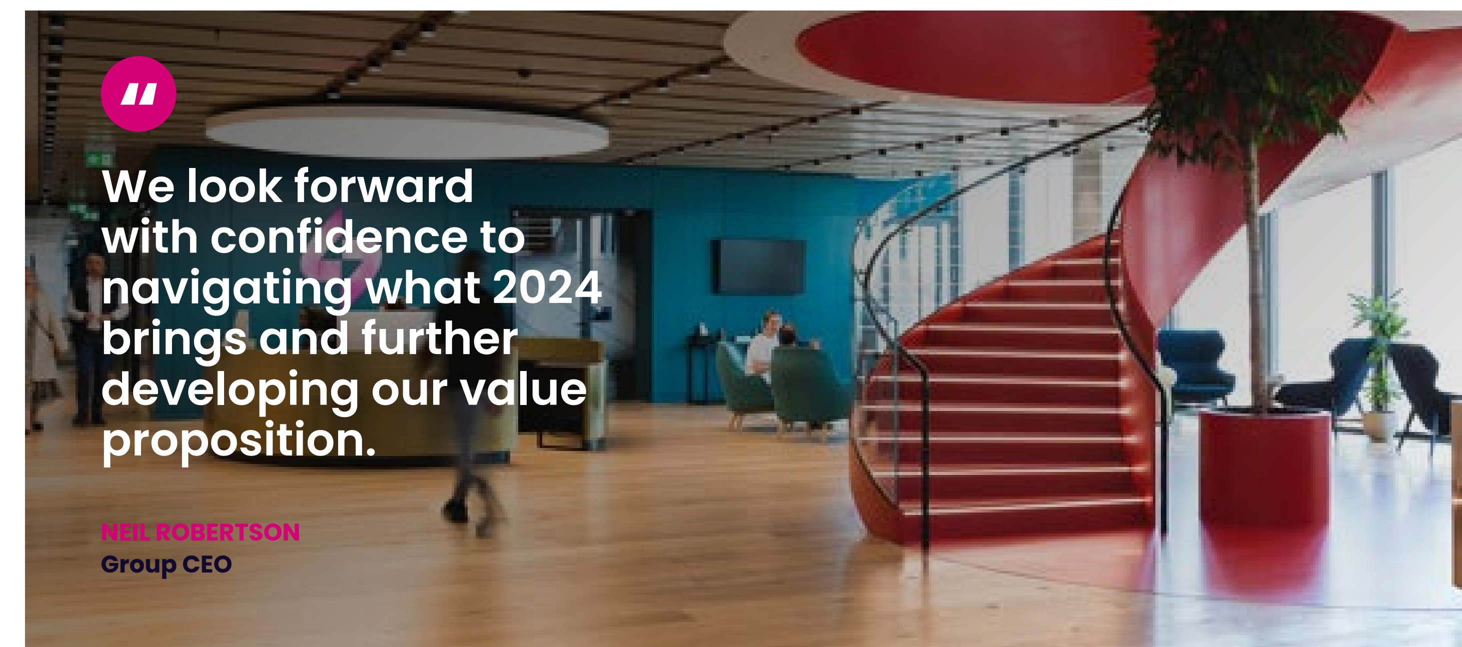
The effects of a changing climate, ongoing economic volatility, increasing geopolitical uncertainties, together with less favourable market conditions are to name but a few forward-looking external risks that we will need to navigate.

Nevertheless, as a business we see ourselves as now having the right structures and the right talent in place to be in control of our own destiny. We are developing a track record of delivering consistent quarterly returns, and we have the right building blocks to deliver quarter-on-quarter growth and profitability for our shareholders.

Decisive actions have been taken to accelerate delivery in the last few years and execution against our plans remains of utmost focus. We look forward with confidence to navigating what 2024 brings and further developing our value proposition to drive consistent performance and build on our success and momentum achieved in 2023.

NEIL ROBERTSON
Group CEO

11 March, 2024



GROUP ACCOUNTS

Chief Financial Officer's Statement

We are demonstrating growth and profitability across all of our regions.

I am pleased to report a record profit for Canopius in 2023 of $363m and a net combined ratio of 83.9%.

The business is now showing strong underlying improvement, continuing the theme of more recent years, and we are now establishing a track record of meeting our underwriting goals, quarter-on-quarter. We are demonstrating growth and profitability across all of our regions, which as Neil noted, is testament to the transformative work the business has undergone over the last two years.

In 2023, the absence of large catastrophe claims was a clear positive, but nevertheless we saw a significant number of smaller catastrophe events from severe convective storms, wildfires, floods and earthquakes. Satisfactory attritional losses, including positive current and prior year developments, meant that overall, Canopius recorded a very strong underwriting result. This, combined with strong investment returns from our high quality investment portfolio and a favourable tax item, allowed the Group to deliver a record Return on Opening Tangible Equity.

Canopius' financial fundamentals are in great shape. I am very satisfied with both our profitability and balance sheet strength; we have limited legacy reserves following our Loss Portfolio Transfer at the end of 2021, our reserving position is strong and our robust capital surplus gives us resilience as well as strategic optionality. These factors, together with our strong profitability, have also been acknowledged externally by AM Best with their negative outlook moved to stable outlook and our A- (excellent) rating maintained; a positive development that highlights the strategic and financial progress we've made.

Canopius Group 2023 Results Headlines

- Insurance Contract Written Premium increased 22% to $2.80bn (2022: $2.29bn)
- Profit after tax of $363.4m (2022: $128.7m)
- Tangible Net Asset Value (TNAV) increased to $1.45bn (2022: $1.13bn)
- Net insurance Revenue increased 10% to $1.77bn (2022: $1.61bn)
- Group net combined ratio of 88.7% (undiscounted) and 83.9% (discounted)
- Total investment return of 5.6%, amounting to $173.1m (2022: $(79.6)m)
- Return on Opening Tangible Equity (ROTE) of 32%

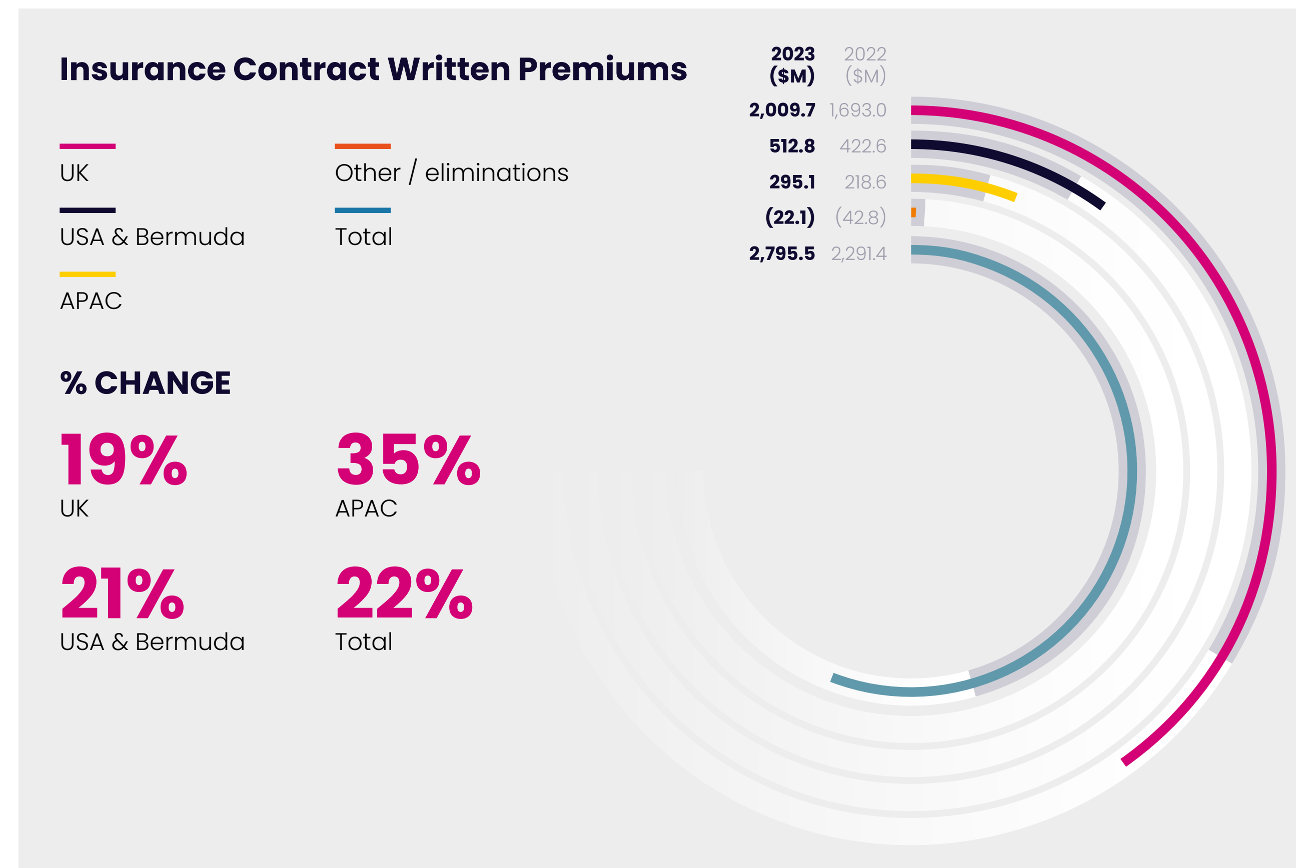
I will focus my commentary on Group and geographic analysis, while Sam Harrison details the underwriting results by product segment in his Group Chief Underwriting Officer's report.

Accounting change

After many years in the making, IFRS 17 finally came to fruition for accounting periods beginning in 2023.

For Canopius the principal change relates to the measurement of earned claims reserves (including reinsurance thereon), or what the standard refers to as the "liability for incurred claims". This primarily involves discounting claims reserves to present value using discount rate curves and removing any "management margin" and replacing it with a "risk adjustment" calibrated to a confidence interval. Additional changes in presentation then come about because of the unwinding of the discounting applied to reserves and any change in the valuation of reserves due to changes in the discount rate curve during the year. These come through a new Insurance Finance Income and Expense line ("IFIE").

The application of IFRS 17, which is a more "economic" accounting methodology than IFRS 4, aligns closely to the ethos that Canopius has used for many years. In particular, we believe that as an underwriting business, shareholders require assets to be low risk and well-matched for duration with the corresponding liabilities. As such, taking investment return and IFIE together should now see non-underwriting related volatility reduced. On the other hand, discounting current year claims does introduce some further underwriting volatility as interest rate curves may change from one year to the next.



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Chief Financial Officer's Statement

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Insurance Contract Written Premium (ICWP)

In 2023, ICWP grew by 22% to $2.8bn, underpinned by strong contributions across all our geographic segments, which all delivered double-digit growth. We have been helped by positive rate (+9%), but we have also seen substantial organic growth.

In the UK, we saw the benefits of re-setting our UK underwriting model. Rate increases across much of the portfolio have been a helpful tailwind, and we saw significant organic growth coming through in Property Direct & Facultative (D&F) and Reinsurance, where rates were the strongest. We benefited from the addition of a new team in Medical Malpractice, and continued growth in areas of competitive advantage including Cyber, Accident & Health and Excess Casualty. We are not afraid to pull back if rates are less attractive and FinPro in particular was a line that saw less favourable market conditions and lower premium.

In the U.S. & Bermuda, growth was fuelled largely by strong Property D&F growth reflecting both strong demand and a firm rate environment. We also continued to manage growth in our Cyber book, despite some sizeable challenges in a highly dynamic market, and we also grew Canopius Re in both specialty and marine classes. Like others, we saw continued challenges in our Management and Professional lines book driven by rate below our expectation, smaller average deal size and a continued slower M&A/IPO environment.

Our well-established Lloyd's business in APAC grew strongly once again, attributable to a broad number of lines of business. Specifically, Australian Accident & Health saw significant improvement off the back of increased travel volumes during 2023, and we benefitted from the first year of production from a newly acquired team of treaty underwriters in Australia, as well as favourable market conditions in Singapore on the reinsurance portfolio.

Net insurance revenue

Net insurance revenue amounted to $1,773.9m compared to prior year of $1,612.5m, 10% higher year on year. The improvement in insurance revenue is explained by the growth and rate changes described above under insurance contract written premiums. However, as net insurance revenue closely represents net earned premium, and the stronger pick up in insurance contract written premium came in the second half of the year, not all of the growth has been captured and earned in 2023.

Insurance service expenses

Insurance service expenses of $1,756.6m capture claims incurred in the period (net of discounting), movements on claims incurred in prior periods, acquisition costs and underwriting expenses incurred in the period. This compares to a prior year amount of $1,801.7m.

Much of the improvement on our overall insurance service expenses can be explained by the lower level of large catastrophe activity in the year particularly in the UK and APAC regions, with the overall catastrophe loss ratio burden (including Ukraine) falling from 11.1% to 4.6% in 2023. However, as I noted above, the year hasn't been without challenges and the level of 'small' catastrophes has exceeded both our expectation and the prior year.

Our attritional loss ratio for 2023 (before discounting) was 43.1% compared to 45.0% in the prior year. This was driven by strong underlying performance in the UK region and continued good performance in the USA & Bermuda and Asia. The 2022 and prior years have seen improvement in the year with some volatility across classes, as we would expect in a highly diversified portfolio. We have seen significant improvement on Cyber, Credit, Professional Lines, and Energy, with some partially offsetting deteriorations through 2023 on Marine, Reinsurance, Accident & Health and Space. Overall prior year development benefited our loss ratio by approximately 1.8% (excluding the impact of presentational adjustments related to the LPT and before discounting), against an unusually high 7.5% in the previous year.

Our underwriting expense ratio in 2023 was 13.5% compared to 13.6% in the prior year. Actual expense levels were well controlled in the year, though there was some adverse impact due to the US Dollar weakening slightly as much of our expense base is in UK Sterling.

Overall, we recorded a combined ratio before discounting of 88.7% (2022: 91.2%) and a combined ratio after discounting of 83.9% (2022: 90.2%). The benefit of discounting of 4.8% (2022: 1.0%) was substantially greater in 2023 due to discount rates being higher on average than in 2022. This volatility is out of an underwriters' control and is why we continue to utilise undiscounted combined ratios as an important metric for our underwriting management.

Investment return

Total investment return amounted to $173.1m, or 5.6%, compared to a negative return of $79.6m or (2.7)% in 2022.

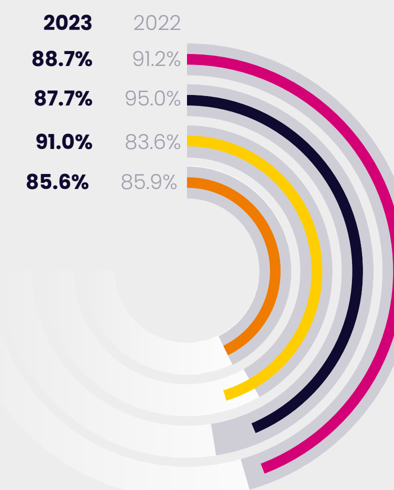
Investment yields over 2023 were higher than the prior year and we generate $117.4m of regular investment income, amounting to an income yield of 3.8% in total. Income generated rose every quarter during the year.

As expected, the total return benefited from the unwind of mark-to-market losses incurred in the prior year as fixed-income securities move closer to maturity. We also benefited from positive fair value gains in the latter part of 2023 as better inflation

Combined Ratios

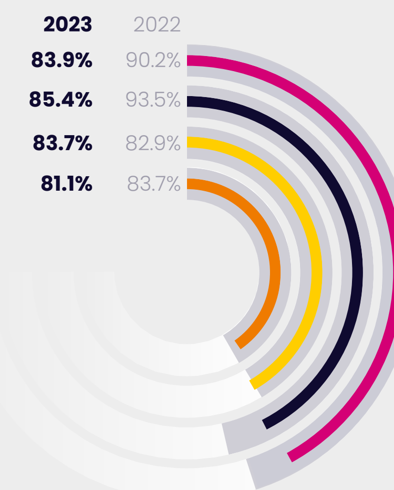
Net Undiscounted Combined Ratios

	2023	2022
Group	88.7%	91.2%
UK	87.7%	95.0%
USA & Bermuda	91.0%	83.6%
APAC	85.6%	85.9%



Net Discounted Combined Ratios

	2023	2022
Group	83.9%	90.2%
UK	85.4%	93.5%
USA & Bermuda	83.7%	82.9%
APAC	81.1%	83.7%



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Chief Financial Officer's Statement

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news led to a reduction in yields from their peak and narrowing of credit spreads.

Net insurance finance income/expense (IFIE)

The net IFIE of $(87.0)m compares to the $118.4m positive in 2022. For 2023 the net IFIE comprises $(73.5)m of unwind of discounting (2022: $(22.7)m) and $(13.5)m resulting from changes in discount rates (2022: $141.1m).

Whilst base rates continued to rise during the first half of 2023, they did so much less rapidly than in 2022 and with inflation appearing to have peaked, yield curves began to reduce towards the end of the year. This saw the small boost to investment return late in the year, as noted above, with a negative movement through net IFIE.

Other operating and administrative expenses

Other operating and administrative expenses increased from $33.0m in 2022 to $43.6m as a result of increased spend on strategic initiatives at the Group level and were also impacted by a strengthening of Sterling compared to the prior year.

Tax

The tax credit of $34.4m reported in 2023 compares to a tax charge of $34.2m in 2022. The 2023 credit is largely due to the recognition of an additional $40m deferred tax asset on prior period losses in the balance sheet. Our current forecasts and our longer-term plan mean that we expect that tax losses recorded in previous periods will be offset against future profits.

In addition, as we look forward, we are actively working through the impact of the Global Minimum Tax rules which take effect from 1 January 2024.

Balance sheet strength

As a result of the Group's performance during the year our balance sheet is in a very strong position. Net assets have increased by 25.1% from $1,293.3m to $1,617.9m and Tangible Net Asset Value (TNAV) has increased by 27.7% from $1,133.9m to $1,448.3m.

The Board manages the Group's capitalisation to ensure that it is appropriate for all the regulatory and rating requirements associated with its medium-term management plan, including maintaining an appropriate amount of surplus for material adverse events and new business opportunities. The Group's surplus capital is frequently monitored by the Board and currently maintained at a level above that needed for our internal risk appetite and current regulatory and security rating requirements.

The substantial majority of our capital requirement is driven by the Economic Capital Assessment ("ECA") at Lloyd's, which itself is set by Lloyd's as 135% of the ultimate solvency capital requirement ("uSCR"). The uSCR takes account of one year's new business in full, attaching to the next underwriting year, and the risks over the lifetime of the liabilities assessed at a 1:200 confidence level (99.5% percentile). The capital requirement of our US balance sheet business is assessed against the US Risk Based Capital ("RBC") requirements and our Bermuda business is assessed against the Bermuda Solvency Capital Requirement ("BSCR"). The Group's capital requirements as at 31 December 2023 were $1,223.2m (2022: $1,135.3m).

$m	2023	2022
Shareholders' equity	**1,617.9**	1,293.3
Less: Intangible assets	**(193.4)**	(183.7)
Add: Deferred tax on intangible assets	**23.8**	24.3
Tangible net assets	**1,448.3**	1,133.9
Utilised letter of credit facilities	**270.5**	420.3
Total available capital	**1,718.8**	1,554.2
Capital requirements	**1,223.2**	1,135.3
Surplus capital	**495.6**	418.9
Solvency Ratio	**141%**	137%

The Group defines its financial resources as the consolidated tangible net asset value of the Group and the utilised portion of its letter of credit facility. This means that our surplus over regulatory requirements was $495.6m (2022: $418.9m), equivalent to a solvency ratio of 141% (2022: 137%). This substantial surplus is considerably more than rating agency capitalisation demands at our rating level, providing both resilience and strategic optionality.

The strength of the balance sheet is underpinned by a robust reserving process and a well-resourced and skilled actuarial team. Our net risk adjustment has increased over the course of the year from $95m to $108m. This is due to a combination of the growth in net reserves and a re-parameterisation of the internal capital model to reflect our latest underwriting exposures. The confidence interval of the risk adjustment remains unchanged within a range of the 75th percentile +/- 2.5%.

There continues to be challenges both within the market more generally and at Canopius in quantifying proof points for inflationary impacts emerging against expectation. We continue to hold a modest and prudent reserve for inflation which has not changed during the year. Elsewhere, both our reserves against the Russia/Ukraine war and against business interruption claims from the pandemic are essentially unchanged in the year.

On the asset side of the balance sheet, the group remained defensively positioned with 92% of invested assets comprising cash, money market funds and core fixed income securities of extremely high quality (three quarters of our debt and fixed income securities are rated at AAA or AA). We again experienced no credit defaults in our core fixed income portfolio. All of the aforementioned core assets are investment grade, while the total portfolio duration is now 1.1 years (2022: 1.3 years) so as to broadly match the sensitivity of assets and liabilities to future interest rate movements.

We were delighted to see that our AM Best rating of A- (Excellent) has been reaffirmed and the outlook lifted from negative to stable. This is a testament to the hard work put in across the business to achieve this year's fantastic results. We also continue to benefit from Lloyd's very strong credit rating.

Summary

As the Group CFO, I am proud of our 2023 results. Canopius has been able to deliver attractive underwriting profitability and business growth while undertaking major business initiatives. As we look forward, I am committed to ensuring that our Finance capabilities are executed to the highest standard and at a level expected of a business larger and more established than we are today.

Canopius has hired industry-leading talent, and will continue to lean on the deep expertise we have within our ranks.

We now have well-established, reliable processes to ensure that this execution can continue. We have an efficient period-end close process, we maintain robust Quarterly Business Reviews, Group Reserving Forums and have comprehensive short-and medium-term planning processes.

The improvement in the internal capabilities of the organisation in the last two years is significant and there is no better example of this than with this year's move to the IFRS 17 accounting standard. I could not be prouder of the Finance team and the wider organisation as we embraced the new requirements. Whether it was managing quarterly trends, preparing accurate numbers and technical interpretations, creating note disclosures, or navigating the challenges of matching asset and liability duration, they handled the change professionally and precisely.

The most successful companies in our industry give themselves the very best chance of success by delivering every quarter on numbers, regardless of the headwinds. This is what we are striving to attain and after more than two years of tireless work to transform Canopius, we are now in a position to reach our full potential.

GAVIN PHILLIPS
Group CFO

11 March, 2024

GROUP ACCOUNTS

Chief Underwriting Officer's Review 2023

I am delighted to present my first report as Group Chief Underwriting Officer at Canopius. Since joining the Group I have been extremely impressed with the depth and quality of underwriting talent across the business, as well as a culture driven by practical innovations and personal accountability.

Canopius writes a highly diversified portfolio with a key focus on P&C and Specialty business. With operating platforms in London, across the Americas and Asia-Pacific we access a broad range of global risks through our Lloyd's of London platforms, our U.S. carrier Canopius US Insurance Inc. ('CUSI'), U.S. and APAC service companies, and our Bermudian Reinsurer, Canopius Reinsurance Ltd. ('CRL').

Underwriting strategy

Our underwriting strategy is focused on delivering consistent profitability by building portfolios that have scale and diversification, and in global product lines where we have points of distinction or a competitive advantage. In times of good market conditions, we have a focus on broad profitable growth but with the knowledge and the will to be prepared to contract our footprint when the opportunities are less obvious in order to protect our shareholders' capital.

Championing our clients' interests

As with all specialty insurance companies, a focus on clients and their needs is one of the most important facets of our business to get right. But conversely, it is one that insurers in our markets too often get wrong, where they mistake "client focus" for just being competitive on pricing.

But I believe that our clients want more from their leading insurer than just a cheap insurance policy; they want to be treated well, they want to know that their interests are being championed and that they will be listened to. They also want to work with a partner that speaks plainly, and is genuinely committed to helping them find a solution to their problem. They also want to be treated fairly in the event of a claim.

Getting this aspect of insurance right is hard, and has and always will be a key focus for Canopius.

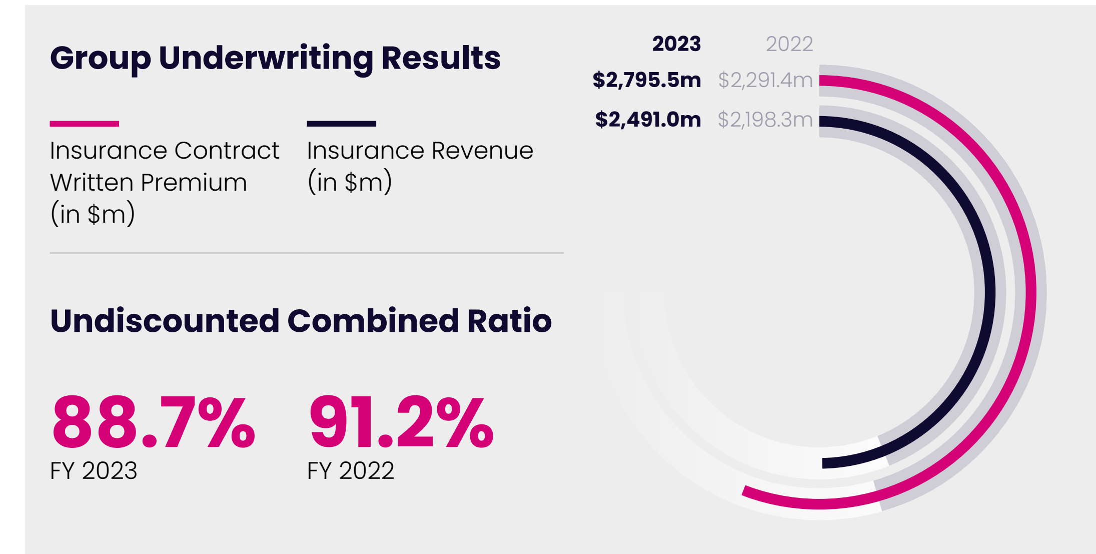
A strong Group underwriting performance

In 2023, Canopius delivered a great underwriting result. We achieved an undiscounted net combined ratio of 88.7% and a net insurance service result of $284.9m versus $158.5m in 2022.

This is obviously a tremendous achievement and represents the highest underwriting profit in the history of the company. While we should rightly celebrate this excellent performance and applaud our underwriters for their hard work and expertise, we were greatly assisted by the lack of major natural catastrophes and a better rating environment than we had anticipated.

Rating levels exceeded plan by over 5%. The market remains very attractive for underwriting, and our pricing data suggest that our rates are substantially adequate in all areas of the business in 2023 (our actuaries say is the first time they have seen this happen!).

The core of our underwriting business (Property, Energy and Reinsurance) remains exposed to volatility. So, while the year's outcome was excellent, we must not lose sight or become complacent. The most important thing we need to do is deliver on the 2024 plan.



Note: from 2024, our business will be structured along five key product groupings so I have decided to report our 2023 outcomes through the lens of our go-forward structure:

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GROUP ACCOUNTS

Chief Underwriting Officer's Review 2023

Continued

RATE CHANGE 2023:

Property

+20%

Casualty

+3%

Property and Casualty Report

Property

The Property line of business continued to show significant rate improvement in 2023, particularly in the U.S. Excess & Surplus (E&S) market, where rate rises were above 20% across our portfolio. This is in excess of claims inflation, particularly when you factor in a disciplined approach to ensuring insured values reflect the actual cost of rebuild.

While headline rates were very acceptable, incidence of small catastrophe claims were well above historic norms. The market suffered significant weather-related losses in Europe, the U.S and Australia, combined with the much-publicised earthquake events in Turkey and wildfires in Hawaii.

In addition, the market continues to see 'claims creep' on prior-year hurricane losses in Florida, and winter storm events in both the Midwest and Northeast United States. For these reasons, despite the favourable results, we do not anticipate any real contraction of property rating in 2024, and are confident that rates will continue to be in excess of claims inflation.

One area of - if not concern, then certainly focus - is the robustness of the Lloyd's Direct & Facultative (D&F) market going forward. Many participants have indicated growth targets in 2024 significantly beyond rate. We are cognizant of the effects that an increased supply of capacity can have in any sector, and we have a number of strategies available to us to address this in the property market in 2024. This includes utilising both our admitted paper platform and our local E&S carrier in the U.S. to change Canopius' property distribution focus.

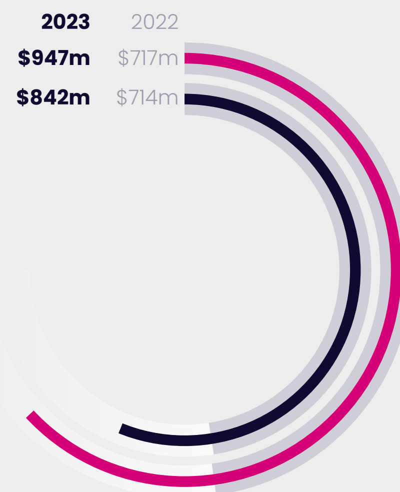
Having a multi-platform solution means we can avoid any regional rating weakness due to the enthusiasm of our competitors. We are acutely aware of the need to maintain profitability in this class given the historically poor underwriting results between 2016 and 2021.

Nevertheless, we are very proud of our achievements in the D&F market this year. On the back of positive rates and the sheer amount of opportunity, we were able to grow our D&F portfolio by 76%, in line with our approved and conservative underwriting strategy. Further, our U.S. teams can attribute 27% of this growth to their U.S. wholesale underwriting strategy - we see this sector as having real rating longevity.

Property and Casualty

Insurance Contract Written Premium (in $m)

Insurance Revenue (in $m)



Undiscounted Combined Ratio

88.9% FY 2023

88.6% FY 2022

Casualty

The Casualty market was something of an enigma in 2023. Despite many senior industry figures flagging under-reserving issues arising from social inflation (especially in the U.S.), and the reinsurance industry actively talking about reducing ceding commission, there was barely a blip in the rating environment beyond a modest increase to cater for inflation.

While our portfolio is largely focused on niche areas within the U.S. and Australia (which have previously shown positive rate rises) our portfolio rate change in 2023 settled at 3%. Fortunately, the amount of Casualty business we write is modest as an overall part of our portfolios of business.

We will await the seemingly inevitable market rating correction before significantly increasing our footprint. Until then, we will continue to focus on the areas of the Casualty market where we feel we have the industry expertise and positions of influence to make acceptable returns to our shareholders.

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Chief Underwriting Officer's Review 2023

Continued

RATE CHANGE 2023:

Specialty Products

+2%

Specialty Industry

+3%

Specialty Report

Rates in the specialty portfolios continued to rise gently in 2023, but still at levels necessary to match inflationary pressures. This is not a great surprise - since 2020 these portfolios have delivered both good rate changes and equally good underwriting results.

The very pleasing thing to note, however, is that in areas of heightened loss activity it is still possible to get acceptable rate change - this indicates that specialty market discipline is still present and good rating equilibrium has been met.

Our Space portfolio suffered a challenging 2023, with multiple large events being reported by our clients, all due to failures "in orbit". As a result, at the end of 2023 the impacts of those events took the annual rate change to 53% (overall post losses were significantly over 100%). But, our Space team was able to secure its consortium capacity at renewal so we, and our partners, clearly see a positive outlook for this portfolio in 2024.

Our Crisis and Political Risk portfolio falls within Specialty. While the impact of the ongoing turbulence in the Middle East has not yet factored into a measurable rating assessment due to the lack of renewals, it is clear that the world is a less stable place at the moment. Today's geopolitical upheavals require a careful focus on both the geographic balance and the industry segmentation of our portfolio to mitigate this volatility.

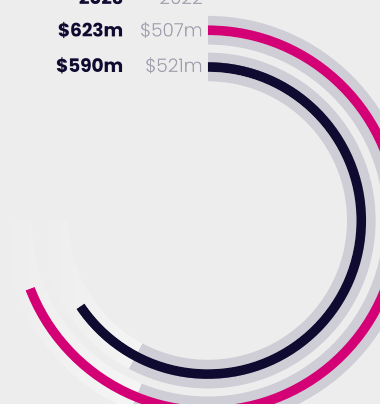
Of course, for the marine market, such turbulence provides opportunity to demonstrate value to our clients. Our job is to ensure that vessels are protected when they are leaving port and faced with increased risk. Our marine insureds power the world's economy by ensuring the supply chain operates as effectively as it can, so our role is vital in times of heightened global insecurity. This opportunity also means increased ICWP for Canopius, as pricing must reflect the risk we are taking.

While we look forward to a time with fewer tensions throughout the world, we will continue to underwrite the risks our insureds' face sensibly, and hope that our approach is sufficiently rewarded.

Specialty Products

Insurance Contract Written Premium (in $m)

Insurance Revenue (in $m)



Undiscounted Combined Ratio

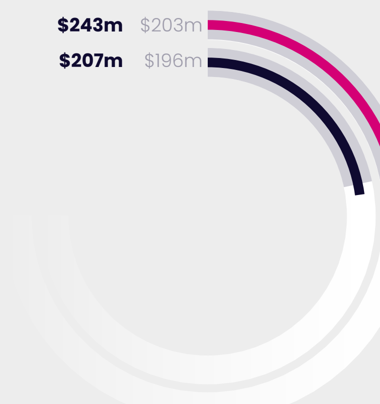
90.1% FY 2023

84.2% FY 2022

Specialty Industry

Insurance Contract Written Premium (in $m)

Insurance Revenue (in $m)



Undiscounted Combined Ratio

80.6% FY 2023

97.3% FY 2022

GROUP ACCOUNTS

Chief Underwriting Officer's Review 2023

Continued

Professional Lines Report

RATE CHANGE 2023:

Total

-6%

Cyber

-8%

Financial Lines

-4%

Portfolio Solutions Report

RATE CHANGE 2023:

Total

+3%

Professional Lines Report

2023 was an inverted year for the Professional Lines market – we delivered excellent results, while at the same time we saw rating weakness in all the major segments of the account. Clearly this set of circumstances has a limited runway, so we remain cognizant of the market trends and will not hesitate to change our underwriting strategy if necessary.

