canopius

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2024

Company number 129591

Canopius is an international specialty and P&C (re)insurer.

We believe that our people make us different. We challenge the prevailing wisdom, we ask the difficult questions and we are proud to offer an independent view of risk.

Overview

Strategic Report

Governance

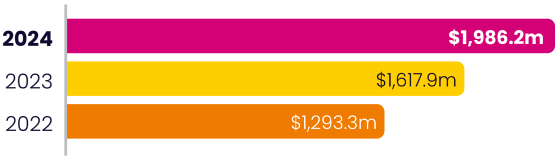
Financials

GROUP ACCOUNTS

Key Statistics[1]

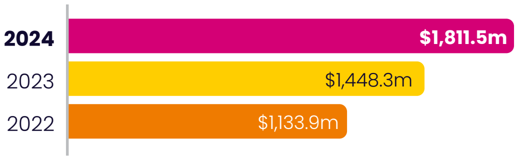
Total shareholders' equity

$1,986.2m



Tangible net assets (TNAV)[2]

$1,811.5m

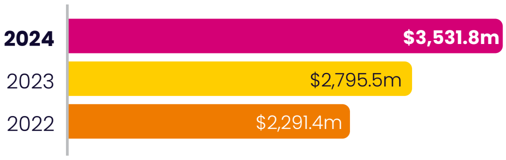


Total available capital[3]

$2,029.5m

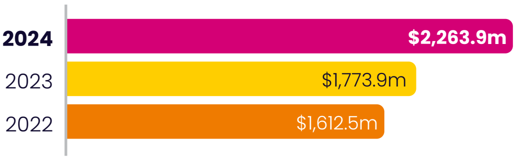
Insurance contract written premium

$3,531.8m



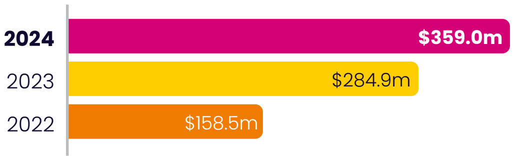
Net insurance revenue[4]

$2,263.9m



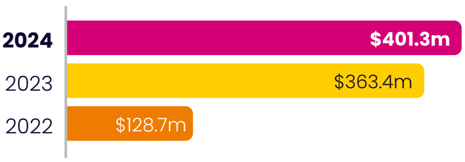
Insurance service result

$359.0m



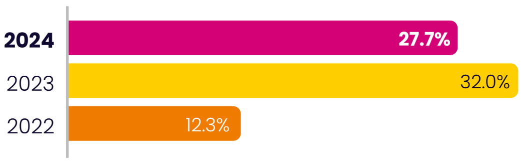
Profit after taxation

$401.3m



Return on opening tangible net assets[5]

27.7%



Net combined ratio – discounted[6]

84.1%

Net combined ratio – undiscounted[7]

90.2%

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 $125m (2023: $57m; 2022: $46m).

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. Return on opening tangible net assets is calculated by dividing 'profit after taxation' by 'opening tangible net assets'
6. Net combined ratio – discounted is calculated by dividing 'insurance service expenses' net of 'amounts recoverable from reinsurers for incurred claims' by 'net insurance revenue'.
7. Net combined ratio – undiscounted excludes the impact of discounting net claims costs recorded within 'insurance service expenses' and 'amounts recoverable from reinsurers' of $137.1m (2023: $84.7m; 2022: $17.1m).

Chair's Statement

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I am delighted to be presenting my first annual report as Chair of Canopius Group Limited. I have joined Canopius at a particularly exciting time in the business' evolution. At just over 20 years old, the business is now a diversified, global specialty P&C (re)insurer with $3.53 billion of insurance contract written premium.

As I take the chair, I am thrilled that we have been able to deliver an annual profit of $401.3m and are reaping the benefits of the transformation activities that we have completed over the last three years.

A new chapter for a successful business

As is detailed in this report, in 2024 Canopius completed its three-year business plan, set at the arrival of Neil Robertson, our Group CEO. Over that period, Neil and his team have done a fantastic job in making Canopius a business that has consistently achieved its targets. Canopius is more organised, more resilient and better prepared for profitable growth than ever before in its history.

Now, as the business begins executing on its next three-year plan, underlined by a strong strategic focus, I am expecting an exciting new period in the history of Canopius.

For personal reasons, I also feel this is a new chapter. Canopius' former Chair and Founder Michael Watson handed me the baton earlier this year. Michael is hugely respected throughout the global specialty (re)insurance industry and, over 20 years he built Canopius into a hugely successful international enterprise.

I thank Michael for this opportunity and hope I can help steer Canopius with the same intelligence and heart that he was able to do for so long. We all wish Michael the very best in his future endeavours.

Mitigating risk in an uncertain world

In 2024, we operated in an environment of considerable uncertainty. It was a year of wide-spread political change with more than 70 nations holding national elections, including in the United Kingdom and the United States of America.

We unfortunately witnessed continuing and escalating violence in both Ukraine and in the Middle East, and economies suffered as inflation continued to affect businesses and households globally.

We also experienced many natural catastrophes. In 2024, we saw Hurricanes Milton and Helene hit the Eastern Seaboard; severe convective storms cause significant damage in the U.S., Europe and South East Asia; historic flooding in the United Arab Emirates, Germany, Italy and Brazil; and earthquakes in Japan and Taiwan. Already in 2025 we have witnessed the devastation in Los Angeles and surrounding areas caused by the wildfires.

Never has there been a more compelling case for the role of (re)insurance companies in protecting our industries and our communities. We have a huge role to play in not only ensuring lives and business can continue in the face of increasing uncertainty, but that we're also supporting those who are championing change for a better future. I am buoyed to see that throughout this report there are many examples of where Canopius is leading the way in these efforts.

Strength in good governance

The Board recognises that strong corporate governance is a key factor in delivering sustainable business performance and creating value for our stakeholders. I was glad to find that on my arrival, Canopius had strong foundations from which to build.

I expected to find a strong leadership team and high-quality teams throughout Canopius, and that is what I have seen in my interactions to date. A lot of thought has gone into the structure of the business, with a robust Target Operating Model that appreciates both the global nature of our insurance products and the regional needs of our business.

As we continue to build on these strong foundations, I am also pleased to welcome Hitesh Patel who will, from 1 April 2025, succeed Paul Meader as Chair of Canopius Managing Agents Limited (CMA) and also as a non-executive director of Canopius Group Limited. His extensive background in the insurance industry, financial markets, investment management as well as his past roles at prominent institutions, position him perfectly to lead CMA into the future. I would also like to thank Paul for serving on Canopius' Boards for so many years. His expertise and leadership have been invaluable, and we extend our deepest gratitude for his years of dedicated service.

A positive and winning culture

On my arrival at Canopius, the positivity and energy of the employees all around the business was evident - it felt like, and I believe it is, a genuinely good place to work. The efforts that Neil and his team have made in focusing on a positive culture are plain to see.

I was also impressed with the Canopius Values. Having a focus on both collaboration and inclusivity is crucial if we are to be able to offer our clients the practical solutions they need from us. But the business also puts a lot of onus on empowerment, accountability and proactivity – all traits that a growing and exciting enterprise should hold dear.

From meeting many people in my first six months with the company, I believe Canopius' employees are bought into the vision, mission and its strategic focus. This is important: we will undoubtedly face future headwinds and it will be our talent that makes the difference.

I'd like to thank all our colleagues for their hard work in contributing to Canopius' goals and ultimately delivering the positive result that we have described in this report.

Looking forward

While 2025 is likely to bring with it as much uncertainty as we faced in 2024, Canopius is positioned to be able to withstand most headwinds. A strong balance sheet, a clear business growth plan and hugely capable employees should allow the business to keep meeting, and we hope exceeding, our targets.

There is much to be optimistic about. Rate adequacy remains supportive and there are opportunities for new profitable growth. We see great potential in our key product lines where we can lead business thanks to our expertise and geographical reach.

Canopius' financial strength, our geographic focus and the capability of our business means we are well placed to take advantage of the opportunities that present themselves in the near future.

ANDY HASTE
Chair
11 March, 2025

Group Chief Executive Officer's Statement

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Our strategy is to take an ambitious but disciplined approach to growing a sustainable international specialty and P&C (re)insurer in areas where we have or can have a distinction or competitive advantage.

I am pleased to report another year of strong delivery against the goals we have set ourselves.

The strong 2024 financial result speaks for itself and will be described in more detail by Gavin Phillips, our Group CFO and Sam Harrison, our Group CUO.

Sheldon Lacy, our Group CRO, and Barbara Turner, our Group CHRO will also offer updates that further show our robust risk and governance structure, as well as our positive and winning culture. Charles Cooper our CEO of Canopius Re (CRE) and Global Head of Reinsurance will outline later in this publication how we are developing and growing our Bermudian reinsurance platform.

It is pleasing to see that once again our business has delivered attractive rates of growth and profitability. There's still much to achieve, but our motivated and engaged business is well positioned for success, allowing us to look forward with much optimism.

Embedding our strategy and evolving the business

We were all delighted to welcome our new Chair, Andy Haste, to Canopius during 2024. As he has already noted, we have just reached the end point of the first three-year plan that we embarked upon after I became CEO in 2022. When I reflect upon those three years, I believe we have made enormous strides and matured significantly as an organisation.

Our transformation activities over the last three years are bearing fruit and decisive actions have been taken across underwriting and the wider business. The leadership team has been refreshed and been able to recruit top talent from across the industry.

Our purpose
is to help our clients be resilient in the face of their unique and evolving challenges

Our vision
is the straight-talking, valued (re)insurance partner, acting with agility to provide practical solutions in the world's leading Specialty markets

Our strategic pillars
- Profitable Growth
- Agility & Execution
- Data driven analytics and portfolio management
- Market proposition
- Practical Innovation
- People and Culture

Our values are
- Empowered
- Collaborative
- Ambitious
- Accountable
- Proactive
- Inclusive

The underwriting portfolio has been repositioned towards higher quality and more diversified business. We are emphasising superior portfolio construction while also bringing in new underwriting talent and adding new product lines. We have been able to substantially re-define our risk appetite and strengthen our balance sheet, in the process removing volatility in both profit and loss account and balance sheet metrics.

There has been a substantial evolution of organisational disciplines stretching across the entire organisation, from underwriting through to finance and operations.

One example is our 'Bottom-Up Planning' cycle, where we project manage employee-led initiatives designed to either drive growth, equip the business better or create greater efficiencies. These portfolios of initiatives are enterprise-wide, enabling change activities which reflect the organisation's ambition to mature, become more efficient and more data driven. We are delighted to see that many of our 'in-flight' initiatives were completed at the end of 2024, and we have many more in the pipeline. Importantly, the bottom-up planning process has now become "business as usual".

We have also sharpened our strategic focus and reset our ambition towards structural growth over the next three years. We aim to refine our competitive edge to further enhance and integrate purpose, vision and innovation into all our activities. As our business grows and matures, we are committed to ensuring it is efficient and sustainable. Where practical, we will increase our underwriting commitments and expand our product offerings.

Alongside our strategic efforts, we have completed a brand refresh to better articulate who we are as a business to all our stakeholders. We are also launching a 'Fit for Future' programme, looking at how we can better position ourselves operationally for scalable and profitable growth in 2025 and beyond. Our emphasis will remain on excellence of execution and we will drive further advances in utilising data-driven analytics and strong portfolio management practices.

Creating compelling market propositions for clients

In our pursuit of underwriting excellence and driving a compelling market proposition, we launched several key initiatives and products during 2024.

Group Chief Executive Officer's Statement

continued

Canopius Group 2024 Corporate Goals

In 2024, we established clear strategic goals for Canopius and integrated them throughout the organisation. Working together towards shared goals enables us to transform the business and seize market opportunities more effectively. Achieving our strategic goals is crucial to achieving our aspirations as a company, and I'm pleased to report that we've successfully done so.

1) Achieve financial plan - Focus on Combined Ratio and Profit after Tax.

2) 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

3) 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.

4) Live our values and develop our talent to embed our positive and winning culture - Set Business Units 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.

5) Become more keenly aware of our 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.

We have brought leading talent and have welcomed senior underwriters to Canopius in all our regions. Our underwriting operating model is now even more robust, with global product teams seamlessly working alongside regional distribution experts.