I do believe, despite public pronouncements by others, that the 'soft market' for this segment will return. To add a modicum of context to that, the 2023 reductions in rating levels of 6% from all lines, and -8% from cyber specifically, need to be compared to the extreme strengthening of rates we witnessed from 2020 onwards.

Nevertheless, while it is true that all product lines showed acceptable margins in 2023, it was a surprise to see weakness in the financial lines business – a line where, between 2013 and 2019, there were well-publicised impacts on some competitors by way of ongoing prior year reserve strengthening.

However, basic economic theory dictates that if supply of capacity in these product lines grows significantly, while client demands shrink (particularly due to reduced M&A activity) pricing will invariably come under pressure. 2024 will be an important year for financial lines. We will either decide to moderate our appetite in the face of an adverse marketplace, or wait for discipline to return.

I am happier with Cyber. Despite the less than ideal market conditions in 2023, at least demand for the product continues to rise - thus saving our cyber team from the same dynamics faced by their financial lines colleagues.

In fact, Cyber was a particular strength for us in 2023, with 42% growth. We hope the efforts that our cyber team have put into a robust distribution strategy will begin to pay dividends in 2024. This is a particular hope for our US platform, where we began to see real signs of recognition and broker support for our all-encompassing offering.

Portfolio Solutions Report

I will report on this segment in more depth from 2024 onwards.

In 2023, our Portfolio Solutions business was made up of circa $40m of a collection of follow risks that do not fit naturally into any underwriting product line. This group of risks made a small loss in 2023 (105.2% undiscounted net combined ratio) while we await a subrogated reinsurance ruling.

We have declined to renew many of these risks in 2024, and instead our Portfolio Solutions function will be focusing on significant non-underwritten facilities (such as Aon Client Treaty (ACT) and Marsh Fast Track). I believe this approach to underwriting risk will be an integral part of the market as the cost of transacting insurance continues to be a major focus for capacity providers.

By the end of 2024, this business line will grow to be in excess of $250m and be adding to both client and brokers. It will also be an innovation that will help us grow brand recognition for Canopius in the wider global insurance markets.

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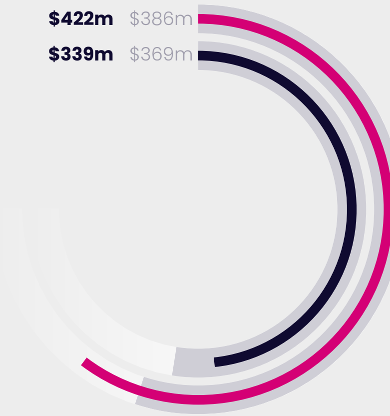
Professional Lines Products

Insurance Contract Written Premium (in $m)

Insurance Revenue (in $m)



Undiscounted Combined Ratio

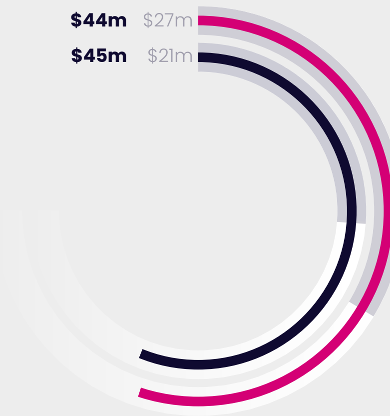
67.1% FY 2023

79.4% FY 2022

Portfolio Solutions

Insurance Contract Written Premium (in $m)

Insurance Revenue (in $m)



Undiscounted Combined Ratio

105.2% FY 2023

123.2% FY 2022

GROUP ACCOUNTS

Chief Underwriting Officer's Review 2023

Continued

RATE CHANGE 2023:

Total
+15%

Property
+21%

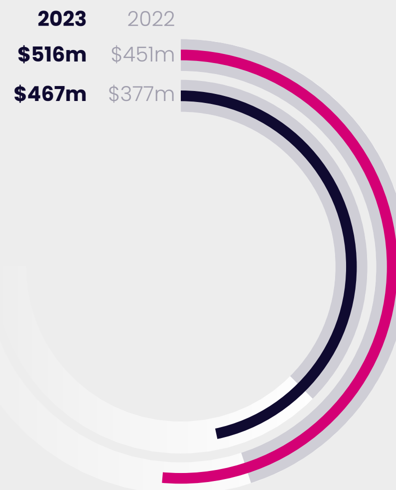
Casualty
+2%

Marine & Specialty
+18%

Reinsurance

Insurance Contract Written Premium (in $m)

Insurance Revenue (in $m)



Undiscounted Combined Ratio

95.5% FY 2023

119.2% FY 2022

Reinsurance Report

The general difficulty and increasing cost of buying reinsurance in 2023 was of course the happy opposite for our Inwards Reinsurance team. They reaped the benefit of the significantly firming market (albeit their own retro costs were significant).

The rate change excess of 15% belies the additional benefit of our view of risk, which we were able to price into our product. We will enter 2024 with rate adequacy at a very comfortable level and a client base who have accepted the need for pricing changes to be sustainable.

All that I have written with regard to our P&C insurance business remains true for Reinsurance. Losses have been public and manifest (in property); rating levels have at last corrected, but where the impacted is more nuanced and less obvious (in casualty); rating levels have broadly improved in line with the underlying business (admittedly by a very small 2%). It seems that the industry was not able to consider both classes at the same time. But, we are hopeful that as losses continue to become more clear, this sector too will begin to improve.

Possibly the most pleasing market change was in our specialty reinsurance business (Marine, Energy, Aviation and Terrorism). We managed to obtain an 18% rate change and beneficial changes to Terms & Conditions. This rate well exceeds the rates on our equivalent insurance portfolios, and so we anticipate a good performance on our ongoing portfolio.

Remediation and absolute rates were areas in which we put lot of effort into, and I am delighted with the 'cleanliness' of the portfolio that we are now on risk for. We intend to moderately grow this going forward without compromising the quality of the risks we assume.

Underwriting 2024 Outlook

I believe I have joined Canopius at an opportune moment in its journey. I have had time to meet with the Group's underwriters and I see that there is genuine world-class talent within our ranks. Further, we have the platforms, capacity and capabilities to take advantage of the various market tailwinds and a determination to meet any headwinds we may face with pragmatism and smart decision-making.

As Neil articulated, the Group's three-year strategy is currently being refreshed, and as part of that I have taken the chance to put a particular focus on our forward-looking underwriting strategy. We have reorganised ourselves internally to become more effective and efficient and crucially, to tear down silo walls that have built up within the underwriting community, and beyond. The best underwriting businesses work as one, seeking opportunity through collaboration and shared market insight.

But, I am also bringing an outside-in perspective to Canopius' underwriting. I am considering not only the product lines we wish to focus on, but also how we present ourselves externally. We have an opportunity to reshape how we wish our clients and brokers to perceive us, and to set the standards by which we want to be known for in all areas of underwriting.

This will be a particularly exciting piece of work and I look forward to reporting on developments in due course.

In closing, 2023 was a great year for the underwriting community of Canopius. We took advantage of the favourable market conditions and delivered a result in excess of our expectations. The bar is set high and we will work tirelessly to deliver over the next 12 months and beyond.

SAM HARRISON
Group CUO

11 March, 2024

Planning a step-change for our Bermuda business in 2024

Charles Cooper, Global Head of Reinsurance, Bermuda CEO

I joined Canopius in late 2023, and am hugely excited by the opportunities we have to increase our footprint and standing in Bermuda. As a Class 4 Reinsurer, CRL has the potential and capability to add significantly to the Group's bottom line and expand out its capabilities.

The reinsurance business for Canopius Group has been predominantly written through Lloyd's on our long-established Syndicate 4444 from our London, U.S. and APAC underwriting platforms.

In 2023, we broadened our Reinsurance capabilities with the addition of an Aviation Treaty team, and each of the Property, Casualty and Marine & Energy Treaty portfolios exhibited strong growth on the back of an overall 14.8% portfolio rate increase.

The bulk of this London and APAC Reinsurance business is written on an excess-of-loss basis. In 2024 - and beyond - we expect to complement this mature and profitable portfolio by growing our nascent Bermuda platform – CRL. Through CRL, we expect the majority of the future premium volume to be proportional in nature.

We are assembling a small and seasoned group of Reinsurance underwriters in Bermuda, who will grow a diversified portfolio of property, casualty and specialty treaty business leveraging established and new relationships in the market.

We have also hired Brent Slade as our Head of Insurance Linked Securities (ILS), who will be based in Bermuda. Brent will be working closely with me to manage our existing sidecar relationships and identify new investment opportunities. We believe there are many opportunities where we can bring together long-term partnership capital and our established risk origination, structuring and management capabilities.

For 2024, we expect the supply and demand for reinsurance to be relatively balanced. While this is likely to moderate the upward pace of rate increases, we also expect attractive market conditions will remain for 2024 across virtually all of our classes of business.

GROUP ACCOUNTS

People, Talent & Wellbeing at Canopius

We are proud of the positive and winning, employee-led culture we have built. It empowers our people and provides them with the space to flourish as individuals. We firmly believe that culture is key to building a business which delivers profitable, sustainable results.

Fostering a Strong, Employee-Led Culture

We know what sets us apart is our people, and the ways we work and grow together at Canopius. We're proud to be a diverse employer that genuinely cares, and that puts wellbeing and inclusivity at the heart of everything we do.

We're:

- collaborative
- ambitious & proactive
- empowered & accountable
- kind, caring, open and honest

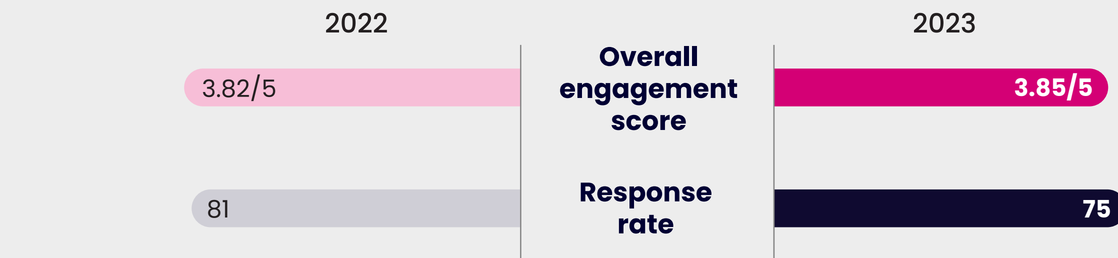
The changes we are making are built on principles of employee empowerment, accountability, respect, and trust and we can see those behaviours becoming embedded in our daily work.

- High Performance through clear expectations
- Reinforced mission and purpose
- Strong sense of care for our people
- Effective materials and equipment
- Becoming a leading inclusive employer

Asking our colleagues what matters to them

Each year we conduct a Global Employee Engagement Survey to find out where we, as a responsible employer, are performing well, and which areas need improvement. The survey is a highly valuable tool to garner the insights that we use to refocus our actions.

Global Employee Engagement Survey



	2022	2023
Overall engagement score	3.82/5	3.85/5
Response rate	81	75

Fostering the next generation of insurance leaders

The future is bright for our people at Canopius. Having invested in an improved reward and recognition scheme linked to performance, the way we perform and behave has been placed at the top of our agenda.

Our new High Potential development programme Elevate will identify and develop our emerging talent across regions and capabilities and provide real time enterprise projects to stretch and empower them to help shape the business they will eventually lead.

We also led a global talent development programme for ethnically diverse colleagues. Ten colleagues participated in the 12-month Excel Leadership Development Programme, spanning six months of expert training and six months of bespoke coaching. This is alongside a further 21 female employees participating in the ICS Group Aspiring and Emerging membership programmes.

Our new Career Framework has been delivered and will continue to create clear pathways for progression and open new development opportunities for our people to grow within Canopius. We are harnessing an environment where individuals have clarity and accountability to take ownership of their careers.

Additionally, we have enhanced the guidelines around our inclusive recruitment practices, and next year are delivering further training to hiring managers to refresh their inclusive hiring practices. The outcome allows our staff to understand any unconscious biases which may have affected their candidate evaluation and provide references to mitigate such biases.

Inclusion and diversity are core pillars at Canopius.

This year has seen the development, elevation and delivery of our Inclusion and Diversity efforts.

We are dedicated to providing our colleagues with the support and psychological safety that comes from building an inclusive culture. We are ensuring that we build an organisation where everyone can thrive regardless of their background. We expect our leadership to think about inclusivity every day, because it helps us build diversity into our workforce, our products, and our services.

This is evidenced through the elevation of our three-point Inclusion and Diversity (I&D) strategy, which is delivered through a framework of actions, and critically underpinned by data and insights, permitting us to make intentional steps against issues which matter the most to our people:

1. **Culture:** Create a culture which is inclusion first and employee led, and ensure expected behaviours are role-modelled from leadership throughout the organisation.
2. **Representation:** Develop a balanced workforce and talent pipeline which reflects the communities in which we operate, ensuring that we have the capabilities needed for the future.

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People, Talent & Wellbeing at Canopius

continued

3. **Inclusive systems:** Embed organisational systems, structures, policies, and processes which mobilise and sustain I&D commitments through leadership, governance and accountability, gaining recognition internally and externally.

Our I&D Strategy and Framework was developed in partnership with our regional working groups and our staff networks. Developing these plans began with conversations across our regions, where colleagues at all levels shared what's important locally and where the focus should be.

True inclusivity

Throughout the year, Canopius, with the support of our ExCos, I&D Steering Committee, staff networks and regional working groups, have worked together to deliver across a suite of actions to ensure we are leading from a position of true inclusivity.

Our staff networks, or Special Interest Groups, continue enthusiastically to champion I&D matters and raise awareness of local and global events and celebrations throughout the year.

These engagement opportunities allow the experiences of underrepresented colleagues to be shared widely throughout the organisation, widely publicising the lived experiences of colleagues and communities with the focus on promoting wider empathy and understanding of difference.

Turning the dial to foster a more diverse industry

It is positive to note that throughout the course of 2023, there were 262 joiners to Canopius globally. 51.5% of these are female, 14.1% are from ethnically diverse backgrounds, and 23.3% come from a lower socio-economic background. Whilst we can measure improvements across our representation in this way and use it to ensure we're achieving against our gender and ethnicity targets, we continue to focus on the day-to-day lived experiences of our colleagues which matters most.

At an industry level, we were pleased to score above the London market average in last year's annual Market Culture Survey, led by Lloyd's of London. Alongside this, our annual Employment Engagement Survey, and regular pulse surveys, we are benchmarked against the wider industry which continues to see Canopius colleagues feeling connected and included within their working environment.

Building diverse teams is just one part of the inclusion equation. We must strive to create the inclusive culture in which all colleagues can thrive because they feel valued and respected. Fostering inclusivity is a skill and a muscle – one which must be developed and exercised. Delivering inclusion isn't only for the 'business case', it is better for our business, our customers, and the community.

Despite this evidence of strong culture, there is more work to do. We have signed commitments such as the Women in Finance Charter and Change the Race Ratio pledge. We are also active members of the Disability Confident accreditation scheme and maintain abreast of nationally and internationally specific papers and findings, including The Parker Review.

Canopius believes true inclusion – treating all individuals equally and fairly - strengthens our company. We are proud of the progress we have made; reflected in our hiring practices, our learning and professional development opportunities, our external engagement both within the industry and external to it, our employee feedback and community outreach initiatives.

We recognise that there remains work to be done, but we are committed to building a more diverse and inclusive workplace which embodies a positive and winning culture.

BARBARA TURNER
Chief Human Resources Officer

11 March, 2024

The Brokerage

Attracting local, diverse talent with London charity

In 2023, we expanded our diversity in recruitment efforts through corporate recruitment programmes aimed at attracting talent from across and critically, outside, the industry. This has included a sustained partnership with The Brokerage, a London-based social mobility charity that helps connect young people from low socio-economic backgrounds with organisations like ours.

Through workshops, micro-mentoring, careers fairs and interview practice, we have reached over 150 young people of which 95% were from ethnic minority backgrounds.

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Sustainability at Canopius

Embedding sustainable practices into our business in 2023

Governance

- We established a new Environmental, Social and Sustainability (ESS) Committee to enhance senior involvement and accountability for sustainability focused activities.
- We established a Sustainability Forum with representation from the business and functional leaders.

Underwriting

- We continued to develop our responsible business practices to evolve our risk assessment process to understand and manage various uncertainties in underwriting.
- In exposure management, we are led by science in our risk modelling to develop our view of risk. This is essential for an adequate understanding of our underwriting risks and the estimation of the financial risks associated with our underwriting exposure.
- We became joint development partners of third-party modelling vendors to develop a portfolio view of sustainability risks and assist with baselining.

Culture

- We launched 'CSR Connected', an internal programme that works with stakeholders across functions to identify areas where we are already, or can, make an impact upon local or global communities.
- We formed a new I&D Steering Committee to ensure we continue to evolve our culture and meet our strategic objectives.

Sustainability is an essential component of the culture, growth and ambition of the Canopius Group.

We made considerable progress in 2023, by enhancing our existing governance structure to support our activities to embed sustainability in our business.

Our sustainable business practices

During 2023 and beyond, we are well positioned to embed and deliver against our Responsible Business Framework. This is made up of three core commitments: responsible investment, responsible underwriting and responsible operations.

The Framework is supported by clear responsibilities and accountability through the existing Governance framework. It has been designed to ensure a consistent and integrated approach across the organisation for climate risks.

Responsible investment

We approach investments with a long-term view and are aware of the importance of stewardship and sustainability alongside integration of environmental, governance and societal factors.

We predominantly invest via a range of outsourced investment arrangements. Prior to making a recommendation for investment, a prospective asset manager must fulfil internally defined criteria. For example, we establish whether the asset manager is a signatory of the UN Principles for Responsible Investment (PRI) and, if not, whether the asset manager has a sufficiently stringent policy in place that highlights ESG-specific principles.

As part of the ongoing monitoring of asset managers, the Canopius Investment team has annual checks in place to assess whether the manager remains a signatory of the UN PRI and whether the asset manager continues to assign sufficient importance to ESG-factors as they relate to investment risk and return. This is a key consideration being whether the asset manager has adequate systems and processes in place to monitor and address such risks.

We continue to receive comprehensive thought leadership and information from our external manager relationships, which details, at a high level, the extent to which ESG factors (and specifically climate risk) are integrated into respective investment strategies. This is an activity we continue to promote and the team continues to proactively consider and incorporate externally provided thought leadership to support internal reporting.

Responsible underwriting

Our approach to underwriting is to write profitable and sustainable business. To do that, climate change risk and other sustainability related risks must be carefully considered.

Currently, we have key initiatives in place, which include:

- On-going development of a 'Climate Risk Framework'. This is extensive model validation and research of the impacts of climate change led by our catastrophe modelling team.
- A high-level responsible underwriting strategy which has been defined within the corresponding Responsible Business Framework, led by the Responsible Underwriting Working Group (RUWG).
- Partnership with third-party modelling vendors; leveraging RMS ExposureIQ, to support the integration of ESG risk assessment into our underwriting framework.

Qualitatively, our underwriters request, as part of their minimum underwriting requirements, clarification on exposures to activities of "particular interest" (such as Thermal Coal, Oil Sands and Arctic exploration).

Underwriters are encouraged to have conversations with their brokers and clients about ESG disclosures and transition plans. Since May 2022, we now capture ESG data records (for lines in scope) in our Underwriting Management System.

At underwriting portfolio level, our focus is on defining the most relevant metrics and establishing a baseline. Over time, we will be able to better assess and select risk and relationships to reduce the overall portfolio footprint.

Responsible operations

We are working to understand and assess our supplier landscape which includes all existing, new and non-material third party arrangements.

These assessments are risk-based and focus on criticality and materiality of the contract. This enables us to implement appropriate risk management oversight, monitor due diligence and assess control performance across the lifecycle of the contract.

We have enhanced our due diligence questionnaire which now includes climate-focused questions and is aligned to the UN Global Compact Strategy. Climate-focused questions enable us to make informed decisions about the partners we do business with and identifies where we need to work with our partners to help them improve upon their climate business practice.

We engage with a variety of suppliers and outsourced partners. These contracts range from simple, one-off or recurring arrangements to complex, major contracts that require heightened oversight and monitoring in-line with regulatory requirements.

In 2023, we developed a Group Procurement Function, committed to improving our approach to vendor selection. To support this, we have developed a clear framework of accountability and responsibility. This framework is designed to demonstrate continuous improvement and value for money, and ensures that our purchasing and contracting activities are ethically, environmentally and socially responsible.

Understanding the science of climate risk

We take a risk based approach in our evaluation of climate change related impacts on the business. We have conducted extensive review of the literature pertaining to climate change impacts to date and forecast changes for perils globally.

This work, which is ongoing as the science evolves, forms the basis of our approach to managing the risks from climate change by allowing us to incorporate a range of views, align with the scientific consensus and consider regional and peril specific uncertainties.

As part of this we ensure our current view of risk captures climate change to date, adjusting where necessary. We also engage with the wider insurance and scientific community to build out market-leading capabilities for our key perils as well as having active members in a number of climate change related market bodies to contribute to the development of market best practice.

We have clearly defined claims risk appetite statements and continue to monitor against these as we adapt, respond to and deepen our knowledge of the changing landscape.

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Risk Management at Canopius

In 2023, the Canopius Risk function has been evolving to ensure its ongoing effectiveness within the business' evolving operating model. We recognise the critical importance of having effective, strong and robust risk management and governance systems in place as we continue to grow.

Assessing risk regionally and globally

Our updated operating model requires a Risk function that is sufficiently robust in each of our three business units, to enable the level of profitable growth we are targeting in the coming years, continuing the level of rigour and oversight that has underpinned our business to date. We must be able to make decisions informed by both data and experience, so we have ensured that we have local expertise in place who understand the nuanced risk we face in the jurisdictions where we do business.

We now also have a global Risk Function in place, capable of scaling locally in our target markets and each of our business units has the requisite skills and expertise to empower their growth. This local autonomy is balanced by a clear group-wide approach.

The operations of the Group are subject to the regulatory requirements within the jurisdictions in which we operate. This prescribes the approval and monitoring of activities, but also imposes certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency. We address this within the Group's Capital Management policy, which requires us to hold sufficient capital to cover the statutory requirements, including any additional amounts required by regulators.

How we operate within the governance framework

The Board of Directors approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. Our risk management approach is consistent across the Group with adaptations where necessary for local requirements.

Policies define the Group's identification of risk and consider, amongst other things, the appropriate quality and diversification of assets, alignment of our underwriting and reinsurance strategy to the corporate goals and specify reporting requirements.

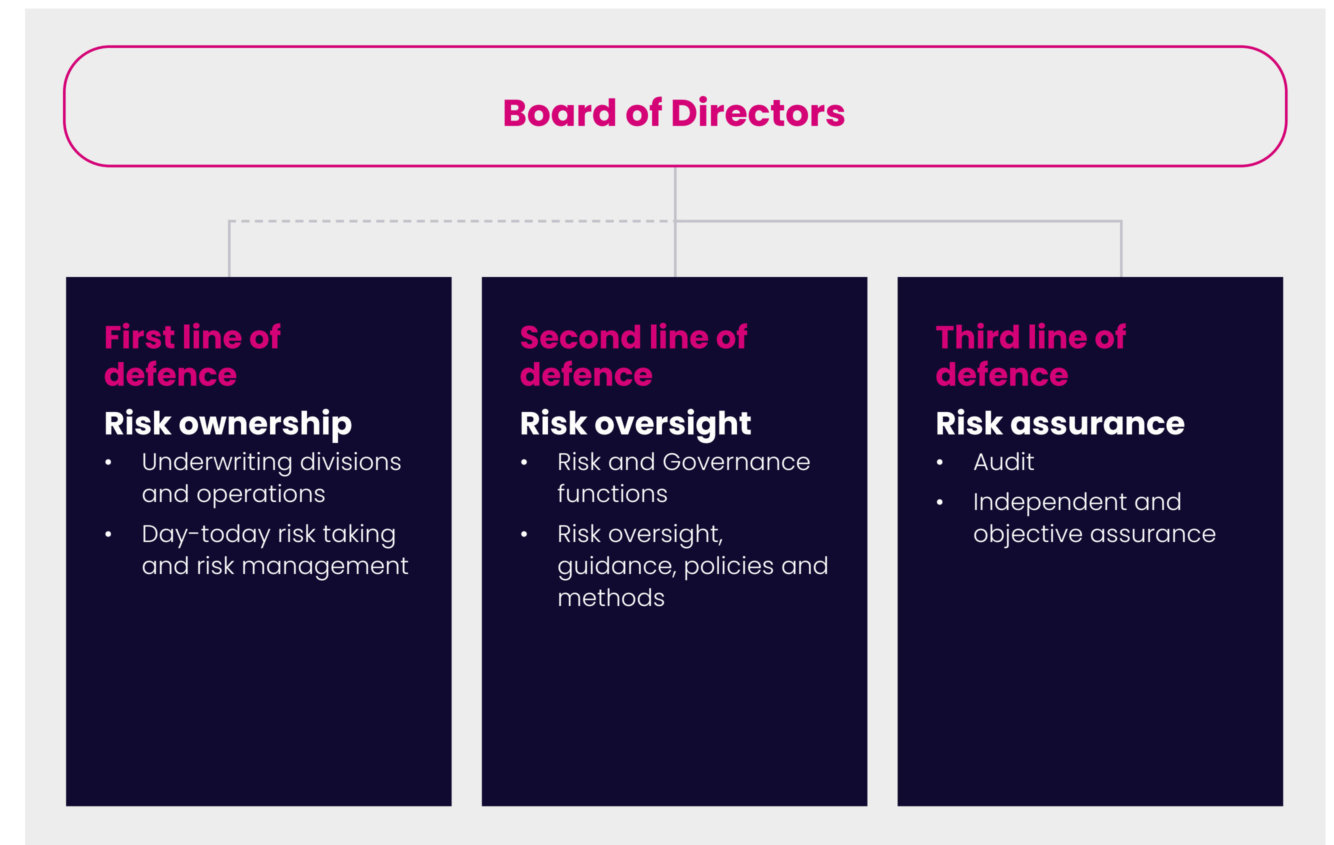
Our primary objective is to maximise returns while ensuring ongoing financial soundness through appropriate risk taking and governance. Our risk appetite is determined with consideration of our philosophy towards risk taking and our financial and operational capacity, while at the same time recognising the need to generate returns on capital that are in line with shareholder requirements.

Our risk management function has clear terms of reference from the Board of Directors, its committees and executive management committees. We supplement board-level oversight with a clear organisational structure which documents authorities and responsibilities from the Board of Directors to executive management groups and senior managers.

The Group systematically identifies, measures and manages risk across the group with quarterly reporting to Group and entity Boards. The CGL Risk Committee is in place to assist the Board in risk oversight. Risk Committee members are all independent non-executive directors.

Our 'three lines of defence'

We operate a 'three lines of defence' risk governance model, with the Board being accountable for overseeing effective management and control of risk. Our first line of defence has the direct responsibility for management and control of risk.



This includes everyone involved in day-to-day risk taking, such as all underwriting and operational functions.

Our second line of defence is our risk and compliance functions providing oversight and challenge to the risk-taking business. The third line of defence is Internal Audit, which reviews business and oversight functions to provide independent assurance.

At Canopius, we have built a positive risk culture that recognises that we must seek the right balance between our ambitions and having a sufficient level of rigour and formality. We do not want to stymie innovation and identify and manage risk pragmatically and proportionately.

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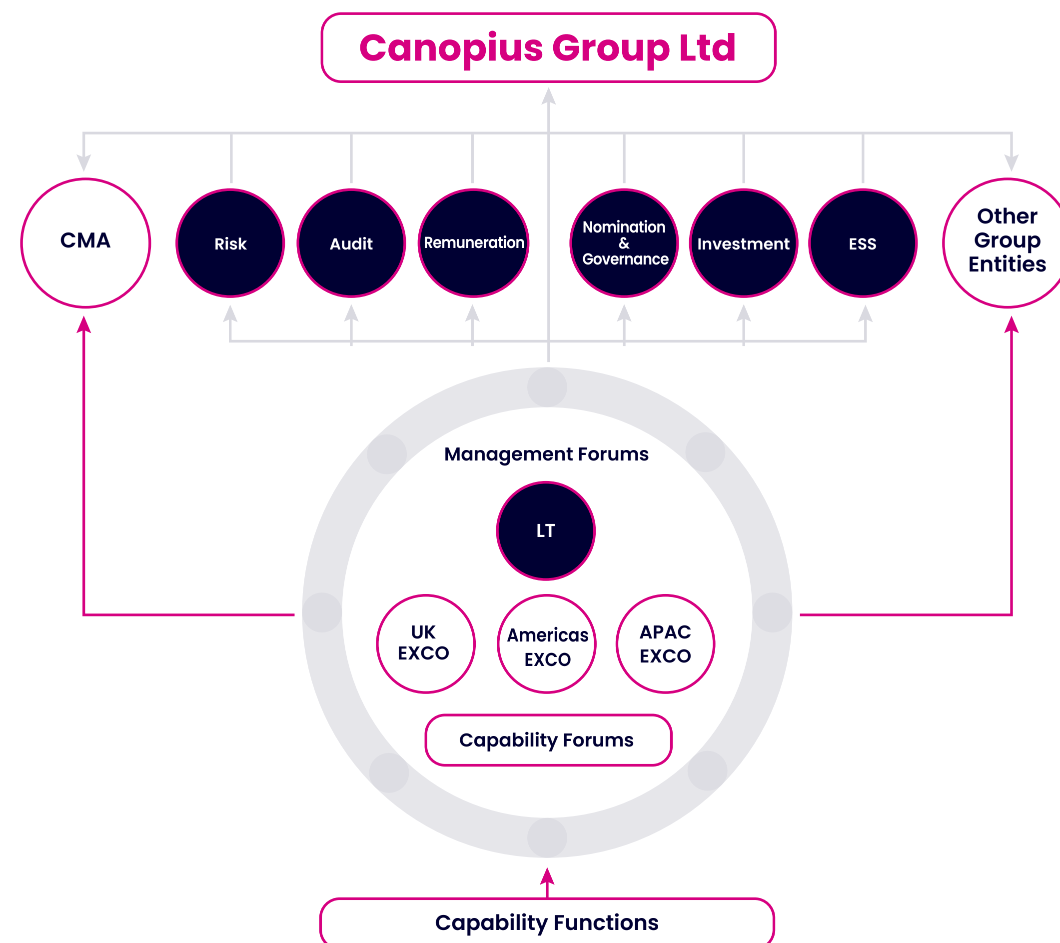
Our Corporate Governance Developments

Having a corporate governance framework that can evolve as the Group grows is a key priority and we acknowledge the importance of it being properly embedded into the organisation.

In 2023, we worked towards the implementation of our enhanced Group 'governance operating model'. Whilst we are not a public company, we utilise and consider in our thinking the UK's Corporate Governance Code to provide us with direction.

We recognise the importance of a robust corporate governance structure and its role in ensuring trust and confidence. A robust structure also promotes sound decision-making, effective risk management and a good culture across all levels of the business. This is particularly important in the context of the Group's strategy and the changing landscape within the industry, which has presented opportunities that have led to various growth initiatives across the organisation.

Our Lloyd's of London managing agency, Canopius Managing Agents Ltd (CMA) retains a significant role in our Group's governance framework and remains the primary risk carrier in the organisation, straddling all three of our geographic business units. Additional risk carriers within the Group include Canopius Reinsurance Ltd. (CRL) in Bermuda and Canopius US, Inc. (CUSI) in the U.S.



As an international group of companies, we have legal and regulatory presence in multiple jurisdictions. While there are similarities across these, it still creates a complex environment in which to operate. At the same time, our governance framework must be navigable, and so achieving a proportionate level of simplicity is critical. Our framework is designed to embrace the complexity of the regimes where we operate, but to do so simply. We do this through oversight and responsibility for governance at the various levels of the organisation in an efficient but consistent manner across the Group.

In real terms, our governance operating model is designed to enable the strategic ambitions of the business in a way that focuses on activities which increase franchise value. Our three geographic business units are empowered to execute and deliver strategy through the defined responsibilities and accountabilities in the structure. Regional executive committees and operating subsidiaries ensure compliance with local legal and regulatory requirements.

Through the work we have undertaken in 2023, we have progressed by aligning practices at a management level with the principles adopted within our framework. This includes the introduction of a new management forum structure to ensure decisions have appropriate input from regional business units and Group capabilities.

How we operate

Canopius has an organisational model of regional business units and product groups, ultimately led by our Group Leadership Team (LT). The LT is responsible for the day-to-day running of the Group.

Each of the regional business units has established Executive Committees (ExCos). The resulting line-ups give Canopius its strongest ever management team, ready to build a resilient and sustainable organisation and deliver meaningful, profitable growth.

From underwriting and claims to digital and people management, the business has invested heavily in attracting forward-thinking industry talent. A new generation of highly experienced leaders is now embedded, united by a clear growth strategy and committed to creating a positive and winning culture that attracts and supports the best talent.

Roles of the Board & Executive Management

i) Role of the Board

The role of the Board is to oversee Group executive management. It leads on oversight of strategy, empowering our Group CEO with the mandate to execute Group strategy in line with the business plan's risk tolerance levels. Key decisions made at board level include:

- Approval of Group strategy to optimise use of Group's resources and maximise franchise value
- Approve business plan and matters reserved for Group board
- Approve overall risk appetite proposed by executive management

ii) Board Composition, Succession & Evaluation

The Board is led by our Group Chairman. Board members have clear responsibilities underpinned by transparent, well-informed and balanced decision making to deliver effectively the Group's purpose:

- **Chair:** is responsible for the leadership and effectiveness of the Board. This includes the conduct of board meetings, and promoting a culture of openness and debate to ensure effective decision-making.
- **Non-Executive Directors:** are responsible for challenging proposals from executive management. They assess performance, and ensure the integrity of our financial information and systems of both risk management and internal control are robust and defensible. Each non-executive director is a member of one or more committees for which they have the requisite skills and experience.

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Our Corporate Governance Developments Continued

In 2023, we completed a Board skills assessment, and the Board will determine the appropriate time to undertake an external Board effectiveness review.

These assessments will inform succession planning for our non-executive directors in 2024 and beyond, ensuring a balance of continuity, stability and effective decision-making.

Canopius considers its non-executive directors to be independent to the extent that they have not held an executive role within the Group.

iii) Board Committees

The Board fulfils its mandate with the support of Board Committees which oversee areas that have the potential to affect the Group's strategy. Made up of non-executive board members, these Committees consider specific matters and may make decisions on the Board's behalf, holding delegated authority under their terms of reference.

Board Committees receive reports and assurance from executive management, flowing through management forums and functions which also advise them.

Audit Committee	Supports the Board in overseeing and fulfilling the Group's financial reporting responsibilities, and the monitoring of the Group's internal audit function.
Risk Committee	Supports the Board in developing the Group's overall risk appetite. It will also monitor and oversee the Group's risk management and internal control systems.
Investments Committee	Oversees all aspects of the Group's investment policy and strategy, providing oversight of the operation of investment portfolios within established strategy and risk frameworks.
Nominations & Governance Committee[1]	Reviews the Board's composition and considers new appointments and succession planning. It also has general oversight of the Group's system of governance.
Remuneration Committee[1]	Is responsible for the Group's remuneration policy and practices for directors, senior management and the workforce. It also approves and recommends incentive plans to the Board and shareholders.
Sustainability Committee[1]	Oversees all aspects of the Group's environmental, societal and sustainability (ESS) strategy including its articulation and oversight.

[1] Newly established in 2023

iv) Role of executive management

Our LT is responsible for the day-to-day running of the Group. We are proud that it includes industry leaders from the global specialty (re)insurance sector, prominent figures in the regions where we do business, and experts in their respective fields. We're also proud that the LT's make-up is almost gender equal.

Led by the Group CEO, the LT is responsible for developing our overall strategy and defining a clear framework within which our business units as well as product lines and capabilities can operate. Members are tasked with overseeing performance and execution of the business plan for each of the business units. They are also charged with promoting our positive and winning culture, ensuring that it permeates across our organisation.

Our Group executives are responsible for leading the Group's capability functions comprising Underwriting, Finance, Claims, Operations, Actuarial, Risk & Governance, HR and Strategy.

A coordinated approach to decision-making across the Group is achieved through our newly-implemented Group Management Forums. These support relevant executive management members in making informed decisions with the support of capability functions.

Management Forums have created new channels for communicating, accessing key information and sharing best practices across the Group. They also provide opportunities for engagement with the wider business to raise awareness of the Group's governance processes and ensure the framework is accessible.

Each of our three ExCos are made up of local sector and capability experts. Led by regional CEOs, these forums are empowered to drive the strategic ambitions of the local business unit, enabling Canopius to remain agile in its decision-making.

v) Conflicts of Interests

The Board ultimately oversees and holds accountability for the management of conflicts of interest, and the Executive Management ensures effective management of conflicts.

Our Group Conflicts Policy has undergone a review in 2023 to ensure that it aligns with the Group's operating model. New procedures to support the effective implementation of this policy, including the introduction of conflicts champions across capability functions, will be fully rolled out in 2024.

Board and Committee composition and attendance at scheduled meetings

BOARD MEMBER	ROLE	BOARD TENURE
Non Executives		
Michael Watson	Board Chair	Appointed 2 September 2015
Miriam Greenwood OBE DL	Senior Independent Director, Nominations & Governance Committee Chair & Sustainability Committee Chair	Appointed 3 November 2021
Peter Hazell	Audit & Remuneration Committee Chair	Appointed 25 May 2018
Paul Ceurvorst	Risk Committee Chair	Appointed 25 May 2018
Ian Owen	Non-executive Director	Appointed 28 March 2012
Paul Meader	Investments Committee Chair	Appointed 2 September 2015
Executives		
Neil Robertson	Group Chief Executive Officer	Appointed 7 May 2021
Gavin Phillips	Group Chief Financial Officer	Appointed 4 January 2022
Sam Harrison	Group Chief Underwriting Officer	Appointed 30 September 2023

The below table shows non-executive director attendance at Board and significant Board Committee meetings through 2023. Directors attended 100% of all other Board Committee meetings held in 2023.

DIRECTOR	CGL BOARD	AUDIT	RISK	REMUNERATION
Michael Watson	(C) 7/7			5/6
Paul Ceurvorst	6/7	5/5	(C) 5/5	4/6
Peter Hazell	6/7	(C) 5/5	5/5	(C) 6/6
Miriam Greenwood OBE DL	5/7			5/6
Ian Owen	5/7	4/5	4/5	
Paul Meader	6/7			5/6

SHELDON LACY
Group Chief Risk Officer

11 March, 2024

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Directors

MICHAEL WATSON
CHAIRMAN

Michael is Chairman of Canopius and has over 40 years of experience in commercial and investment banking, trade finance, stock broking and life/non-life insurance in London, New York and Bermuda. He led the original management buy-out of Canopius in 2003 and again in 2018. Michael was CEO of the Group until the end 2021. He previously served as a member of the Council of Lloyd's and on the Board of the Lloyd's Market Association. Michael is a Chartered Accountant.

NEIL ROBERTSON
GROUP CHIEF EXECUTIVE OFFICER

Neil was appointed as Group CEO of Canopius in January 2022 having joined the business as Group Deputy CEO in May 2021. Neil leads Canopius in setting and achieving its strategic ambitions, furthering its distinctive approach and delivering enhanced returns for our shareholders, all while creating a culture in which its employees can thrive. Previously, Neil was CEO of Global Specialty AXA XL where he oversaw a multi-billion-dollar portfolio. He has more than 30 years of insurance experience and his previous roles include Chief Executive of Insurance Underwriting for XL Catlin and seven years as CEO of XL Group's Lloyd's Managing Agency.

GAVIN PHILLIPS
GROUP CHIEF FINANCE OFFICER

Gavin joined Canopius as Group CFO in January 2022 and holds executive responsibility for Finance, Actuarial, Investments and M&A. He has extensive experience in financial leadership and insurance. Starting as a graduate in Lloyd's, he joined PwC in 1993 and spent almost three decades working with some of their largest global and domestic insurance clients, holding a number of senior roles, most recently as PwC's Regional Financial Services Leader. Prior to this, Gavin led the insurance and asset management assurance practice, before which he was Head of the Lloyd's and London Market practice. He also served as CFO of Prudential plc's UK life insurance business between 2017 -2019, while on secondment from PwC.

Embedding Sustainability into our governance framework

In 2023, our corporate governance framework has evolved to facilitate an all-encompassing outlook to our sustainability and supports the new organisational structure, including delivery of our objectives, growth plans, strategic direction, culture and values. Some of the notable climate risk developments include:

- Establishing a new Board Committee which includes responsibilities for covering the group-wide sustainability strategy, oversight of climate risk reporting and climate risk regulation
- Reframing the Management Forums to allow for effective collaboration on climate-related risks between the Group and the business units.

The matrix structure of the product lines and business units allows for guidance and oversight of business activities including new growth opportunities aligned to our Responsible Business Framework.

SAM HARRISON
GROUP CHIEF UNDERWRITING OFFICER

Sam started his distinctive 30-year insurance career at the Commercial Union in 1995, and moved to QBE Syndicate 1036 in 1998. By 2001, he had become Head of Offshore Energy for that syndicate, and then overall Head of Energy, four years later. In 2013, he was promoted to Managing Director International Markets and in 2017 to Managing Director for QBE European Operations, Insurance Division. In March 2021 he became Group Chief Underwriting Officer and a member of the QBE Executive Board.

Following his successful career at QBE, Sam moved to Canopius in October 2023 to lead and shape their diverse portfolio of business across three regional business units. Working as part of the Group Leadership Team and alongside senior underwriting leaders, Sam is spearheading Canopius' ambitious underwriting plans, focusing on areas where Canopius has, or could have, distinction or competitive advantage.

PAUL CEURVORST
INDEPENDENT NON-EXECUTIVE DIRECTOR

Paul Ceurvorst has served on the Board of Canopius Group Limited as an Independent Non Executive Director since 2018 and brings more than four decades of experience to the role. Prior to joining Canopius, Paul was Chief Executive Officer of Gen Re's London market operations, Faraday Reinsurance Co. Limited and Faraday Managing Agents.

MIRIAM GREENWOOD OBE DL
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Miriam was appointed to the Board of Canopius Group Limited as an Independent Non-Executive Director in 2021. With qualifications as a barrister and in corporate finance, Miriam spent more than 30 years working for a number of leading investment banks and other financial institutions. In previous roles, she served as a Non-Executive Director of the UK energy regulator OFGEM and on the Board of a number of publicly quoted companies and was also a founding partner of SPARK Advisory Partners, an independent corporate advisory business. Miriam is currently the Chair of SMS plc and Aquila Energy Efficiency Trust, Non-Executive Director of Gulf International Bank UK, Encyclis Holdco Limited and Eclipse Shipping Limited, and an Adviser to the Mayor of London's Energy Efficiency Fund. A Deputy Lieutenant of the City of Edinburgh, Miriam was awarded an OBE for services to corporate finance in 2000.

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Directors continued

PETER HAZELL
INDEPENDENT NON-EXECUTIVE DIRECTOR

Peter Hazell has served on the Board of Canopius Group Limited as an Independent Non-Executive Director since 2018. Following an extensive career at PwC, where he was latterly the firm's Managing Partner in the UK, Peter held a suite of Non-Executive Directorships, including for Brit Insurance and AXA in the UK and Ireland. Peter also formerly served as Non-Executive Director to Smith & Williamson and UK Coal, Chairman of Argent Group and was a member of the Competition Commission and the Natural Environment Research Council. In addition to Canopius, Peter is currently Non-Executive Director at Architas Group and Chairman of AMMEL, a fund management company.

PAUL MEADER
INDEPENDENT NON-EXECUTIVE DIRECTOR

Paul Meader has served on the Board of Canopius Group Limited as an Independent Non-Executive Director since 2015. Until 2012 he was Head of Portfolio Management at Canaccord Genuity and, prior to this, he served as Chief Executive Officer of Corazon Capital and Managing Director of Rothschild private banking. He has over 35 years' experience in financial markets in London, Dublin and Guernsey, holding senior positions in investment management and trading. Paul is a Chartered Fellow of the Chartered Institute for Securities & Investments, a past Commissioner of the Guernsey Financial Services Commission and past Chairman of the Guernsey International Business Association.

IAN OWEN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ian Owen has served on the Board of Canopius Group Limited as an Independent Non-Executive Director since 2012 and is also Chair of AllClear Group. Ian formerly chaired Kingsbridge, A-Plan, 7im, Guardian Financial Services and Partnership Assurance. His previous Board roles include Seven Investment Management, Resolution Life Companies, Unum Ltd, Liverpool Victoria, Endsleigh and AA Insurance. Prior to his non-executive appointments, Ian's 25-year career comprised senior, executive roles at blue chip firms across the insurance industry, including Zurich Financial Services, BAT Financial Services and Eagle Star.

Other Leadership Team members

KATE ROY
GROUP CHIEF OPERATING OFFICER

Kate joined Canopius as Chief Operating Officer in early 2022. She is a highly experienced COO having worked in broker and carrier organisations as well as with outsourced service providers during her 33-year career. She joined from Willis Towers Watson, where she held the role of COO for Great Britain and Willis Ltd. Prior to this, she held senior positions at AIG and Capita Insurance Services. Kate has a proven track record of leading and delivering complex and transformational operational solutions in business units across multiple geographies. With a strong client-centric approach and focus on efficiency, Kate is also a staunch advocate for technological and digital solutions, as evidenced by her involvement on the PPL Board since the platform's inception.

BARBARA TURNER
GROUP CHIEF HR OFFICER

Barbara joined Canopius in 2013 as Group Head of HR. She has over 30 years of HR management experience at major international financial services organisations. She is also a member of the Chartered Institute of Personnel and Development. Barbara was previously at the Bank of Tokyo Mitsubishi UFJ Ltd where, as Head of HR for the EMEA region, she managed the strategy and delivery of HR for over 1800 employees across 17 locations. She has also held senior HR positions at UBS and ABN AMRO, driving major cultural change.

SHELDON LACY
GROUP CHIEF RISK OFFICER

Sheldon is the Group Chief Risk Officer for Canopius. After graduating with a Master's in Physics Sheldon 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 he moved into the Specialty P&C Market as Head of Risk for Talbot Underwriting, ultimately building the global ERM team for Bermuda based parent Validus and co-Chairing the LMA CRO Forum before becoming the Chief Risk Officer for ANV where he lead the Risk, Legal and Compliance function through the Lloyd's Solvency II application. He was more recently Managing Director for AmTrust at Lloyd's and joined the Canopius Group in 2019 as part of the merger.

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Other Leadership Team members continued

NICK BETTERIDGE

GROUP CHIEF ACTUARY

Nick joined Canopius in 2011 and has been Group Chief Actuary since 2018, leading Pricing, Reserving and Capital across the Group. Prior to joining Canopius he worked as an actuarial consultant for Lane Clarke & Peacock. Nick has recently served as Chair of the Committee of Actuaries in the London Market and was voted General Insurance Actuary of the Year in 2018 by the Actuarial Post.

LINDSAY ASTOR

CHIEF OF STAFF AND HEAD OF STRATEGY

Lindsay joined Canopius in December 2021 from AXA XL, where she was, most recently, Head of Underwriting Management, UK & Lloyd's, with responsibility for leading a team of business managers, and overseeing the management of underwriting governance and controls for its legal entities. Lindsay held several other senior positions at the insurer including Chief of Staff, where she reported to Canopius' Chief Executive Officer Neil Robertson when he was CEO of Global Specialty at AXA XL. Prior to that Lindsay held various senior roles at XL Catlin and was the Head of Business Development and Crisis Management Global from 2015- 2018.

MARK NEWMAN

UK CHIEF EXECUTIVE OFFICER

Mark became Canopius UK CEO in January 2024. He joined Canopius in August 2016 as Chief Executive APAC & MENA, with responsibility for the Singapore, Australia and Lloyd's China operations. He began his insurance career broking with Sedgwick in London, before moving to J&H as senior vice president in 1991. After the company was acquired by Marsh, he became leader of their international property team, followed by various roles he held at Guy Carpenter - first as Head of Faculty Japan and then as Head of Faculty for Guy Carpenter Asia Pacific, before being appointed Chief Operating Officer & Head of Guy Carpenter Faculty Asia Pacific in 2007. In 2008 Mark moved to the carrier side, being appointed as CEO of Catlin Asia Pacific, based in Singapore. Prior to joining Canopius, Mark served as Head of Asia & Deputy CEO Asia Pacific XL Catlin, having helped both organisations through the integration post-merger.

LISA DAVIS

US CHIEF EXECUTIVE OFFICER

Lisa joined Canopius as President and Chief Underwriting Officer in September 2020 to build on the strengths of the U.S. operation and Lloyd's syndicate to create a multi-platform approach to serving the U.S. specialty insurance market. She became CEO, U.S. & Bermuda, in February 2022. Lisa has over 25 years of experience and joined from Sompo America Insurance Services, where she served as Executive Vice President and President of Asian Risk Solutions at Sompo International since 2016. She also worked at Zurich Insurance for 14 years, most recently as Regional Industry Leader – Construction.

GABRIELLE FOLLIARD

GROUP CHIEF CLAIMS OFFICER

Gabrielle joined Canopius as Group Head of Claims in 2019 and is now Chief Claims Officer, where she leads the global claims team and has overall responsibility for claims strategy at a Group level. She previously served as Head of Specialty and Financial lines Claims at Markel and is a qualified lawyer with more than 15 years of experience in the insurance industry, having begun her career as a solicitor at CMS, where she spent seven years before joining Beazley as a Claims Manager. Gabrielle is co-chair of the Canopius Inclusion and Diversity Steering Group and also serves as Deputy Chair of the LMA Claims Committee.

CHARLES COOPER

GLOBAL HEAD OF REINSURANCE, BERMUDA CEO

Charles is currently CEO of Canopius Reinsurance Ltd and Group Head of Reinsurance for Canopius. Charles has more than 25 years' experience in insurance and reinsurance in a variety of underwriting and management roles. He began his insurance career with AIG and then Zurich North America in New York. From 2000 to 2008, he was a treaty underwriter for casualty, property and specialty business in the US and Bermuda. Charles joined Validus Re as EVP, Head of US Property from 2008 – 2010 and returned to XL as President and Chief Underwriting officer of XL Re Ltd in 2010. From 2018 – 2022, he was Chief Executive, Reinsurance for AXA XL – responsible for overall management of the company's global reinsurance business.

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Stakeholder Engagement

Canopius' Stakeholders: How we engage

We ensure that items brought to the Board by non-director executive management have explicit consideration on stakeholders.

By focusing on our seven core stakeholders, we can demonstrate that interests have been adequately considered in decision-making. Our focus on this will continue to evolve and we are working towards having enhanced oversight of stakeholder relationships in 2024.

Shareholders

Canopius highly values the views of its shareholders and maintains open and transparent communication channels with them. Ensuring their ongoing support is critical to the success of our business.

Our shareholders afford us the ability to plan for the long term, which has been central to our transformation programme over the last two years. They provide us with financial support and security and we keep them informed with detailed financial information on a quarterly basis, in addition to our annual report, providing more in-depth insights into our business. Feedback from shareholders is provided to the CGL Board.

Capital providers

We work with many capital providers, who invest in our underwriting capabilities and expertise, who respect our abilities to build robust portfolios and effectively manage risk. Capital providers are essential in developing sustainable and profitable underwriting portfolios.

We welcome the investment of other Reinsurers and are committed to working closely with them to support our respective risk mitigation strategies and to maximise underwriting returns. Further, we continue to work closely with private, public and institutional investors via our Bermudian business, creating and managing innovative Insurance Linked Securities (ILS). In 2023, we also welcomed increased capital investment into our algorithmic underwriting MGA, Vave.

Employees

Canopius is first and foremost a people business; our people are essential to the success of the Group and the achievement of our goals. We are building a resilient and sustainable organisation which can support growth and which relies on ambitious and empowered individuals and teams.

We communicate key messages with our people through regular Group Town Hall meetings. We run a robust Employee Engagement programme across the Group to receive honest and targeted feedback, a process which has led to many positive changes within the business. We also have a number of well-publicised public and private channels that allow employees to gain insight, share information and raise concerns within the Group.

Policyholders

Our customers are at the heart of everything we do. We listen to their needs and ensure these are reflected in the products we offer and the distribution channels we make available. This has been fundamental in identifying important growth opportunities and the development of digital tools that enable customers to transact efficiently with Canopius.

Our claims service is the most visible point of contact for our customers and clients and when they have experienced a loss, we aim to pay valid claims without any unnecessary delay. We are also evolving our product suite to reflect the changing needs of our customer base.

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Suppliers (including broker and distribution partners)

We operate in conjunction with a wide range of suppliers to deliver products and services to our customers. We treat all our suppliers fairly so that we both mutually benefit from our relationship. We want to work with businesses that align with our values and support our goals, and we reflect this in our robust procurement processes.

A significant amount of our business is written through distribution intermediaries, so it is vital that we build strong working relationships with them. We champion 'collaborative co-creation' with our distribution partners, embracing new ways of seeing things and taking inspiration from the bigger and better solutions it can create. We are committed to listen intently, collaborating talking plainly and solving problems together.

In 2024, Canopius is investing in new Distribution functions within our Underwriting business that will further strengthen our intermediary relationships.

Regulators

The Group, and more significantly its regulated subsidiaries, engage throughout the year with regulators in all jurisdictions. Maintaining open and effective relationships with our regulators is vitally important to our business and indeed any regulated business.

Our Directors and senior management have regular meetings and a two-way dialogue with our key regulators throughout the year. We value the relationships which we have forged which ensure we can meet their expectations around compliance and transparency and retain alignment.

For Canopius it is crucial that we maintain a thorough understanding of their regulatory objectives and how they pertain to our business. Conversely, we want to ensure that our regulator audiences have a strong understanding of our business, our strategy and our risk appetites. Finally, we take efforts to ensure that our compliance approach and controls are aligned with the objectives of these stakeholders. The Group and all of its regulated subsidiaries satisfied all of their reporting obligations during 2023.

Community

We recognise the importance of contributing to our communities through volunteering, community investment, and long-term charity partnerships. In 2023, Canopius' employees took part in charitable activities and community engagement to reflect what we are as a business. Canopius strives to be a place where employees can be as good as they can be - as people, colleagues and community members.

We offer a wide range of activities and opportunities to donate, participate and engage with people who need and deserve our support. Canopius has ensured that employees have the time and space to engage with their local community by entitling everybody to two community days leave per year.

This year Canopius offered everyone across the Group an opportunity to give back through a 'Global Community Week' in September 2023. Nearly 150 Canopius colleagues participated across the globe donating nearly 1,000 hours of their time collectively, undertaking a range of activities from volunteering at food banks to companionship calls with the elderly to eco clean ups.

Canopius set aside a portion of its budget each year to not only donate to worthy causes, but also to facilitate employees' ability to donate, participate and engage with their local communities and local charities. In 2023, we donated more than $100,000 to nearly 40 local community causes championed by our employees globally.

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Directors' Report

The directors of Canopius Group Limited ("CGL") present their Directors' Report for the Group for the year ended 31 December 2023. The names of all persons who were directors during the year are listed on page 47.

Review of the business

The principal activity of Canopius Group Limited (the "Company") is as the parent holding company to the Canopius Group (the "Group"). The principal activity of the Group is the underwriting of insurance and reinsurance business transacted both through direct channels and via delegated underwriting.

During the year the Company declared and paid dividends of $42.7m (2022: $27m).

Results and Performance

The Group result for the year ending 31 December 2023 was a profit after tax of $363m (2022: $128m). The key performance indicators are shown on page 2.

Effective 1 January 2023 the Group adopted the new accounting standard IFRS 17: Insurance Contracts in the preparation of its consolidated financial statements. This change in accounting standard was applied retrospectively and the financial statements for the comparative period have been restated accordingly. Further detail regarding the restatement and its impact can be found in note 2.3.

Disclosure of information to auditors

In the case of each of the persons who are directors of the Company at the time the report is approved:

- So far as the director is aware, there is no relevant audit information, being information needed by the Company's auditor in connection with the auditor's report, of which the auditor is unaware; and
- Having made enquiries of fellow directors of the Company and the Company's auditor, each director has taken all the steps that he or she ought to have taken as a director to become aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Appointment of Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditor.

Qualifying third party indemnity provision

The Company has put in place D&O Insurance and an indemnity in the Articles of Association to indemnify directors and officers of the Company against losses or liabilities sustained in the execution of the duties of office.

Financial risk management

In the normal course of business, the Group is exposed to many risks. Risk policies are in place for the major risk categories. Please refer to note 28 of these consolidated financial statements for more details.

The Directors' report was approved by the Board on 8 March, 2024 and signed on its behalf on 11 March, 2024 by:

MICHAEL WATSON
Chairman

GAVIN PHILLIPS
Chief Financial Officer

Statement of Director's Responsibilities in Relation to the Financial Statements

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Jersey Company law requires the directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs). The financial statements of the Company are required by law to give a true and fair view of the state of affairs of the Company at the period end and of the profit or loss of the Company for the period then ended. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements prepared by the Company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors and Professional Advisers

Directors	Paul Ceurvorst Miriam Greenwood OBE DL Peter Hazell Paul Meader Ian Owen Gavin Phillips Neil Robertson Michael Watson Sam Harrison (appointed 30 September 2023)
Company Secretary	Mourant Secretaries (Jersey) Limited 22 Grenville Street, St Helier, Jersey, JE4 8PX
Registered Office	22 Grenville Street, St Helier, Jersey, JE4 8PX
Company Number	129591
Independent Auditors	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY

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Independent Auditor's Report to the members of Canopius Group Limited

Opinion

We have audited the financial statements of Canopius Group Limited (the "company") and its subsidiaries (the "group") for the year ended 31 December 2023 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 32 to the consolidated financial statements, and the Statement of Profit or Loss and Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20 to the company financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's profit and the company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and company's ability to continue as a going concern for the period to 31 March 2025 which is 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Other Information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 47, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent Auditor's Report to the members of Canopius Group Limited

Continued

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the relevant laws and regulations related to elements of company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the regulated business carried out by the group's subsidiaries which include Lloyd's of London, the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').
- We understood how Canopius Group Limited is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the company and regulatory bodies, reviewed minutes of the Board and the Audit Committee and attended the Audit Committees and gained an understanding of the group's approach to governance.
- The group operates in the insurance industry which is a highly regulated environment. As such the auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- We assessed the susceptibility of the group's and company's financial statements to material misstatement, including how fraud might occur by considering the controls that the group has established to address risks identified by the group, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, external pressures and their potential to influence management to manage earnings or influence the perceptions of investors and stakeholders. The fraud risk was considered to be higher within:
  - insurance revenue recognition with a particular focus on the estimation of pipeline premium and binder premium within the syndicate operations; and
  - valuation of (re)insurance contract assets/liabilities with a particular focus on the estimation technique used to calculate the risk adjustment and the methodology and assumptions used in determining discount rates.

  Our audit procedures included:

  - Reviewing accounting estimates for evidence of management bias. Supported by our actuaries we assessed if there were any indicators of management bias in the estimation of pipeline premium and binder premium within the syndicate operations and the methodology and assumptions used in determining the risk adjustment and discount rates included in the valuation of (re)insurance contract assets/liabilities;
  - Evaluating the business rationale for significant and/or unusual transactions; and
  - Testing the appropriateness of journal entries recorded in the general ledger on a sample basis.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance and senior management for their awareness of any non-compliance with laws or regulations; enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees at a group level; enquiring about the group's methods of enforcing and monitoring compliance with such policies; and inspecting significant correspondence with regulators including Lloyd's of London, the FCA and the PRA.
- A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ANDREW BLACKMORE
for and on behalf of
Ernst & Young LLP London

11 March, 2024

GROUP ACCOUNTS

Consolidated Statement of Profit or Loss

for the year ended 31 December 2023

$'000	Notes	31 December 2023	Restated 31 December 2022
Insurance revenue	24(a)	**2,490,949**	2,198,338
Insurance service expenses	24(a)	**(1,756,552)**	(1,801,660)
Insurance service result before reinsurance contracts held		**734,397**	396,678
Allocation of reinsurance premiums	6	**(717,023)**	(585,857)
Amounts recoverable from reinsurers for incurred claims	6, 24(b)	**267,518**	347,662
Net expense from reinsurance contracts held	6	**(449,505)**	(238,195)
Insurance service result		**284,892**	**158,483**
Net fair value gains/(losses) on financial assets at fair value through profit or loss	8	**59,366**	(130,052)
Other investment revenue	9	**117,351**	53,759
Investment fees & expenses	10	**(3,591)**	(3,299)
Net investment result		**173,126**	**(79,592)**
Insurance finance (expense)/income (insurance contracts issued)	11	**(138,350)**	209,672
Reinsurance finance income/(expense) (reinsurance contracts held)	11	**51,331**	(91,285)
Net insurance financial result		**(87,019)**	**118,387**
Fees and commission income	7	**8,248**	9,057
Other operating income		**7,204**	1,711
Finance costs	12	**(10,389)**	(11,867)
Other operating and administrative expenses	5	**(43,569)**	(33,049)
Foreign exchange gains/(losses)		**(3,569)**	(274)
Profit before tax		**328,924**	**162,856**
Income tax credit/(expense)	14	**34,440**	(34,167)
Profit for the year		**363,364**	**128,689**
Profit attributable to:			
Equity holders of the parent		**364,285**	128,557
Non-controlling interest		**(921)**	132
Profit for the year		**363,364**	**128,689**

The notes on pages 57 to 133 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

$'000	31 December 2023	Restated 31 December 2022
Profit for the year	**363,364**	128,689
Other comprehensive income (OCI):		
OCI that maybe reclassified to profit or loss in subsequent period:		
Currency translation differences	**4,301**	(8,291)
Total comprehensive income recognised for the year	**367,665**	**120,398**
Total comprehensive income is attributable to:		
Equity holders of the parent	**368,586**	120,266
Non-controlling interest	**(921)**	132
	367,665	**120,398**

All the above amounts are derived from continuing operations and attributable to equity holders of the parent.

The notes on pages 57 to 133 form part of these consolidated financial statements.

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Consolidated Statement of Financial Position

as at 31 December 2023

$'000	Notes	31 December 2023	Restated 31 December 2022	Restated 1 January 2022
Assets				
Intangible assets	15	**193,431**	183,655	178,297
Property and equipment	16	**11,456**	12,255	15,507
Right-of-use assets	29	**28,121**	29,726	37,568
Deferred tax asset	14(d)	**43,054**	4,627	24,284
Reinsurance contract assets	24(b)	**1,079,722**	1,162,973	1,089,730
Financial investments				
- Measured at fair value through P&L	17	**3,098,188**	2,705,282	2,757,310
- Measured at amortised cost	17	**63,467**	-	-
Derivative financial instruments	18	**7,548**	21,782	4,143
Income tax receivable	14(c)	**783**	-	1,021
Trade and other receivables	20	**108,310**	122,933	113,404
Other assets	21	**155,437**	166,034	153,475
Cash and cash equivalents	22	**119,999**	123,645	294,617
Total assets		**4,909,516**	**4,532,912**	**4,669,356**
Equity				
Issued share capital	23	**341,868**	341,868	341,868
Issued share premium	23	**345,332**	345,332	345,332
Capital reserves		**759,956**	759,956	759,956
Foreign currency translation reserve		**(54,639)**	(58,940)	(50,649)
Retained earnings		**225,409**	(94,956)	(196,513)
Equity attributable to equity holders of the parent		**1,617,926**	**1,293,260**	**1,199,994**
Non-controlling interests		**678**	617	485
Total equity		**1,618,604**	**1,293,877**	**1,200,479**
Liabilities				
Insurance contract liabilities	24(a)	**3,074,105**	3,070,532	3,293,073
Reinsurance contract liabilities	24(b)	**-**	-	6,487
Lease liabilities	29	**38,903**	35,860	39,753
Deferred tax liabilities	14(d)	**36**	9,557	-
Derivative financial liabilities	18	**7,911**	7,484	3,935
Income tax payable	14(c)	**726**	2,451	203
Trade and other payables	25	**169,231**	113,151	125,426
Total liabilities		**3,290,912**	**3,239,035**	**3,468,877**
Total equity and liabilities		**4,909,516**	**4,532,912**	**4,669,356**

The notes on pages 57 to 133 form part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 8 March, 2024 and signed on its behalf on 11 March, 2024 by:

Michael Watson
Chairman

Gavin Phillips
Chief Financial Officer

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Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	Attributable to equity holders of the parent							
$'000	Issued Share Capital	Issued Share Premium	Capital reserves	Foreign currency translation reserve	Retained earnings	Total	Non-controlling Interest	Total equity
At 31 December 2021, as previously reported	**341,868**	**345,332**	**759,956**	**(50,649)**	**(148,223)**	**1,248,284**	**485**	**1,248,769**
Impact of initial adoption of IFRS 17	-	-	-	-	(48,290)	(48,290)	-	(48,290)
Restated balance at 1 January 2022	**341,868**	**345,332**	**759,956**	**(50,649)**	**(196,513)**	**1,199,994**	**485**	**1,200,479**
Profit for year	-	-	-	-	128,557	128,557	132	128,689
Other comprehensive loss	-	-	-	(8,291)	-	(8,291)	-	(8,291)
Total comprehensive (loss)/income	-	-	-	(8,291)	128,557	120,266	132	120,398
Dividends paid	-	-	-	-	(27,000)	(27,000)	-	(27,000)
Restated balance at 31 December 2022	**341,868**	**345,332**	**759,956**	**(58,940)**	**(94,956)**	**1,293,260**	**617**	**1,293,877**
Impact of initial adoption of IFRS 9	-	-	-	-	(238)	(238)	-	(238)
Restated balance at 1 January 2023	**341,868**	**345,332**	**759,956**	**(58,940)**	**(95,194)**	**1,293,022**	**617**	**1,293,639**
Profit/(loss) for year	-	-	-	-	364,285	364,285	(921)	363,364
Other comprehensive income	-	-	-	4,301	-	4,301	-	4,301
Total comprehensive income/(loss)	-	-	-	4,301	364,285	368,586	(921)	367,665
Dividends paid	-	-	-	-	(42,700)	(42,700)	-	(42,700)
Investment in subsidiary	-	-	-	-	(982)	(982)	982	-
At 31 December 2023	**341,868**	**345,332**	**759,956**	**(54,639)**	**225,409**	**1,617,926**	**678**	**1,618,604**

Dividends per share in 2023 amounted to $0.12 (2022: $0.08). The notes on pages 57 to 133 form part of these consolidated financial statements.