We have made several strategic hires to strengthen our Bermuda platform and reinsurance proposition, underscoring our commitment to building a robust and sustainable underwriting operation on the island.

We have continued to grow our Portfolio Solutions business, which Sam will detail later in this report. This will serve as an ever-more important part of our business as we work with our clients to develop practical solutions using global broker facilities.

We continue to lead in Energy and have broadened the scope of our product solutions with the introduction of Onshore Energy, a new class of business that complements our existing underwriting portfolio. As we grow our traditional Energy business, we are keen to be a trusted partner for our clients and insureds making the transition towards greener energy businesses. A great example of this was the launch of a partnership with Marsh in 2024 to launch a Carbon Capture & Storage (CCS) product, addressing the unknown risks associated with emerging technologies.

Canopius continues to be a market leader in Cyber. In 2024, we introduced a new Cyber digital product offering ("Cyber Space") to enhance our digital product portfolio. This is supporting many businesses with both our 'Proactive Cyber Service' to help policyholders mitigate cyber risk, and our 'Global Cyber Incident Response Service', which offers rapid and expert cyber incident response for policyholders and primary insureds.

In 2024, we also launched a market-leading Equine and Livestock business in London and the U.S., bringing the market's top talent to Canopius.

Bolstering our operations and our ability to deliver

Canopius remains committed to bolstering our operations to enhance and strengthen our ability to deliver exceptional results. Central to this effort is our commitment to supporting underwriting with advanced insights and continuous process improvements, providing them with the necessary tools to excel in their roles using new technologies and data analytics.

Within underwriting, we have launched the 'Insights Analytics' portal, a centralised web portal for reporting and analytics, which offers invaluable data-driven insights, thereby bolstering our underwriting capabilities. We have made a strategic decision to outsource certain operations to ensure streamlined processes and deliver efficiency gains.

These, and other initiatives, collectively underscore our dedication to ensuring that Canopius remains agile, efficient, and future-focused.

Talent at the heart of our organisation

Barbara Turner will go into more detail on how we continue to foster a positive and inclusive company culture, but some of our recent successes demonstrate our commitment.

We have made significant progress in narrowing the gender pay gap. Additionally in 2024, we successfully concluded our first 'Elevate' cohort, and have initiated our second high performance cohort, both of which are designed to identify and develop high-potential employees, thereby strengthening our leadership pipeline.

We are proud to be recognised in the top quartile for female leadership in Lloyd's Market Policies and Practices (MP&P) survey, highlighting our dedication to promoting diversity at the highest levels of our organisation. Our efforts have also been acknowledged with two nominations in the Women in Insurance Awards 2024, and recognition of our female underwriters in the InsurIndex London Market Awards.

Outlook

As a business we never forget that our purpose is to provide the solutions that help our clients face their ever-evolving challenges. We understand that delivering value to customers and shareholders requires ongoing commitment to excellence and consistency.

Our organisation has matured in recent years, and we are committed to accelerating our evolution and maximising our agility and efficiency. We are not short of ideas or opportunity, and we have "practical innovation" as the cornerstone of our strategy.

We have developed a consistent track record of returns and have the right framework for steady growth in profitability and the delivery of shareholder value. We continue to believe that there are strong secular trends driving growth for specialty risks and we will continue to invest in our capabilities and talent to ensure we can shape our own future.

The start of 2025 has already thrown up several challenges to the industry and no doubt the environment will continue to require strong disciplines going forward. Competition for business is intense and increasing, while at the same time loss trends remain volatile. Despite this more challenging environment, we can look forward with confidence and are highly focused on building on our success and capitalising on the momentum we have achieved.

NEIL ROBERTSON
Group CEO

11 March, 2025

Group Chief Financial Officer's Statement

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I am pleased to report a new record level of profit for Canopius of $401.3m in 2024, generating a Return on Tangible Equity of 28%.

During 2024, the business has shown further strong progress. Once again, we have demonstrated the strength and versatility of our underwriting platforms, generating growth and profitability across all our regions.

Our attritional loss experience also remains healthy, with good underlying accident year performance and positive prior-year development. Catastrophe losses were at manageable levels, despite 2024 being an above average year for insured natural catastrophes, reflecting our diversification and prudent exposure management.

Together these factors resulted in a record level of underwriting profitability.

Our balance sheet is strong and has strengthened substantially again during the year. Our capital surplus continues to be robust, and we have a high-quality investment portfolio, a strong reserving position and limited legacy reserves (specifically back year U.S. casualty liabilities through the purchase of a loss portfolio transfer in 2021). These factors offer resilience as well as strategic optionality.

As Neil Robertson has already described, we are looking forward with optimism.

Canopius Group 2024 Results

- **Profit after tax of $401.3m for 2024, compared to $363.4m for 2023.**
- **ROTE of 28% means that Tangible Net Assets have increased to $1.81bn (2023: $1.45bn)**
- **Insurance Contract Written Premium (ICWP) in the year has grown 26% to $3.53bn (2023: $2.80bn), delivering 28% growth in net insurance revenue to $2.26bn (2023: $1.77bn)**
- **Group net combined ratio of 84.1% (discounted) and 90.2% (undiscounted).**
- **Positive prior year development and a balance sheet that is stronger than at any point in Canopius' 20-year history**.

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.

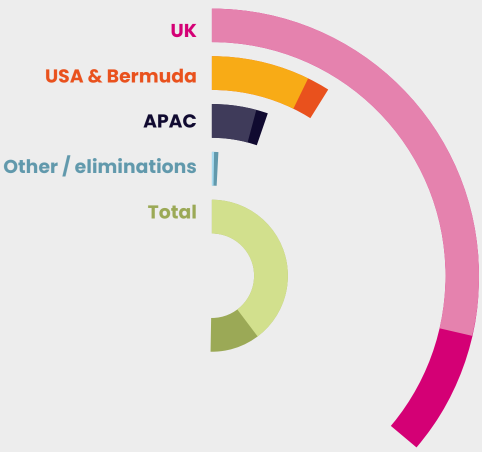
We have grown ICWP by 26% in the year, with strong contributions across all our geographic segments. Rate has been less favourable in 2024 but was still positive across the portfolio (+1.2%). We have once again seen substantial organic growth in all our regions.

In the UK, we are particularly pleased once again to see strong organic growth rates, harnessing the benefits of the resetting of our underwriting model. We have seen growth in property D&F despite increased levels of competition and also in reinsurance, where we have reset our growth ambitions in the last two years. We have benefitted from growth in specialty lines, notably in energy but also including equine & livestock, accident & health, marine and specie. Professional Lines fared less well, primarily due to more difficult market conditions and challenging rate environments in cyber and finpro. One of the particularly bright spots was Portfolio Solutions, where we have captured business from five market facilities and where we continue to be excited about our prospects to develop this business further.

In the USA & Bermuda growth was fuelled largely by strong property D&F performance, reflecting both strong demand and a firm rate environment. We continued to deliver growth in our cyber book, despite some challenges in a highly dynamic market. We also grew Canopius Re (CRe) in both specialty and marine classes. Like others in the market, we saw continued challenges in our management and professional lines book driven by rate below our expectation, smaller average deal size and the continuation of a lacklustre M&A and IPO environment.

Insurance Contract Written Premium

	2024 ($m)	2023 ($m)	% Change
UK	2,545.7	2,009.7	27%
USA & Bermuda	628.7	512.8	23%
APAC	377.3	295.1	28%
Other / eliminations	(19.8)	(22.1)	–
Total	3,531.8	2,795.5	26%



Group Chief Financial Officer's Statement
continued

Our business in APAC grew strongly once again, attributable to a broad number of lines of business. Specifically, Australian accident & health was driven by increased travel volumes. Further, we benefitted from the first year of production from a newly acquired team of treaty underwriters in Australia, as well as favourable conditions experienced in Singapore on the reinsurance portfolio.

As expected, the broader rating environment remains dynamic. Daily press commentary illustrates the fact that there is no one reason or factor that is driving the rating environment.

Material shifts in reinsurance rate, capacity, terms and conditions, ever-increasing weather-related losses, the ongoing inflationary impacts in claims (notably social inflation) and movements in interest yields have all been referenced since 1 January.

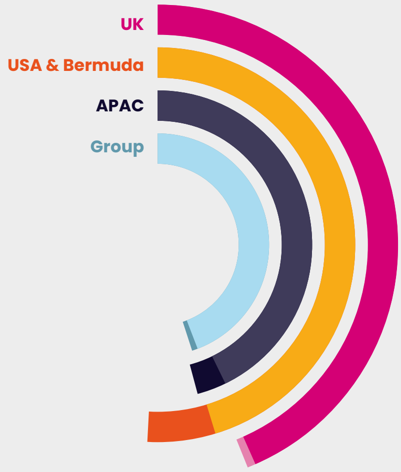
We are also experiencing some rate pressure – however at Canopius, whilst rate change fills a lot of press narrative, we are focused on rate/pricing adequacy which is, in our view, the more refined and appropriate way to consider the impact on premiums. This continues to paint a positive picture across our portfolio heading into 2025.

Net insurance revenue

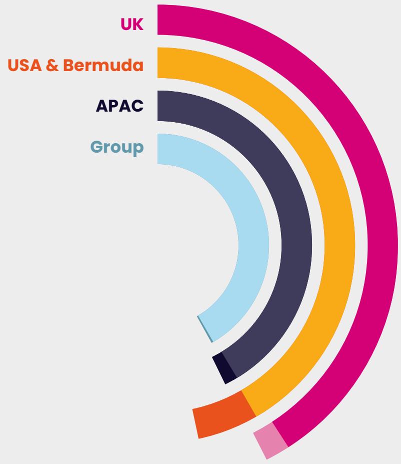
Net insurance revenue amounted to $2,263.9m compared to prior year of $1,773.9m, 28% higher year on year. The improvement in net insurance revenue is explained by the growth and rate changes described above under insurance contract written premiums.

	2024 NET UNDISCOUNTED COMBINED RATIO	**2024 NET DISCOUNTED COMBINED RATIO**	2023 NET UNDISCOUNTED COMBINED RATIO	2023 NET DISCOUNTED COMBINED RATIO
UK	87.4%	81.8%	87.7%	85.4%
USA & Bermuda	101.9%	93.7%	91.0%	83.7%
APAC	92.1%	86.1%	85.6%	81.1%
Group	90.2%	84.1%	88.7%	83.9%

UNDISCOUNTED COMBINED RATIO



DISCOUNTED COMBINED RATIO



Insurance service expenses

Insurance service expenses of $2,384.8m capture claims incurred (net of discounting on current year claims), acquisition costs and underwriting expenses incurred in the period. This compares to a prior year amount of $1,756.6m. The increase in 2024 reflects the growth in the business as well as higher natural catastrophe losses than were incurred in the prior year.

In the prior year, the absence of large natural catastrophe claims clearly benefitted industry profitability, but 2024 saw an above average year for large natural catastrophes. The major hurricanes Helene and Milton came in quick succession at the end of Q3 and early Q4. While the non-peak perils of severe convective storms, wildfires, floods and earthquakes were not quite at the record levels of 2023, they again created sizeable industry losses.

In the context of an above average year for total natural catastrophe losses at an industry level, I am pleased to report that our own experience was only slightly above our start-of-year expectations. Natural catastrophe losses added 8.1% (2023: 4.6%) to our undiscounted net combined ratio, demonstrating the strength of our risk selection and the quality of our reinsurance programmes. The additional natural catastrophe losses were the major component of an overall 1.5% deterioration in our undiscounted net combined ratio year on year.

Our current year undiscounted non-cat loss ratio was 44.5% against 43.1% in the prior year. This was driven by strong performance in the UK region of 43.2%, and another solid year in APAC, offset by a higher loss ratio in the U.S. and Bermuda. The USA and Bermuda region was affected by higher loss ratios in cyber, D&F property and commercial auto, though Bermuda itself performed well. Despite the elevated losses in the U.S., notably in the second half of the year, they barely register in the overall Group result. This is testament to the greater diversity and resilience of our business today.

The 2023 and prior years have seen improvement in the year with some volatility across classes. Overall prior year development benefited our undiscounted loss ratio by 3.0% compared to 1.8% in the previous year.