GROUP ACCOUNTS

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

$'000	Notes	2023	Restated 2022
Operating activities			
Profit before tax		**328,924**	162,856
Adjustments for:			
Net change in insurance contract assets and liabilities		**3,573**	(222,541)
Net change in reinsurance contract assets and liabilities		**83,251**	(79,730)
Net change in other assets and liabilities		**32,274**	(46,766)
Finance costs	12	**10,389**	11,867
Net fair value (gains)/losses on financial assets at fair value through profit or loss	8	**(59,366)**	130,052
Other investment revenue and investment fees and expenses	9,10	**(113,760)**	(50,460)
Amortisation of intangibles	5	**4,154**	3,253
Depreciation of property and equipment	5	**2,323**	2,676
Depreciation of right-of-use assets	29	**4,360**	5,277
Net foreign exchange differences		**3,891**	328
Income tax paid	14(c)	**(15,707)**	(2,151)
Net cash flows from/(used in) operating activities		**284,306**	**(85,339)**
Investing activities			
Purchases of financial investments		**(1,413,810)**	(1,653,941)
Disposal of financial investments		**1,080,234**	1,575,685
Investment income		**113,784**	47,972
Net purchase of intangible assets	15	**(13,923)**	(9,634)
Net purchase of property and equipment	16	**(941)**	(1,365)
Net cash flows used in investing activities		**(234,656)**	**(41,283)**
Financing activities			
Issue of shares		**-**	-
Dividends paid		**(42,700)**	(27,000)
Finance costs		**(10,703)**	(10,367)
Payment of principal portion of lease liabilities	29	**(1,497)**	(2,292)
Net cash flows used in financing activities		**(54,900)**	**(39,659)**
Net decrease in cash and cash equivalents		**(5,250)**	(166,281)
Net foreign exchange on cash and cash equivalents		**1,604**	(4,691)
Cash and cash equivalents at beginning of year		**123,645**	294,617
Cash and cash equivalents at end of year	22	**119,999**	**123,645**

The notes on pages 57 to 133 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

year ended 31 December 2023

1. Corporate information

Canopius Group Limited, incorporated and domiciled in Jersey, is the parent undertaking and controlling party of the Canopius group of companies (the "Group"). A summary of the principal accounting policies applied in the preparation of these consolidated financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. Material accounting policies, judgements and estimates

2.1 Basis of preparation and presentation

The Group has elected to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the Companies (Jersey) Law 1991.

These financial statements are prepared in accordance with IFRS issued by the IASB and presented in US dollars. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities which are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the Group's Board to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the consolidated financial statements are explained in note 2.5 below.

The Directors have considered the going concern basis of preparation of the Group's financial statements as at 31 December 2023 including the factors likely to affect its future performance as well as the Group's principal risks and uncertainties. The Directors have considered those circumstances which may cause the business to cease to function effectively as a going concern e.g. a breach of its capital requirements and or liquidity position. Scenario testing was performed to assess the impact of reasonably foreseeable scenarios. These scenarios include, but are not limited to, significant catastrophe events both individually and in combination, a global economic shock, non-performance of reinsurers, an increase in loss ratios and a significant decrease in operational cashflow together with available management actions.

The Directors believe that the conclusion on the use of the going concern basis of preparation remains unchanged under these reasonably foreseeable, but unlikely scenarios.

The Directors have concluded that there are no material uncertainties that may cast significant doubt about the Group's financial ability to continue as a going concern and they have a reasonable expectation that the Group and the Parent Company have adequate resources to continue in operational existence for the period to 31 March, 2025 and that therefore it is appropriate to adopt a going concern basis for the preparation of the financial statements.

In preparing these financial statements, the Directors have considered the impact of the physical and transition risks of climate change and identified this as an area of focus, but have concluded that it does not have a material impact on the recognition and measurement of the assets and liabilities in these financial statements as at 31 December 2023. This is because the financial investments are reported at fair value under IFRS and, as set out in note 17, therefore utilise market prices at the period end. These market prices will include the current expectations of the impact of climate change on the financial investments. Insurance liabilities are accrued based on past insurable events so will not be impacted by any future impact of climate change.

However, we recognise that government and societal responses to climate change risks are still developing and the future impact cannot be predicted. Future valuations of assets and liabilities may therefore differ as the market responds to these changing impacts or assesses the impact of current requirements differently.

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Notes to the Consolidated Financial Statements continued

Year ended 31 December 2023

2. Material accounting policies, judgements and estimates

(continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results, on an annual accounting basis, of the Group and its subsidiaries are all entities over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting year-end as the Group. Consolidation adjustments are made to convert subsidiary financial statements prepared under UK or other local GAAP into IFRS to remove the effect of any different accounting policies. All inter-company balances, profits and transactions are eliminated on consolidation.

Profit or loss and other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. A list of the principal subsidiaries included in these financial statements is contained in note 3.2.

BUSINESS COMBINATIONS AND GOODWILL

The Group uses the 'acquisition method of accounting' under IFRS 3 – 'Business Combinations', to account for the acquisition of companies. Under IFRS 3, the consideration to purchase a business is recorded at fair value at the acquisition date. This fair value is re-estimated in subsequent financial statements (after the expiry of the measurement period for adjustment to the initial provisional fair value, which should not exceed one year from the date of acquisition) and any changes in estimates are taken to the Statement of Comprehensive Income. Adjustments to fair value can only be made during the measurement period if they relate to conditions that existed before acquisition and any changes due to events after the acquisition will go to the statement of profit or loss.

All acquisition-related expenses are charged to the statement of profit or loss when incurred, within other operating and administrative expenses. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired net of liabilities and contingent liabilities is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss for the period.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash generating unit (CGU) that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations under common control are accounted for using the pooling of interest method. Under this method, the assets and liabilities of the acquired entity are transferred at their carrying amounts. No additional goodwill is recognised.

2.3 New and amended standards and interpretations

In the current year, the Group has applied amendments to IFRS issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2023. The new effective requirements are:

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a single transaction
- Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules

The amendments which have had a material impact to the Group are discussed further below.

2.3.1 IFRS 17 INSURANCE CONTRACTS

IFRS 17 replaced IFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2023. The Group has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17. The nature of the changes in accounting policies is summarised below.

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued and reinsurance contracts held, unless specifically stated otherwise. References to insurance contracts issued include inwards reinsurance contracts, unless specifically stated otherwise.

2.3.1 (A) CHANGES TO CLASSIFICATION AND MEASUREMENT

Under IFRS 17, the Group's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach ('PAA'), except for reinsurance contracts held providing adverse development coverage. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17. The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage is adjusted if a group of contracts is expected to be onerous (i.e. loss making) over the remaining coverage period. A loss is recognised immediately in 'insurance service expenses' and a loss component is established to reflect the excess of the fulfilment cash flows related to remaining coverage over the carrying amount of the liability for remaining coverage of the group of contracts.
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

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- The Group capitalises insurance acquisition cash flows within the liability for remaining coverage.
- Insurance and reinsurance contract assets and liabilities are monetary items. As a result, any balances denominated in foreign currencies are subject to revaluation at foreign exchange rates prevailing at the reporting date, and the impact of changes in foreign exchange rates is recognised in the income statement

The Group's classification and measurement of insurance contracts is explained in note 2.4(a).

2.3.1 (B) CHANGES TO PRESENTATION AND DISCLOSURE

For presentation in the consolidated statement of financial position, the Group aggregates insurance contracts issued and reinsurance contracts held into portfolios. A portfolio is defined as (re)insurance contracts that have similar risks and are managed together. The Group presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line-item descriptions in the consolidated statement of profit or loss have been changed significantly compared with the prior year. Details of these changes are as follows:

Previously reported line-items under IFRS 4:

- Gross premiums
- Premiums ceded to reinsurers
- Changes in premium reserves
- Gross benefits and claims paid
- Claims ceded to reinsurers
- Gross change in insurance contract liabilities
- Change in insurance contract liabilities ceded to reinsurers
- Reinsurance to close – premiums and claims

New line-items under IFRS 17:

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amounts recoverable from reinsurers for incurred claims
- Insurance finance expenses (insurance contracts issued)
- Reinsurance finance income (reinsurance contracts held)

2.3.1 (C) TRANSITION

On transition date, 1 January 2022, the Group:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied, with the exception of portfolios of insurance contracts that were acquired prior to the transition date of 1 January 2022. For these contracts, the Group has applied the modified retrospective approach and included the liability for settlement of these claims within the liability for incurred claims instead of the liability for remaining coverage in accordance with paragraph C9A of IFRS 17.
- Derecognised any existing balances that would not exist had IFRS 17 always applied, such as intangible assets related to the acquisition of insurance contracts
- Recognised any resulting net difference in equity
- The quantitative impact of applying IFRS 17 at 1 January 2022 is disclosed in note 2.3.3.

2.3.2 IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Group elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The Group has elected not to apply IFRS 9 retrospectively and has not restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of 1 January 2023.

The nature of the changes in accounting policies can be summarised, as follows:

2.3.2 (A) CHANGES TO CLASSIFICATION AND MEASUREMENT

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition (not used by the Group)
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition (not used by the Group)
- Debt instruments at amortised cost

The Group's classification of its financial assets is explained in note 2.4(i). The quantitative impact of applying IFRS 9 as at 1 January 2023 is disclosed in note 2.3.3.

2.3.2 (B) CHANGES TO THE IMPAIRMENT CALCULATION

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial instruments at amortised cost by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all debt instruments not held at FVTPL.

The ECL is based on the portion of lifetime ECLs (LTECL) that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination or purchase of the assets, the allowance is based on the full LTECL.

The adoption of the ECL requirements of IFRS 9 has resulted in increases in impairment allowances in respect of the Group's debt instruments measured at amortised cost. The increase in allowance was adjusted to retained earnings.

Details of the Group's impairment methodology are disclosed in note 2.4(i) and 28.4.3(b)(ii).

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2.3.2 (C) IMPACTS OF CHANGES IN CLASSIFICATION AND IMPAIRMENT CALCULATION

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of initial application date 1 January 2023 is, as follows:

	At 1 January 2023					
	Under IAS 39		Remeasurement		Under IFRS 9	
$000s	Category	Amount	Re-classification	ECL	Amount	Category
Financial assets						
Financial investments						
– Measured at fair value through profit and loss	FVTPL	2,705,282	-	-	2,705,282	FVTPL
– Measured at amortised cost	L&R	-	45,855	(238)	45,617	AC
Derivative assets	FVTPL	21,782	-	-	21,782	FVTPL
Trade and other receivables	L&R	122,933	(45,855)	-	77,078	AC
Other assets – overseas deposits	FVTPL	166,034	-	-	166,034	FVTPL
Cash and cash equivalents	L&R	123,645	-	-	123,645	AC
Total financial assets		3,139,676	-	(238)	3,139,438	
Financial liabilities						
Derivative liabilities	FVTPL	7,484	-	-	7,484	FVTPL
Trade and other payables	L&R	123,045	-	-	123,045	AC
Total financial payables		130,529	-	-	130,529	

Where:

- AC – amortised cost
- FVTPL – fair value through profit and loss
- L&R – loans and receivables

2.3.3 IMPACT OF APPLYING IFRS 17 AND IFRS 9 ON THE GROUP'S FINANCIAL STATEMENTS

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9 at date of initial application.

$000s	Loan loss provision under IAS 39 at 31 December 2022	Re-measurement	ECLs under IFRS 9 at 1 January 2023
Impairment allowance for:			
Loans and receivables per IAS 39/Debt instruments at amortised cost under IFRS 9	-	238	238

The impact of transition to IFRS 17 and IFRS 9 on retained earnings is as follows:

$000s	
1 January 2022	
Retained earnings as previously reported	(148,223)
Change in assets	
Intangible assets	(2,815)
Deferred tax assets	11,412
Deferred acquisition costs	(355,818)
Reinsurance contract assets	(757,316)
Insurance receivables	(1,046,164)
Total assets	(2,150,701)
Change in liabilities	
Insurance contract liabilities	1,055,697
Reinsurance contract liabilities	(6,487)
Insurance payables	1,041,094
Deferred tax liabilities	12,107
Total liabilities	2,102,411
Total impact of adoption of IFRS 17	(48,290)
1 January 2022	
Retained earnings under IFRS 17	(196,513)
Profit for the year	128,557
Dividends paid	(27,000)
31 December 2022	
Retained earnings under IFRS 17	(94,956)
Financial Investments – measured at amortised cost	45,617
Trade and other receivables	(45,855)
Total impact of adoption of IFRS 9	(238)
1 January 2023	
Retained earnings under IFRS 17 and IFRS 9	(95,194)

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The impact of transition to IFRS 17 on profit and loss for the year ended 31 December 2022 is as follows:

$000s	2022
Profit after tax as previously reported	(24,960)
Impact of adopting IFRS 17	183,075
Impact on tax	(29,426)
Adjusted profit after tax	128,689

2.3.4 IFRS 7 – FINANCIAL INSTRUMENTS: DISCLOSURES

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was also amended. The Group applied the amended disclosure requirements of IFRS 7, together with IFRS 9, for the year beginning 1 January 2023. Detailed qualitative and quantitative information about the ECL calculations, such as the assumptions and inputs used, are set out in notes 2.4(i) and 28.4.3(b)(ii).

2.4 Summary of material accounting policies

(a) Insurance and reinsurance contracts

(I) CLASSIFICATION

Insurance contracts are defined as those that transfer significant insurance risk. Insurance risk is considered significant if, and only if, an insured event could cause an insurer to pay significant additional benefits above the premiums received and interest earned thereon, excluding scenarios that lack commercial substance. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire. Contracts that do not transfer significant insurance risk are accounted for as financial transactions, however, such contracts are immaterial for the Group.

(II) SEPARATING COMPONENTS

The Group assesses its insurance contracts to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's insurance contracts do not include any distinct components that require separation.

Some quota-share reinsurance contracts issued and held contain profit commission arrangements under which there is a minimum guaranteed amount that the policyholder will always receive back from the reinsurer, either in the form of profit commission or as claims. These minimum guaranteed amounts are investment components. As they are highly interrelated with the insurance component of the reinsurance contacts they are deemed to be non-distinct investment components and so are not accounted for separately. However, receipts and payments relating to these investment components are not included in the consolidated statement of profit or loss.

(III) LEVEL OF AGGREGATION AND ONEROUS CONTRACTS

The Group applies the requirements of IFRS 17 at the level of groups of insurance contracts issued. These groups are determined at initial recognition as follows:

- Firstly, insurance contracts issued are divided into portfolios, which comprise sets of contracts with similar risks which are managed together;
- Secondly, each portfolio of contracts is divided based on expected profitability at inception into three categories:
  - Onerous contracts;
  - Contracts with no significant risk of becoming onerous; and
  - Other contracts.

  In making this division, the Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. In assessing whether such facts and circumstances arise the Group primarily leverages existing actuarial analysis performed for reserving and planning purposes, adjusted where appropriate to reflect the measurement principles of IFRS 17. Other internal and external information, such as changes in the commercial or regulatory environment, is also considered.
- Each set of contracts determined following the first two steps is further divided into annual cohorts based on the date of initial recognition.

The resulting sets of contracts are IFRS 17 groups of contracts which represent the level of aggregation at which insurance contracts are recognised and measured. The classification of such groups is not subsequently reconsidered once set for a particular annual cohort.

For reinsurance contracts held the requirements of IFRS 17 are applied at the level of individual contracts.

(IV) RECOGNITION

The Group recognises groups of insurance contracts issued from the earliest of:

- The beginning of the coverage period;
- The date when the first payment from a policyholder becomes due, or, if there is no due date, when the first payment is received; and
- When the group becomes onerous.

The Group recognises groups of reinsurance contracts held from the earlier of:

- The beginning of the coverage period of the group. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.)
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held at or before that date.

The Group adds new contracts to the groups when those contracts individually meet the recognition criteria, subject to the annual cohort restriction.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

(V) CONTRACT BOUNDARY

The contract boundary determines which cash flows are considered in the measurement of groups of insurance contracts.

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Cash flows are within the boundary of an insurance contract issued if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
  - The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio;
  - The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when:

- the reinsurer has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- the reinsurer has a substantive right to terminate the coverage.

Cash flows outside of the insurance contract boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

(VI) SUMMARY OF MEASUREMENT UNDER THE PREMIUM ALLOCATION APPROACH (PAA)

The following sections set out the Group's approach to measuring groups of insurance contracts issued under the PAA at initial recognition and subsequently. Groups of reinsurance contracts held are measured on the same basis, adapted as appropriate to reflect the different features of reinsurance contracts held.

(a) MEASUREMENT AT INITIAL RECOGNITION

In applying the PAA, the Group measures the liability for remaining coverage ('LRC') for groups of insurance contracts issued at initial recognition as:

- Any premiums received at initial recognition; less
- Any insurance acquisition cash flows paid on or before the date of initial recognition that are allocated to the group; plus
- A loss component (only for groups of contracts that are expected to be onerous at initial recognition).

On initial recognition of an onerous group of contracts the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group of contracts over the carrying amount of the liability for remaining coverage of the group. The loss component is recognised immediately in profit or loss and added to the liability for remaining coverage in the statement of financial position.

For reinsurance contracts held the Group measures the asset for remaining coverage ('ARC') on initial recognition at the amount of ceding premiums paid.

For a group of reinsurance contracts held covering onerous underlying contracts, the Group establishes a loss-recovery component of the ARC to depict the recovery of losses, if the reinsurance contracts held covering those onerous underlying contracts is entered into before or at the same time as those onerous underlying contracts are recognised. The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held.

(b) SUBSEQUENT MEASUREMENT

LIABILITY FOR REMAINING COVERAGE

At the end of each reporting period the carrying amount of the liability for remaining coverage (excluding the loss component) is equal to:

- The opening carrying amount of the LRC; plus
- Premiums received in the period; less
- Insurance acquisition cash flows costs paid in the period; plus
- Amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the period; plus
- Any adjustment in relation to significant financing components; less
- The amount recognised as insurance revenue for coverage provided in the period; less
- Any investment component paid or transferred to the liability for incurred claims.

For reinsurance contracts held, at each subsequent reporting date, the ARC is increased for ceding premium paid and decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

LIABILITY FOR INCURRED CLAIMS

As coverage is provided, the Group establishes a liability for incurred claims. The liability is estimated based on the fulfilment cash flows relating to incurred claims, including both claims that have been notified (i.e. outstanding claims) and claims incurred but not reported (IBNR). These fulfilment cash flows:

- Include an estimate of claims handling costs and the expected value of salvage and other recoveries;
- Incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows;
- Reflect current estimates from the Group's perspective;
- Are discounted to reflect the time value of money and effect of financial risk. The Group has not taken the PAA option to not adjust for the time value of money where claims are expected to be paid within one year of the loss event; and
- Include an explicit adjustment for non-financial risk (the risk adjustment).

There is inherent uncertainty in measuring the liability for incurred claims and it is likely that the final outcome will prove to be different from the original estimate of the liability.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

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For groups of insurance contracts issued that were onerous at initial recognition:

- The loss component is reversed as coverage is provided, reducing the liability for remaining coverage. The corresponding credit to profit or loss means that the loss is not recognised a second time when a liability for incurred claims is established as coverage is provided.
- The expected profitability of remaining coverage is reassessed, with any changes since initial recognition reflected in the valuation of the remaining loss component with a corresponding impact on profit or loss.

For other groups of insurance contracts issued, the Group considers whether facts and circumstances indicate that the remaining coverage of any group has become onerous. This consideration is similar to the consideration of facts and circumstances at initial recognition.

For reinsurance contracts held where the Group has established a loss-recovery component, the loss-recovery component is amortised as services are received and is recognised within profit or loss as a reduction to amounts recoverable from reinsurers for incurred claims. The loss-recovery component is amortised based on the passage of time over the remaining coverage period of the onerous group of contracts until the loss recovery component is reduced to nil.

(VII) SUMMARY OF MEASUREMENT – GROUPS OF CONTRACTS NOT MEASURED UNDER THE PAA

The Group has reinsurance contracts held providing adverse development coverage. For these contracts the insured event is the determination of the ultimate cost of the underlying claims. As such the coverage period of these contracts is considered to be the settlement period of the underlying claims and these reinsurance contracts held are presented within the asset for remaining coverage. As the average settlement period of the underlying claims is typically greater than 12 months, the IFRS 17 general measurement model (GMM) is applied to the measurement of these reinsurance contracts held within the asset for remaining coverage.

All other insurance contracts issued and reinsurance contracts held are measured under the PAA, as such this section focuses solely on the reinsurance contracts held providing adverse development coverage which are not measured under the PAA.

Under the GMM the asset for remaining coverage is measured as the sum of the fulfilment cash flows and the contractual service margin.

(a) Initial measurement – groups of contracts not measured under the PAA

FULFILMENT CASH FLOWS

The fulfilment cash flows are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to pay out for reinsurance premiums and recover for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- are based on a probability weighted mean of the full range of possible outcomes; and
- reflect conditions existing at the measurement date.

The estimates of future cash flows are discounted to take account of the time value of money and effects of financial risks, and reflect the risk of non-performance of the reinsurer including the risk of non-performance arising from potential credit losses and other disputes with the reinsurer.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates, this risk adjustment for non-financial risk represents the amount of non-financial risk being transferred to the reinsurer.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

CONTRACTUAL SERVICE MARGIN (CSM)

The CSM is a component of the carrying amount of the asset or liability for a group of reinsurance contracts held representing the net cost or net gain on purchasing the reinsurance which the Group will recognise as it receives coverage in the future.

At initial recognition, the CSM is an amount equal to the sum of:

- the initial recognition of the fulfilment cash flows;
- cash flows arising from the contracts in the group at that date; and
- any income recognised at that date to reflect the recovery of losses on an onerous group of underlying insurance contracts.

For the reinsurance contracts held by the Group providing adverse development coverage the net cost of purchasing reinsurance coverage relates to events that occurred before the purchase of the group of reinsurance contracts held, and as such this cost is recognised immediately in profit or loss as an expense.

As at 31 December 2023 and 31 December 2022 the Group has not recognised a CSM on any (re)insurance contract.

(b) Subsequent measurement - groups of contracts not measured under the PAA

CHANGES TO THE FULFILMENT CASH FLOWS

The fulfilment cash flows are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the fulfilment cash flows are treated depends on which estimate is being updated:

- changes that relate to current or past service are recognised in profit or loss; and
- changes that relate to future service are recognised by adjusting the CSM or the loss-recovery component within the ARC, including:
  - experience adjustments arising from premiums paid in the period that relate to future service;
  - changes in estimates of the present value of future cash flows in the ARC, except those described in the following paragraph;
  - differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
  - changes in the risk adjustment for non-financial risk that relate to future service.

The following adjustments do not relate to future service and thus do not adjust the CSM:

- changes in the fulfilment cash flows arising from changes in the fulfilment cash flows of the underlying insurance contracts that have been recognised in profit or loss. For contracts providing adverse development coverage this includes changes in the fulfilment cash flows arising from changes in the liability for incurred claims of the underlying insurance contracts;
- changes in the fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof;
- changes in the fulfilment cash flows relating to the AIC;
- changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held; and
- experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

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CHANGES TO THE CONTRACTUAL SERVICE MARGIN

For the reinsurance contracts held by the Group providing adverse development coverage no CSM arises on initial recognition as the net cost of purchasing reinsurance coverage relates to events that occurred before the purchase of the group of reinsurance contracts held. No CSM arises on subsequent measurement as changes in the fulfilment cash flows arising from changes in the liability for incurred claims of the underlying insurance contracts are recognised in profit or loss and do not create a CSM.

(VIII) MEASUREMENT – RISK ADJUSTMENT FOR NON-FINANCIAL RISK

The risk adjustment for non-financial risk (the 'risk adjustment') is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects the amount that the Group would hypothetically pay to remove the uncertainty that future cash flows will exceed the expected value amount.

(IX) REVENUE RECOGNITION

As the Group provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

(a) Recognition of insurance revenue under the PAA

Insurance revenue is the amount of total expected premium receipts (excluding premium taxes) allocated to each period of coverage either:

- On the basis of the passage of time (i.e. a straight line basis) over the coverage period; or
- If the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses (i.e. incurred claims). This primarily applies to contracts providing property coverage with a seasonal catastrophe exposure.

The total expected premium receipts that form the basis of this calculation includes estimates of future receipts based on underwriters' estimates or past experience.

(X) REINSTATEMENT PREMIUMS

The terms of some of the Group's reinsurance contracts issued (inwards reinsurance) require the reinsured to pay an additional premium (a reinstatement premium) following a significant loss event(s). The Group:

- Recognises reinstatement premiums in profit or loss on the date of the loss event that triggers their payment; and
- Presents reinstatement premiums:
  - In the statement of profit or loss, because the payment of the reinstatement premiums is mandatory following relevant loss event(s) they are considered contingent on claims and are therefore presented as a reduction to incurred claims within insurance service expense.
  - In the statement of financial position, as a reduction to the liability for incurred claims.

Reinstatement premiums that the Group is required to pay in relation to reinsurance contracts held are accounted for on a similar basis.

(XI) ACQUISITION COSTS

The Group identifies acquisition costs, being the costs of selling, underwriting and starting insurance contracts. The costs are primarily commissions paid to brokers and an allocation of other operating expenses.

The Group has not used the option in IFRS 17 to expense acquisition costs immediately where the coverage period is one year or less.

With the exception of ceding commissions payable to ceding insurers (discussed below) the Group capitalises acquisition costs within the liability for remaining coverage component of insurance contract assets or liabilities. These costs are then expensed over the coverage period of the related insurance contracts, following the pattern that is used to recognise revenue for those insurance contracts.

All acquisition costs incurred in the period are allocated to the specific insurance contracts to which they relate. The Group does not allocate any incurred acquisition costs to expected future renewals of those contracts, as similar acquisition efforts and costs are expected to be incurred in future to obtain those renewals.

Commissions payable to ceding insurers in relation to reinsurance contracts issued (inwards reinsurance) are not accounted for as acquisition costs. They are treated as follows:

- Profit commissions which are contingent on claims are treated as claims incurred and recognised as coverage is provided;
- Ceding commissions that are not contingent on claims are treated as a reduction in premiums and recognised as a reduction in insurance revenue as coverage is provided.

Commissions receivable in relation to reinsurance contracts held by the Group are accounted for on a similar basis.

(XII) SIGNIFICANT FINANCING COMPONENTS

For some groups of insurance contracts issued the Group receives the premium more than 12 months before providing some parts of the related coverage. These groups of contracts have a significant financing component. This scenario primarily arises in relation to certain warranty products with long coverage periods.

For these groups of contracts, an adjustment is made to the liability for remaining coverage to reflect what is considered under IFRS 17 to be a financing arrangement. The adjustment is an accretion of interest using the discount rate that applied when the contracts were initially recognised. The effects of this interest accretion are as follows:

- In the period before coverage is provided, the liability for remaining coverage is increased with a corresponding entry in profit or loss within insurance finance expense;
- As coverage is provided, the increased liability for remaining coverage is reversed as insurance revenue is recognised.

(XIII) INSURANCE SERVICE EXPENSES

Insurance service expenses include the following:

a. incurred claims and benefits, excluding investment components;

b. other incurred directly attributable insurance service expenses;

c. amortisation of insurance acquisition cash flows;

d. changes that relate to past service (i.e. changes in the fulfilment cash flows relating to the liability for incurred claims); and

e. changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

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For contracts measured under the PAA, insurance acquisition cash flows are amortised over the coverage period of the related insurance contracts, following the pattern that is used to recognise revenue for those insurance contracts.

Other expenses not meeting the above categories are included in other operating and administrative expenses in the consolidated statement of profit or loss.

(XIV) INSURANCE FINANCE INCOME OR EXPENSE

Insurance finance income or expense is the change in the carrying amount of insurance contracts issued arising from the effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk. Primarily this arises from:

- Unwinding the discounting of the liability for incurred claims in the period;
- Changes in discount rates in the period that impact the measurement of the liability for incurred claims; and
- Accreting interest on the liability for remaining coverage for groups of contracts with a significant financing component.

Reinsurance finance income or expense is the change in the carrying amount of amounts relating to reinsurance contracts held arising for the same reasons, except that the Group does not have any groups of reinsurance contracts held with a significant financing component.

(XV) ALLOCATION OF REINSURANCE PREMIUMS AND AMOUNTS RECOVERABLE FROM REINSURERS

The Group presents separately on the face of the consolidated statement of profit or loss the allocation of reinsurance premiums and amounts recoverable from reinsurers.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period. For contracts not measured under the PAA the allocation of reinsurance premiums paid relating to services received for each period represents the total of changes in the asset for remaining coverage that the Group expects to pay. The allocation of reinsurance premiums excludes cash flows contingent on claims on the underlying contracts. Amounts the Group expects to receive from the reinsurer that are not contingent on the claims on the underlying contracts, such as ceding commissions, are presented as reductions in the premiums to be paid the reinsurer.

Amounts expected to be recovered from reinsurers are recognised as they are incurred. The Group uses consistent assumptions to measure the estimates of the future cash flows of a group of reinsurance contracts with the underlying group of insurance contracts issued. Reinsurance cash flows that are contingent on claims incurred on the underlying insurance contracts issued are included as part of the cash flows that are expected to be reimbursed under the reinsurance contract held. The amounts expected to be recovered from reinsurers include the effect of any risk of non-performance by the issuer of the reinsurance contract.

For a group of reinsurance contracts held covering onerous underlying contracts issued the loss recovery component and the reversal of such loss recovery component are included as amounts recoverable from the reinsurer.

(XVI) MODIFICATION AND DERECOGNITION

An insurance contract is derecognised when:

- It is extinguished (i.e. when the obligation expires or is discharged or cancelled); or
- There is a modification of the contract that is treated as a derecognition and recognition of a new contract. This is the case where the modified terms, if applied at inception, would have resulted in:
  - A component of the contract being accounted for under a different standard; or
  - A substantially different IFRS 17 contract boundary; or
  - The contract being included in a different group of contracts; or
  - The contract being accounted for under a different measurement model.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification as an adjustment to the liability for remaining coverage relating to the existing contract.

The criteria for derecognising reinsurance contracts held and the approach to accounting for modifications for those contracts are similar to those used for insurance contracts issued.

(XVII) PRESENTATION

(a) Separate presentation of portfolios in an asset or liability position

In the statement of financial position, where applicable the Group presents separately the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

(b) Changes in the risk adjustment

The Group has elected not to disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion. Consequently, the change the risk adjustment for non-financial risk is recognised entirely within insurance service expenses.

(c) Acquisition cash flows

Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are recognised are included in the carrying amount of the related portfolios of insurance contracts issued.

(d) Reinsurance held

On the face of the consolidated statement of profit or loss:

- Income or expenses from reinsurance contracts held are presented separately from the income or expenses from (re)insurance contracts issued.
- The Group has elected to disaggregate amounts expected to be recovered from reinsurers and an allocation of the reinsurance premiums paid. These amounts are analysed in note 24(b), within which:
  - Reinsurance cash flows that are contingent on claims on the underlying contracts are presented as part of the claims that are expected to be reimbursed under the reinsurance contract held;
  - Both the allocation of reinsurance premiums and claims expected to be reimbursed are presented net of investment components;
  - The allocation of reinsurance premiums is presented net of ceding commissions received.

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(b) Other operating and administrative expenses

Other operating and administrative expenses include the non-underwriting expenses of the Group after the elimination of intra-Group charges.

(c) Employee benefits

The Group operates defined contribution pension plans and a closed defined benefit pension scheme for its employees. The defined benefit pension scheme was acquired in 2010 with the acquisition of a business. The scheme is closed to new entrants and has ceased accruing new benefits for current members. Any liability recognised in the consolidated statement of financial position in respect of the scheme ("scheme liability") is the present value of the defined benefit obligation less the fair value of the scheme's assets as at the reporting period date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit-credit method. To the extent that a surplus emerges on the scheme liability, it is only recognised as an asset in the statement of financial position when it is probable that future economic benefits will be recovered by the scheme sponsor in the form of refunds or reduced contributions.

The cost of providing pension contributions for all staff is charged to the statement of profit or loss in the period to which it relates.

(d) Finance costs

Finance costs consist of trustee fees and bank charges, interest on lease liabilities, fees accruing on the Group's borrowings and costs of arrangements with the parent company and third parties that secure or provide Funds at Lloyd's ("FAL") for the Group's corporate members underwriting on Lloyd's syndicates. Arrangement fees in respect of financing arrangements are charged over the life of the related facilities.

(e) Revenue recognition:

FEE AND COMMISSION INCOME

Fees, including profit commissions, receivable by the Group's subsidiary managing Lloyd's syndicates (known as its "managing agent") are accounted for on the following bases:

i. Managing agent's fees relate to managing and operating the Lloyd's syndicate, and are therefore provided continuously throughout the year. These services are considered a single performance obligation. The price is fixed with no variable element and is matched against the single performance obligation. The passing of time is used to measure the amount of fees to be recognised.
ii. Profit commission becomes payable once the year of account is profitable. Profit commission is recognised to the extent that it is highly probable it will not be subject to significant reversal.
iii. Insurance services – commission and service fees are recognised at the point in time that the performance obligations are satisfied.

OTHER OPERATING INCOME

Other operating income, including one-off items, is recognised in the period to which it relates.

OTHER INVESTMENT REVENUE

Other investment revenue comprises interest recorded using the effective interest method for all financial assets measured at amortised cost, as well as interest or dividends receivable on financial assets measured at fair value through profit and loss.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR.

If expectations of a fixed rate financial asset's cash flows are revised for reasons other than credit risk, the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the statement of financial position with a corresponding increase or decrease in interest income. For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

Interest on all financial assets measured at FVTPL is measured using the contractual interest rate.

(f) Foreign currency translation

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in US dollars which is the Group's presentation currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency at average, rather than spot, rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss for the period.

GROUP COMPANIES

The results and financial position of all Group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the balance sheet date;
- Income and expenses are translated at average exchange rates during the period; and
- All resulting exchange differences are recognised as a separate component of equity in the statement of financial position and included in the consolidated statement of comprehensive income.

Where there is an unsettled transaction between Group companies at the balance sheet date and the asset/(liability) in one Group entity is eliminated against the corresponding liability/(asset) in another Group entity, the exchange difference reported in the Group entity's own statement of profit or loss continues to be recognised in consolidated statement of profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate on the reporting period date.

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(g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as part of other operating and administrative expenses.

Intangible assets with finite lives are amortised over:

Distribution channels	10	to	15	years
IT software and licences	3	to	10	years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets net of liabilities and contingent liabilities of the acquired entity at the acquisition date. Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses

Insurance contract intangible assets represent the difference between the fair value of claims provisions purchased from third parties usually as part of a company acquisition. These intangible assets are amortised on a basis consistent with the settlement of the claims. The time value of money, risk margin to unearned premium reserve and other related components of the insurance contract intangible asset run-off at different rates and are amortised according to their respective useful economic lives.

The useful economic life of the time value of money component is estimated as eight to thirty years based on the expected run-off period of the claims arising from the portfolio of business when acquired.

The useful economic life of risk margin to unearned premium reserve and other related components of the insurance contract intangible asset follow the settlement pattern of the related unearned premium reserve and charged/(credited) to underwriting and administrative expenses.

Where rights to capacity on a syndicate are acquired from third parties, the cost of acquisition is adopted as the fair value of the associated syndicate participation rights. Where an intangible asset of syndicate participation rights is acquired on a business combination, it is fair valued at the date of acquisition.

Syndicate participation rights intangible assets are not amortised but are tested annually for impairment and carried at cost less accumulated impairment losses.

Distribution channels acquired in a business combination are recognised at fair value and amortised on a straight line basis over their estimated useful economic life.

Software development costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. IT software and licences acquired are capitalised at cost and amortised on a straight line basis over the shorter of the estimated useful economic life or the duration of the licence agreement.

(h) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and provision for impairment where appropriate. Depreciation is calculated on a straight line method to write down the cost of assets in equal instalments over their estimated useful lives, at the following annual rates:

Fixtures and fittings	15% to 33.3% per annum
Computer equipment	10% to 33.3% per annum
Leasehold improvements	10% to 33.3% per annum

The residual values and useful lives of the assets are reviewed at each reporting period date and adjusted if appropriate. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired in which event the cost of writing down the asset to a lower valuation is charged to the statement of profit or loss.

Gains and losses on disposals of property and equipment are determined by reference to their carrying value and are taken to the statement of profit or loss. Repairs and renewals are charged to the statement of profit or loss when the expenditure is incurred.

(i) Financial assets

INITIAL RECOGNITION AND MEASUREMENT

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Financial assets at fair value through profit and loss; and
- Financial assets at amortised cost

Financial assets are initially recognised on the trade date measured at their fair value. Except for financial assets recorded at fair value through profit and loss, transaction costs are added to this amount.

SUBSEQUENT MEASUREMENT

Subsequent measurement of financial assets depends on their classification, as follows:

FINANCIAL ASSETS AT FVTPL

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

This category includes debt instruments whose cash flow characteristics fail the 'solely payments of principal and interest' criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell. Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

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FINANCIAL ASSETS AT AMORTISED COST

After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Expected credit losses are recognised in the statement of profit or loss when the investments are impaired.

IMPAIRMENT FOR ASSETS AT AMORTISED COST

The Group assesses the expected credit losses (ECL) associated with its financial assets carried at amortised cost on a forward-looking basis. The Group recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

a. an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 28.4.3(b)(ii) provides more detail on how the ECL allowance is measured.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(j) Financial liabilities

INITIAL RECOGNITION AND MEASUREMENT

The Group classifies its financial liabilities into one of the following categories:

- financial liabilities at fair value through profit and loss, and within this category as:
  - held-for-trading
  - derivative hedging instruments; or
  - designated as at FVTPL; and
- financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities carried at amortised cost, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and derivative financial instruments.

SUBSEQUENT MEASUREMENT

Subsequent measurement of financial liabilities depends on their classification, as follows:

FINANCIAL LIABILITIES AT FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities are designated as at FVTPL at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Gains or losses on designated or held for trading liabilities are recognised in fair value gains and losses in the statement of profit or loss.

FINANCIAL LIABILITIES AT AMORTISED COST

Such liabilities are measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

(k) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(l) Derivative financial instruments and hedge accounting

Derivative financial instruments are classified as held for trading unless they are designated as effective hedging instruments.

Derivative financial instruments held for trading are typically entered into with the intention to settle in the near future.

The Group uses derivative financial instruments such as forward currency contracts and interest rate futures to hedge its foreign currency risks and interest rate risks, respectively. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Fair values are determined by reference to quoted market prices for similar instruments where available and using appropriate valuation techniques, including discounted cash flow and option pricing models.

All derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. None of the derivative financial instruments held by the Group have been designated for hedge accounting, and therefore any gains or losses arising from changes in fair value of derivatives are recorded in profit or loss.

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2. Material accounting policies, judgements and estimates (continued)

(m) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets, liabilities and equity items for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described in note 19.

(n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term cash deposits with original maturities of three months or less. These assets are readily convertible into known amounts of cash.

Lloyd's overseas deposits are not included within the balance of cash at bank and in hand on the balance sheet as the amounts represent capital requirements for underwriting in certain overseas territories. These are measured at fair value and recognised separately in their own category within other assets as the capital is restricted. See note 21.

Cash at bank and in hand relate to amounts which are held at a bank in the form of on demand deposits such as current accounts and savings accounts. Short term deposits with a maturity of three months or less are considered cash equivalents.

(o) Taxation

The tax expense represents the sum of current and deferred tax.

Current tax is determined based on the taxable profit or loss for the year and adjustments to tax payable or recoverable on prior years' profits or losses. The taxable profit or loss differs from the profit or loss before tax as reported in the statement of profit or loss because it excludes items of income or expense that may be taxable or deductible in other years or are expected never to be taxable or deductible. The Group's liability or asset for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting period date.

Deferred tax is recognised on temporary differences, which are gains or losses that will be taxable in future periods and are not included in the current tax calculation. Deferred tax liabilities are generally recognised for all gains that are not currently taxable but will be taxable in the future. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which non-current taxable losses can be deducted. Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting period date and adjusted for changes in estimates of the taxable profits that will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is expected to settle or the asset is expected to be realised. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited to other comprehensive income or directly to other reserves in equity, in which case the deferred tax is also dealt with in the Statement of Comprehensive Income or directly to other reserves in equity, respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are not discounted for the time value of money.

(p) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

(q) Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on these shares are recognised as payable when the Directors make a solvency statement before payment.

(r) Non-controlling interests

Non-controlling interests represent equity in a subsidiary not attributable, directly or indirectly, to a parent. The non-controlling interest is measured as their share in the recognised amounts of the acquiree's identifiable net assets.

(s) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligation to make lease payments required by a lease and right-of-use assets representing the right to use the underlying assets.

I) RIGHT-OF-USE ASSETS

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets. The right-of-use assets are subject to impairment.

II) LEASE LIABILITIES

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of any purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the

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Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the unwind of discounting and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

III) SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies IFRS 16 recognition exemptions in relation to the following types of leases:

- Short-term leases: Leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.
- Leases of low-value assets: Leases where the underlying asset has a low value.

No right-of-use assets or lease liabilities are recognised in relation to these leases. Lease payments are recognised as an expense on a straight-line basis over the lease term.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future reporting periods.

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

More details on the most important judgements, estimates and assumptions used when preparing the Group's consolidated financial statements are set out below. The most critical accounting estimate made by the Group is the estimate of the ultimate claims liability from insurance contracts underwritten, which is described in note 2.5.1(b)(i).

2.5.1 Insurance contracts

(a) Relating to the liability for remaining coverage

(I) PAA ELIGIBILITY

The Group applies the PAA to all insurance contracts issued and reinsurance contracts held (except for the specific transactions and scenarios described in note 2.4(a)(vii)). These contracts are eligible to be accounted for under the PAA as follows:

- A significant proportion of the Group's contracts are eligible based on having a coverage period of one year or less.
- Contracts with a longer coverage period are eligible because the Group reasonably expects that the measurement of the liability for remaining coverage under the PAA does not differ materially from the measurement that would be produced applying the general measurement model.
- This expectation is based on the results of modelling future scenarios under reasonably expected economic and business scenarios linked to factors that drive differences between the PAA and GMM.

(II) INSURANCE REVENUE RECOGNITION

Insurance revenue recognised in each period requires an estimate of the total premiums expected to be received under each insurance contract issued. A proportion of these contracts are written through arrangements with third parties, such as binding authorities and line slips, for which the Group may not receive full underwriting data until after the contracts have been issued. For these contracts estimation of the total premiums expected to be received uses expert judgement, the quality of the estimate being influenced by the nature and maturity of the portfolio, availability of timely data, relevant underwriting input to the estimating process and management review. The estimates are reviewed regularly using underwriter estimates and actuarial projections, with any adjustments to estimates from previous years included in insurance revenue in the current period.

The allocation of expected premium receipts to each period of insurance contract services is estimated by reference to the exposure length of the type of business written and the pattern of insurance services provided by the contract. Judgement is required in determining whether the pattern of insurance service provided by a contract requires recognition of insurance revenue on a basis other than time apportionment, for example to reflect seasonal weather patterns for natural catastrophe exposed policies.

For further details related to insurance revenue refer to note 24(a).

(b) Relating to the liability for incurred claims

(I) EXPECTED FUTURE CASH FLOWS FOR INCURRED CLAIMS (WITHIN THE LIABILITY FOR INCURRED CLAIMS)

Estimating the liability for incurred claims and associated reinsurance recoveries is a key judgement in preparing the Group's financial statements. Classes of business with a high proportion of incurred but not reported (IBNR) within the total expected future cash flows for incurred claims will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves, which in turn is due to less information about the claim event being available. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of variations between initial estimates and final outcomes.

Notes to the Consolidated Financial Statements continued

Year ended 31 December 2023

2. Material accounting policies, judgements and estimates

(continued)

Where possible the Group adopts multiple techniques, often based on historical claims data, to estimate the expected future cash flows. The estimates given by the various methodologies assist in setting the range of possible outcomes and the most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each underwriting year of account. For this purpose, a key characteristic of each business class is whether there tends to be a significant delay between the occurrence of the claim and the claim being reported:

- **Short-tail business:** Property, motor and accident and health business are generally "short tail", whereby there is not normally a significant delay between the occurrence of the claim and the claim being reported. The costs of claims notified at the balance sheet date are estimated on a case-by-case basis to reflect the individual circumstances of each claim. The ultimate expected cost of claims, including IBNR claims, is projected from this data by reference to historical claims development data, which show how estimates of claims incurred in previous periods have developed over time.
- **Longer-tail business:** Casualty, liability (including motor liability) and marine claims are generally longer tail and so a larger element of the claims provision relates to IBNR claims. Claims estimates for business in this category are derived from a combination of expected loss ratios and actual claims experience, using a predetermined formula whereby increasing weight is given to actual claims experience as time passes. The initial estimates of the claims provisions are based on the experience of previous years and available market data adjusted for factors such as premium rate changes and claims inflation. For liability claims, the assessment of claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. The liability classes of business are also subject to the emergence of new types of latent claims.

Allowance is made for changes or uncertainties which may create distortions in the claims data or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in the business environment or processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses; and
- movements in industry benchmarks.

In estimating the cost of notified but not paid claims (outstanding claims), the Group has regard to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims and catastrophe events impacting each relevant business class are generally assessed separately, being measured on a case-by-case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims.

Related to the estimate of expected future cash flows for incurred claims is the estimate of reinstatement premiums to be received in relation to past loss events. Reinstatement premiums are estimated in accordance with the contract terms and recorded based upon paid losses, case reserves and IBNR estimates.

For further details related to expected future cash flows for incurred claims refer to note 24, for sensitivities with regard to significant assumptions refer to note 28.

(II) AMOUNTS RECOVERABLE FROM REINSURERS FOR INCURRED CLAIMS

Expected future cash flows for incurred claims are calculated separately from the estimate of the amounts that will be recoverable from reinsurers. The estimate of amounts recoverable from reinsurers are based on historical recoveries on paid and outstanding claims, adjusted to reflect changes in the nature and extent of the Group's reinsurance contracts held.

(III) RISK ADJUSTMENT

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment is calculated at Group level and allocated down to each group of contracts in accordance with their risk profiles. The approach to calculating the risk adjustment involves estimating the amount of uncertainty within the liabilities through a variety of statistical techniques, including scenario and sensitivity analysis.

The corresponding confidence level is determined using a consolidated Group-wide loss distribution which reflects the diversification in contracts sold across all entities, products and geographies as this reflects the compensation that the entity requires.

The resulting amount of the calculated risk adjustment at 31 December 2023 corresponds to a confidence level of between 72.5% and 77.5% (2022: 72.5% and 77.5%).

(IV) DISCOUNT RATE FOR THE LIABILITY FOR INCURRED CLAIMS

The liability for incurred claims and related amounts recoverable from reinsurers are discounted to reflect the time value of money and effect of financial risk. The discount rates used comprise:

- **A risk-free rate:** The Group uses risk-free discount rate curves by currency that the Syndicates are required to use for Solvency II purposes. These curves are primarily derived from interest rates implied in financial swap markets.
- **An illiquidity premium:** The illiquidity premium is derived by removing an amount representing both expected and unexpected credit losses from observable market yields on corporate bonds.

The curves used are summarised in the following table for the most material currencies that are relevant to the Group:

At 31 December 2023

Currency	1 year	3 years	5 years	10 years
USD	**4.99%**	**4.45%**	**4.28%**	**4.37%**
GBP	**4.73%**	**4.12%**	**3.82%**	**3.97%**
EUR	**3.46%**	**2.74%**	**2.53%**	**2.67%**
CAD	**4.65%**	**3.83%**	**3.46%**	**3.41%**

At 31 December 2022

Currency	1 year	3 years	5 years	10 years
USD	5.07%	4.73%	4.66%	4.81%
GBP	4.46%	4.33%	4.41%	4.44%
EUR	3.18%	3.20%	3.20%	3.28%
CAD	4.84%	4.48%	4.20%	3.91%

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Year ended 31 December 2023

2. Material accounting policies, judgements and estimates

(continued)

2.5.2 FAIR VALUES

The Group uses prices provided by third-party suppliers, investment managers and counterparty banks in determining the fair value of financial assets. Depending on the methods and assumptions used, for example, in the fair valuation of Level 3 financial assets, the fair valuation is subject to a higher degree of estimation uncertainty. These methods and assumptions are described in note 19.

2.5.3 INTANGIBLE ASSETS

Where an acquisition of a subsidiary gives rise to the recognition of intangible assets such as distribution channels and syndicate participation rights, the value of such intangibles is largely based on the expected cash flows of the business acquired. Certain key assumptions are used to assess the value of the intangible, such as forecast underwriting performance and past business retention rates.

These are the subject of specific uncertainty and a reduction in underwriting profitability or renewal patterns of business acquired may result in the value of the intangible being impaired and written off in the current accounting period. Details of these assumptions are included in note 15.

2.5.4 DEFERRED TAX

Recognition of underwriting losses for deferred taxation purposes is based on management's projections of future profitability and the probability of losses being utilised against taxable profits within a reasonable time-frame. Further details regarding deferred tax are set out in note 14.

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3. Group information

3.1. Ultimate parent undertaking and controlling party

The ultimate controlling parties of CGL are CCP GP Investors Holdings (Cayman) LP, CCP III Cayman GP Limited and CCP III SBS Cayman Limited.

The immediate parent company of CGL is Fortuna Holdings Limited ("FHL").

3.2 Subsidiaries

The principal subsidiaries of Canopius Group Limited, which are consolidated in these financial statements, are listed below. The Group holds no investments in joint ventures or associates.

Subsidiary	Country of incorporation	Principal activities	% equity interest 2023	% equity interest 2022
Canopius Holdings UK Limited	England and Wales	Holding company	**100%**	100%
Canopius US Holdings, Inc.	USA (Delaware)	Holding company	**100%**	100%
Canopius Underwriting Agency Inc.	USA (Delaware)	Insurance company	**100%**	100%
Canopius US Insurance, Inc.	USA (Delaware)	Insurance company	**100%**	100%
Canopius Reinsurance Limited	Bermuda	Reinsurance company	**100%**	100%
Canopius Services Limited	England and Wales	Service company	**100%**	100%
Canopius Managing Agents Limited	England and Wales	Managing agent at Lloyd's	**100%**	100%
Canopius Asia Pte. Ltd.	Singapore	Syndicate service company	**100%**	100%
Canopius Europe Limited	England and Wales	Syndicate service company	**100%**	100%
Canopius Underwriting Bermuda Limited	Bermuda	Syndicate service company	**100%**	100%
Canopius ILS Limited	Bermuda	Reinsurance company	**100%**	100%
Vave Holdings Limited	Jersey	Holding company	**100%**	-
Vave Underwriting Agency Inc.	USA (Delaware)	Appointed representative	**100%**	-
Vave Digital Services Limited	England and Wales	Syndicate service company	**100%**	100%
Canopius Capital Four Limited	England and Wales	Lloyd's corporate member	**100%**	100%
Canopius Capital Seven Limited	England and Wales	Lloyd's corporate member	**100%**	100%
Canopius Capital Nine Limited	England and Wales	Lloyd's corporate member	**100%**	100%
Canopius Capital Ten Limited	England and Wales	Lloyd's corporate member	**100%**	100%
Canopius Capital Twelve Limited	England and Wales	Lloyd's corporate member	**100%**	100%
Canopius Corporate Capital Limited	England and Wales	Lloyd's corporate member	**100%**	100%
Flectat 2 Limited	England and Wales	Lloyd's corporate member	**100%**	100%
Multi-Strat Holdings Limited ("MSH")	Bermuda	Holding company	**65%**	65%
Multi-Strat Reinsurance Limited	Bermuda	Reinsurance company	**65%**	65%

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Year ended 31 December 2023

4. Segmental reporting

Segment information is presented based on the Group's management and internal reporting structures, which represent the level at which financial information is reported, performance is analysed and resources are allocated. The Group's operating segments are aligned with the regional business units: UK, USA and Bermuda, and Asia Pacific (APAC). The Corporate segment represents transactions associated with Group management which are analysed and reported at Group level. Eliminations and other adjustments consist of adjustments to eliminate the share of Syndicate 4444's results that relates to third-party capital providers, as well as Group consolidation adjustments.

The Group is domiciled in Jersey but its operating segments principally operate out of other jurisdictions and therefore almost all revenues and non-current assets of the Group are not from the country of its domicile.

At December 2023

$'000	Note	UK	USA and Bermuda	APAC	Eliminations and other adjustments	Corporate	Total
Insurance revenue	24(a)	1,820,423	456,844	245,243	(31,561)	-	2,490,949
Insurance service expenses	24(a)	(1,277,987)	(323,144)	(187,312)	38,891	(7,000)	(1,756,552)
Insurance service result before reinsurance contracts held		542,436	133,700	57,931	7,330	(7,000)	734,397
Allocation of reinsurance premiums	6, 24(b)	(476,230)	(104,894)	(41,134)	(20,750)	(74,015)	(717,023)
Amounts recoverable from reinsurers for incurred claims	6, 24(b)	130,370	28,699	21,741	17,693	69,015	267,518
Net expense from reinsurance contracts held	6	(345,860)	(76,195)	(19,393)	(3,057)	(5,000)	(449,505)
Insurance service result		196,576	57,505	38,538	4,273	(12,000)	284,892
Net investment result	11	88,026	48,994	11,770	(5,664)	30,000	173,126
Net insurance financial result	11	(59,425)	(13,293)	(8,270)	3,724	(9,755)	(87,019)
Other income		-	8,000	-	(5,548)	13,000	15,452
Finance costs	12	-	-	-	-	(10,389)	(10,389)
Other operating and administrative expenses	5	-	-	-	-	(43,569)	(43,569)
Foreign exchange gains/(losses)		-	-	-	-	(3,569)	(3,569)
Profit before tax		225,177	101,206	42,038	(3,215)	(36,282)	328,924
Income tax credit/(expense)		-	-	-	-	34,440	34,440
Profit for the year		225,177	101,206	42,038	(3,215)	(1,842)	363,364

At December 2022

$'000	Note	UK	USA and Bermuda	APAC	Eliminations and other adjustments	Corporate	Total
Insurance revenue	24(a)	1,652,785	405,645	199,659	(59,751)	-	2,198,338
Insurance service expenses	24(a)	(1,390,209)	(288,300)	(163,242)	40,091	-	(1,801,660)
Insurance service result before reinsurance contracts held		262,576	117,345	36,417	(19,660)	-	396,678
Allocation of reinsurance premiums	6, 24(b)	(378,169)	(84,995)	(22,751)	(7,899)	(92,043)	(585,857)
Amounts recoverable from reinsurers for incurred claims	6, 24(b)	198,613	22,326	15,109	19,571	92,043	347,662
Net expense from reinsurance contracts held	6	(179,556)	(62,669)	(7,642)	11,672	-	(238,195)
Insurance service result		83,020	54,676	28,775	(7,988)	-	158,483
Net investment result	11	(35,625)	(24,291)	(5,254)	10,578	(25,000)	(79,592)
Net insurance financial result	11	90,697	19,887	10,643	(8,180)	5,340	118,387
Other income		-	5,000	-	(7,232)	13,000	10,768
Finance costs	12	-	-	-	-	(11,867)	(11,867)
Other operating and administrative expenses	5	-	-	-	-	(33,049)	(33,049)
Foreign exchange gains/(losses)		-	-	-	-	(274)	(274)
Profit before tax		138,092	55,272	34,164	(12,822)	(51,850)	162,856
Income tax credit/(expense)		-	-	-	-	(34,167)	(34,167)
Profit for the year		138,092	55,272	34,164	(12,822)	(86,017)	128,689

There are no policy holders who comprise greater than 10% of the Group's insurance revenue. The Group has total non-current assets (other than financial assets, deferred tax assets, pension schemes and rights arising under insurance contracts) of $233.0m (2022: $230.3m). The non-current assets are predominantly located in the UK.

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Year ended 31 December 2023

5. Other operating and administrative expenses

$'000	Note	2023	Restated 2022
Employee benefit expenses	13	**(207,477)**	(143,304)
Amortisation of intangible assets	15	**(4,154)**	(3,253)
Depreciation of property and equipment	16	**(2,323)**	(2,676)
Depreciation of right-of-use assets	29	**(4,360)**	(5,277)
Premises expenses		**(4,812)**	(4,768)
Syndicate personal expenses and Lloyd's charges		**(29,279)**	(39,596)
Professional fees		**(19,838)**	(35,244)
IT costs		**(37,586)**	(26,356)
Other expenses		**(21,189)**	(12,883)
Total		**(331,018)**	(273,357)
Directly attributable expenses reclassified to insurance service expenses		**287,449**	240,308
Total other operating and administrative expenses		**(43,569)**	(33,049)

6. Net expense from reinsurance contracts held

$'000	2023	2022
Allocation of reinsurance premiums		
Contracts measured under the PAA	**(643,008)**	(493,814)
Contracts not measured under the PAA:		
Recovery of expected claims and other insurance service expenses	**(74,015)**	(92,043)
Change in the risk adjustment for non-financial risk for risk expired	**-**	-
CSM recognised in profit or loss for services received in the period	**-**	-
	(717,023)	(585,857)
Amounts recoverable from reinsurers for incurred claims		
Recoveries of incurred claims and other insurance service expenses	**357,205**	455,645
Changes that relate to past service – adjustments to incurred claims	**(88,073)**	(105,793)
Recoveries and reversal of recoveries of losses on onerous underlying contracts	**577**	3,939
Changes in the risk of reinsurers non-performance	**(2,191)**	(6,129)
	267,518	347,662
Total net expense from reinsurance contracts held	**(449,505)**	(238,195)

7. Fees and commission income

$'000	2023	2022
Management fees	**464**	518
Insurance services – commission and service fees	**7,784**	8,539
	8,248	9,057

8. Net fair value gains and losses on financial instruments at fair value through profit and loss

$'000	2023	2022
Realised gains on financial investments	**12,386**	961
Unrealised gains on financial investments	**89,191**	23,657
Realised losses on financial investments	**(34,943)**	(33,560)
Unrealised losses on financial investments	**(7,304)**	(121,341)
Net fair value gains and losses on derivatives	**36**	231
Total	**59,366**	(130,052)

All financial instruments held at fair value through profit and loss are mandatorily measured at fair value through profit and loss

9. Other investment revenue

$'000	2023	2022
Interest revenue from financial investments at amortised cost	**6,523**	-
Dividend income	**4,797**	4,389
Other interest and similar income	**106,031**	49,370
Total	**117,351**	53,759

10. Investment fees and expenses

$'000	Note	2023	2022
Investment management expenses		**(3,616)**	(3,299)
Net credit impairment gains/(losses) on financial assets	28.4.3(b)(ii)	**25**	-
Total		**(3,591)**	(3,299)

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Year ended 31 December 2023

11. Total investment income and net insurance financial result

$'000	Note	2023	2022
Investment Income			
Net fair value gains/(losses) on financial assets at fair value through profit or loss	8	**59,366**	(130,052)
Other investment revenue	9	**117,351**	53,759
Investment fees and expenses	10	**(3,591)**	(3,299)
Total amounts recognised in profit and loss		**173,126**	(79,592)
- Unwind of discounting		**(119,474)**	(35,516)
- Impact of changes in interest rates		**(18,876)**	245,188
Insurance finance (expenses)/income (insurance contracts issued)		**(138,350)**	209,672
- Unwind of discounting		**45,975**	12,860
- Impact of changes in interest rates		**5,356**	(104,145)
Reinsurance finance income/(expense) (reinsurance contracts held)		**51,331**	(91,285)
Total net investment income, (re)insurance finance income / (expense)		**86,107**	38,795

12. Finance costs

$'000	Note	2023	2022
Fees for letters of credit		**(5,440)**	(7,014)
Interest on lease liabilities	29	**(1,343)**	(1,164)
Interest on LPT reinsurance premium payable		**(3,188)**	(3,242)
Trustee fees, bank charges and interest expenses		**(418)**	(447)
		(10,389)	(11,867)

13. Employee benefit expenses

$'000	2023	2022
Salaries and wages	**(174,127)**	(119,097)
Social security costs	**(17,266)**	(12,731)
Pension costs – defined contribution plans	**(8,151)**	(6,870)
Other benefits	**(7,933)**	(4,606)
	(207,477)	(143,304)

Employee benefits include termination payments of $2.7m (2022: $2.5m).

14. Income tax

The Company is incorporated in Jersey and registered for tax in the United Kingdom where it is managed and controlled.

The subsidiary companies are registered for tax in various jurisdictions, including the United Kingdom, United States, Singapore, Malaysia, and Australia; there are also subsidiary companies in Bermuda which were not subject to tax in 2023. The subsidiary companies in the UK are the main operating companies in the Group. Therefore, as in prior years, it is appropriate to reconcile the Group tax charge to the UK Statutory rate. The overseas tax charge predominantly related to our US operations and represents excess of tax liability over brought forward losses.

The major components of income tax credit/(charge) for the years ended 31 December 2023 and 31 December 2022 respectively are:

(a) Consolidated statement of profit or loss

$'000	2023	Restated 2022
Current tax		
Current tax on profits for the year	**(13,659)**	(4,793)
Adjustments for current tax on prior periods	**473**	(622)
Total current tax credit/(charge)	**(13,186)**	(5,415)
Deferred tax		
Origination and reversal of temporary differences	**47,451**	(22,210)
Adjustments for deferred tax on prior periods	**(188)**	(142)
Impact of change in deferred tax rate	**363**	(6,400)
Total deferred tax credit	**47,626**	(28,752)
Total income tax credit/(charge)	**34,440**	(34,167)

(b) Reconciliation of tax credit/(charge)

$'000	2023	Restated 2022
Profit before tax	**328,924**	162,856
Tax at 23.5% (2022: 19%)	**(77,297)**	(30,943)
Differences in overseas tax rates[2]	**33,971**	13,797
Adjustments for tax on prior periods	**285**	(764)
Effects of previously unrecognised losses now recognised	**83,017**	(16,431)
Effect of group relief	**2,998**	2,466
Effect of deferred tax rate change	**363**	(6,400)
Other[3]	**(8,897)**	4,108
Total income tax credit/(charge)	**34,440**	(34,167)

2 The variance is predominantly driven by the difference between the Bermuda tax rate and the UK tax rate in the period

3 Other comprises of overseas taxes paid $5,313k (2022: $nil), non-deductible expenses of $4,604k (2022: $1,234k) offset by non-taxable income and research and development relief of $1,020k (2022: $5,342k)

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14. Income Tax (continued)

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy.

The Pillar Two Global anti-Base Erosion rules (GloBE Rules) propose four new taxing mechanisms under which multinational enterprises (MNEs) would pay a minimum level of tax (Minimum Tax):

- The Income Inclusion Rule (IIR);
- The Under Taxed Payments Rule (UTPR);
- The Qualified Domestic Minimum Top-up Tax (QDMTT); and
- The Subject to Tax Rule (STTR)

Collectively, the IIR, UTPR and QDMTT seek to ensure a Minimum Tax of 15% on the income arising in each jurisdiction in which an MNE operates. The STTR is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.

Finance (No.2) Act 2023 which contains legislation to implement the GloBE Rules in the UK was substantively enacted on 20 June, 2023. The legislation introduces a global minimum effective tax rate of 15% and implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023.

The Group has an ongoing project to assess the impact of the GloBE Rules on the Group, and continues to monitor regulatory developments in respect of the substantive enactment of the GloBE Rules in all of the jurisdictions where they impact the Group.

The impact of the GloBE Rules on the Group is still subject to significant uncertainty, as such the impact of the legislation cannot be reasonably estimated. The Group has identified potential exposure to Pillar Two top up taxes in relation to Bermuda. The effective tax rate in Bermuda is currently nil but will be 15% as of 1 January, 2025 in accordance with legislation enacted on 27 December 2023. As such the Group will be required to apply a Pillar Two top-up tax in relation to Bermuda in 2024. Bermuda currently forms 12% of Group profit before tax in 2023, which is not expected to reduce in the next 2-3 years.

The Group has applied the exception under International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12) to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes, and accordingly does not recognise or disclose information about such deferred tax assets and liabilities.

(c) Income tax receivable/(payable), net

$'000	2023	2022
At 1 January	(2,451)	818
Taxes recorded in the statement of profit or loss	(13,186)	(5,415)
Payments made on-account during the year	15,707	2,151
Tax received	-	-
Foreign exchange adjustments	(13)	(5)
At 31 December	57	(2,451)
Reflected in the statement of financial position as follows:		
Income tax receivable	783	-
Income tax payable	(726)	(2,451)
Net income tax receivable/(payable)	57	(2,451)

d) Deferred tax, net

$'000	2023	Restated 2022
Excess of tax over book depreciation	3,422	2,829
Tax on underwriting losses	70,429	31,218
Tax on intangible asset	(24,117)	(24,795)
Bonus accrual	3,655	1,346
Other deferred tax balances	4,363	2,487
IFRS 17 – change in accounting base	(14,734)	(18,015)
Total deferred tax asset/(liability)	43,018	(4,930)
Reflected in the statement of financial position as follows:		
Deferred tax asset	43,054	4,627
Deferred tax liability	(36)	(9,557)
Net deferred tax asset/(liability)	43,018	(4,930)

Deferred tax assets and liabilities arise through (a) temporary differences in the recognition of underwriting profits/losses for accounting and tax purposes; (b) temporary differences in the recognition of depreciation for accounting and tax purposes; and (c) tax losses which are available to offset future taxable profits.

The recoverability of deferred tax assets in relation to underwriting losses will depend on the availability of future taxable profits. Based on current business forecasts it is probable that sufficient profits will accrue within the foreseeable future to support the current level of recognised deferred tax asset.

The Group has tax losses and gross temporary differences in respect of underwriting losses in the corporate members and other tax losses in Group entities which total approximately $199m (2022: $456m) which have no expiry date, except for $2m (2022: $14m) of US losses expiring in 2035, and have not been recognised for deferred tax purposes. An amount of $70m of deferred tax asset has been recognised in relation to the crystallised underwriting losses (2022: $31m).

Finance Act 2021 enacted the increase in the corporation tax rate from 19% to 25% from 1 April, 2023. This tax rate of 25% has been used to derive the UK deferred tax assets and liabilities as that is the tax rate that is expected to apply when the deferred tax balances crystallise or unwind.

e) Reconciliation of deferred tax assets, net

$'000	2023	Restated 2022
Balance at 1 January	(4,930)	24,283
Origination and reversal of temporary differences	47,451	(22,210)
Adjustments for deferred tax on prior periods	(188)	(142)
Impact of change in deferred tax rate	363	(6,400)
Foreign exchange and other adjustments	322	(461)
Balance at 31 December	43,018	(4,930)

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Year ended 31 December 2023

15. Intangible assets

$'000	Goodwill	Syndicate participation rights	Insurance contract intangible asset	Distribution channels intangible asset	IT Software and licences	Total
Cost						
At 31 December 2021, as previously reported	**58,631**	**86,017**	**25,905**	**28,983**	**17,211**	**216,747**
Impact of initial adoption of IFRS 17	-	-	(25,905)	-	-	(25,905)
Restated balance at 1 January 2022	**58,631**	**86,017**	**-**	**28,983**	**17,211**	**190,842**
Additions	-	95	-	-	9,538	9,633
Exchange and other	-	-	-	-	(1,802)	(1,802)
Restated balance at 31 December 2022	**58,631**	**86,112**	**-**	**28,983**	**24,947**	**198,673**
Additions	-	132	-	-	14,492	14,624
Disposals	-	-	-	-	(1,446)	(1,446)
Exchange and other	-	-	-	-	1,226	1,226
At 31 December 2023	**58,631**	**86,244**	**-**	**28,983**	**39,219**	**213,077**
Accumulated amortisation						
At 31 December 2021, as previously reported	**-**	**-**	**23,091**	**3,929**	**8,616**	**35,636**
Impact of initial adoption of IFRS 17	-	-	(23,091)	-	-	(23,091)
Restated balance at 1 January 2022	**-**	**-**	**-**	**3,929**	**8,616**	**12,545**
Amortisation in the year	-	-	-	1,964	1,289	3,253
Exchange and other	-	-	-	-	(780)	(780)
Restated balance at 31 December 2022	**-**	**-**	**-**	**5,893**	**9,125**	**15,018**
Amortisation in the year	-	-	-	1,965	2,189	4,145
Disposals	-	-	-	-	(745)	(745)
Exchange and other	-	-	-	-	1,219	1,219
At 31 December 2023	**-**	**-**	**-**	**7,858**	**11,788**	**19,646**
Carrying amount						
Restated balance at 31 December 2021	58,631	86,017	-	25,054	8,595	178,297
Restated balance at 31 December 2022	58,631	86,112	-	23,090	15,822	183,655
At 31 December 2023	**58,631**	**86,244**	**-**	**21,125**	**27,431**	**193,431**

Intangible assets with an indefinite useful life

Goodwill and syndicate participation rights are deemed to have indefinite useful life as they are expected to have value in use that does not erode or become obsolete over the course of time. Consequently, they are not amortised but annually tested for impairment in relation to the business units from where or for which they were acquired.