Our acquisition expense ratio was 27.0% against 29.3% in the prior year. This reduction was largely driven by the development and growth of our portfolio solutions and reinsurance business lines, where acquisition ratios are lower.

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Net insurance revenue amounted to $2,263.9m compared to prior year of $1,773.9m, 28% higher year on year.

Group Chief Financial Officer's Statement
continued

The underwriting expense ratio in 2024 was 13.5%, stable compared to 13.5% 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, as much of our expense base is in UK Sterling. On an underlying basis our expense ratio is trending down as revenue growth generates operating leverage.

Overall, we recorded a net combined ratio before discounting of 90.2% (2023: 88.7%) and a net combined ratio after discounting of 84.1% (2023: 83.9%). The benefit of discounting of 6.1% (2023: 4.8%) was greater in 2024, primarily due to a slight increase in our average liability duration. This volatility is out of an underwriter's control and is why we continue to utilise undiscounted combined ratios for our underwriting management.

Investment return

Investment income was higher than the prior year and we generated $149.8m (2023: $117.4m) of regular investment income, amounting to an income yield of 4.3% (2023: 3.8%) in total. Income generated rose every quarter during the year, as our balance sheet continues to grow.

Total investment return amounted to $193.8m (2023: $173.1m) net of expenses, representing a net investment return of 5.4%. The total return benefited from some positive fair value gains as interest rates fell, resulting in some upward bond revaluations and from some tightening of credit spreads.

As we noted in last year's report, we believe that as an underwriting business, shareholders require assets to be low risk and well-matched for duration with the corresponding liabilities. The consequence of our duration matching strategy means that taking investment return and insurance finance income/expense (IFIE) together we continue to see non-underwriting related volatility reduced and effectively managed.

Insurance finance income/ expense (IFIE)

The IFIE represents the unwind of the discount rate on the discounting of liabilities during the year and any fair value movements on the discounted liabilities because of discount rate changes.

The IFIE of $(98.0)m compares to the $(87.0)m in 2023. For 2024, the IFIE comprises $(95.6)m from the unwind of discounting (2023: $(73.5)m) and $(2.4)m resulting from changes in discount rates (2023: $(13.5)m). The higher unwind for the year is primarily the result of growth of the liabilities. The impact of discount rate changes was modest for the year.

Other operating and administrative expenses

Other operating and administrative expenses increased from $43.6m in 2023 to $77.3m. Included in other operating and administrative expenses is an intercompany recharge of $27.2m from our ultimate UK tax resident parent entity (Fortuna Topco Limited) related to additional tax payable under Global Minimum Tax (Pillar Two) rules on the profits of our Bermudian entities. Under the Pillar Two rules Fortuna Topco Limited is liable for this additional tax, however, as it relates to profits generated within the CGL Group the expense has been recharged to Canopius Group Limited.

From 2025 onwards Bermuda's new Corporate Income Tax regime takes effect, and any taxes incurred by our Bermudian entities under this regime will be included within the income tax line in the Group's financial statements. Whilst the liability for any additional tax payable under Pillar Two rules will continue to fall on Fortuna Topco Limited, this is not expected to be material after the introduction of Bermuda's new Corporate Income Tax regime.

Other operating and administrative expenses have also increased as a result of spending on strategic initiatives, and from a strengthening of UK Sterling compared to the prior year.

Tax

The Group tax credit of $8.0m compares to a tax credit of $34.4m in 2023.

In 2024, we have recognised a further UK deferred tax asset of $18.5m (2023: $47.6m) as we expect that tax losses recorded in previous periods will be offset against profits in future. We continue to maintain a sizeable balance of UK unrecognised tax losses.

Building a business fit for the future

Neil Robertson and Andy Haste have already reflected on this being the end point of this management team's first three-year business plan. As they noted, there have been many highly positive strategic and internal developments, and we have welcomed many highly talented employees to the group. In addition, there have been substantial financial developments, and the group has never been in better shape.

As our key statistics on pages 2 and 3 show, our three-year performance indicators show how far we have come as a group. As I have already commented above, 2024 was a record year for us in almost every respect.

In addition to driving growth and profitability, we believe we have substantially improved the resilience of the business. Some of this comes from the reset of our underwriting framework, driving data analytics harder and reducing our exposure to certain catastrophic losses. However, a large part of this resilience comes from the diversification of the business.

The nature of underwriting complex risk means that our individual business lines are inherently volatile. Each product line has idiosyncratic loss characteristics, whether related to natural catastrophe, large or man-made losses or more easily modelled regular attritional losses. By getting the right combination of product lines, underwriting platforms and geographic exposures, underwriting volatility inherent in our business can be mitigated. This diversification has increased substantially over recent years at Canopius, and the growth of our portfolio solutions and reinsurance businesses are expected to add further diversification in the coming years.

A good example of the benefits of this strategy came in the second half of 2024. Our U.S. business suffered some modest unexpected loss development that, as I have already referenced, drove the undiscounted combined ratio over 100%. Including Bermuda, our Americas business was 18% of group ICWP in 2024, and our U.S. Excess & Surplus (E&S) platform remains narrow in terms of product lines. That means a relatively small adverse loss performance can affect that unit across a calendar year. However, this volatility cannot easily be seen in the Group result, nor indeed at a product level. Further, such period-on-period loss volatility will not derail our strategic plans.

In addition to reducing volatility in our P&L through portfolio diversification, the other aspect driving greater resilience is balance sheet strength.

Balance sheet and capital

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 23% from $1,618.6m to $1,987.0m and tangible net asset value has increased by 25% from $1,448.3m to $1,811.5m. The strength of our balance sheet provides a robust foundation from which to achieve our ambitious business plans.

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.

Group Chief Financial Officer's Statement
continued

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 U.S. balance sheet business is assessed against the U.S. Risk Based Capital (RBC) requirements and our Bermuda business is assessed against the Bermuda Solvency Capital Requirement (BSCR).

Despite substantial growth in our business, the Group's capital requirements at 31 December 2024 under the above bases were $1,378.5m (2023: $1,223.2m). This increase is less than the growth in the Group's balance sheet and substantially less than the growth in our premium base, primarily because of increased diversification.

As we are not being regulated at a Group level, we do not prepare a Solvency Capital Requirement (SCR) under Solvency II, as many other companies in Europe do. However, the uSCR is more conservative than a one-year Solvency II SCR due to it taking account of all new business and the risks over the lifetime of the liabilities. In addition, as was noted above, the Lloyd's ECA is also 135% of this more conservative uSCR.

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 $651.3m (2023: $495.6m), equivalent to a surplus capital ratio of 147% (2023: 141%). This substantial surplus is also considerably in excess of rating agency capitalisation demands at our rating level, providing resilience as well as strategic optionality.

	2024 ($m)	2023 ($m)
Shareholders' equity	1,986.2	1,617.9
Less: Intangible assets	(198.0)	(193.4)
Add: Deferred tax on intangible assets	23.3	23.8
Tangible net assets	**1,811.5**	**1,448.3**
Utilised letter of credit facilities	218.3	270.5
Total available capital	**2,029.8**	**1,718.8**
Capital requirements	1,378.5	1,223.2
Surplus capital	**651.3**	**495.6**
Surplus capital ratio	147%	141%

The strength of the balance sheet is underpinned by robust reserving processes and a well-resourced and skilled actuarial team. Our net risk adjustment has increased over the course of the year from $108.0m to $126.2m. The confidence interval of the risk adjustment remains unchanged at the 75th percentile and our policy is to keep this within a range of +/- 2.5%.

Good businesses have strong balance sheets, which is important as we operate in a 'fortuity' business (as the first few weeks of 2025 have illustrated so starkly). We are therefore pleased that we have been able to meet our profit targets at the same time as strengthening our balance sheet.

There continue to be challenges both at Canopius and within the market more generally to be able to quantify proof points for inflationary impact emerging against expectation. Our positive run-off against our loss picks supports the robustness of the reserves, and we continue to hold a modest and prudent reserve for inflation which has not changed during the year. Our reserves against the Russia/Ukraine war have not materially changed while our reserves held against claims relating to the pandemic have been reduced following several developments during 2024 that bring more certainty to our loss estimates.

On the asset side of the balance sheet, the group remained defensively positioned with 89% (2023: 92%) of investment assets comprising cash, money market funds and core fixed income securities of extremely high quality (73% of our debt and fixed income securities are AAA or AA). Once again, we 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 1.2 years (2023: 1.1 years) so as to broadly match the sensitivity of assets and insurance contract liabilities to interest rate movements.

Our AM Best rating of A- (Excellent) has been reaffirmed during March 2025. We also continue to benefit from Lloyd's "Superior" credit rating.

Looking forward to further success in 2025

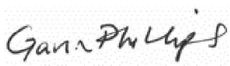
I am delighted that Canopius has again been able to deliver attractive underwriting profitability and business growth.

As Neil Robertson has noted, the quality of the result is testament to the transformative work the business has undergone over the last three years. There is no doubt that Canopius has matured as a business, with real empowerment and accountability across the organisation generating stronger and more consistent results. This is allowing us to plan and execute our strategies with increasing levels of confidence.

Looking forward, despite the challenges presented by consistently high levels of weather loss activity and a softening rate environment, rate adequacy remains attractive in most lines of business after more than five years of rate improvements.

The tragic wildfires in Los Angeles are a stark reminder that it is not just storms that present challenges to the loss environment and is a timely reminder to the industry to retain pricing disciplines. These wildfire losses are still being assessed as few notifications have been received and it is a complicated loss. It will clearly be a material event for the industry, but early indications imply that the losses will have a sizeable, but manageable impact on our 1Q25 earnings.

Over the last three years we have built an agile and resilient business, able to perform under a variety of market conditions. We will remain highly disciplined, but we still believe there are many opportunities to improve and grow our business and we continue to be confident of the outlook for both the coming year and into the future.



GAVIN PHILLIPS
Group CFO

11 March, 2025

Group Chief Underwriting Officer's Statement

> I believe that 2024 was a pivotal moment in Canopius' underwriting development. It should never be underestimated how powerful it is to build on what was previously a record year for us.

I am proud to report on another excellent year for Canopius and another year which has delivered record underwriting results for our shareholders.

It is also true that it was a year in which we made huge progress on the way we build our portfolios and also on how we will manage the business across the natural underwriting cycles. This is important as the result, and progress we report here, puts us in a position to be able to consistently deliver our plans each year.

Underwriting Strategy

During 2024, we developed and launched our new Underwriting Strategy Framework, an internal view of products which guides the building of our portfolios. We created this to ensure that our strategy is deliberate and sustainable, but also so that it takes into account the rating environment and the likelihood of making good underwriting profit from each of our products.

The Framework acts as our 'north star' to ensure that over time and cycles we are focused on growing our business in a deliberate manner, with a target portfolio construct based upon a steady state market (i.e. one where rates are stable, both absolutely and between products). The Framework ensures that we are focused on short-term profit, but also allows us to look at longer-term capital and volatility aspects.

I believe that this approach will drive the consistent performance we desire, and better aligns our underwriting community as we each play a part in our business development.

Our focus on clients

Last year, I discussed the need to consider our interactions with and promises to our clients as being beyond merely price - and I stand by this. Whilst the Underwriting Strategy Framework helps us to reinforce this message by setting out how we approach cycle management by product, it is vital that when we 'choose to win' we have a laser focus on our clients.

We need a proactive approach to helping them manage their risk, and acknowledge the challenges they face in their business – even when those challenges conflict with the opportunities we have to charge for the risk.

We must always look to be inventive to meet our clients' challenges. I am very pleased therefore, to be able to say that Canopius has invested in a Distribution function in 2024 for the first time. Our regional Distribution teams are able to tailor their efforts to the products and market positions our varied businesses have, and to interact with intermediary partners appropriately. This means we can now better focus our efforts, seeking opportunities where we can make a significant difference and where we have the profile to do so (and thus where we choose to lead business) rather than try to be overly client-focused where we cannot (and thus where we choose to follow).

It is important to be able to honour your promises to clients rather than set lofty but unrealistic expectations. This overall approach will be far more appreciated by all our clients.

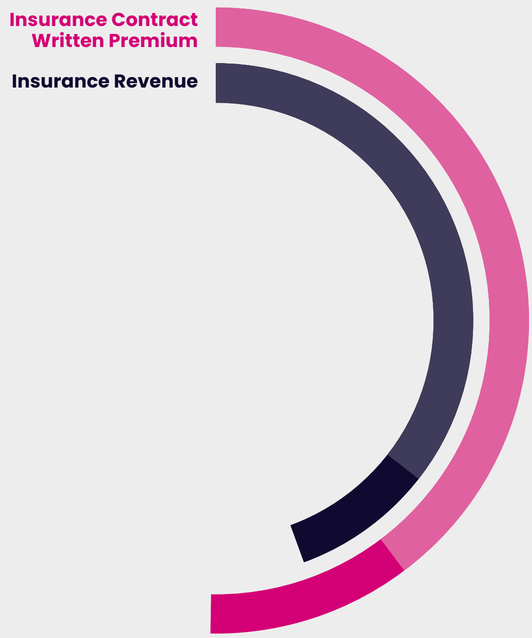
Continued strong underwriting performance in 2024

In 2024 we delivered an excellent underwriting result. Our underwriting profit or net insurance service result was $359m, with an undiscounted net combined ratio of 90.2% which compares to $284.9m at an undiscounted net combined ratio of 88.7% in 2023.

Whilst our 2024 profit exceeded our 2023 result, it is all the more impressive given that 2024 reverted to an 'active natural catastrophe occurrence' environment, with significant catastrophic events happening not only in North America, but also Brazil and Europe. Additionally, the major floods in the United Arab Emirates in the first half of 2024 represented the worst insurance loss that region has ever experienced.

Financial Year

	2024 ($m)	2023 ($m)
Insurance Contract Written Premium (in $m)	**3,531.8**	2,795.5
Insurance Revenue (in $m)	**3,125.1**	2,491.0



Undiscounted Net Combined Ratio

90.2%
2024

88.7%
2023

Group Chief Underwriting Officer's Statement continued

PROPERTY AND CASUALTY RATE CHANGE 2024:

Property

+2.8%

Casualty

+4.4%

Nevertheless, we have taken huge pride in our planning process. Despite all these incidents, we delivered our result in line with our budgeted catastrophe allowances. As such, we can be confident that this result is down to good risk selection and a focus on ensuring that we charge the right price for the risk we are taking.

The rating environment clearly helped with overall rates delivering a 1.2% improvement to our rate adequacy. This means that our actuaries have now experienced two years of complete rate adequacy in the lines in which we operate.

Of course, we are alert to not only our current underwriting environments, but also focus on the medium-term environment for all products. It is for this reason that we decided to exit the Space market in 2024. While the current Space market is struggling with elevated levels of large risk losses, we decided that a changing approach from our clients in respect of technology, and their willingness to retain risk, means that we are unlikely to be able to recoup losses as and when we have them. This made the Space proposition too asymmetric, and market dynamics were distorting in an attempt to keep rates below the necessary medium-term levels. For Canopius this was the right decision.

I discuss below the results of our five global products[1].

Property and Casualty Report

Property

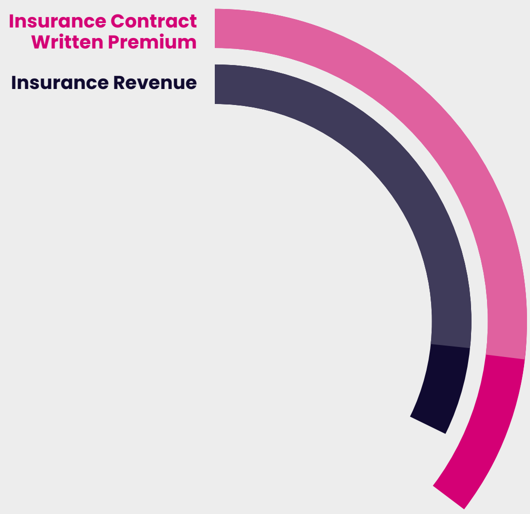
Our property portfolios delivered exceptional outcomes for Canopius in 2024. Rate adequacy remained favourable and it was a good trading environment. Our property teams operate as a global business unit, and it was particularly pleasing to see the collaboration between them and an overall dynamic approach to our property underwriting as a whole.

In 2024, we optimised our portfolio by moving capacity between geographies and products. We did this to both support the broader Canopius businesses and also to exploit the pricing differentials within regions and between different distribution channels (i.e. U.S. retail versus wholesale).

1 During 2024 certain classes of business were reclassified within our five global product segments. The comparative figures in the charts below have been re-presented to reflect this change.

Property & Casualty

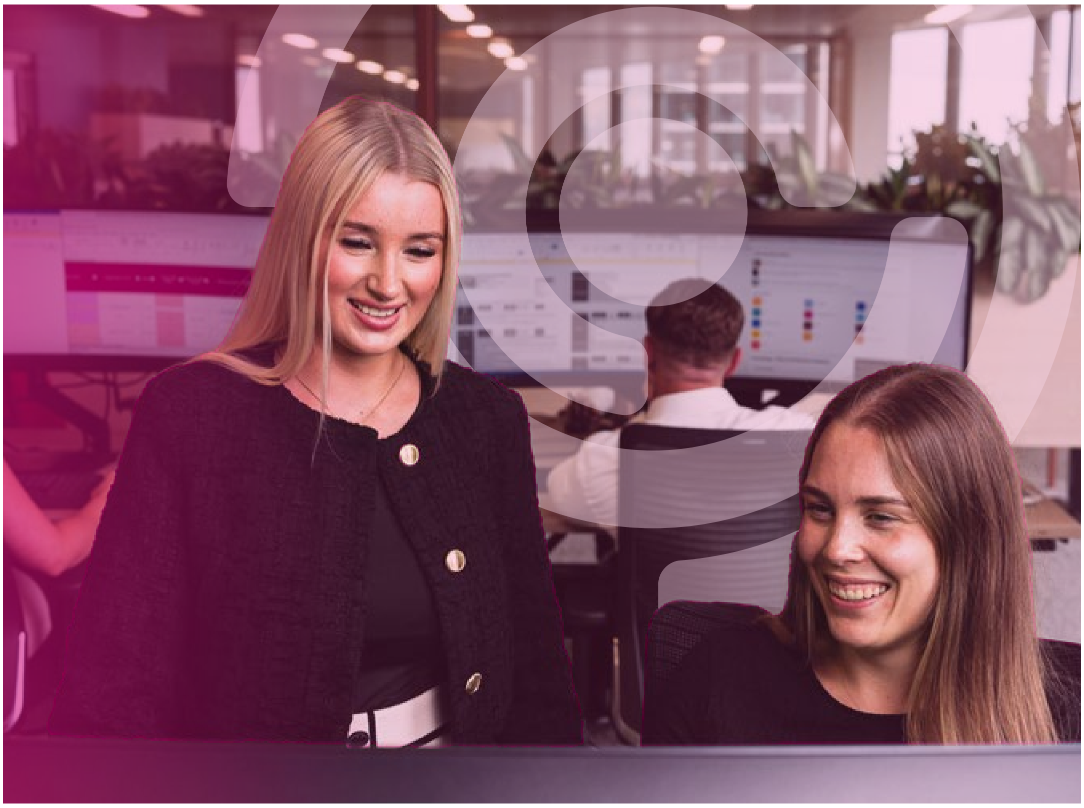
	2024 ($m)	2023 ($m)
Insurance Contract Written Premium (in $m)	1,235	947
Insurance Revenue (in $m)	1,130	939



Undiscounted Net Combined Ratio

87.8%
2024

88.6%
2023



I regard our property results as a particularly credible performance given that in 2024 we saw the return to what could be described as "the new normal" levels of catastrophe losses of more than $140bn. Further, due to the lower severity and higher frequency pattern of property losses in this environment, a disproportionate burden was placed onto primary insurers. For a primary insurer to deliver the results we have in these circumstances is an exceptional performance by our teams.

There are early indications that the market is undergoing a cyclical change that will begin to favour the buyers of property insurance. The multi-year profits we have recently experienced from property are naturally attractive to all carriers, so we have experienced a noticeable increase in competition on the larger corporate accounts. This issue is particularly acute in the London market, where domestic insurers are maintaining their share of risks. This, combined with the rapid increase of facilitisation and augmented underwriting, is reducing orders for open market underwriting teams.

This market dynamic will, without a significant uptick in major losses, result in rate weakening across all business lines in 2025. However, there is no evidence to suggest that either deductibles or conditions are deteriorating. Outside rate impact, the attritional loss ratio is not under overt pressure. We will be monitoring this very closely in 2025 and are alive to the consequences, and are prepared to be even more agile with our capacity.

Casualty

Casualty remains an 'underweight' area in the Canopius portfolio. Market conditions have improved significantly since 2020, but 2024 saw a slew of further prior year claims development (PYD) for many carriers, particularly those in the U.S. These PYDs continue to impact rating levels in the market but more importantly, as far as we are concerned, it continues to be reflected in a general strategic approach to the sector where limits deployed on both a "per risk" basis and "per layer" are being reduced.

Group Chief Underwriting Officer's Statement continued

SPECIALTY RATE CHANGE 2024:

Total

+0.5%

Energy

-1.4%

A&H

+0.5%

Credit & Political Risk

-5.9%

Marine

+1.7%

Specialist Consumer Products

+4.5%

Specie

-1.9%

This is important to us as we can see a cautious route to enter the broader casualty market while being regarded as valuable capacity. This approach means we do not have to be overly concerned about adverse selection by brokers.

We still do not regard casualty pricing levels as being in 'hard market' territory, but rates are now certainly adequate in the majority of areas. To that end, in 2024 we hired a U.S. Casualty team and activated the strategy that we had already prepared for.

Our London casualty team writing U.S. technical business performed well and rate exceeded our expectations. Further, 2024 saw the effective conclusion of some very significant claims in this market. These claims affirmed the belief that judgements are significantly more plaintiff-friendly, thus more modest line size deployment is necessary. Nevertheless, the financial performance was excellent and we are proud of their efforts.

Specialty Report

2024 has been an excellent underwriting year for this large segment of our portfolio, representing circa 20% of our premium. Our specialty teams achieved not only from a performance perspective but also in terms of implementing the underwriting framework and strategy.

The year was marked by exacerbated tensions around the world, and a series of larger Space losses combined with the Francis Scott Key Bridge collapse on March 26, which could be the largest ever marine loss for the insurance market.

Despite these events, our approach to underwriting specialty risk remained disciplined. We have demonstrated the resilience of our portfolio by delivering a strong performance and achieving significant growth in insurance revenue.

Rate increases have had a limited impact on this premium, which is still at levels necessary to match inflationary pressures. This is not a great surprise as these portfolios have delivered good underwriting results since 2002 (COVID years excepted).

One of our great successes in 2024 has been the development of our equine & livestock (E&L) account, which has progressed ahead of expectations in its first year. The underwriting team consists of six people in London and one claims specialist, operating exclusively by writing on Lloyd's syndicate paper.

We also launched our U.S. E&L office in Q2 2024, headed up by Julian Bowen-Rees, writing business on both Lloyd's syndicate and CUSI paper. We plan to launch a fully admitted equine, livestock, farm & ranch program in 2025, which will allow us to cover all different channels for this sector and establish Canopius as a differentiated leader with a distinct value proposition for our E&L clients.

All our product classes are subject to market cycles, and we have the ability to flex our capacity to maximise profit when dynamics are favourable, and shrink when they are not. The decision to withdraw from the Space market in 2024 was driven by a particular negative market dynamic. Where we would customarily expect significant rate change to improve the profitability, instead we saw space clients retain more risk to a point where major clients essentially stopped buying the product and only passed on the most challenging of risks.

This left a spiral of rate requirements which were unachievable. It became clear that unlike a normal cycle, clients were choosing to self-insure ever-more complex risk, and our ability to recoup or make future margin has disappeared. In the face of these challenges, we removed our capital from this sector and redeployed it in areas where we have a better long-term chance of profitability. This decision was evidence of our prudent portfolio management and adherence to our underwriting framework.