The syndicate participation rights intangible was allocated to the syndicates at Lloyd's cash generating unit ("CGU"). The recoverable amount of the CGU was established with reference to its fair value less costs to sell. The fair value has been established with reference to market multiples for similar businesses, which provides a current and observable input into the fair value measurement, which is classed as level 2 within the fair value hierarchy. The analysis indicates sufficient headroom such that reasonably expected alternative assumptions are not anticipated to result in a potential impairment.

Goodwill has been allocated to the syndicates at Lloyd's CGU. The recoverable amount of the CGU was established with reference to its fair value less cost to sell. The fair value has been established with reference to market multiples for similar businesses, which provides a current and observable input into the fair value measurement, which is classed as level 2 within the fair value hierarchy.

The analysis indicates sufficient headroom compared to these market multiples such that reasonably expected alternative assumptions are not anticipated to result in a potential impairment.

Intangible assets with a finite useful life

The distribution channels, IT software and computer licences are amortised over their finite economic lives and the charge is included in other operating and administrative expenses in the consolidated statement of profit or loss.

The application of the transition requirements of IFRS 17 has resulted in the derecognition of the insurance contract intangible assets at the transition date.

Assets with a finite useful life were assessed for indicators of impairment at the respective year ends and no indicators of impairment have been identified. As such, no impairment test has been performed and there was no impairment in 2023 (2022: none).

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Year ended 31 December 2023

16. Property and equipment

$'000	Note	Computer equipment	Fixtures, fittings and equipment	Leasehold improvements	Total
Cost					
At 1 January 2022		11,458	3,069	9,957	24,484
Additions		826	98	441	1,365
Disposals		(319)	-	-	(319)
Exchange		(1,170)	(120)	(1,011)	(2,301)
At 31 December 2022		**10,795**	**3,047**	**9,387**	**23,229**
Additions		**597**	**344**	**-**	**941**
Disposals		**(7)**	**-**	**(81)**	**(88)**
Exchange		**552**	**86**	**487**	**1,125**
At 31 December 2023		**11,937**	**3,477**	**9,793**	**25,207**
Accumulated depreciation					
At 1 January 2022		6,112	1,739	1,126	8,977
Charge for the year	5	1,651	203	822	2,676
Exchange		(642)	11	(48)	(679)
At 31 December 2022		**7,121**	**1,953**	**1,900**	**10,974**
Charge for the year	5	**1,167**	**230**	**926**	**2,323**
Disposals		**(7)**	**-**	**(81)**	**(88)**
Exchange		**414**	**32**	**96**	**542**
At 31 December 2023		**8,695**	**2,215**	**2,841**	**13,751**
Carrying amount					
At 31 December 2022		3,674	1,094	7,487	12,255
At 31 December 2023		**3,242**	**1,262**	**6,952**	**11,456**

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17. Financial investments

(a) Financial assets at fair value through profit or loss

$'000	2023	2022
Fair value (designated as such upon initial recognition)		
Debt securities and other fixed income securities	**2,127,443**	1,982,910
Holdings in collective investment schemes	**785,548**	565,331
Equity shares	**77,129**	91,090
Private credit funds	**108,068**	65,951
Total financial assets at fair value through profit or loss	**3,098,188**	2,705,282

Financial assets which are subject to restrictions are referred to in note 30(a).

(b) Financial assets carried at amortised cost

$'000	2023	2022
Debt instruments at amortised cost	**63,467**	-
Total	**63,467**	-

Debt instruments at amortised cost comprises US property bridge loans of $63.5m (2022: $45.9m, these loans were previously presented as part of Trade and other receivables prior to the initial application of IFRS 9 on 1 January 2023 – see note 2.3.2 (c)). Details about the maturity of these loans can be found in note 28.4.3(c).

18. Derivative financial instruments

The Group utilises derivative financial instruments as part of its asset/liability risk management practice.

The derivative financial instruments represent the fair value of exchange traded bond futures contracts used to hedge duration risk, and forward contracts used to hedge excess foreign currency exposures. The derivative financial instruments held by the Group have not been designated for hedge accounting during the current and previous financial years as permitted by IFRS 9.

The following table shows the fair value through profit or loss ("FVPL") of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying assets, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year-end and are indicative of neither the market risk nor the credit risk.

	2023			2022		
	Assets	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
$'000						
Derivatives at FVPL:						
Interest rate futures	**392**	**(165)**	**42,105**	275	(37)	253,196
Forward exchange contracts	**7,156**	**(7,746)**	**817,121**	21,507	(7,447)	720,774
	7,548	**(7,911)**	**859,226**	21,782	(7,484)	973,970

At their inception, derivatives often involve only a mutual exchange of promises, with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Group. Over-the-counter derivatives may expose the Group to the risks associated with the absence of an exchange market on which to close out an open position. The Group's exposure under derivative contracts is closely monitored as part of the overall management of the Group's market risk.

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Year ended 31 December 2023

19. Fair value measurement

i) Valuation

The Group has classified its financial instruments as at 31 December 2023 using the fair value hierarchy required by IFRS 13 'Fair value measurement'. The fair value hierarchy classifies financial instruments into Level 1 to Level 3 based on the significance of the inputs used in measuring their fair value, with Level 1 considered the most reliable. The levels within the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Valuation techniques for which inputs are not based on observable market data.

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

The Group closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured. Where it is determined that there is no active market, fair value is established using a valuation technique.

The techniques applied incorporate relevant information available and reflect appropriate adjustments for credit and liquidity risks. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

The valuation techniques include broker dealer quotes, reported trades, issuer spreads and available bids. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. There have been no transfers between Level 1 and Level 2 financial instruments during the year (2022: $nil).

If one or more significant inputs are not based on observable market data, the instrument is included in Level 3. These assets are normally infrequently traded and fair values can only be calculated using estimates or risk-adjusted value ranges and there is a material use of judgement in deriving the price.

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ii) Fair value measurement of assets

$'000	Level 1	Level 2	Level 3	Total
Financial assets at 31 December 2023				
Debt securities & other fixed income securities	**562,965**	**1,564,478**	**–**	**2,127,443**
Holdings in collective investment schemes	**694,747**	**90,801**	**–**	**785,548**
Equity shares	**47,706**	**–**	**29,423**	**77,129**
Private credit funds	**–**	**19,087**	**88,981**	**108,068**
Derivative assets	**392**	**7,156**	**–**	**7,548**
Financial assets	**1,305,810**	**1,681,522**	**118,404**	**3,105,736**
Other assets – overseas deposits	**36,187**	**119,250**	**–**	**155,437**
Total	**1,341,997**	**1,800,772**	**118,404**	**3,261,173**
Financial liabilities at 31 December 2023				
Derivative liabilities	**165**	**7,746**	**–**	**7,911**
Total	**165**	**7,746**	**–**	**7,911**

$'000	Level 1	Level 2	Level 3	Total
Financial assets at 31 December 2022				
Debt securities & other fixed income securities	610,172	1,372,738	-	1,982,910
Holdings in collective investment schemes	316,629	248,702	-	565,331
Equity shares	64,818	-	26,272	91,090
Private credit funds	-	-	65,951	65,951
Derivative assets	275	21,507	-	21,782
Financial assets	991,894	1,642,947	92,223	2,727,064
Other assets – overseas deposits	33,358	132,676	-	166,034
Total	1,025,252	1,775,623	92,223	2,893,098
Financial liabilities at 31 December 2022				
Derivative liabilities	37	7,447	-	7,484
Total	37	7,447	-	7,484

The level within the hierarchy that a financial instrument is placed is based on the lowest level of any input that is significant to its fair value measurement.

Level 3 include non-traded private credit funds and the Group's share of the syndicates' loans to the Lloyd's central fund. The fair value of the private credit funds is determined with reference to the net asset value which is considered a reasonable proxy for fair value. The Group's share of the syndicates' loans to the Lloyd's central fund is not tradeable and is valued based on a discounted cash flow model to which a fair value adjustment has been applied to appropriately reflect the credit and illiquidity risk of the instrument.

These loans are deemed to be equity on the basis that the repayment of the loan and interest is at the discretion of the Corporation of Lloyd's. The syndicate loans have been classified as Level 3 assets because the valuation approach includes significant unobservable inputs and an element of subjectivity in determining appropriate credit and illiquidity spreads within the discount rates used in the discounted cash flow model.

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19. Fair value measurement (continued)

Any transfers between levels in the fair value hierarchy is deemed to have taken place by assessing categorisation at the end of the reporting period. There were no transfers to and from Level 3 assets for the period ended 31 December 2023 when compared with the comparative prior period end.

The table below shows a reconciliation of opening and closing balances for financial instruments classified as Level 3 of the fair value hierarchy.

$'000	**2023**	2022
At 1 January	**92,223**	52,299
Total net gain/(loss) through profit or loss	**13,866**	(891)
Purchases	**86,491**	87,350
Disposals	**(74,176)**	(46,535)
At 31 December	**118,404**	92,223

20. Trade and other receivables

$'000	**2023**	2022
Loans	**-**	45,855
Other debtors	**39,145**	46,476
Accrued income	**35,694**	23,997
Amounts due from parent undertakings	**33,471**	6,605
	108,310	122,933
Amounts due within 1 year	**108,310**	109,034
Amounts due in over 1 year	**-**	13,899
	108,310	122,933

Trade and other receivables are carried at amortised cost. The fair value of trade and other receivables approximates their carrying value.

Other debtors include $8.2m (2022: $29.8m) of unsettled investment trades, resulting from trading activity over the year end date. These amounts were settled in January 2024.

Loans comprises US property bridge loans, as a result of the initial application of IFRS 9 on 1 January 2023 these loans have been reclassified to financial assets carried at amortised cost – see note 2.3.2 (c).

21. Other assets

Other assets include overseas deposits of $155.4m (2022: $166.0m) which are lodged as a condition of conducting underwriting business in certain countries.

22. Cash and cash equivalents

$'000	**2023**	2022
Cash at bank and in hand	**103,022**	107,187
Cash equivalents	**16,977**	16,458
	119,999	123,645

The cash and cash equivalents include $94.5m (2022: $85.6m) that are held in Lloyd's Premium and other trust funds supporting insurance liabilities. These assets are subject to restrictions under the relevant trust deeds and bank facilities.

23. Share capital and share premium

Authorised shares	**2023 Number**	2022 Number
Ordinary shares		
Ordinary shares of 1USD each	**341,868,305**	341,868,305
Ordinary shares total	**341,868,305**	341,868,305

Issued and fully paid:	At 1 January 2022 Number	Changes in issued capital number	At 31 December 2022 number	Changes in issued capital number	**At 31 December 2023 Number**
Ordinary shares					
Ordinary shares of 1USD par value	341,868,296	-	341,868,296	-	**341,868,296**
Ordinary shares total	341,868,296	-	341,868,296	-	**341,868,296**

Issued share capital	At 1 January 2022 $	Changes in issued capital $	At 31 December 2022 $	Changes in issued capital $	**At 31 December 2023 $**
Ordinary shares					
Ordinary shares of 1USD par value	341,868,296	-	341,868,296	-	**341,868,296**
Share capital total	341,868,296	-	341,868,296	-	**341,868,296**

Issued share premium	At 1 January 2022 $	Changes in issued share premium $	At 31 December 2022 $	Changes in issued share premium $	**At 31 December 2023 $**
Ordinary shares					
Ordinary shares of 1USD par	345,331,867	-	345,331,867	-	**345,331,867**
Share premium total	345,331,867	-	345,331,867	-	**345,331,867**

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Notes to the Consolidated Financial Statements continued

Year ended 31 December 2023

24. Reconciliation of the measurement components of insurance contract balances

a. Insurance and reinsurance contracts issued – analysis by remaining coverage and incurred claims

		2023					
		Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA			
	Note	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment	Contracts not measured under the PAA	Total 2023
Insurance contract liabilities as at 1 January		(72,714)	(6,327)	(2,846,828)	(144,663)	–	(3,070,532)
Insurance contract assets as at 1 January		–	–	–	–	–	–
Net insurance contract liabilities as at 1 January		(72,714)	(6,327)	(2,846,828)	(144,663)	–	(3,070,532)
Insurance revenue		2,490,949	–	–	–	–	2,490,949
Incurred claims and related expenses		–	6,547	(1,024,893)	(55,986)	–	(1,074,332)
Changes that relate to past service – adjustments to LIC		–	–	38,624	45,911	–	84,535
Amortisation of insurance acquisition cash flows		(592,379)	–	–	–	–	(592,379)
Losses and reversal of losses on onerous contracts		–	(7,563)	–	–	–	(7,563)
Other incurred insurance service expenses		–	–	(166,813)	–	–	(166,813)
Insurance service expenses		(592,379)	(1,016)	(1,153,082)	(10,075)	–	(1,756,552)
Unwind of discounting		–	–	(119,474)	–	–	(119,474)
Impact of changes in interest rates		–	–	(18,876)	–	–	(18,876)
Insurance finance expenses	11	–	–	(138,350)	–	–	(138,350)
Impact of changes in foreign exchange rates		(296)	(59)	(44,054)	(1,946)	–	(46,355)
Total changes in the statement of profit or loss		1,898,274	(1,075)	(1,335,486)	(12,021)	–	549,692
Impact of increased participation in syndicate following RITC		9,378	–	(37,818)	(910)	–	(29,350)
Investment components		2,046	–	(2,046)	–	–	–
Premiums received		(2,514,085)	–	–	–	–	(2,514,085)
Claims and other expenses paid		–	–	1,308,835	–	–	1,308,835
Insurance acquisition cash flows		681,335	–	–	–	–	681,335
Total cash flows		(1,832,750)	–	1,308,835	–	–	(523,915)
Net insurance contract liabilities as at 31 December		4,234	(7,402)	(2,913,343)	(157,594)	–	(3,074,105)
Insurance contract liabilities as at 31 December		4,234	(7,402)	(2,913,343)	(157,594)		(3,074,105)
Insurance contract assets as at 31 December		–	–	–	–	–	–

		2022					
		Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA			
	Note	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment	Contracts not measured under the PAA	Total 2022
Insurance contract liabilities as at 1 January		(146,123)	(16,272)	(2,966,261)	(164,417)	–	(3,293,073)
Insurance contract assets as at 1 January		–	–	–	–	–	–
Net insurance contract liabilities as at 1 January		(146,123)	(16,272)	(2,966,261)	(164,417)	–	(3,293,073)
Insurance revenue		2,198,338	–	–	–	–	2,198,338
Incurred claims and related expenses		–	26,560	(1,277,828)	(59,127)	–	(1,310,395)
Changes that relate to past service – adjustments to LIC		–	–	135,137	77,376	–	212,513
Amortisation of insurance acquisition cash flows		(551,517)	–	–	–	–	(551,517)
Losses and reversal of losses on onerous contracts		–	(16,779)	–	–	–	(16,779)
Other incurred insurance service expenses		–	–	(135,482)	–	–	(135,482)
Insurance service expenses		(551,517)	9,781	(1,278,173)	18,249	–	(1,801,660)
Unwind of discounting		–	–	(35,516)	–	–	(35,516)
Impact of changes in interest rates		–	–	245,188	–	–	245,188
Insurance finance expenses	11	–	–	209,672	–	–	209,672
Impact of changes in foreign exchange rates		4,318	164	99,301	5,285	–	109,068
Total changes in the statement of profit or loss		1,651,139	9,945	(969,200)	23,534	–	715,418
Impact of increased participation in syndicate following RITC		20,898	–	(95,731)	(3,780)	–	(78,613)
Investment components		2,476	–	(2,476)	–	–	–
Premiums received		(2,144,811)	–	–	–	–	(2,144,811)
Claims and other expenses paid		–	–	1,186,840	–	–	1,186,840
Insurance acquisition cash flows		543,707	–	–	–	–	543,707
Total cash flows		(1,601,104)	–	1,186,840	–	–	(414,264)
Net insurance contract liabilities as at 31 December		(72,714)	(6,327)	(2,846,828)	(144,663)	–	(3,070,532)
Insurance contract liabilities as at 31 December		(72,714)	(6,327)	(2,846,828)	(144,663)	–	(3,070,532)
Insurance contract assets as at 31 December		–	–	–	–	–	–

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Notes to the Consolidated Financial Statements continued

Year ended 31 December 2023

24. Reconciliation of the measurement components of insurance contract balances (continued)

b. Reinsurance contracts held – analysed by remaining coverage and incurred claims

		2023					
		Assets for remaining coverage		Amounts recoverable for incurred claims			
				Contracts measured under the PAA			
	Note	Excluding RI share of the loss component	RI share of the loss component	Estimate of the present value of future cash flows	Risk adjustment	Contracts not measured under the PAA	Total 2023
Reinsurance contract liabilities as at 1 January		-	-	-	-	-	-
Reinsurance contract assets as at 1 January		129,852	2,036	980,970	50,115	-	1,162,973
Net reinsurance contract assets as at 1 January		129,852	2,036	980,970	50,115	-	1,162,973
Allocation of reinsurance premiums		(717,023)	-	-	-	-	(717,023)
Recoveries of incurred claims and related insurance service expenses		-	(1,947)	234,330	15,898	108,924	357,205
Changes that relate to past service – adjustments to incurred claims		-	-	(71,034)	(17,039)	-	(88,073)
Recoveries and reversal of recoveries of losses on onerous underlying contracts		-	577	-	-	-	577
Effect of changes in non-performance risk of reinsurers		-	-	(2,191)	-	-	(2,191)
Amounts recoverable from reinsurers for incurred claims		-	(1,370)	161,105	(1,141)	108,924	267,518
Net income/expense from reinsurance contracts held	6	(717,023)	(1,370)	161,105	(1,141)	108,924	(449,505)
Unwind of discounting		5,501	-	40,474	-	-	45,975
Impact of changes in interest rates		690	-	4,666	-	-	5,356
Reinsurance finance income	11	6,191	-	45,140	-	-	51,331
Impact of changes in foreign exchange rates		4,778	13	8,939	468	-	14,198
Total changes in the statement of profit or loss		(706,054)	(1,357)	215,184	(673)	108,924	(383,976)
Impact of increased participation in syndicate following RITC		(348)	-	(5,684)	187	-	(5,845)
Investment components		(7,525)	-	7,525	-	-	-
Reinsurance premiums paid		676,331	-	-	-	-	676,331
Recoveries from reinsurance		-	-	(260,837)	-	(108,924)	(369,761)
Total cash flows		676,331	-	(260,837)	-	(108,924)	306,570
Net reinsurance contract assets as at 31 December		92,256	679	937,158	49,629	-	1,079,722
Reinsurance contract liabilities as at 31 December		-	-	-	-	-	-
Reinsurance contract assets as at 31 December		92,256	679	937,158	49,629	-	1,079,722

		2022					
		Assets for remaining coverage		Amounts recoverable for incurred claims			
				Contracts measured under the PAA			
	Note	Excluding RI share of the loss component	RI share of the loss component	Estimate of the present value of future cash flows	Risk adjustment	Contracts not measured under the PAA	Total 2022
Reinsurance contract liabilities as at 1 January		(6,487)	-	-	-	-	(6,487)
Reinsurance contract assets as at 1 January		(61,196)	6,241	1,077,110	67,575	-	1,089,730
Net reinsurance contract assets as at 1 January		(67,683)	6,241	1,077,110	67,575	-	1,083,243
Allocation of reinsurance premiums		(585,857)	-	-	-	-	(585,857)
Recoveries of incurred claims and related insurance service expenses		-	(8,111)	340,700	22,744	100,312	455,645
Changes that relate to past service – adjustments to incurred claims		-	-	(65,922)	(39,871)	-	(105,793)
Recoveries and reversal of recoveries of losses on onerous underlying contracts		-	3,939	-	-	-	3,939
Effect of changes in non-performance risk of reinsurers		-	-	(6,129)	-	-	(6,129)
Amounts recoverable from reinsurers for incurred claims		-	(4,172)	268,649	(17,127)	100,312	347,662
Net income/expense from reinsurance contracts held	6	(585,857)	(4,172)	268,649	(17,127)	100,312	(238,195)
Unwind of discounting		4,168	-	8,692	-	-	12,860
Impact of changes in interest rates		(20,800)	-	(83,345)	-	-	(104,145)
Reinsurance finance income	11	(16,632)	-	(74,653)	-	-	(91,285)
Impact of changes in foreign exchange rates		691	(33)	(24,286)	(1,897)	-	(25,525)
Total changes in the statement of profit or loss		(601,798)	(4,205)	169,710	(19,024)	100,312	(355,005)
Impact of increased participation in syndicate following RITC		(37,433)	-	4,794	1,564	-	(31,075)
Investment components		(4,139)	-	4,139	-	-	-
Reinsurance premiums paid		840,905	-	-	-	-	840,905
Recoveries from reinsurance		-	-	(274,783)	-	(100,312)	(375,095)
Total cash flows		840,905	-	(274,783)	-	(100,312)	465,810
Net reinsurance contract assets as at 31 December		129,852	2,036	980,970	50,115	-	1,162,973
Reinsurance contract liabilities as at 31 December		-	-	-	-	-	-
Reinsurance contract assets as at 31 December		129,852	2,036	980,970	50,115	-	1,162,973

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24. Reconciliation of the measurement components of insurance contract balances (continued)

c. Reinsurance contracts held – analysis by measurement component – contracts not measured under the PAA

$'000	Note	Estimates of present value of future cash flows	Risk adjustment	Contractual service margin	Total 2023
Reinsurance contract asset as at 1 January		70,263	–	–	70,263
Experience adjustments		(41,830)	–	–	(41,830)
Changes that relate to current service		(41,830)	–	–	(41,830)
Changes in estimates that do not adjust the CSM		79,628	–	–	79,628
Changes that relate to future service		79,628	–	–	79,628
Net income/(expense) from reinsurance contracts held		37,798	–	–	37,798
Unwind of discounting		5,501	–	–	5,501
Impact of changes in interest rates		690	–	–	690
Insurance finance expenses		6,191	–	–	6,191
Impact of changes in foreign exchange rates		4,140	–	–	4,140
Total changes in the statement of profit or loss		48,129	–	–	48,129
Reinsurance premiums paid		106,903	–	–	106,903
Recoveries from reinsurance		(108,925)	–	–	(108,925)
Total cash flows		(2,022)	–	–	(2,022)
Reinsurance contract asset as at 31 December		116,370	–	–	116,370

$'000	Note	Estimates of present value of future cash flows	Risk adjustment	Contractual service margin	Total 2022
Reinsurance contract liability as at 1 January		(6,487)	–	–	(6,487)
Experience adjustments		(90,377)	–	–	(90,377)
Changes that relate to current service		(90,377)	–	–	(90,377)
Changes in estimates that do not adjust the CSM		102,427	–	–	102,427
Changes that relate to future service		102,427	–	–	102,427
Net income/(expense) from reinsurance contracts held		12,050	–	–	12,050
Unwind of discounting		(1,193)	–	–	(1,193)
Impact of changes in interest rates		(20,800)	–	–	(20,800)
Insurance finance expenses		(21,993)	–	–	(21,993)
Impact of changes in foreign exchange rates		(4,281)	–	–	(4,281)
Total changes in the statement of profit or loss		(14,224)	–	–	(14,224)
Reinsurance premiums paid		191,285	–	–	191,285
Recoveries from reinsurance		(100,311)	–	–	(100,311)
Total cash flows		90,974	–	–	90,974
Reinsurance contract asset as at 31 December		70,263	–	–	70,263

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Year ended 31 December 2023

24. Reconciliation of the measurement components of insurance contract balances (continued)

d. Effect of contracts initially recognised in the year

All insurance and reinsurance contracts initially recognised in the year were measured under the PAA.

e. Claims development tables

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims.

The claims development tables below are presented:

- By underwriting year (i.e. year of account); and
- At the exchange rates prevailing at the reporting date.

As permitted by IFRS 17, the Group has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

Gross undiscounted liabilities for incurred claims at 31 December 2023

$m Underwriting year – gross:	Before 2019	2019	2020	2021	2022	2023	Total
Estimate of total cost of claims							
At end of year 1		503,852	637,541	605,076	739,091	580,204	
At end of year 2		1,334,503	1,123,159	1,143,999	1,228,242		
At end of year 3		1,407,330	1,158,549	1,150,075			
At end of year 4		1,389,791	1,131,935				
At end of year 5		1,411,855					
Gross estimates of the undiscounted amount of the best estimate claims	17,548,817	1,411,855	1,131,935	1,150,075	1,228,242	580,204	**23,051,128**
Cumulative payments to date	(16,742,948)	(1,114,115)	(773,637)	(630,651)	(465,372)	(87,082)	**(19,813,805)**
Gross estimates of the undiscounted amount of the best estimate claims less payments	805,869	297,740	358,298	519,424	762,870	493,122	**3,237,323**
Risk adjustment							**157,594**
Effect of discounting							**(323,980)**
Total gross liabilities for incurred claims							**3,070,937**

The total gross liabilities for incurred claims in the above table can be reconciled to the balance sheet carrying amount through note 24(a).

Net undiscounted liabilities for incurred claims at 31 December 2023

$m Underwriting year – net:	Before 2019	2019	2020	2021	2022	2023	Total
Estimate of total cost of claims							
At end of year 1		426,446	490,978	396,476	510,231	431,387	
At end of year 2		1,083,366	778,923	830,479	868,447		
At end of year 3		1,093,619	829,569	838,975			
At end of year 4		1,073,162	825,627				
At end of year 5		1,067,572					
Net estimates of the undiscounted amount of the best estimate claims	11,816,041	1,067,572	825,627	838,975	868,447	431,387	**15,848,049**
Cumulative payments to date	(11,552,610)	(918,531)	(607,897)	(514,842)	(344,318)	(77,142)	**(14,015,340)**
Net estimates of the undiscounted amount of the best estimate claims less payments	263,431	149,041	217,730	324,133	524,129	354,245	**1,832,709**
Risk adjustment							**107,965**
Impact of reclassifying reinsurance contract assets related to loss portfolio transfer[4]							**331,212**
Effect of discounting							**(187,736)**
Total net liabilities for incurred claims							**2,084,150**

The total net liabilities for incurred claims in the above table can be reconciled to the balance sheet carrying amount through note 24(a) and 24(b).

[4] Under IFRS 17 reinsurance contract assets relating to loss portfolio transfers are presented as part of the asset for remaining coverage rather than the asset for incurred claims.

25. Trade and other payables

$'000	2023	2022
Other creditors including taxation and social security	**49,569**	51,085
Accruals and deferred income	**119,662**	62,066
	169,231	113,151
Amounts due within 1 year	**169,231**	113,151
	169,231	113,151

Trade and other payables are carried at amortised cost. The fair value of trade and other payables approximates their carrying value.

Other creditors in 2023 include $6.7m (2022: $31.3m) of unsettled investment trades, resulting from trading activity over the year end date. The amount was settled in January 2024.

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Year ended 31 December 2023

26. Pension benefit obligation

The Group operates defined contribution pension plans for its employees in the United Kingdom as well as a closed defined benefit pension scheme for certain of its former employees. The assets of the plans and the scheme are held separately from those of the Group companies in independently administered funds. Pension entitlements of employees outside the United Kingdom are provided through state schemes, to which the Group contributes in accordance with local regulations.

i) Defined benefit scheme

The defined benefit pension scheme ("the scheme") was closed with effect from 30 June, 2010 and all active members were treated as having left pensionable service under the scheme with effect from that date. A full valuation of the scheme was undertaken at 1 January 2023 and updated to 31 December 2023 by a qualified independent actuary.

All liabilities of the scheme (except for the liability in respect of GMP equalisation) are covered by qualifying insurance policies.

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	2023 % per annum	2022 % per annum
Discount rate	**4.5**	4.8
Retail Price Index assumption	**3.1**	3.4
Consumer Price Index assumption	**2.6**	2.9
Pension increase assumption (non-GMP)	**3.0**	3.3

The underlying mortality assumption is based upon the standard table known as S3LPA on a year of birth usage with CMI 2022 future improvement factors with a long-term annual rate of future improvements of 1% per annum (2022: S3LPA tables and CMI 2020 with a long-term annual rate of future improvements of 1% per annum).

The scheme is operated by Canopius Services Limited, a subsidiary of the Group and current sponsor of the scheme. At 31 December 2023 the present value of the scheme liabilities was $8.4m (2022: $8.0m) and the market value of scheme assets was $8.4m (2022: $8.0m), giving a surplus of $nil (2022: surplus of $nil) calculated based on the above assumptions and in accordance with the requirements of accounting standards. Any surplus is not recognised in the accounts on the basis that it is not considered probable that it will be recovered by the scheme.

The latest triennial valuation prepared by the scheme actuary on behalf of the Trustees of the scheme was as at 1 January 2022, the next triennial valuation will be as at 1 January 2025. As the scheme is considered not material in the context of the Group, reduced disclosure is given in this note.

ii) Defined contribution plans

The level of contributions for the defined contribution plans generally varies between 10% to 17.5% of salaries. Contributions of $0.8m (2022: $0.6m) in respect of the plans were outstanding at the year end and are included in other creditors including taxation and social security. These were settled in the month following the year end.

27. Capital setting, capital management policies and objectives

The Group has an established the following approach to managing its capital position:

- Allocating capital efficiently to support the development of the business by ensuring that returns on capital employed are optimised;
- Retaining financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- Aligning the profile of assets and liabilities taking account of risks inherent in the business; and
- Maintaining financial strength to support new business growth and to satisfy the requirements of policyholders, regulators and stakeholders.

a. Regulatory framework

The operations of the Group are subject to regulatory requirements within the jurisdictions in which they operate. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseeable liabilities as they arise. The Group's capital management policy for its insurance and non–insurance business is to hold sufficient capital to cover the statutory requirements, including any additional amounts required by the regulator.

For the syndicates, through which the Group writes business, the Prudential Regulation Authority ("PRA") and Lloyd's oversee a capital regime that requires companies to calculate their own capital requirements under Solvency II through a Solvency Capital Requirement ("SCR"). Capital models are maintained in accordance with this regime.

Canopius Reinsurance Limited ("CRL") is domiciled in Bermuda and regulated by the Bermuda Monetary Authority ("BMA"), who oversee the capital adequacy of CRL. CRL is required to demonstrate capital adequacy to the BMA through the submissions of Bermuda Solvency Capital Requirement ("BSCR") calculations, which consider the risk profile of CRL and determines the amount of capital which is required to support it.

Canopius US Insurance, Inc. ("CUS") is domiciled in the state of Delaware and is required to maintain capital and surplus determined by the minimum under the Delaware Insurance Code of $15m. In Delaware, CUS is eligible to write on an admitted basis and a surplus lines basis as it is licensed as a Domestic Surplus Lines Insurer. In addition to its Delaware licence, CUS is eligible to write business on a non-admitted or surplus lines basis in the other 49 states and the District of Columbia.

These jurisdictions have varying minimum capital and surplus requirements to maintain eligibility. The state of New York has the largest minimum requirement at $48m ($48m prior to 1 January 2023).

The Group and regulated entities within it have met all of these requirements throughout the financial year.

b. Approach to capital management

The Board manages the Group's capitalisation to ensure that it is appropriate for all the regulatory and rating requirements associated with its medium-term management plan, including maintaining an appropriate amount of surplus for material adverse events and new business opportunities.

The Group's surplus capital is frequently monitored by the Board and currently maintained at a level which exceeds our internal risk appetite, which is set in excess of its current regulatory and rating requirements.

The Group defines its available capital as the consolidated tangible net asset value of the Group and the utilised portion of its letter of credit facility. The Group has an unutilised portion to its letter of credit facility which can capitalise part of its Funds at Lloyd's (FAL) capital requirement and increase its solvency ratio and operational liquidity. As at 31 December 2023, the unutilised portion was $157.0m (2022: nil).

The Group's capital requirements as at 31 December 2023 is comprised of the regulatory capital requirements associated with the Lloyd's managing agency (Canopius Managing Agents Limited), the US excess and surplus lines insurer (Canopius US Insurance, Inc.), the Bermudan class 4 reinsurer (Canopius Reinsurance Ltd) and the Group's participation on Lloyd's Syndicate 4444.

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27. Capital setting, capital management policies and objectives (continued)

$'000	2023	Restated 2022
Shareholders' equity	**1,617,925**	1,293,260
Less: Intangible assets	**(193,431)**	(183,655)
Add: Deferred tax on intangible assets	**23,834**	24,325
Tangible net assets	**1,448,328**	1,133,930
Utilised letter of credit facilities	**270,475**	420,293
Total available capital	**1,718,803**	1,554,223
Capital requirements	**1,223,169**	1,135,342
Solvency Ratio	**141%**	137%

28. Risk management

28.1 Risk Governance

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives. Management and the Board recognise the critical importance of having an effective risk management framework in place. The Group Enterprise Risk Framework, owned by the Board, details the risk management principles upon which Group's risk strategy, risk governance, risk culture, risk management processes and risk appetite are based.

The Group has established a risk management function with clear terms of reference from the Board of Directors, its committees and executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management. A Group policy framework, which sets out the risk policies for the Group, risk management, control and business conduct standards for the Group's operations, is in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Group.

To manage risk effectively, there are clear Board organisational structures which show details of and delegation of decision-making authority, as well as roles and responsibilities and the reporting relationship between various entities across the Group. In addition, risk policies are in place to provide clear direction on decision making and control activities for risks the business is exposed to.

Risk governance is led by the Group Risk Committee (on behalf of the Board), whose membership comprises of independent Non-executive Directors. The Risk Committee approves any changes to the Group Risk Framework and the risk policies that support it.