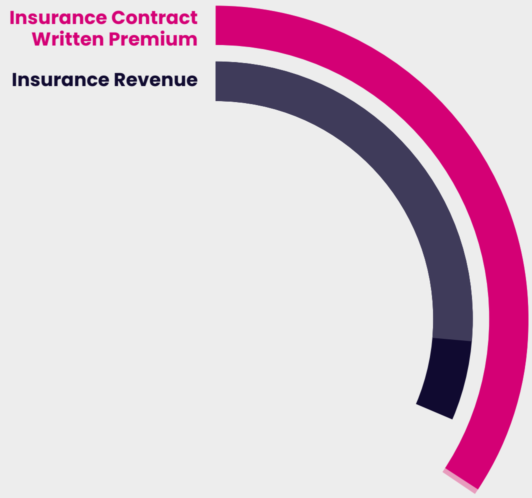
Professional Lines Report

Cyber

As a community, we generally try to describe the market in binary terms, as either 'hard' or 'soft', but in 2024 this wasn't necessarily the case in the cyber market.

Specialty

	2024 ($m)	2023 ($m)
Insurance Contract Written Premium (in $m)	**857**	866
Insurance Revenue (in $m)	**785**	665



Undiscounted Net Combined Ratio

92.4%
2024

92.1%
2023

The cyber rating environment is poorer than it was twelve months ago, but those heady days were never going to exist for too long. This does not mean that cyber underwriting conditions are bad today, just different.

Despite the changing rating environment, there is no absence of adequacy in the premium written. The loss picture seems to be marginally worse than this time last year, but we are comparing small changes. Overall, cyber performance was better than expected in 2024, at least within the Canopius book.

While the global CrowdStrike incident came close to igniting the market, with the benefit of a few months reflection, participants have collectively begun to breathe a little more easily. For these reasons, I remain convinced that the prospects for the cyber market and the opportunity for Canopius in this area remain exceptionally strong.

The investment that we have made into the Canopius cyber team, through its Incident Response, Threat Intelligence and Proactive Services, is having the impact that was planned for. Canopius cyber is regarded by the broker community as offering value beyond capacity which has enabled our teams to win business. In so doing, we are encouraging those brokers to return again and again.

We have built a proposition that enables brokers and clients to make an affirmative choice to place their business with Canopius, rather than passively waiting for the business to arrive. On the back of another year of healthy premium volume (insurance contract written premiums of $237m (2023: $247m)), our aim in 2025 is to continue to leverage the growing range of services and capabilities on offer throughout our business and invest further in those areas which are distinctive.

Finpro

2024 has been another irrational year for the finpro market. Discussions around rate decreases have been seemingly inescapable, similar to those in 2023 and 2022.

PROFESSIONAL LINES RATE CHANGE 2024:

Total

-6.0%

Cyber

-5.5%

Financial Lines

-5.6%

Group Chief Underwriting Officer's Statement continued

PORTFOLIO SOLUTIONS RATE CHANGE 2024:

Total

+1.1%

The claims frequency and severity continues to increase in U.S. Securities class action lawsuits. Given the resulting rate decay, we have decided to moderate our appetite in the face of an adverse marketplace and wait for discipline to return, which is in line with the comment I made last year.

Our successful underwriting strategy in the finpro market has been evidenced by another year of excellent results in the portfolio. The financial results have not been the only success this year - I have been very pleased that we have managed to cautiously expand our existing team's offering. We have built a platform, brand and diversified finpro book that can support growth.

Growth is focused on the addition of products that are currently 'missing' and should form part of a global offering. This includes expansion into 'professions ex-lawyers' and 'miscellaneous', as well as E&S-channel U.S. private company D&O. The addition of a dedicated underwriter in Australia has also facilitated entry into the Australia D&O market.

Portfolio Solutions Report

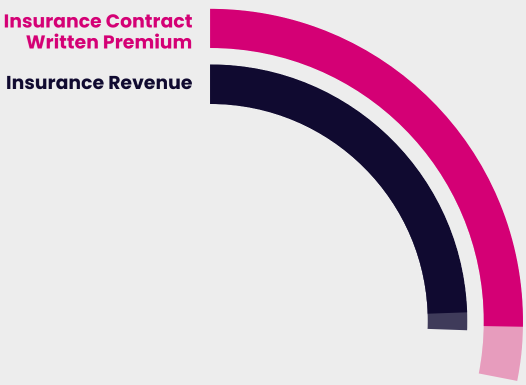
Our Portfolio Solutions division had a standout year, with both financial and non-financial targets achieved by some distance. We have established ourselves as a credible leader in this important and growing segment, and Canopius is now a core partner for a number of brokers who themselves are developing their own Portfolio business units.

The London Market Association sponsored a report from Oxbow Consulting on the future of "Augmented Underwriting" in 2024. The conclusions reaffirmed our belief that this is an innovative sector that will replace some significant share of the traditional London "follow market" and will equate to being a multi-ten billion dollar sector by 2030.

That said, the "augmented underwriting" sector report outlines various forms of capacity allocation, including risk selection enabled by algorithms as well as portfolio trackers. I thought, therefore, that as promised last year, I would lay out what 'Portfolio Solutions' means to us.

Professional Lines

	2024 ($m)	2023 ($m)
Insurance Contract Written Premium (in $m)	**381**	422
Insurance Revenue (in $m)	**368**	384



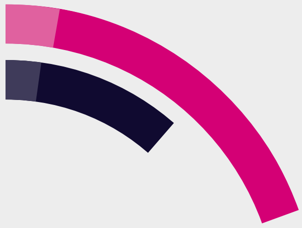
Undiscounted Net Combined Ratio

88.2%
2024

70.3%
2023

Portfolio Solutions

	2024 ($m)	2023 ($m)
Insurance Contract Written Premium (in $m)	295	44
Insurance Revenue (in $m)	171	35



Undiscounted Net Combined Ratio

85.5%
2024

120.6%
2023

Portfolio Solutions is a method of acceptance whereby Canopius agrees to accept a pre-determined share of every risk placed by a broker according to a set of primary applicability criteria, including risk geography and class of business. To police the business, and to ensure a portfolio "shape" in line with our expectations, secondary criteria are set. These can include maximum exposure per policy, the requirement for a particular carrier(s) to be the policy leader, restrictions on length of policy period and maximum premium volumes by class of business.

When these 'facilities' mechanisms first appeared in 2013, they did suffer from optionality – individual brokers were not required to use them by their brokerage. This inevitably led to poor behaviours, with a tendency for brokers to fill the portfolios with compliant but lesser quality insureds, which brought inevitable challenges to the portfolios' results. Times have changed, and contracts now have rules of use by brokerages, and compliance with those rules is subject to audit.

I have noted that there are many versions of these facilities. Our focus is on opportunities with what we believe to be clear and identifiable indices to which they approximate. Thus, we tend to favour multi-class, broad portfolios placed by brokers that are able to offer us global risks. Also, those portfolios that are able to offer business that would not normally be seen in the London market are particularly sought after as they offer us welcome diversity and stability.

Our Portfolio Solutions business unit is hugely positive for Canopius. Investing in the portfolios offers us a view of global risk intelligence, meaning our business development is significantly enhanced as we are now aware of far more risks placed than we were previously.

Also, competing as a global leader in an innovative and fast-growing segment is hugely beneficial for Canopius. The partnerships we are developing with global insurance intermediaries through our portfolio solutions investment means our risk-selecting underwriters have the benefit of placing risk for what our partners see as an increasing global business brand.

Group Chief Underwriting Officer's Statement continued

REINSURANCE RATE CHANGE 2024:

Total

+3.5%

Property

+2.9%

Casualty

+5.9%

Marine & Specialty

+2.6%

It is fair to say that 2024 was a pivotal year for us in Portfolio Solutions. But 2025 will be even more important as we build on the strong foundations we have laid, take advantage of the available market intelligence and more effectively grow our business.

Reinsurance Report

I am pleased to report that 2024 was a year of good delivery by our reinsurance teams across the world.

Probably the best news for our global reinsurance businesses was the progress made by Canopius Reinsurance (CRe) in Bermuda, in the building of their on-island teams. Our Global Head of Reinsurance and Bermuda CEO, Charles Cooper, has enticed some high-quality staff into our operation. Charles provides more detail on how he has strengthened our reinsurance teams in his report.

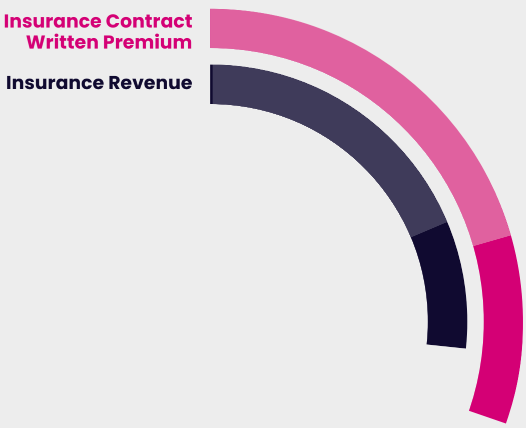
Rating levels for reinsurance remain very favourable, and 2024 was a good trading environment for us. We effectively grew our casualty reinsurance penetration as we took advantage of better underlying rating, not only on primary policies but also taking advantage of the trend to improve ceding commissions. This will, I believe, continue into 2025 on a further positive trajectory.

Of course, U.S. property treaty is the most significant volume of premium globally in the reinsurance sector, and our U.S. property treaty team once again had a good year. Whilst significant business growth is always a challenge in the face of aggregate constraints put on the team, we have taken the opportunity to optimise the portfolio and seek ways to improve its quality in terms of its predictability in the event of a major catastrophe.

Once again, the performance of the international catastrophe book was challenged in 2024. The global secondary events that we experienced tested historic performance of our cedants, and some delivered poor outcomes for us. We were forced to look very hard at our strategy in this area and have reluctantly walked away from some long-standing clients whose loss performance exceeded our tolerance. In the event pricing does not respond suitably in 2025, we will have no hesitation to prune our portfolio further.

Reinsurance

	2024 ($m)	2023 ($m)
Insurance Contract Written Premium (in $m)	763	516
Insurance Revenue (in $m)	672	468



Undiscounted Net Combined Ratio

93.3%
2024

94.8%
2023

The marine reinsurance portfolio had to contend with the Francis Scott Key Bridge collapse in early 2024, and given the probable significant size of the global loss as a result of this, their results were admirable. That said, they did suffer PYD from discontinued business segments (aggregate P&I policies) which is very frustrating for them.

Underwriting outlook in 2025

I believe that 2024 was a pivotal moment in Canopius' underwriting development. It should never be underestimated how powerful it is to build on what was previously a record year for us and then immediately exceed expectations.

It is a truism that 'success breeds success', but I prefer to think of it as success breeds confidence, and confidence is a building block of focus and discipline. There is no doubt that market conditions have been helpful for us recently – but they will not always be there and we need to recognise and focus on the skills required to take us through more challenging periods.

I am confident that 2025 will be another year of acceptable market conditions, which will allow us to spend another 12 months growing and optimising our portfolios (where planned for) as we start to prepare for whatever conditions the future holds.

Of course, rating environments are a function of industry results. As I mentioned in my introduction, 2024 saw a much-elevated frequency of major catastrophe losses. Were this increased frequency to be conjoined with an elevated severity in 2025, then many strategies would be exposed. In this eventuality, I am confident our portfolio construction would stand the test of closer analysis. In planning for 2025, we made changes to our assumptions to take in some potential increase in 'cat' activity over the next 12 months, and we bought reinsurance appropriately. As with everything we do, we look to become ever-more resilient and predictable.

I also talked last year about the way we present ourselves externally. I believe Canopius has made progress in this objective and we have significantly more client engagement now than we did in 2023.

Having a compelling story makes us stand out from the crowd and it invites clients to be part of the journey. Canopius is moving up most broker indices in respect of "share of wallet" analysis (as our growth would suggest) but that share increase directly correlates with the intended strategy in those products where we have chosen to grow. This precision in our growth is particularly welcome.

Our refreshed three-year plan is both challenging and achievable, but will require our underwriting teams to be robust and effective as many competitors have similar strategies as us. Whilst still helpful, the market state cannot satisfy all participants equally, and we need to perform better than our competitors with our clients and intermediaries for us to achieve our ambitions.

SAM HARRISON
Group CUO

11 March, 2025

Group Chief Underwriting Officer's Statement continued

Bermuda Reinsurance Report

Charles Cooper, Global Head of Reinsurance, Bermuda CEO

The reinsurance business made significant progress in 2024, and we built out the foundation for the future.

Canopius has successfully written reinsurance for 20 years, however it was typically written as separate classes and predominantly at Lloyd's. In 2024, we hired a new, small and experienced team in Bermuda, and took advantage of favorable market conditions to grow in all classes and platforms. We also solidified our lead position at Lloyd's and reached scale and relevance in both Singapore and Sydney.

BUILDING FOR THE FUTURE

In Bermuda, we secured the core of our future leadership with Tonia Morgan, Bermuda CFO and Jesse DeCouto, Bermuda CUO. Both Tonia and Jesse have more than 20 years of experience in the Bermuda market and are recognised and well-regarded experts.

Subsequently, Jesse hired three experienced (20+ years), talented and technical underwriters to build out the Property, Casualty and Specialty pillars of the business. The Bermuda platform will complement our Lloyd's business with a portfolio skewed towards proportional business. In 2024, Canopius Reinsurance Ltd. wrote more than $200m of open market business, and we expect this growth trajectory to continue into 2025 and beyond.

Jesse also assumed the role as Global CUO for Reinsurance. Sam Harrison and I look forward to his guidance and leadership as we continue to shape the portfolio, refine our analytical capabilities and establish ourselves as a truly global, multi-line reinsurer.

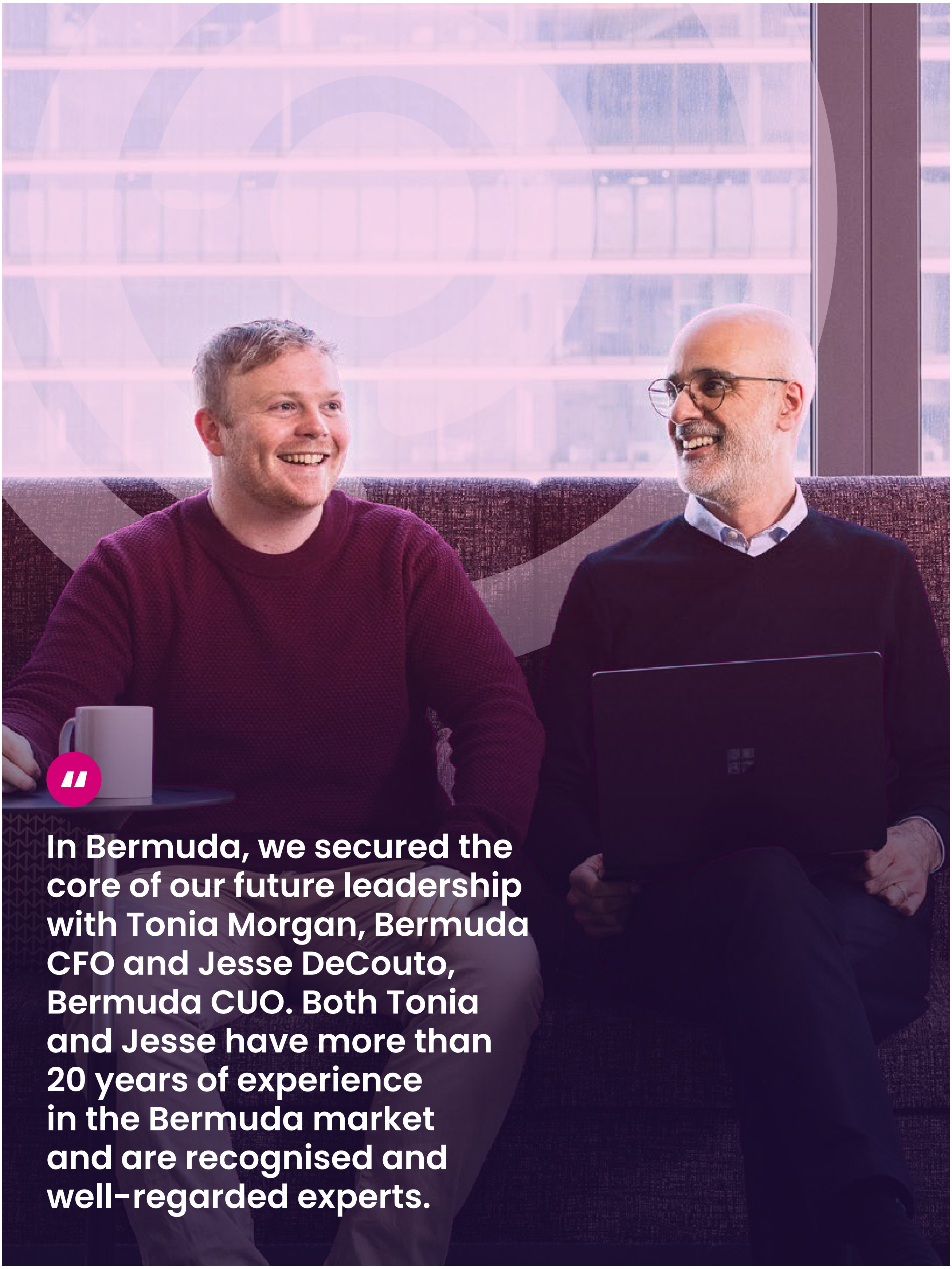
A SUCCESSFUL 2024

A favorable January 2024 renewal period gave way to a degree of mid-year softening in shorter tail classes. However, the reinsurance business still delivered a 3.5% risk adjusted rate improvement while terms and conditions remained stable. For 2024, we wrote $763m of insurance contract written premium in our reinsurance segment - representing a 48% year-on-year growth rate

We are an established lead and quoting market in the Lloyd's market in all four classes of business lead by industry veterans Andrew Ealey, Head of Property Treaty, Claire Wallace, Head of Marine Treaty, Paul Western, Head of Casualty Treaty and Andrew Hartley, Head of Aviation Treaty. In Singapore, we continue to profitably grow our treaty business under the leadership of regional Deputy CUO Nattakorn Wattanaumphaipong.

Our agricultural business - lead by Deng Yu, Head of Agriculture Reinsurance - wrote $88.6m of insurance contract written premiums in the year as we solidified our position as a meaningful global player in this increasingly important niche. Andrew Parker, Head of Treaty for Australia and New Zealand, and his team in Sydney have grown their treaty business to insurance contract written premiums of $33.5m in 2024 and built a profitable and diverse portfolio of Australian and New Zealand business.

Looking ahead, following two years of strong results, we expect heightened competition in property and continued rate improvement on longer tail business as reinsurers grapple with casualty loss development from older years.



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People, Talent & Wellbeing 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.

Fostering a Strong, Employee-Led Culture

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 this culture is key to building a business which delivers profitable, sustainable results. We know what sets us apart is our people, and the way 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 culture we are embedding is built on principles of employee empowerment, accountability, respect, and trust and we see those behaviours becoming a core part of how we do business:

- 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

We listen and keep our promises to our people. Building on our last full global engagement survey we have been working hard to create local action plans to which each team can connect and contribute.

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 that is linked to performance, the way we perform and behave has been placed at the top of our agenda.

The Canopius Career Framework has been delivered across the Group, 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.

Our new leading-edge high potential development programme 'Elevate' has proven extremely valuable in identifying and developing our emerging talent across regions and capabilities. Elevate offers our brightest prospects real-time enterprise projects to stretch and empower them to help shape the business they will eventually lead. To date, we have launched programmes to improve both innovation and performance oversight across teams.

We have also introduced a global talent development programme for diverse colleagues. Ten colleagues participated in the 12-month 'Excel Leadership Development Programme', consisting of six months of expert training and then a further six months of bespoke coaching.

This is alongside a number of female employees participating in the 'ICS Group Aspiring' and 'Emerging' membership programmes . Canopius also created its own internal female group, aimed at harnessing the power of networking for career development across the company.

We also upskilled our HR colleagues on inclusive hiring practices and will be rolling out training to the business in 2025 to embed the expertise needed to tackle unconscious bias and glean the best and broadest talent pools for our business.

People, Talent & Wellbeing at Canopius

continued

Canopius launches Cirrus HR Information System

In 2024, the Canopius HR, Operations, Change and Technology teams came together to overhaul the business' aging HR Information System (HRIS) to create a solution fit for a growing, modern organisation.

The limitations of Cascade, Canopius' former HRIS, were clear. It was a system that could not support the compensation process, many of the processes were manual and there was no room for future expansion, for example with the integration of AI tools. The disparate systems in use across the capability, such as Clear Review, Cascade, Talos, and Document Records (DMS), were not integrated, leading to data inconsistencies, and inefficiencies, and an inability to track team development effectively.

In response to these challenges, Canopius decided to invest in a new HRIS. The HR team produced a set of detailed requirements and initiated a tender process, evaluating 12 suppliers. After thorough presentations and a scoring system that rated functionality and technical aspects, the Oracle product emerged as the solution that was the best fit with the detailed requirements. Canopius were also fortunate enough to secure Oracle Consulting as the implementation partner.

The team christened the new project 'Cirrus' after a naming competition in the team - it was suggested to reflect a "high level cloud solution" for HR.

The Cirrus project officially started in April 2023, with the first phase rolling out the Cirrus platform in November 2023. This new platform offers employees the ability to manage their personal data, compensation information, and absence records in one place. Line managers gained increased visibility of employee data, and new functionality enabling them to make changes more efficiently and for example to track new recruits' onboarding journeys.

By July 2024, Canopius had introduced its first Learning Management System (LMS) within the Cirrus platform. This allowed employees to access all their training in one place, to maintain their training records, and to support individual development. The U.S. Benefits and Payroll module followed in August 2024, bringing much of the payroll information such as payslips and tax forms into Cirrus and providing employees with access and functionality to select their benefits.

The recruitment process was automated in September 2024, reducing the need for authorisation to recruit forms and improving interview scheduling. An internal job board was also introduced, allowing employees to apply for internal jobs and new functionality to refer external candidates for roles.

Looking ahead to 2025, Canopius plans to roll out Talent and Performance Management modules, enabling employees to set goals, track their performance and manage the entire performance management cycle. There will be full integration into the career management process and the compensation modules.

The vision of a fully integrated HR system with the aim to empower managers and employees, to provide a single point of truth, and support strategic decision-making as the business grows is becoming our reality.

Inclusion and diversity are core pillars at Canopius

This year has seen the development, enhancement and delivery of our Inclusion and Diversity (I&D) efforts.

We are dedicated to providing our colleagues with the support and psychological safety that comes from building an inclusive culture. We are ensuring 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 I&D strategy. This is delivered through a framework of actions, critically underpinned by data and insights, permitting us to make intentional steps 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.

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 Employee 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 we have been supported by our ExCos, the I&D Steering Committee, Employee Networks and regional working groups, all working together to deliver across a suite of actions to ensure we are leading from a position of true inclusivity.

Our Employee Networks continue to champion enthusiastically I&D matters and raise awareness of local and global events and celebrations throughout the year. These engagement opportunities allow the experiences of colleagues to be shared throughout the organisation, widely publicising the lived experiences of colleagues and communities with the focus on promoting wider empathy and understanding of difference.

We are proud to showcase some of our deliverables in recent years, including:

- Balanced workforce of colleagues at Canopius, reaching the top quartile for representation of women in leadership in the 2024 Lloyd's Market Policies and Practices return.
- Launched EmpowerHER, our internal female network. This creates a safe space to build personal brands and champion the careers of our female future leaders.
- Enhanced suite of family and gender related policies, including menopause support as part of private healthcare offerings
- Announced as finalists in both the Women in Insurance Awards 2024 and the InsurIndex 2024 London Female Underwriter of the Year Awards
- Implemented Radius accreditation and professional development for our Employee Networks

People, Talent & Wellbeing at Canopius
continued

- Delivered engagement and learning opportunities for our colleagues through our I&D calendar of events, organised and hosted in partnership with our Employee Networks.
- Delivered inclusive leadership training globally

Turning the dial to foster a more diverse industry

It is positive to note that throughout the course of 2024, there have been 200 joiners to Canopius globally - 54% are from diverse backgrounds.

Whilst we can measure improvements across our representation in this way, we continue to focus on the day-to-day lived experiences of our colleagues which matters most.

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 stay abreast of nationally and internationally specific papers and findings.