The cornerstone of the Group's risk management process is the development and embedding into 'business as usual practice' of a strong risk management and control culture supported by an enterprise wide set of policies and practices. The Group operates a "Three Lines of Defence" risk governance model.

The first line of defence includes everyone involved in day-to-day risk taking, including all underwriting and operational areas. The first line has direct responsibility for the management and control of risk.

The second line of defence includes the Risk, Governance, Legal and Compliance functions that provide oversight and challenge to the first line of defence.

The Risk Function is responsible for developing and implementing policies, processes, methodologies, standards and tools to enable business areas to identify, assess, mitigate and report on the exposure status of significant risks and to provide assurance that the risk profile is aligned with the risk appetite. The Risk function routinely engages with individual business units and reports to the Boards and their sub-committees.

28. Risk management (continued)

The third line of defence principally involves the Group's independent Internal Audit function who oversee the first line as well as the second line oversight functions. The Internal Audit Function reports to the Board Audit Committee, whose main function is to support the Board by leading the process of review regarding internal and external auditors, internal controls, and financial reporting.

28.2 Risk appetite

Risk appetite is the articulation of the amount of risk from all sources that the Group is prepared to accept to meet its strategic objectives. It is determined with consideration of its philosophy towards risk taking and its financial and operational capacity, while at the same time recognising the need to generate returns on capital that are in line with shareholder requirements.

The Board has responsibility for ensuring the effective management and control of risk. Accordingly, the Board approves the Enterprise Risk Management Framework and risk appetite in line with the business plan.

When apportioning the overall risk appetite to different categories of risk the Board considers the level of reward for the assumption of the risk, the ability to manage the quantum of the risk directly and the timeframe over which this can be achieved.

Risks taken are aligned with the Group's strategic objectives and are those which it has the organisational capability to monitor and control.

The Group's core business is the underwriting of (re)insurance and so the risk appetite is primarily focused on insurance risk. However, returns on investments also make a positive contribution to profit and so there is some appetite for market risk. Other risks are not expected to contribute to profit but are inherent in the business operations. There is therefore limited appetite for credit, liquidity and operational risks – but for these risks the focus is primarily on risk mitigation through the control framework.

The Group's risk appetite has been articulated into statements that are demonstrated by clearly defined quantitative tolerance measures. Risks are then monitored against these tolerances and reported to the Board at least quarterly.

28.3 Risk Lifecycle

Risk lifecycle is in place to ensure that all risks that are relevant to the business are thoroughly considered. Risks are formally identified primarily through the:

- **Risk event process** – a risk event is defined as any crystallisation of a risk regardless of whether or not an actual loss has been suffered; or
- **Emerging risk process** – defined as a previously unknown risk or opportunity that may or may not materialise at a later date and could alter the Group/Entity risk profile.

The Risk Universe provides positive assurance that all risk areas are identified and managed and is used as the starting point for creating and reviewing the Risk Register. It also provides a common view of risk across all Canopius Group entities.

Each risk identified is assigned a risk owner (at the Executive level) who is accountable for ensuring that the risk is controlled within the Canopius Board's risk appetite and tolerance.

The risk register captures the list of current risks identified that could hinder the Group from achieving its strategic objectives and risks are continuously assessed and updated by the Risk team, in response to input from all levels within the company and reported to the Risk Committee and the Board.

Risks are formally assessed by the business, facilitated by the Risk team, at least once a year based on likelihood and severity, with clear controls which include the development and communication of policies, establishment of formal risk assessment and approval processes, and the establishment of delegated authorities and limits. The implementation of robust risk controls is designed to enable the optimisation of risk and return on both a portfolio and a transactional basis.

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28. Risk management (continued)

RISK ASSESSMENT

Risk identification exercises help focus attention on the highest priority risks and help minimise the likelihood of any surprises. Risks identified are assessed on a "potential probability of occurrence and exposure impact" basis. The controls in place to mitigate risk are regularly assessed to ensure they are operating effectively.

Where control performance issues or control enhancements are identified, a remedial action plan is implemented. A self-assessment process is undertaken on a regular basis and signed off by risk and control owners. Internal Audit also reviews and tests the adequacy and effectiveness of controls documented during the self-assessment process and reports to the Audit Committee.

REPORTING

Risk monitoring and reporting is considered to be a critical component of the risk management process and supports the ability of senior management and the Boards to effectively perform their risk management and oversight responsibilities.

Regular internal reporting is provided to senior management and the Boards including (but not limited to): risk appetite monitoring, key risk indicators, risk and control assessments/Internal Control Framework, stress and scenario testing, emerging risk reporting, Own Risk and Solvency Assessments.

External reporting is provided as required by law and other relevant regulations. Regular reporting on risks is provided to stakeholders including regulators and external ratings agencies.

28.4 Key Risks

In the normal course of business, the Group is exposed to many risks and differentiates between them using the following major risk categories:

Insurance Risk	Risk of loss arising from inherent uncertainties as to the occurrence, amount and timing of insurance liabilities and premiums;
Operational Risk	Risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events;
Financial Risk	Risks relating to market, credit and liquidity as follows:
(a) Market Risk	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;
(b) Credit Risk	Risk of loss arising as a result of another party failing to perform its financial obligations or failing to perform them in a timely fashion;
(c) Liquidity Risk	Risk that insufficient liquid financial resources are maintained to meet liabilities as they fall due;
Strategic Risk	Risk of making wrong business decisions, implementing decisions poorly, managing capital inadequately, or being unable to adapt to changes in the operating environment;
Risks from climate change	Risk of loss from the consequences and responses to the impacts of climate change. Climate change risks include physical, transition, liability risk and other risks such as reputational and regulatory risks.

28.4.1 INSURANCE RISK

There is a significant risk attached to ineffective management of insurance and related activities. The principal areas of risk arise from:

- Inappropriate underwriting activities and cycle management;
- Fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
- Inadequate or insufficient reinsurance protection;
- Inadequate catastrophe exposure management;
- Ineffective controls over coverholders; and
- Inadequate reserves.

INSURANCE RISK APPETITE AND TOLERANCE

The key focus for underwriters is to build a stable and profitable portfolio within the confines of the Board's risk appetite. Canopius actively encourages underwriters to look at opportunities to innovate its product offering with a view to maximise returns throughout the underwriting cycle.

The Board seeks to mitigate insurance risk by analysing historical pricing and claims experience, setting a tolerance to concentration risk, monitoring performance, and conducting in-house actuarial review of claims provisions, independent of the underwriting teams.

The Group has formal controls in place to ensure that business is underwritten in a controlled environment by reference to both the business plan and in line with underwriting policy. Preventative controls include Underwriting Authority Limits which are agreed and signed off by the Underwriting Management, Divisional and Group Underwriting Guidelines and benchmark ratings for all underwriting divisions. Detection controls include expert review procedures, peer reviews and regular management meetings.

UNDERWRITING

The Group accepts insurance risk in a range of classes of business through its insurance underwriting entities: Lloyd's Syndicate 4444, CRL and Canopius US Insurance, Inc. The Group owns a number of underwriting service companies and insurance intermediaries in the US, Bermuda, Singapore, Malaysia, UK and it has branches in Australia.

The Group's underwriting strategy is to seek a diverse and balanced portfolio in order to limit the variability of outcomes. This is achieved by accepting a spread of business, segmented into different classes.

The annual business plan for each underwriting team reflects the Group's underwriting strategy, and sets out the classes of business, the territories and the industry sectors in which the Group is prepared to accept exposures as well as the limits on both a per risk and per event basis. These plans are approved and monitored by the Board and Underwriting Committee of Canopius Managing Agents Limited, and the Boards of CRL and Canopius US Insurance, Inc, as applicable.

In the underwriting of insurance and reinsurance business the Group's underwriters use a variety of techniques, including applying their skill, knowledge and, where relevant, the Canopius view of risk as well as data on past claims experience to estimate the likely claims cost and therefore the level of premium sufficient (across a portfolio of risks and over a period of years) to cover claims, expenses and produce an acceptable return on capital.

However, due to the nature of insurance risk there is no guarantee that the premiums charged will be sufficient to cover the cost of claims.

The Group seeks to limit exposures and the quantum and likelihood of loss that it is prepared to accept using stochastic and other modelling techniques by reference to a range of events such as natural catastrophes and specific scenarios which may result in large losses.

These are monitored through catastrophe modelling over a range of return periods and the regular calculation of realistic disaster scenarios. The aggregation of exposures is monitored, and reported to the Board regularly.

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28. Risk management (continued)

A proportion of the Group's insurance is written by third parties under delegated authorities. The Group has in place a delegated authority policy and control framework. The policy covers all aspects of delegated underwriting and control of coverholders including initial due diligence, frequency and monitoring of bordereaux and requirements for both internal reviews and external audits. Compliance with the policy is regularly monitored.

CATASTROPHE MODELLING

The greatest likelihood of significant losses to the Group arises from catastrophe events, such as windstorm, earthquake or flood in addition to certain man-made perils. The Group licences leading industry modelling tools, and supplements these with the Group's knowledge of the business, historical loss information and geographic accumulations, to create the Canopius view of risk which is then used to monitor aggregations and to simulate catastrophe losses. The range of scenarios considered includes natural catastrophe, property, marine, liability and terrorism events.

Effective risk management in non-core areas and from non-modelled perils is ensured using a suite of exposure accumulation and aggregation monitoring techniques and proprietary deterministic models.

A detailed analysis of catastrophe exposure by class of business is carried out monthly and a review against the Group's catastrophe risk tolerance is carried out on a quarterly basis and reported to the Board.

REINSURANCE

Reinsurance risk to the Group arises when reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated.

The Group's reinsurance programmes are determined from the underwriting teams' business plans and seek to protect capital from adverse severity and/or frequency of claims on both per risk and per event basis. Reinsurance is purchased to protect both current and discontinued lines of business.

The Group sets limits for reinsurance programmes regarding quality and quantity. Utilisation of the reinsurance protection is monitored on an on-going basis.

There are a number of areas of uncertainty over the reinsurance assumptions. The allocation of IBNR to the reinsurance programme is an uncertain exercise as there is limited knowledge of the size or number of future claims advices. The assumption over future reinsurance recoveries may be incorrect and unforeseen disputes could arise which reduce the recoveries made.

The sensitivity of profit or loss after tax and equity to reinsurance recoveries on earned business is disclosed in note 28.4.1. Additional relevant information is included in the claims development table in note 24(e).

CLAIMS MANAGEMENT

Claims management risk may arise in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or claims leakage. The Group's claims teams seek to ensure that claims handling activities are performed with a consistent approach and that a standardised resolution and adjustment process is adopted wherever possible.

RESERVING

Reserve risk occurs when estimates of future cash flows make insufficient allowance for claims, claims handling expenses and reinsurance bad debt provisions.

The Group's actuarial teams use a range of recognised actuarial techniques to project gross premiums written, monitor claims development patterns and to determine the claims provisions. The Group reviews at least quarterly, premium and claims experience by class of business and year of account and the earned and projected ultimate gross and net loss ratios.

The estimates of future cash flows established can be more or less than adequate to meet eventual claims arising. The level of uncertainty varies from class to class but can arise from inadequate case reserves for known large losses and catastrophes or from inadequate provision for IBNR.

SENSITIVITIES

Insurance contract liabilities and reinsurance contract assets are sensitive to the key assumptions in the table below (the weighted average term to settlement of the liabilities as at 31 December 2023 is 2.7 years (2022: 2.6 years)). This analysis considers reasonably possible movements in each key assumption with all other assumptions held constant. In practice a correlation may exist between these key assumptions which may have a significant effect on the ultimate impacts.

It is not possible to quantify the sensitivity of certain assumptions, such as legislative changes. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

	2023		
$'000	**Change in assumptions**	**Impact on profit or loss after tax and equity – gross of reinsurance**	**Impact on profit or loss after tax and equity – net of reinsurance**
Best estimate of future cash flows	**+1%**	**(23,578)**	**(13,474)**
	-1%	**23,578**	**13,474**
Weighted average term to settlement	**+0.5yrs**	**47,365**	**26,843**
	-0.5yrs	**(48,347)**	**(27,396)**

	2022		
$'000	Change in assumptions	Impact on profit or loss after tax and equity – gross of reinsurance	Impact on profit or loss after tax and equity – net of reinsurance
Best estimate of future cash flows	+1%	(22,921)	(12,320)
	-1%	22,921	12,320
Weighted average term to settlement	+0.5yrs	48,815	26,073
	-0.5yrs	(49,887)	(26,642)

28.4.2 OPERATIONAL RISK

Failure to manage operational risk can result in direct or indirect financial loss, reputational damage, regulatory censure or failure in the management of other risks.

The Group's operational risk process flows directly from the risk management process and sets out the principles and practices used to manage operational risk. Operational risk is managed through the Group's infrastructure, controls, systems and people supported by Compliance, Risk and Internal Audit functions.

28.4.3 FINANCIAL RISK

The Group is exposed to a wide range of financial risks, including in relation to financial assets, insurance contracts issued and reinsurance contracts held.

An asset-liability management framework sets out our approach to managing potential exposure to financial risk which could arise where the specific interdependencies between assets and liabilities are not recognised or mitigated, and where there is a correlation between the risks within different asset classes.

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Year ended 31 December 2023

28. Risk management (continued)

(a) Market risk

Market risk arises from fluctuations in values, including from movements in market prices, interest rates, and exchange rates.

I) PRICE RISK

In the context of the Group, price risk is the risk that the fair value or future cash flows of financial instruments fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange rate risk, which are considered separately below).

The Group's insurance contracts issued and reinsurance contract held are not exposed to price risk.

Certain financial assets that are classified as fair value through profit or loss are susceptible to losses due to adverse movements in prices. As explained in note 19, the Group classifies its financial instruments using the fair value hierarchy required by IFRS 13 'Fair value measurement'.

If the fair value of holdings in collective investment schemes, equity shares and private credit funds were to increase or decrease by 10% at the balance sheet date, the fair value of the holdings in collective investment schemes, equity shares and private credit funds would increase or decrease by $97.1m (2022: $72.2m).

The Group has no significant concentration of price risk.

II) INTEREST RATE RISK

Interest rate risk is the risk that the valuation or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates. Specifically, the Group is exposed to interest rate risk as follows:

- **Investments in debt securities:**
  - The valuation of the Group's fixed interest rate securities is sensitive to market interest rates. The extent of this sensitivity is linked to the weighted average length of time until the cash flows from these securities are due (the average duration). The Group manages its investment portfolio on a fair value basis, therefore this is a key risk for the Group.
  - A significant proportion of the Group's investment portfolio is held in floating rate debt securities. The future cash flows to the Group from these assets changes as a result of changes in market interest rates, but their valuation does not change.
- **Insurance contracts issued and reinsurance contracts held:** The fulfilment cash flows within insurance contract liabilities and reinsurance contract assets are measured using a current discount rate that is linked to market interest rates. Their valuation is therefore sensitive to changes in interest rates.

In summary, the valuation of investments in fixed income debt securities and insurance contract liabilities and reinsurance contract assets are sensitive to changes in interest rates.

This exposure is as follows:

$'000	2023	2022
Insurance contract liabilities	**3,074,105**	3,070,532
Reinsurance contract assets	**1,079,722**	1,162,973
Debt instruments at fair value through profit and loss	**2,127,443**	1,982,910

Any changes in the valuation of these assets and liabilities as a result of changes in interest rates are fully recognised in profit or loss.

The analysis below shows the impact on profit or loss after tax and equity due to reasonably possible changes in market interest rates at the end of the reporting period. It assumes that all other variables that impact these financial metrics are held constant, but in practice a correlation may exist between interest rates and these other variables which may have a significant effect on the ultimate impacts.

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

$'000	Change in interest rates	2023 Impact on profit or loss after tax and equity	2022 Impact on profit or loss after tax and equity
Net insurance contract liabilities	+100 bps	**31,540**	27,906
Fixed income debt instruments	+100 bps	**(26,625)**	(20,025)
Net insurance contract liabilities	-100 bps	**(33,141)**	(29,289)
Fixed income debt instruments	-100 bps	**26,625**	20,025

The Group's management of interest rate risk includes broadly matching the duration of its cash and fixed income portfolio to that of the net insurance liabilities. The aggregate average duration of the fixed income investment portfolio at 31 December 2023 was approximately 1.6 years (2022: 1.7 years), and that of net insurance liabilities was 2.7 years (2022: 2.6 years).

III) CURRENCY RISK

The Group operates internationally and has exposure to foreign exchange risk. The Group seeks to hold its net assets primarily in US dollars. Where the risk of loss through mismatch of other currencies is deemed material, the Group will seek to mitigate the risk by buying or selling the relevant currency assets or entering into forward currency sale or purchase contracts.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in US Dollars (the "presentation currency"). Accordingly, the Group has actively managed its non-US dollar balance sheet exposures, which are predominantly against the Euro, Canadian Dollar and Sterling. The table below summarises these exposures:

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Year ended 31 December 2023

28. Risk management (continued)

At 31 December 2023 $'000	AUD	CAD	EUR	GBP	Other	USD	Total
Reinsurance contract assets	5,322	(457)	50,550	161,958	(226)	862,575	1,079,722
Financial investments	-	104,365	271,119	234,910	-	2,551,261	3,161,655
Derivative Financial assets	263	348	44	5,019	681	1,193	7,548
Trade and other receivables	223	102	93	22,659	194	85,039	108,310
Other assets	4,571	20,979	-	113,725	-	16,162	155,437
Cash and cash equivalents	24,706	61	5,908	18,561	1,751	69,012	119,999
Insurance contract liabilities	(11,172)	(54,660)	(285,316)	(556,218)	-	(2,166,739)	(3,074,105)
Derivative Financial liabilities	(1,853)	(1,759)	(1,610)	(952)	(1,572)	(165)	(7,911)
Trade and other payables	(6,662)	(58)	(1,043)	(94,417)	(5,704)	(61,347)	(169,231)
Net Exposure	15,398	68,921	39,745	(94,755)	(4,876)	1,356,991	1,381,424

At 31 December 2022 $'000	AUD	CAD	EUR	GBP	Other	USD	Total
Reinsurance contract assets	48	2,447	57,524	181,005	(206)	922,155	1,162,973
Financial investments	-	89,666	218,710	235,622	-	2,161,284	2,705,282
Derivative Financial assets	355	93	5,991	14,335	464	544	21,782
Trade and other receivables	181	467	14	18,319	73	103,879	122,933
Other assets	1,845	8,100	23,426	74,980	-	57,683	166,034
Cash and cash equivalents	21,768	95	3,675	16,630	5,129	76,348	123,645
Insurance contract liabilities	(2,714)	(56,237)	(282,906)	(588,887)	-	(2,139,788)	(3,070,532)
Derivative Financial liabilities	(166)	(834)	(2,011)	(3,539)	(740)	(194)	(7,484)
Trade and other payables	(1,731)	(20)	(985)	(47,399)	(2,689)	(60,327)	(113,151)
Net Exposure	19,586	43,777	23,438	(98,934)	2,031	1,121,584	1,111,482

SENSITIVITY ANALYSIS

The analysis below shows the impact on profit or loss before tax due to reasonably possible changes in market exchange rates at the end of the reporting period. It assumes that all other variables that impact these financial metrics are held constant, but in practice a correlation may exist between exchange rates and these other variables which may have a significant effect on the ultimate impacts.

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

At 31 December 2023 $'000	AUD	CAD	EUR	GBP
10% rate increase				
Financial assets	2,976	12,586	27,716	39,487
Insurance contract liabilities and reinsurance contract assets	(585)	(5,512)	(23,477)	(39,426)
Total impact on profit or loss before tax	2,391	7,074	4,239	61
10% rate decrease				
Financial assets	(2,976)	(12,586)	(27,716)	(39,487)
Insurance contract liabilities and reinsurance contract assets	585	5,512	23,477	39,426
Total impact on profit or loss before tax	(2,391)	(7,074)	(4,239)	(61)

At 31 December 2022 $'000	AUD	CAD	EUR	GBP
10% rate increase				
Financial assets	2,415	9,842	25,182	35,989
Insurance contract liabilities and reinsurance contract assets	(267)	(5,379)	(22,538)	(40,788)
Total impact on profit or loss before tax	2,148	4,463	2,644	(4,799)
10% rate decrease				
Financial assets	(2,415)	(9,842)	(25,182)	(35,989)
Insurance contract liabilities and reinsurance contract assets	267	5,379	22,538	40,788
Total impact on profit or loss before tax	(2,148)	(4,463)	(2,644)	4,799

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Notes to the Consolidated Financial Statements continued

Year ended 31 December 2023

28. Risk management (continued)

(b) Credit risk

Credit risk arises where another party fails to perform its financial obligations or fails to perform them in a timely fashion. The primary sources of credit risk for the Group are:

- Amounts due from reinsurers;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries;
- Counterparty risk with respect to investments including cash and cash equivalents; and
- Counterparty risk with respect to loans and other receivables.

The Group has no significant concentration of credit risk.

CREDIT RISK RELATING TO INVESTMENTS

Credit risk within investments is principally managed through the credit research carried out by external investment managers. The investment guidelines are designed to mitigate credit risk by ensuring diversification of the holdings. Debt investments are predominantly invested in government and high grade bonds.

CREDIT RISK RELATING TO REINSURANCE CONTRACTS HELD

The credit risk in respect of reinsurance contract assets is primarily managed by review and approval of reinsurance security, prior to the purchase of reinsurance contracts. Guidelines are set and monitored that limit the purchase of reinsurance based on Standard & Poor's or appropriate alternative ratings for each reinsurer.

CREDIT RISK RELATING TO INSURANCE CONTRACTS ISSUED

Although the Group does not have any portfolios of insurance contracts issued that are in an overall asset position at the reporting date, the Group is nonetheless exposed to a degree of credit risk in relation to insurance contracts issued. Specifically, within insurance contract liabilities are amounts relating to insurance contracts which at the individual contract level would be in an overall asset position. This scenario arises, for example, where the Group receives premiums shortly after providing coverage. Due to the Group's commercial premium payment terms, any such debtor balances are kept relatively low and are therefore not included in the quantitative disclosures provided below.

Management considers that the Group's maximum exposure to credit risk from insurance contracts issued is $1,474m (2022: $1,104m). A significant proportion of this amount relates to future insurance coverage, which the Group would not be liable for if the related premiums were not paid.

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28. Risk management (continued)

I) COUNTERPARTY DEFAULT CREDIT RISK

An analysis of the Group's major exposures to counterparty default credit risk, which is based on Standard & Poor's or equivalent rating, is presented below:

At 31 December 2023 $'000	**AAA**	**AA**	**A**	**Other and/or not rated**	**Total**
Amounts relating to reinsurance contracts held*	**–**	**189,532**	**664,603**	**83,024**	**937,159**
Debt and fixed income securities	**1,195,447**	**404,872**	**436,493**	**90,631**	**2,127,443**
Debt instruments at amortised cost	**–**	**–**	**–**	**63,467**	**63,467**
Holdings in collective investment schemes	**209,974**	**262,659**	**222,087**	**90,828**	**785,548**
Private credit funds	**–**	**–**	**–**	**108,068**	**108,068**
Trade and other receivables	**–**	**–**	**–**	**108,310**	**108,310**
Other assets – overseas deposits	**66,262**	**11,982**	**9,949**	**67,244**	**155,437**
Cash and cash equivalents	**–**	**–**	**119,999**	**–**	**119,999**
Total	**1,471,683**	**869,045**	**1,453,131**	**611,572**	**4,405,431**

At 31 December 2022 $'000	**AAA**	**AA**	**A**	**Other and/or not rated**	**Total**
Amounts relating to reinsurance contracts held*	–	172,436	688,969	119,565	980,970
Debt and fixed income securities	1,172,748	437,262	306,413	66,487	1,982,910
Loans	–	–	–	45,855	45,855
Holdings in collective investment schemes	124,889	119,671	121,927	198,844	565,331
Private credit funds	–	–	–	65,951	65,951
Trade and other receivables	–	–	–	122,933	122,933
Other assets – overseas deposits	76,838	22,832	12,841	53,523	166,034
Cash and cash equivalents	–	–	123,645	–	123,645
Total	1,374,475	752,201	1,253,795	673,158	4,053,629

*This is the estimate of the present value of future cash flows component of amounts recoverable from reinsurance contracts held in relation to incurred claims. It forms part of reinsurance contract assets and reinsurance contract liabilities as disclosed on the face of the statement of financial position.

The carrying values represent the maximum exposure to credit risk at the balance sheet date in respect of the above assets.

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Year ended 31 December 2023

28. Risk management (continued)

The underlying investments in the 'other/not rated' holdings in collective investment schemes (that includes participation in investment pools) at 31 December comprised:

$'000	2023	2022
Absolute return funds	**60,804**	58,395
Bond funds	**26,555**	118,897
Hedge funds	**27**	30
Open ended funds	**-**	14,965
Money market funds	**3,442**	-
BBB and below securities	**-**	6,557
Total	**90,828**	198,844

II) IMPAIRMENT LOSSES ON FINANCIAL ASSETS SUBJECT TO IMPAIRMENT ASSESSMENT

The Group holds a portfolio of US property bridge loans that are carried at amortised cost and are therefore subject to the impairment requirements of IFRS 9. The loans consist of first lien, senior short-dated loans against commercial real estate in the USA with low loan to value ratios (typically less than 50%). An external credit rating for these loans is not available. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

12mECLs on property bridge loans are estimated using an option pricing methodology. As the loans are on a limited liability basis, borrowers can walk away from a loan when the debt exceeds the property value.

However, when the property value exceeds the debt borrowers have an economic incentive to continue in order to collect that surplus. The value of a loan can therefore be seen as a call option owned by the borrower and the Black-Scholes formula can be used to value the option.

The material assumptions used in the calculation of the 12mECL include:

- Details of the loan including the interest rate, initial loan to value ratio and the remaining unexpired term;
- Risk free interest rates matched to the term and currency of the loans; and
- An estimate of the volatility of US commercial real estate values over the last 12 months, adjusted (if necessary) for any reasonably foreseeable changes.

The Group considers that there has been a significant increase in credit risk by assessing the following factors on a loan-by-loan basis:

- There is evidence of non-performance in monthly statements provided by the investment manager;
- Significant increases in the loan-to-value ratio indicated by significant changes in US commercial real estate indices; and
- Significant increases in credit risk or non-performance of other loans with the same borrower.

The Group considers a loan defaulted and, therefore, credit-impaired for ECL calculations in all cases when the information provided by the investment manager indicates that a loan is non-performing. The Group may also consider a loan to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. In such cases, the Group recognises a lifetime ECL.

The lifetime ECL is calculated on a loan-by-loan basis using a discounted cash flow calculation assuming that no further interest payments are received and the underlying property value decreases by 30%. Other assumptions include the original effective interest rate of the loan and an estimated work out period. Loans are written off when the carrying value of the loan net of the lifetime ECL is nil. Enforcement activity is pursued for written off loans when there is a reasonable chance that any amounts recovered would exceed the costs incurred in recovery.

28. Risk management (continued)

An analysis of changes in the gross amount and the corresponding ECLs is, as follows.

$000s	12mECL	LTECL	2023 Total
Carrying value:			
Gross amount at 1 January	**238**	**-**	**238**
New assets originated or purchased	**126**	**-**	**126**
Assets derecognised or matured	**(68)**	**-**	**(68)**
Net remeasurement of loss allowance	**(83)**	**-**	**(83)**
At 31 December	**213**	**-**	**213**

During 2023 the Group has not purchased or originated any financial assets that were credit impaired at the time of purchase (2022: $nil).

Without taking account of collateral or other credit enhancements the Group's total exposure to credit risk on the portfolio of US property bridge loans was $63.5m (2022: $45.9m).

The loans are secured on underlying commercial real estate developments situated in the USA. As at 31 December 2023 the value of these underlying properties is estimated to be $4,200.8m (2022: $2,955.3m).

(c) Liquidity risk

Liquidity risk arises where insufficient financial resources are maintained to meet liabilities as they fall due. The Group is exposed to daily calls on its available cash resources, principally from claims arising from its insurance activities and the payment of expenses.

The Group's policy is to manage its liquidity position so that it can reasonably meet a significant individual or market loss event. This means that the Group maintains sufficient liquid assets, or assets that can be quickly converted into liquid assets, without any significant capital loss, to meet estimated cash flow requirements. These liquid funds are regularly monitored against cash flow forecasts.

The majority of the Group's investments are in highly liquid assets which could be converted into cash in a prompt fashion and at minimal expense. Cash and cash equivalents are generally bank deposits and money funds.

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28. Risk management (continued)

The Group monitors the maturity profile of the financial assets that it holds to manage liquidity risk having regard to the expected cash outflows arising from insurance contracts issued.

The contractual maturity profile of the Group's financial assets and liabilities as well as its insurance contract balances at 31 December are shown below. The Group's financial assets have a significant allocation to securitised assets, in particular high-quality mortgage-backed securities, asset-backed securities and collateralised loan obligations. While the legal maturity of these assets typically corresponds the date of maturity of last mortgage or loan in the portfolio, this represents the maximum possible maturity and the actual maturity may turn out to be much shorter in practice. For example, these securities are often structured such that issuers are economically incentivised to call transactions, while other senior bonds amortise as underlying loans are sold or run off. As Canopius is not able to predict or influence when securities are called by the issuer, or when underlying loans are sold or repaid, the maximum maturity is used for the purpose of this disclosure. The insurance contract balances are shown on an undiscounted basis.

	2023							
$000 Years to maturity	Less than one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Other non-dated instruments	Total
Financial assets								
Debt securities and other fixed income	170,500	338,465	268,951	190,746	200,015	958,766	-	2,127,443
Debt instruments at amortised cost	30,593	26,470	6,404	-	-	-	-	63,467
Holdings in collective investment schemes	-	-	-	-	-	-	785,548	785,548
Private credit funds	-	-	-	-	-	-	108,068	108,068
Derivative assets	7,548	-	-	-	-	-	-	7,548
Trade and other receivables	-	-	-	-	-	-	108,310	108,310
Other assets – overseas deposits	155,437	-	-	-	-	-	-	155,437
Cash and cash equivalents	119,999	-	-	-	-	-	-	119,999
	484,077	364,935	275,355	190,746	200,015	958,766	1,001,926	3,475,820
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	(169,231)	(169,231)
Derivative liabilities	(7,911)	-	-	-	-	-	-	(7,911)
	(7,911)	-	-	-	-	-	(169,231)	(177,142)
Insurance contract balances								
Net undiscounted estimates of future cash flows in the liability for incurred claims	(750,455)	(422,230)	(248,792)	(152,681)	(101,805)	(202,127)	-	(1,878,090)
Net cash flows	(274,289)	(57,295)	26,563	38,065	98,210	756,639	832,695	1,420,588

	2022							
$000 Years to maturity	Less than one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years	Other non-dated instruments	Total
Financial assets								
Debt securities and other fixed income	121,646	323,176	336,233	218,114	190,388	793,353	-	1,982,910
Debt instruments at amortised cost	-	-	-	-	-	-	-	-
Holdings in collective investment schemes	-	-	-	-	-	-	565,331	565,331
Private credit funds	-	-	-	-	-	-	65,951	65,951
Derivative assets	21,782	-	-	-	-	-	-	21,782
Trade and other receivables	-	-	-	-	-	-	122,933	122,933
Other assets – overseas deposits	166,034	-	-	-	-	-	-	166,034
Cash and cash equivalents	123,645	-	-	-	-	-	-	123,645
	433,107	323,176	336,233	218,114	190,388	793,353	754,215	3,048,586
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	(113,151)	(113,151)
Derivative liabilities	(7,484)	-	-	-	-	-	-	(7,484)
	(7,484)	-	-	-	-	-	(113,151)	(120,635)
Insurance contract balances								
Net undiscounted estimates of future cash flows in the liability for incurred claims (restated)	(716,282)	(382,880)	(228,932)	(142,478)	(85,254)	(173,437)	-	(1,729,263)
Net cash flows	(290,659)	(59,704)	107,301	75,636	105,134	619,916	641,064	1,198,688

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Year ended 31 December 2023

28. Risk management (continued)

The expected payment profile of lease liabilities, based on undiscounted cash flows, as at 31 December 2023 and 31 December 2022 are as follows:

$'000	2023	2022
Less than one year	**5,874**	2,375
Between one and two years	**6,615**	5,795
Between two and five years	**17,871**	15,793
Over five years	**14,631**	18,534
	44,991	42,497

The weighted average duration of fixed income investments by currency is shown below:

	2023 Years	2022 Years
Sterling	**0.1**	0.0
US dollar	**1.8**	1.9
Euro	**0.1**	0.0
Canadian dollar	**2.1**	2.2

By taking into account the diversifying and return seeking assets within the portfolio (in addition to the fixed income investments), the average duration of the portfolio is 1.1 years (2022: 1.3 years)

28.4.4 STRATEGIC RISK

Canopius remains vigilant to potential adverse impacts of economic, geopolitical, social, technological, and regulatory developments on our Group strategy. Our key focus is to ensure consistent delivery on our promises to our stakeholders, as detailed in our strategy document. Despite the complex, uncertain, and changeable external environment, our robust strategy means that there remains tremendous opportunity for our company in each of the regions we operate and the classes of business we write. We continuously address key strategic opportunities and challenges, committing to ensuring that we recognise, understand, discuss, and develop a plan of action to address any significant strategic priorities in a timely fashion while ensuring operational effectiveness and upholding our reputation. We maintain coverage above regulatory capital requirements in line with risk appetite, ensuring sufficient capital to facilitate meeting our business plan growth ambitions and strategic objectives in the short, medium, and long term.

28.4.5 RISKS FROM CLIMATE CHANGE

The Group has significantly developed its climate risk framework in line with Canopius Group developments and evolving regulatory expectations. Climate change and society's response to it, present physical, transition and liability risks to the business but the Group believes it is well positioned to identify, assess, manage and mitigate risk and seek opportunities for innovation, diversification and growth within the industry.