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 HR Officer

11 March, 2025

Sustainability at Canopius

We view sustainability as a source of innovation and opportunity.

Sustainability is central to our Group purpose, which is to help our clients be resilient in the face of their unique and evolving challenges.

In 2024, we refreshed our sustainability strategy following significant engagement with our Sustainability Forum and Leadership Team. We have begun to build on this new foundation, though our journey will continue in 2025 and beyond.

Our strategy is based around three core principles

Our strategy is to create a more sustainable business environment for our clients, company and people through focusing on priorities aligned to our business purpose, where we can make meaningful impact.

We are focusing on three core principles.

Protect our clients

Meet the evolving needs of our clients in the context of sustainability risks.

- **Resilience** - Help our clients to be stronger in the face of adversity.
- **Transition** - Support our clients in their efforts to mitigate risk and adapt their business models.
- **Innovation** - Partner with our brokers on solutions for emerging and escalating risks, meeting new client needs.

Advance our business

Integrate new processes and analytics to improve risk understanding and to make our operations more sustainable.

- **Analytics** - Make more informed decisions by leveraging data and analytics.
- **Integration** - Embed sustainability across all areas of the business.
- **Reporting** - Demonstrate accountability and transparency.

Engage our people

Foster an inclusive and diverse workforce, informed and engaged on sustainability topics.

- **CSR** - Actively contribute to social and environmental resilience.
- **Development** - Arm our people with knowledge and skills.
- **Inclusion & Diversity** - Strengthen our culture by promoting a diverse and inclusive workforce.

Sustainability at Canopius

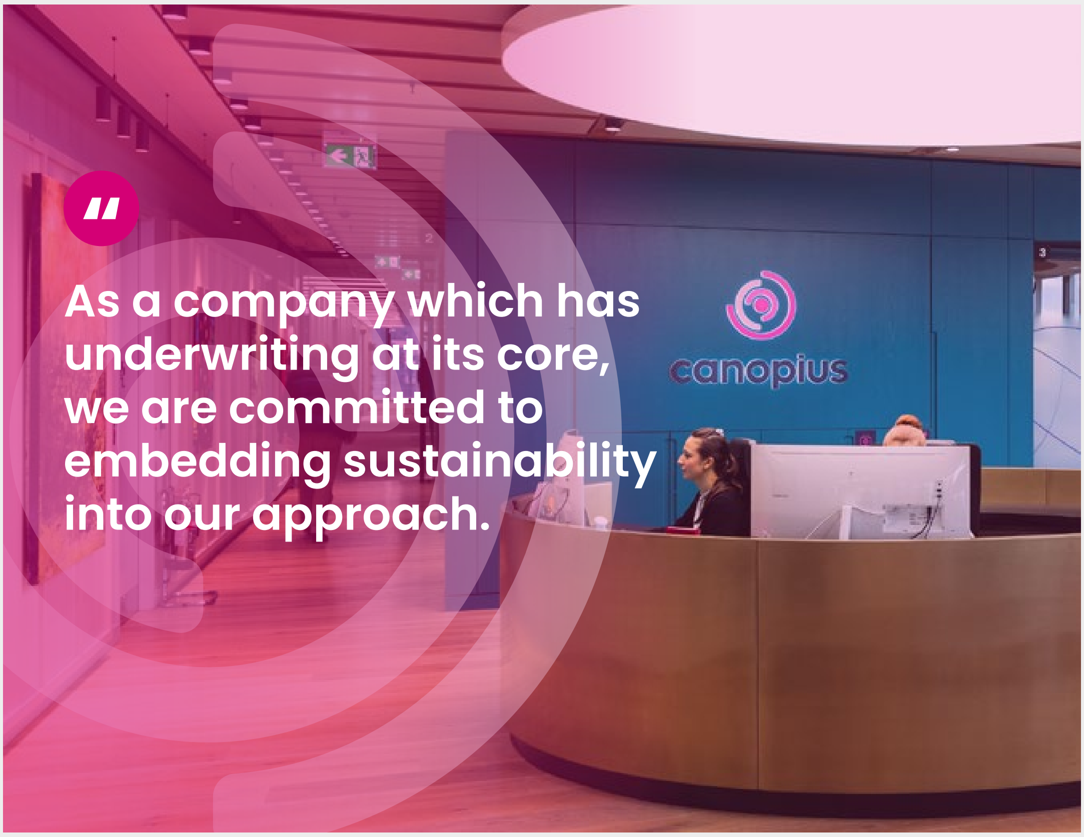
Sustainability governance

The Environmental, Social and Sustainability (ESS) Committee is a sub-committee of the Group Board, overseeing all elements of our Sustainability strategy. It is supported in the implementation of this strategy by the Sustainability function, which reports to the Group Chief of Staff & Head of Strategy.

Broader engagement with other relevant functions is provided by the Sustainability Forum, while several working groups are dedicated to specific topics (such as climate risk, quantitative topics and sustainability reporting).

Key sustainability achievements in 2024

- We launched a new **Responsible Underwriting** Policy, and an accompanying Responsible Underwriting Framework focused on climate-related issues. Our approach was informed by extensive engagement with underwriters, and has now been rolled out across the business.
- We drafted a new **Responsible Investment** Policy, working together with our in-house Investment function as well as our third-party asset managers. The core principles of this policy align with our underwriting approach.
- We carried out **carbon footprint baseline** calculations across all Scopes of emissions: for Scope 3, this included both operational elements and the footprint associated with our investment (corporate bonds only) and underwriting portfolios.
- We launched the **Canopius Sustainability School**, our first company-wide and mandatory sustainability training programme.
- We launched a project to explore our exposure to **nature and biodiversity risk**, as part of our internal cross-functional development programme, Elevate.



A responsible underwriter

As a company which has underwriting at its core, we are committed to embedding sustainability into our approach – this is done across various levels of our underwriting governance.

Our Global Underwriting Strategy, Management Plan and Global Underwriting Policies outline our risk appetites and guidelines, ensuring robust underwriting governance which allows us to operate in a fair and equitable way. We apply a thoughtful approach to every underwriting decision we make, taking into account sustainability factors as well as reputational risk.

In 2024, we introduced a new approach to deal with controversial activities. We launched a Responsible Underwriting Policy – which guides us on which risks need to be referred for approval – and an accompanying Responsible Underwriting Framework – which provides a decision-making methodology to deal with escalated risks.

For now, the focus is on climate-related controversial activities (including thermal coal, Arctic drilling, oil sands and fracking). If a risk triggers defined activity thresholds, underwriters perform an assessment across a range of sustainability impact criteria. Based on the outcome of this evaluation, a final decision is made, with more senior sign-off needed to approve weaker scoring risks.

We do not rigidly codify every potential scenario but take a principles-based approach which requires an evaluation of the specific risk rather than blanket rules or exclusions. We seek to have informed discussions with clients and brokers about sustainability issues, and are working on a more structured engagement framework.

Evolving actuarial capabilities to keep pace with our improving understanding of climate change

Our approach to risk modelling is rooted in science: Canopius has a track record of leveraging advanced modelling and analytics to assess natural catastrophe risks.

In order to address the challenges of increased exposure to climate change and climate-related perils, we have established an actuarial-led Sustainability Quantitative Working Group.

The group is chaired by our UK Chief Actuary and has representatives from pricing, reserving and capital. In 2024, the Group focused on:

- Developing a robust framework for considering climate change related trends in actuarial assumption setting
- Utilising proprietary datasets within actuarial analyses
- Working collaboratively with market working groups on climate change
- Increasing our understanding and knowledge surrounding climate risk from a regulatory and analytical perspective within the actuarial team, as well as among actuarial stakeholders

Risk Management at Canopius

We recognise the critical importance of having robust risk management and governance systems in place as we continue to grow. In 2024, we continued to evolve our processes to ensure that the Canopius risk framework remains effective in delivering risk management and oversight for the overall group and at the business units.

Assessing risk regionally and globally

The Canopius risk function is comprised of a global risk team and risk teams in each of our three business units. Our operating model requires a risk function that is sufficiently robust in each of our business units to continue the level of rigour and oversight that has underpinned our business growth to date. We have local expertise in place who understand the nuanced risk we face in the jurisdictions where we do business.

This local autonomy is balanced by a clear group-wide approach to risk management. Our global risk team ensures Canopius has an enterprise-wide risk management framework with processes that are capable of scaling locally in our target markets as needed. It provides guidance and support to each of our business units so that they have the requisite risk management skills and standards to empower growth in their region. It is also the engine room for risk insight and reporting to ensure that risk information is coordinated and timely for cascading or escalating to the relevant management and Board committees.

2024 was another eventful year globally which warranted continued enhancements to the Canopius Group risk management framework. This included providing the business with more clarity on roles and responsibilities, particularly in light of updated risks and controls.

Our Risk Insights Lab was launched to provide an important platform for global and business unit leaders to input into the view of emerging risks, issues and opportunities. The risk function led the coordination of the top ranked risk topics for further exploration and analysis across the relevant regions, product lines, and capabilities. This ensures we remain on the pulse of, and understand the interconnectivity of developing risks across the jurisdictions in which we trade.

Additionally, this year, we introduced the Group Risk Opinion report as a second line review and assessment of the overall Group business planning process. This ensures visibility and coordination of the planning process across the Group and that material risks arising from various aspects are sufficiently considered. Risk recommendations are fed back to the relevant departments or business units to ensure actions are taken forward or incorporated iteratively to improve business planning going forward.

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 strategy, 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' 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 the 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 guidance, oversight and challenge to the risk-taking business. The third line of defence is Internal Audit, which provides independent assurance over the effectiveness of risk management by business and oversight functions. .

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, but we identify and manage risk pragmatically, while always keeping our eyes on stakeholder management.

Governance

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Our commitment to continuous improvement ensures robust oversight, accountability, and long-term sustainability.

This section outlines our governance approach and provides an overview of the Board and Committee operations throughout 2024. Our governance framework is tailored to reflect best practices suited to the size, nature, and scale of our Group, while prioritising the long-term success of Canopius, delivering value to shareholders, and fulfilling our responsibilities to all stakeholders.

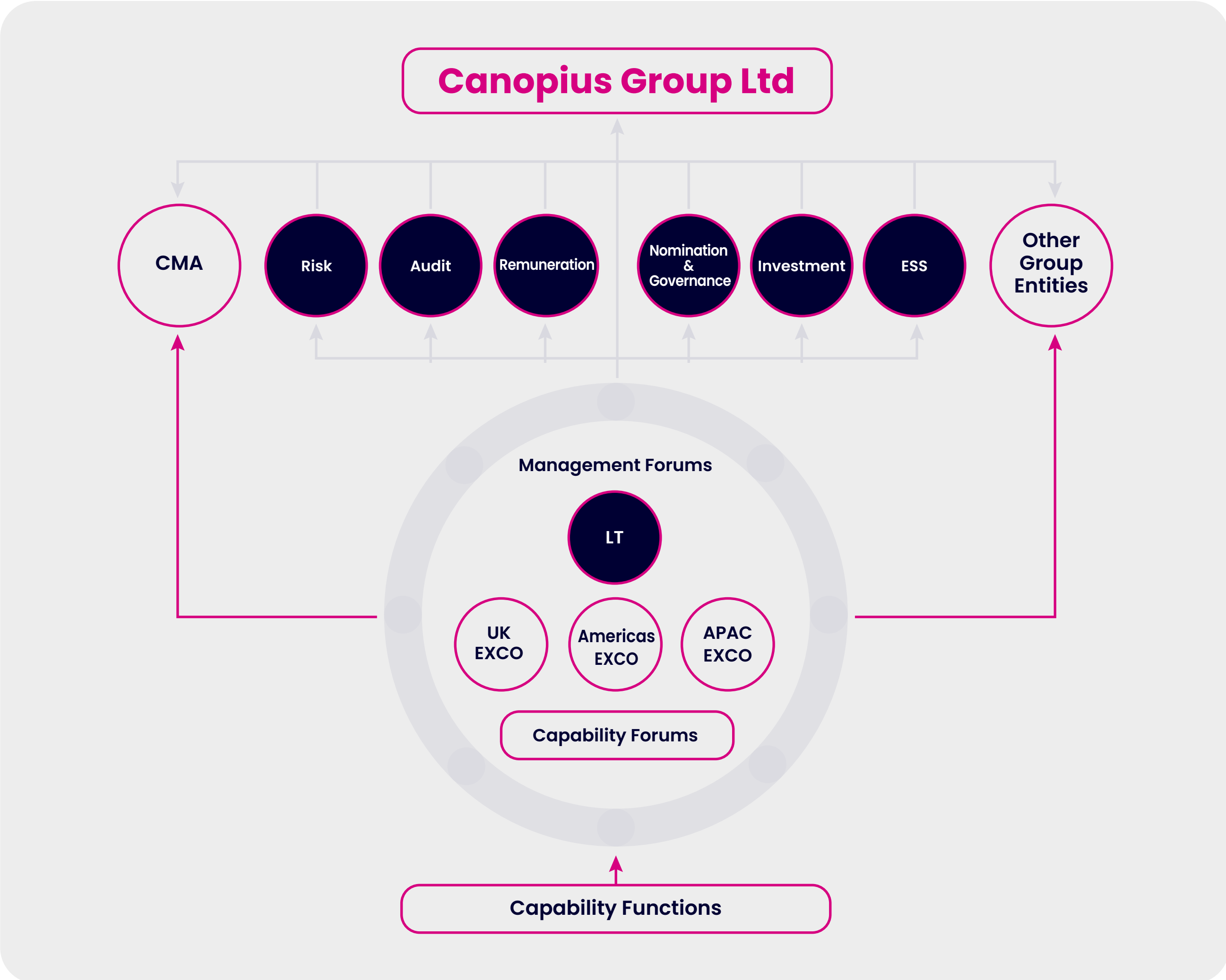
Board Oversight and Strategic Leadership