The Group's climate risk framework covers governance, risk management, scenario analysis and disclosures. It aligns with the regulatory requirements in the jurisdictions in which the Group trades. The Group is a member of ClimateWise, a global network of leading insurers, reinsurers, brokers and industry service providers which share a commitment to reduce the impact of climate change on society and the insurance industry. As a ClimateWise member, Canopius discloses annually its response to climate change through the TCFD-aligned ClimateWise Principles framework.

The Group's climate risk framework is part of its wider Environmental, Social and Governance (ESG) framework which covers a broad range of sustainability issues. As part of this, the Group is developing and embedding a suite of responsible business policies covering underwriting, investments and operations.

28. Risk management (continued)

The Group has considered the impact of the risks of climate change and identified this as an area of continued focus, but have concluded that it does not have a material impact on the recognition and measurement of the assets and liabilities in these financial statements as at 31 December 2023.

29. Leases

The Group's lease accounting policy is included in note 2.4(s). This note provides additional information about the Group's lease arrangements in the reporting period.

Group as a lessee

The Group is a lessee in relation to office space (land and buildings) and various pieces of equipment used in its operations. Some of the Group's lease contracts include:

- Extension and termination options, which are considered further below; and/or
- Obligations to make variable lease payments, such as where the Group reimburses the lessor for related insurance costs that it incurs. These amounts are not material.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

$'000	Land and buildings	Equipment	Total
At 1 January 2022	35,138	2,430	37,568
Additions	1,148	486	1,634
Disposals	(380)	-	(380)
Depreciation expense	(4,430)	(847)	(5,277)
Foreign exchange	(3,400)	(419)	(3,819)
At 31 December 2022	28,076	1,650	29,726
Additions	**3,064**	**-**	**3,064**
Disposals	**-**	**(1,723)**	**(1,723)**
Depreciation expense	**(4,352)**	**(8)**	**(4,360)**
Foreign exchange	**1,319**	**95**	**1,414**
At 31 December 2023	**28,107**	**14**	**28,121**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

$'000	2023	2022
At 1 January	**35,860**	39,753
Additions	**3,064**	1,634
Cancelled lease derecognised	**(1,770)**	(380)
Unwind of discounting (interest on lease liabilities)	**1,343**	1,164
Lease payments	**(1,497)**	(2,292)
Foreign exchange	**1,903**	(4,019)
At 31 December	**38,903**	35,860

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Year ended 31 December 2023

29. Leases (continued)

The following are the amounts recognised in the consolidated statement of profit or loss in the period in relation to the Group's leases:

$'000	2023	2022
Depreciation expense of right-of-use assets	**4,360**	5,277
Interest expense on lease liabilities	**1,343**	1,164
Expense relating to short-term leases*	**38**	39
Expense relating to leases of low-value assets*	**245**	250
Variable lease payments*	**1,274**	1,161
Total amount recognised in profit or loss	**7,260**	7,891

*These items are included insurance service expenses.

The Group had total cash outflows for leases of $3.1m in 2023 (2022: $3.7m).

Some of the Group's leases include extension and termination options which provide the Group with flexibility to manage leased assets in line with changing business needs. In measuring lease liabilities and right-of-use assets management exercises judgement to determine whether these options are reasonably certain to be exercised.

As at 31 December 2023, undiscounted potential future lease payments of $24.9m (2022: $23.6m) were not reflected in amounts recognised within the consolidated statement of financial position. These relate to periods following the exercise date of an extension option of 22 Bishopsgate not expected to be exercised.

As at 31 December 2023 the Group does not have any lease contracts that have not yet commenced but to which the Group is committed (2022: None).

The maturity analysis of lease liabilities is disclosed in note 28.4.3(c).

30. Guarantees and contingencies

(a) Assets securing insurance and other liabilities

Of the total of financial assets, cash and cash equivalents and other assets disclosed on the Group's balance sheet, $2,753m (2022: $2,630m) are held in Lloyd's Premium and other trust funds supporting insurance liabilities, or is collateralising letters of credit. These assets are subject to restrictions under the relevant trust deeds and bank facilities.

(b) Deeds of Indemnity

During 2023, the Group did not enter into new Deeds of Indemnity (2022: nil) and terminated the five existing Deeds of Indemnity with Lloyd's (2022: nil). Therefore, the Group has no Deeds of Indemnity (2022: five) as at 31 December 2023.

(c) Bank facilities

As at 31 December 2023, the Group had the following facility available to it for letters of credit which may be deposited in FAL:

- $427m (2022: $420m) unsecured, of which $270m (2022: $420m) has been utilised to support underwriting on syndicate 4444.

In addition, CRL had the following facility:

- Letters of credit totalling $2.3m (2022: $4.1m) with various overseas cedants. Should CRL fail to meet its obligations under contracts with these cedants they would be able to drawdown on these letters of credit. The letters of credit facilities are all secured by a charge over certain of CRL's bank deposits totalling $2.3m (2022: $4.0m).

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31. Related party transactions

Details of the ultimate and immediate parent companies of CGL can be found in note 3.1.

In addition to transactions disclosed elsewhere in the financial statements, the following transactions were carried out with related parties.

Key management compensation

Key management personnel are those directors and senior managers responsible for the activities of the Group. During the year key management comprised 18 (2022: 19) persons. Nine (2022: nine) of the key management persons were directors of CGL. Details of the remuneration of the Group's key management personnel, including the directors, are shown below in aggregate for each of the categories specified by IAS 24 – 'Related party disclosures'.

$'000	2023	2022
Short-term employment benefits	**11,549**	12,906

Loans to related parties

The outstanding balance on loans previously made to certain senior members of staff, in relation to share purchases in Fortuna Topco Limited ("FTL"), amounted to $0.2m (2022: $0.3m). FTL is the holding company of Fortuna Midco Limited, who owns FHL, the immediate parent of CGL. Interest is charged on an arm's length basis.

Amounts due from parent undertakings within trade and other receivables includes a $33.5m (2022: nil) loan receivable from FML, which has a maturity date of 20 June, 2024 and accrues interest at 6m USD Secured Overnight Financing Rate ("SOFR") + 3.5% (2022: nil).

Transactions with other related parties, including Directors of the Group companies

Samsung Fire and Marine Insurance ("SFMI"), a non-life insurance company, has a minority shareholding in a parent of CGL. The Syndicate has an inwards quota-share arrangement with SFMI to underwrite US admitted business. Insurance revenue recognised during 2023 totalled $55,845k (2022: $27,958k).

32. Subsequent events

There are no material subsequent events impacting the Group's consolidated financial statements

COMPANY ACCOUNTS

Statement of profit or loss and comprehensive income

for the year ending 31 December 2023

$'000	Notes	2023	2022
Investment income	4	**44,472**	11,864
Net realised losses	5	**(8,984)**	(3,026)
Fair value gains/(losses)	6	**12,538**	(24,462)
Total revenue		**48,026**	(15,624)
Finance costs	7	**(2,579)**	(1,239)
Other operating and administrative expenses	8	**(38,350)**	(30,888)
Other expenses		**(40,929)**	(32,127)
Profit/(loss) before tax		**7,097**	(47,751)
Income tax credit/(expense)	9(a)	**-**	-
Profit/(loss) for the year		**7,097**	(47,751)

The company did not recognise any other comprehensive income during the period.

The notes on pages 138 to 149 form part of these financial statements

Statement of financial position

as at 31 December 2023

$'000	Notes	2023	2022
Assets			
Investment in subsidiary undertakings	10	**1,128,123**	1,102,123
Financial assets at fair value through profit or loss	11	**335,149**	410,404
Derivative financial instruments	12	**712**	373
Trade and other receivables	13	**7,717**	3,103
Cash and cash equivalents	14	**4,993**	9,770
Total assets		**1,476,694**	1,525,773
Equity and liabilities			
Equity attributable to equity holders of parent			
Issued share capital	15	**341,868**	341,868
Issued share premium	15	**345,332**	345,332
Capital reserves		**759,956**	759,956
Retained earnings		**(31,123)**	4,480
Total equity		**1,416,033**	1,451,636
Liabilities			
Derivative liabilities	12	**844**	1,818
Trade and other payables	17	**59,817**	72,319
Total liabilities		**60,661**	74,137
Total equity and liabilities		**1,476,694**	1,525,773

These financial statements were approved by the Board of Directors on 8 March 2024 and signed on its behalf on 11 March 2024 by:

Michael Watson
Chairman

Gavin Phillips
Chief Financial Officer

The notes on pages 138 to 149 form part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2023

$'000	Attributable to equity holders of the parent				
	Issued share capital note 15	**Issued share Premium note 15**	**Capital reserves**	**Retained earnings**	**Total equity**
At 1 January 2022	**341,868**	**345,332**	**759,956**	**79,231**	**1,526,387**
Loss for year	-	-	-	(47,751)	(47,751)
Dividends paid	-	-	-	(27,000)	(27,000)
At 31 December 2022	**341,868**	**345,332**	**759,956**	**4,480**	**1,451,636**
At 1 January 2023	**341,868**	**345,332**	**759,956**	**4,480**	**1,451,636**
Profit for year	-	-	-	7,097	7,097
Dividends paid	-	-	-	(42,700)	(42,700)
At 31 December 2023	**341,868**	**345,332**	**759,956**	**(31,123)**	**1,416,033**

The notes on pages 138 to 149 form part of these financial statements.

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Statement of cash flows

for the year ended 31 December 2023

$'000	Notes	2023	2022
Operating activities			
Profit/(loss) before tax		**7,097**	(47,751)
Adjustment for:			
Change in operating assets		**(3,758)**	1,376
Change in operating liabilities		**(673)**	5,648
Financial income and expense		**(32,909)**	(7,599)
Fair value (gains)/losses	6	**(12,538)**	24,462
Net foreign exchange differences		**(51)**	297
Net cash flows used in operating activities		**(42,832)**	(23,567)
Investing activities			
Investment in subsidiary undertakings		**(26,000)**	-
Investment income		**44,472**	11,790
Purchase of financial assets	11(b)	**(71,434)**	(120,563)
Disposal of financial assets	11(b)	**149,048**	116,008
Net cash flows from investing activities		**96,086**	7,235
Financing activities			
Dividends		**(42,700)**	(27,000)
Repayment of loans payable to Group undertakings		**(15,382)**	15,382
Net cash flows used in financing activities		**(58,082)**	(11,618)
Net decrease in cash and cash equivalents		**(4,828)**	(27,950)
Net foreign exchange on cash and cash equivalents		**51**	(297)
Cash and cash equivalents at beginning of year		**9,770**	38,017
Cash and cash equivalents at end of year	14	**4,993**	9,770

The notes on pages 138 to 149 form part of these financial statements.

Notes to the Company Accounts

for the year ended 31 December 2023

1. Corporate information

Canopius Group Limited (the "Company") is the parent undertaking and controlling party of the Canopius Group of companies ("CGL"). A summary of the principal accounting policies applied in the preparation of these financial statements is set out below.

The Company is a wholly-owned subsidiary of Fortuna Holdings Limited ("FHL") and is incorporated and domiciled in Jersey.

2. Material accounting policies, judgements and estimates

2.1 Basis of preparation and presentation

Canopius Group Limited ("the Company") has elected to prepare its year end financial statements in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the Companies (Jersey) Law 1991.

These financial statements are prepared in accordance with IFRS issued by the IASB and presented in US dollars.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities which are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the Company's Board to exercise its judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are explained in Note 2.4 below.

The Directors have considered the going concern basis of preparation of the Company's financial statements as at 31 December, 2023. This included the factors likely to affect its future performance as well as the Company's principal risks and uncertainties.

Having assessed the principal risks to solvency and liquidity, the Directors have concluded that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern and they have a reasonable expectation that the Company has adequate resources to continue in operational existence until at least 31 March, 2025 and that therefore it is appropriate to adopt a going concern basis for the preparation of the financial statements.

2.2 Summary of material accounting policies

(A) OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses are accounted for on an accruals basis.

(B) FINANCE COSTS

Finance costs reflect loan interest payable.

(C) CURRENT TAX

Current tax is determined based on the taxable profit or loss for the year and adjustments to tax payable or recoverable on prior years' profits or losses.

The taxable profit or loss differs from the profit or loss before tax as reported in the statement of profit or loss because it excludes items of income or expense that may be taxable or deductible in other years or are expected never to be taxable or deductible. The liability or asset for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

2.2 Summary of material accounting policies (continued)

(D) FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in US dollars which is also the Company's functional currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency at average, rather than spot, rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss for the period.

(E) INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiary undertakings are stated at cost, including any contingent consideration payable less any provision for impairment.

(F) FINANCIAL INSTRUMENTS

CLASSIFICATION

On initial recognition, financial assets are measured at fair value. Subsequently, they can be measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification depends on two criteria:

I. the business model within which financial assets are managed; and

II. their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are determined by reference to quoted market prices for similar instruments and using appropriate valuation techniques, including discounted cash flow and options pricing models. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. For derivatives not formally designated as a hedging instrument, changes in the fair value are recognised immediately in the statement of profit or loss. All derivatives are carried as assets if the fair value is positive and as liabilities if the fair value is negative.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(G) TRADE AND OTHER RECEIVABLES

Trade and other receivables are amounts due from associated Group companies and external parties, measured at amortised cost using the effective interest method.

Notes to the Company Accounts Continued

for the year ended 31 December 2023

2. Material accounting policies, judgements and estimates (continued)

2.2 Summary of material accounting policies (continued)

(H) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term cash deposits with original maturities of three months or less. These assets are readily convertible into known amounts of cash.

Cash at bank and in hand relate to amounts which are held at a bank in the form of on demand deposits such as current accounts and savings accounts. Short term deposits with a maturity of three months or less are considered cash equivalents.

(I) SHARE CAPITAL

Shares are classified as equity when there is no obligation to transfer cash or other assets. There is no scheme for employee-owned shares.

(J) DIVIDENDS

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on these shares are recognised as payable when the Directors make a solvency statement before payment.

(K) TRADE AND OTHER PAYABLES

Trade and other payables are made up of amounts due to associated Group companies, measured at amortised cost using the effective interest method, and third party creditors accounted for on an accruals basis at fair value.

2.3 New and amended standards and interpretations

In the current year, the Company has applied amendments to IFRS issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January, 2023. The new effective requirements are:

- IFRS 17 *Insurance Contracts*
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates
- Amendments to IAS 12 *Income Taxes* – Deferred Tax related to Assets and Liabilities arising
- Amendments to IAS 12 *Income Taxes* – International Tax Reform – Pillar Two Model Rules

None of these amendments have had a material impact to the Company.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future reporting periods.

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Company's balance sheet includes significant investments in subsidiary companies, which are included at cost, including any contingent consideration payable, less any provision for impairment. The recoverability of these balances is dependent on the financial position and future prospects of the subsidiary companies. Further details can be found in note 10 of the financial statements.

3. Company information

3.1 Ultimate parent undertaking and controlling party

The ultimate controlling parties of CGL are CCP GP Investors Holdings (Cayman) LP, CCP III Cayman GP Limited and CCP III SBS Cayman Limited.

The immediate parent of Canopius Group Limited is Fortuna Holdings Limited.

3.2 Subsidiaries

The principal subsidiaries of CGL are listed in Note 3.2 of the Group accounts on page 89. The Company holds no investments in joint ventures or associates.

4. Investment income

$'000	2023	2022
Interest income on financial assets	**17,133**	7,745
Dividend income	**25,198**	3,281
Interest income on cash and cash equivalents	**2,661**	1,458
Gross investment income	**44,992**	12,484
Investment fees & expenses	**(520)**	(620)
Net investment income	**44,472**	11,864

5. Net realised gains and losses

$'000	2023	2022
Realised gains on other financial assets	**610**	67
Realised losses on other financial assets	**(9,594)**	(3,093)
	(8,984)	(3,026)

6. Fair value gains and losses

$'000	2023	2022
Fair value gains on other financial assets	**21,263**	5,695
Fair value losses on other financial assets	**(8,725)**	(30,157)
	12,538	(24,462)

7. Finance Costs

$'000	2023	2022
Fees for Letters of Credit	**(66)**	(1)
Loan Interest expense	**(2,492)**	(1,215)
Trustee fees and bank charges	**(21)**	(23)
	(2,579)	(1,239)

Notes to the Company Accounts Continued

for the year ended 31 December 2023

8. Operating and administrative expenses

$'000	2023	2022
Head office costs	**(108)**	(478)
Costs allocated from the service company	**(34,218)**	(31,911)
Other expenses	**(3,689)**	(226)
	(38,015)	(32,615)
Net foreign exchange adjustments	**(335)**	1,727
	(38,350)	(30,888)

The table below provides a breakdown of costs allocated from the service company.

$'000	2023	2022
Employee benefit expenses	**(28,226)**	(18,297)
Premises	**(80)**	(3,847)
Professional fees	**(5,245)**	(7,723)
Other expenses	**(667)**	(2,044)
	(34,218)	(31,911)

9. Current tax

The Company is tax resident in the UK where it is managed and controlled. Consequently, it is appropriate to report at the UK standard rate of tax.

(a) Reconciliation of tax charge

$'000	2023	2022
Profit/(loss) before tax	**7,097**	(47,751)
Tax at 23.5% (2022: 19%)	**(1,668)**	9,073
Prior year adjustment	**-**	(190)
Non-taxable income	**5,938**	-
Non-deductible expenses	**-**	625
Group relief	**-**	190
Unrecognised deferred tax assets	**(4,270)**	(9,698)
Income tax charge	**-**	-

Finance Act 2021 enacted the increase in the UK corporation tax rate from 19% to 25% from 1 April, 2023. This tax rate of 25% has been used to derive the UK unrecognised deferred tax assets and liabilities as that is the tax rate that is expected to apply when the deferred tax balances crystallise or unwind.

The company has tax losses of $76,074k (2022: $57,908k) which have no expiry date and have not been recognised for deferred tax purposes due to uncertainty over the availability of future taxable profits.

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The Pillar Two Global anti-Base Erosion rules (GloBE Rules) seek to ensure a Minimum Tax of 15% on the income arising in each jurisdiction in which a multinational enterprise operates.

The Group has an ongoing project to assess the impact of the GloBE Rules on the Group, and continues to monitor regulatory developments in respect of the substantive enactment of the GloBE Rules in all of the jurisdictions where they impact the Group. Further details can be found in note 14 of the Group consolidated financial statements.

10. Investment in subsidiary undertakings

$'000	2023	2022
At 1 January	**1,102,123**	1,102,123
Investment in Canopius UK Holdings Limited	**26,000**	-
At 31 December	**1,128,123**	1,102,123

On 14 March, 2023, the Company subscribed to $26.0m worth of shares in Canopius UK Holdings Limited, which was settled through a cash payment of $26.0m.

The investment in subsidiary undertakings has been assessed for indicators of potential impairment at the balance sheet date. The company has considered the recoverable amount of its investment in subsidiary with reference to its fair value less costs to sell.

The fair value has been established with reference to market multiples for similar business, which provides a current and observable input into the fair value measurement, which is classed as level 2 within the fair value hierarchy. At 31 December, 2023, the recoverable amount of the investment in subsidiary was determined to be greater than the carrying value and therefore management has concluded that there is no impairment.

11. Financial assets

(a) Financial assets at fair value through profit or loss

$'000	2023	2022
Fair value (designated as such upon initial recognition)		
Debt securities and other fixed income securities	**247,710**	310,900
Holdings in collective investment schemes	**44,881**	44,314
Equity shares	**37,472**	55,190
Private credit funds	**5,086**	-
Total financial assets at fair value through profit or loss	**335,149**	410,404

Financial assets include $119.1m (2022: $393.2m) that are held in trust supporting insurance liabilities of the Group's managed syndicates. These assets are subject to restrictions under the relevant trust deeds and bank facilities.

(b) Carrying value of financial instruments other than derivatives

$'000	2023	2022
Fair value (designated as such upon initial recognition)		
At 1 January	**410,404**	440,606
Purchases	**71,434**	120,563
Disposals	**(149,048)**	(116,008)
Fair value gains/(losses)	**12,283**	(24,245)
Realised losses	**(9,924)**	(10,512)
At 31 December	**335,149**	410,404

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Notes to the Company Accounts Continued
for the year ended 31 December 2023

12. Derivative financial instruments

The Group utilises derivative financial instruments as part of its asset/liability risk management practice.

The derivative financial instruments represent the fair value of exchange traded bond futures contracts used to hedge duration risk, and forward contracts used to hedge excess foreign currency exposures. The derivative financial instruments held by the Group have not been designated for hedge accounting during the current and previous financial years as permitted by IFRS 9.

The following table shows the fair value through profit or loss ("FVPL") of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying assets, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year-end and are indicative of neither the market risk nor the credit risk.

	2023			2022		
$'000	**Assets**	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Derivatives at FVPL:						
Interest rate futures	**392**	**(165)**	**42,105**	39	-	31,992
FX forward derivatives	**320**	**(679)**	**51,982**	334	(1,818)	44,916
	712	**(844)**	**94,087**	373	(1,818)	76,908

At their inception, derivatives often involve only a mutual exchange of promises, with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Group. Over-the-counter derivatives may expose the Group to the risks associated with the absence of an exchange market on which to close out an open position. The Group's exposure under derivative contracts is closely monitored as part of the overall management of the Group's market risk.

13. Trade and other receivables

$'000	**2023**	2022
Other debtors	**7,713**	911
Amounts due from Group undertakings	**4**	2,192
	7,717	3,103
Amounts due within 1 year	**7,717**	3,103
	7,717	3,103

The fair value of trade and other receivables approximate to their carrying value.

14. Cash and cash equivalents

$'000	**2023**	2022
Cash at bank and in hand	**4,236**	1,796
Cash equivalents	**757**	7,974
	4,993	9,770

The cash and cash equivalents include $0.8m (2022: $2.5m) that are held in trust supporting insurance liabilities of the Group's managed syndicates. These assets are subject to restrictions under the relevant trust deeds and bank facilities.

15. Share capital and premium

Authorised shares	**2023 Number**	2022 Number
Ordinary shares		
Ordinary shares of 1USD each	**341,868,305**	341,868,305
Ordinary shares total	**341,868,305**	341,868,305

Issued and fully paid:	At 1 January 2022 Number	Changes in issued capital Number	At 31 December 2022 Number	Changes in issued capital Number	**At 31 December 2023 Number**
Ordinary shares					
Ordinary shares of 1USD par value	341,868,296	-	341,868,296	-	**341,868,296**
Ordinary shares total	**341,868,296**	**-**	**341,868,296**	**-**	**341,868,296**

Issued Share Capital	At 1 January 2022 $	Changes in issued capital $	At 31 December 2022 $	Changes in issued capital $	**At 31 December 2023 $**
Ordinary shares					
Ordinary shares of 1USD par value	341,868,296	-	341,868,296	-	**341,868,296**
Share capital total	**341,868,296**	**-**	**341,868,296**	**-**	**341,868,296**

Issued Share Premium	At 1 January 2022 $	Changes in issued share premium $	At 31 December 2022 $	Changes in issued share premium $	**At 31 December 2023 $**
Ordinary shares					
Ordinary shares of 1USD par	345,331,867	-	345,331,867	-	**345,331,867**
Share premium total	**345,331,867**	**-**	**345,331,867**	**-**	**345,331,867**

Notes to the Company Accounts Continued

for the year ended 31 December 2023

16. Fair value measurement

i) Valuation

The Company has classified its financial instruments as at 31 December, 2023 using the fair value hierarchy required by IFRS 13 'Fair value measurement'. The fair value hierarchy classifies financial instruments into Level 1 to Level 3 based on the significance of the inputs used in measuring their fair value, with Level 1 considered the most reliable. The levels within the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Valuation techniques for which inputs are not based on observable market data.

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

The Company closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured.

Where it is determined that there is no active market, fair value is established using a valuation technique. The techniques applied incorporate relevant information available and reflect appropriate adjustments for credit and liquidity risks. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. The valuation techniques include broker dealer quotes, reported trades, issuer spreads and available bids. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more significant inputs are not based on observable market data, the instrument is included in Level 3. These assets are normally infrequently traded and fair values can only be calculated using estimates or risk-adjusted value ranges and there is a material use of judgement in deriving the price.

ii) Fair value measurement of assets

$'000	Level 1	Level 2	Level 3	Total
Valuation at 31 December 2023				
Debt securities & other fixed income securities	**5,302**	**242,408**	**-**	**247,710**
Holdings in collective investment schemes	**36,597**	**8,284**	**-**	**44,881**
Equity	**37,472**	**-**	**-**	**37,472**
Private credit funds	**-**	**-**	**5,086**	**5,086**
	79,371	**250,692**	**5,086**	**335,149**

$'000	Level 1	Level 2	Level 3	Total
Valuation at 31 December 2022				
Debt securities & other fixed income securities	7,039	303,861	-	310,900
Holdings in collective investment schemes	44,314	-	-	44,314
Equity	55,190	-	-	55,190
	106,543	303,861	-	410,404

The level within the hierarchy that a financial instrument is placed is based on the lowest level of any input that is significant to its fair value measurement.

17. Trade and other payables

$'000	2023	2022
Amounts owed to Group undertakings	**52,808**	71,726
Accruals and deferred income	**7,000**	-
Other creditors	**9**	593
	59,817	72,319
Amounts due within 1 year	**59,817**	72,319
	59,817	72,319

Amounts owed to Group undertakings include a total of $39.0m (2022: $51.0m) of loans payable to Group undertakings, including $36.0m due to Canopius Holdings UK Limited (2022: $32.0m), which has no specified maturity date and accrues interest at 12m SONIA+2.23% (2022: GBP base rate+2.23%), and $3.0m due to Omega Underwriting Holdings Limited (2022: $3.0m) which has no specified maturity date and accrues interest at GBP base rate+2.23% (2022: GBP base rate+2.23%).

Other intercompany amounts include $4.7m due to Canopius Services Limited (2022: $15.0m), $6.5m due to Syndicate 4444 (2022: $3.9m) and $2.0m due to Canopius Reinsurance Limited (2022: $2.0m).

Changes in liabilities arising from financing activities

$'000	2023	2022
Total liabilities from financing activities at 1 January	**50,381**	37,962
Loan from other subsidiary undertaking	**-**	15,382
Repayment of loan from subsidiary undertaking	**(15,382)**	-
Interest accrued and FX	**4,029**	(2,963)
Total liabilities from financing activities at 31 December	**39,028**	50,381

18. Management of risk

The Company is exposed to risk through its investment in its subsidiaries. CGL has established a risk management function with clear terms of reference from its Board of Directors. A policy framework, which sets out the risk policies for the CGL Group, risk management, control and business conduct standards for the Group's operations, are in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Group.

The Board of Directors of CGL approves the Group's risk management policies and meets regularly to oversee the commercial, regulatory and organisational requirements of such policies.

In the normal course of business, the Company is exposed to the following major risk categories:

Credit Risk — Risk of loss arising as a result of another party failing to perform its financial obligations or failing to perform them in a timely fashion.

Liquidity Risk — Risk that insufficient liquid financial resources are maintained to meet liabilities as they fall due.

Notes to the Company Accounts Continued

for the year ended 31 December 2023

18. Management of risk (continued)

(i) Credit risk

An analysis of the Company's major exposures to counterparty credit risk, which is based on Standard & Poor's or equivalent rating, is presented below:

At 31 December 2023 $'000	AAA	AA	A	Other and/ or not rated	Total
Debt securities and other fixed income	117,347	56,169	70,828	3,366	247,710
Holdings in collective Investment schemes	36,597	-	-	8,284	44,881
Private credit funds	-	-	-	5,086	5,086
Cash and cash equivalents	-	-	4,993	-	4,993
Total	153,944	56,169	75,821	16,736	302,670

At 31 December 2022 $'000	AAA	AA	A	Other and/ or not rated	Total
Debt securities and other fixed income	168,574	103,390	36,581	2,355	310,900
Holdings in collective Investment schemes	44,314	-	-	-	44,314
Cash and cash equivalents	-	-	9,770	-	9,770
Total	212,888	103,390	46,351	2,355	364,984

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company uses quantitative and qualitative information in order to reach a conclusion whether there has been any significant increase in credit risk from recognition.

Trade and other receivables include amounts due from Group companies measured at amortised cost using the effective interest method. It also includes prepayments and accrued income with various counterparties. The company assesses each counterparty including historic loss experiences and current market conditions.

Holdings in collective investment schemes and cash and cash equivalents are held with bank and financial institution counterparties. The company has assessed the risk and does not consider there to be any significant risk of default given the credit rating and no history of default.

The table below details the gross carrying amount and the net carrying amount post loss allowance (2022: no loss allowance).

$'000	Notes	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
Trade and other receivables	13	7,717	-	7,717
Cash and cash equivalents	14	4,993	-	4,993

18. Management of risk (continued)

(ii) Liquidity risk

Liquidity risk arises where insufficient financial resources are maintained to meet liabilities as they fall due. The contractual maturity profile at 31 December, 2023 and 31 December, 2022 are as follows:

At 31 December 2023 $'000	Less than one year	Between one and five years	Over five years	Not Dated	Total
Debt securities and other fixed income	5,480	18,017	224,213	-	247,710
Holdings in collective Investment schemes	-	-	-	44,881	44,881
Private credit funds	-	-	-	5,086	5,086
Cash and cash equivalents	4,993	-	-	-	4,993
Total	10,473	18,017	224,213	49,967	302,670

At 31 December 2022 $'000	Less than one year	Between one and five years	Over five years	Not Dated	Total
Debt securities and other fixed income	669	28,768	281,463	-	310,900
Holdings in collective Investment schemes	-	-	-	44,314	44,314
Cash and cash equivalents	9,770	-	-	-	9,770
Total	10,439	28,768	281,463	44,314	364,984

19. Related party transactions

Details of the ultimate and immediate parent companies of CGL can be found in note 3 of the Group accounts.

Amounts due from and to Group undertakings can be found in notes 13 and 17 of the company accounts.

Loan interest expense in note 7 of the company accounts relates to the related party loans disclosed in note 17 of the company accounts.

Costs allocated to CGL from Canopius Services Limited can be found in note 8 of the company accounts.

20. Subsequent events

There are no material subsequent events impacting Canopius Group Limited or its subsidiaries.

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GROUP ACCOUNTS

Glossary

Term	Description
Attributable expenses	Expenses that are attributable to fulfilling obligations towards the policyholders i.e., underwriting and claims handling activities.
Best estimate liability (BEL)	Equal to the mean present value of expected fulfilment cash flows when averaged over all possible scenarios.
Combined ratio - discounted	The combined ratio - discounted is calculated by dividing 'insurance service expenses' net of 'amounts recoverable from reinsurers for incurred claims' by 'insurance revenue' net of the 'allocation of reinsurance premiums'.
Combined ratio - undiscounted	The combined ratio - discounted is calculated by dividing 'insurance service expenses', net of 'amounts recoverable from reinsurers for incurred claims', excluding the impact of discounting net claims costs, by 'insurance revenue' net of the 'allocation of reinsurance premiums'.
Confidence level	A degree of conservatism in reserving. The actual percentage shows the probability that the change in best estimate would be lower than the risk adjustment. Mechanically it shows where our reserves sit in the risk distributions (adjusted historical losses).
Contractual service margin (CSM)	The CSM represents the unearned profit that an entity expects to earn on a group of contracts as it provides insurance services.
EIOPA	European Insurance and Occupational Pensions Authority.
ENID	Events not in data – an allowance for extreme values that cannot be projected using historical data.
Fulfilment cash flows	The fulfilment cash flows are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to pay out for reinsurance premiums and recover for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. This includes direct costs of originating and all directly attributable costs incurred in fulfilling insurance contracts.
General measurement model (GMM)	The default measurement model in IFRS 17. The GMM measures the liability for remaining coverage as the sum of a discounted best estimate liability, a risk adjustment and the contractual service margin.
IBNR	Incurred but not reported, refers to reserves established for claim events that have transpired but have not yet been reported to the insurer
Illiquidity premium	An additional amount added to the risk-free rate to derive the IFRS 17 discount rate. The illiquidity premium reflects the additional compensation an insurer demands to compensate it for the fact that it must hold the liabilities until they are fulfilled rather than dispose of those liabilities in a liquid market place.

Term	Description
Insurance revenue	The amount of total expected premium receipts (excluding premium taxes) allocated to each period of coverage. This excludes the deposits that represent investments by the policyholder.
(Re)Insurance finance income or expense	(Re)Insurance finance income or expense is the change in the carrying amount of (re)insurance contracts issued arising from the effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk.
Liability for incurred claims (LIC)	An entity's obligation to investigate and pay valid claims under existing insurance contracts for insured events that have already occurred (i.e. the obligation that relates to the expired portion of the coverage period).
Liability for remaining coverage (LRC)	An entity's obligation to investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the coverage period).
Loss component of the LRC	A provision for onerous contracts within the insurance contract liabilities.
Onerous contracts	A contract that is expected to be loss making i.e. the expected claims exceeds the premium (measured on an IFRS 17 basis).
PRA	Prudential Regulation Authority.
Net insurance revenue	Net insurance revenue is 'insurance revenue' net of the 'allocation of reinsurance premiums'.
Premium allocation approach (PAA)	A simplified measurement model for the LRC where the entity allocates insurance contract revenue (from the LRC) in profit or loss to accounting periods in a systematic way that reflects the transfer of services.
Non-distinct investment components	Investment components within an insurance contract that are excluded from insurance revenue and insurance service expenses in the income statement.
Reinstatement premiums (RIPs)	Reinsurance premium received by insurer when claims incurred from cedant to reinstate coverage.
Risk adjustment	The compensation that the insurer requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risks. Risk adjustment is released as the risk expires.
Risk-free rate	The risk-free rate of return is the interest rate an investor can expect to earn on an investment that carries zero risk.
TNAV	Tangible net asset value – the net asset value of the group excluding intangible assets and deferred tax on intangible assets.

The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.

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