The Board provides strategic leadership, sets the Group's objectives, and determines the risk appetite, ensuring alignment with its purpose, values, culture, and ethics. Our governance structures are designed to cultivate a Board that brings together diverse skills, knowledge, and perspectives, enabling robust and inclusive decision-making.

A strong governance framework is essential for achieving our objectives and executing strategy. This framework, supported by clearly defined responsibilities, ensures that the Board operates effectively, fulfils its duties, and delivers critical oversight. While the Board retains key responsibilities, the day-to-day management of the Group is delegated to the Group Chief Executive Officer (CEO), supported by the Group Leadership Team.

Board Committees

The Board has established six Committees, each with clearly defined Terms of Reference. These Committees collaborate closely on specific areas of focus, such as risk and control, where the Audit and Risk Committees work together, with their Chairs serving on each other's Committee to ensure a coordinated approach. Each committee chair reports to the next Board meeting after a committee meeting.



Organisational Structure and Leadership for Sustainable Growth

Canopius operates through a regional business units and product group structure, with strategic oversight provided by the Group Leadership Team (LT). The LT oversees day-to-day operations and strategic direction. Each regional business unit is supported by an Executive Committee (ExCo), ensuring decisions align with the Group's strategy. This leadership structure has positioned Canopius to build a resilient and sustainable business capable of achieving profitable growth.

Enhancing Corporate Governance: Continuous Evolution

As the Group continues to grow, we are proactively strengthening our corporate governance framework to ensure it remains both scalable and effective. Canopius is aligned with the principles of the UK Corporate Governance Code and looks to embed best practice where appropriate. Our commitment to continuous improvement ensures robust oversight, accountability, and long-term sustainability.

Governance

Governance and Risk Management

Our governance structure supports decision-making, risk management, and the promotion of a healthy corporate culture. It is essential for maintaining stakeholder trust and confidence, especially in the dynamic reinsurance industry. We regularly review our governance framework to ensure it is resilient and capable of supporting our strategic objectives.

Global Risk Management Infrastructure

Canopius Managing Agents Ltd (CMA), our Lloyd's of London managing agency, is central to our governance framework. Additionally, Canopius Reinsurance Ltd. (CRe) in Bermuda and Canopius US, Inc. (CUSI) in the United States contribute to our global risk diversification strategy and strengthen our presence in key markets.

As a multinational Group, we operate within a complex legal and regulatory environment across various jurisdictions. Our governance framework is designed to address this complexity while maintaining a proportionate level of simplicity, ensuring regulatory compliance and alignment with strategic objectives.

Governance and Oversight

Matters Reserved to the Board and delegation of authority framework

The Matters Reserved to the Board and the Delegation of Authority Framework are key components of our governance structure, ensuring effective oversight and operational efficiency.

The Matters Reserved to the Board outline the key decisions and responsibilities that the Board retains, which include approving the Group's strategic objectives, risk appetite, and significant investments, as well as overseeing financial performance, governance policies, and major corporate actions. These reserved matters ensure that the Board maintains ultimate accountability for the Group's direction and long-term success.

The Delegation of Authority Framework complements this by clearly defining the responsibilities delegated to the Group Chief Executive Officer, executive management, and senior leadership. This framework establishes clear lines of accountability and empowers management to execute day-to-day operations, enabling the Board to focus on strategic oversight and critical decision-making.

Together, these structures create a robust governance framework that balances effective delegation with the necessary checks and balances to safeguard the Group's purpose, values, and stakeholder interests.

Board Composition

The Board is led by an independent Chair, who ensures effective functioning and oversees Board meetings. In addition to the Chair, the Board comprises three Executive Directors, five independent Non-Executive Directors and one shareholder representative Non-Executive Director, each with clearly defined responsibilities.

Key decisions made in 2024 include:

- Approval of Group Strategy: Ensuring alignment with market dynamics and internal capabilities.
- Approval of Business Plan: Establishing a strategic and financial framework.
- Approval of Risk Appetite: Aligning the Group's risk profile with its strategic goals.

Through these decisions, the Board ensures effective governance and robust oversight of executive management.

Role of the Board

The Board is responsible for overseeing the executive management of the Group, providing strategic guidance, and ensuring alignment with the Group's long-term objectives.

Non-Executive Independent Chair

The Chair leads the Board, overseeing its agenda and ensuring effective decision-making. The Chair also fosters a culture of accountability and strategic focus, facilitating constructive debates and promoting alignment between the Executive Directors and the Non-Executive Directors.

Non-Executive Directors

Non-Executive Directors challenge executive proposals, ensure financial integrity, and monitor risk management systems. They are integral to the governance process, ensuring that the Group's financial controls and risk management frameworks are sound.

Senior Independent Director

The Senior Independent Director acts as a sounding board for the Chair and ensures the Chair's performance is reviewed regularly.

Executive Directors

The Executive Directors, being the Group Chief Executive Officer, Group Chief Financial Officer and Group Chief Underwriting Officer, are responsible for the daily management of the Group, ensuring strategy execution and alignment with overarching goals.

Succession Planning

The Board is actively planning for upcoming term expirations and leadership transitions, ensuring continuity and alignment with the Group's evolving needs. During 2024, a review of Board composition identified opportunities to enhance expertise and prepare for future retirements, reinforcing strong governance and effective decision-making.

In 2024, Canopius welcomed Andy Haste as the new Group independent non-executive Chairperson, succeeding Michael Watson. The Board additionally welcomed Giorgia Rodigari as a non-executive director in December 2024, strengthening its leadership team with new perspectives.

Following a thorough review process in line with the Group's governance framework, the Board approved the reappointment of Miriam Greenwood as Senior Independent Non-Executive Director for a second term. This decision reflects the Board's commitment to maintaining a robust and independent oversight function. Miriam's extensive experience and invaluable contributions to the Board support an effective governance and strategic direction. Her reappointment underscores the Board's continued dedication to high standards of corporate governance.

Board Independence

The independence of Non-Executive Directors is regularly assessed to ensure objective oversight and preserve the integrity of board decisions.

In 2024, the majority of Non-Executive Directors were considered independent, with the exception of two individuals. One had previously been classified as independent but no longer meets the criteria, while the second, who also represents our shareholders, was appointed to enhance engagement with our shareholder base, aligning interests and improving communication between the Board and key stakeholders.

Despite their classification, the Board recognised the substantial value of their contributions and determined that both should serve as Non-Executive Directors.

Additionally, the appointment of the new Chair was carried out through an independent search process, reinforcing the Board's commitment to maintaining robust governance practices and ensuring that leadership appointments are made with the highest level of impartiality and transparency.

Governance

Time Commitment

Directors are assessed annually for their ability to dedicate sufficient time to their roles, considering external appointments.

Conflicts of Interest

Directors are required to promptly inform both the Board and the Company Secretariat of any changes to their declarations of interest. This includes disclosing any actual, potential, or perceived conflicts of interest—whether financial, professional, or personal—that may affect their objectivity or decision-making.

All disclosures are reviewed and assessed by the Board to ensure the integrity of Board decisions.

To mitigate risks associated with conflicts of interest, directors may be restricted from participating in discussions or decisions where a conflict is identified. This structured approach ensures that conflicts are effectively managed and that the governance process remains transparent, accountable, and aligned with legal and regulatory standards.

Independent Advice

Directors have direct access to the Company Secretariat, which provides them with impartial advice and support on governance matters, compliance, and other areas requiring expertise. In addition, should Directors require specialised guidance or professional advice beyond the scope of the Secretariat, they are entitled to seek independent professional advice at the Group's expense, ensuring they can fully discharge their duties and make informed decisions in the best interests of the Group.

Director Induction, Training, and Development

All newly appointed directors undergo a comprehensive and structured induction programme, designed to provide them with a thorough understanding of the Group's operations, strategic objectives, financial plans, and governance policies. This programme, includes in-depth materials on the Group's key functions, risk management framework, and regulatory obligations. Additionally, directors are introduced to the Group's corporate culture and values, ensuring alignment with the Group's mission and vision.

To further support their integration and development, the induction programme is complemented by tailored training and development opportunities that address any identified skill gaps. These opportunities include knowledge sessions led by senior management and subject matter experts. The sessions provide directors with deeper insights into the business and foster ongoing dialogue to enhance their understanding of the Group's operations.

The programme is continuously updated to reflect evolving industry trends and best practices, reinforcing the Group's commitment to ongoing professional development and continuous learning for its leadership team.

Skills Matrix and Board Effectiveness Review

In light of the appointment of a new Chair, the Board agreed to defer both the review of the skills matrix and the Board effectiveness review until the new Chair is fully embedded in the role. This decision ensures that the reviews will reflect the fresh perspectives and leadership direction brought by the new Chair and allow adequate time for their acclimatisation to the organisation.

Board Committees and Oversight

The Board leverages its committees to deliver focused oversight across key areas critical to achieving the Group's strategic objectives and maintaining operational resilience. These Committees operate under clearly articulated Terms of Reference, which delineate their scope of authority. By entrusting Committees with defined responsibilities, the Board maintains a balanced and effective governance structure that enables proactive oversight, ensures alignment with strategic goals, and fosters timely decision-making. Within this framework, the Committees are empowered to evaluate specific matters and, where appropriate, exercise delegated decision-making authority on behalf of the Board.

Key Committees and Responsibilities

Audit Committee	Responsible for ensuring the integrity of the Group's financial and non-financial reporting, assessing the effectiveness of internal controls, and overseeing the performance of both internal and external auditors.
Risk Committee	Focuses on the Group's risk management framework, including the evaluation of risk strategy, risk appetite, and regulatory compliance. The Committee's oversight safeguards the Group's long-term resilience and success.
Environment, Social, and Sustainability (ESS) Committee	Oversees the integration of environmental, social, and sustainability objectives into business strategies. The Committee evaluates the Group's environmental impact, social responsibility initiatives, and sustainability efforts to ensure alignment with strategic objectives.
Remuneration Committee	Reviews and oversees the Group's Remuneration Policy, ensuring it is performance-driven and aligned with business objectives. The Committee determines remuneration packages for senior executives and evaluates the broader compensation framework to ensure it supports the Group's goals.
Nominations and Governance Committee	Responsible for reviewing Board composition, identifying and nominating directors, and ensuring adherence to governance best practices. The Committee also recommends enhancements to the Group's governance framework to maintain high standards of accountability and oversight. It also approves the hiring of senior management.
Investment 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.

Each Committee operates with a clear mandate outlined in its Terms of Reference, enabling focused oversight and effective decision-making. Regular reports from executive management ensure alignment with the Group's strategic objectives and foster a culture of accountability.

Governance

KEY

NED Non-Executive Director

E Executive Director

RNED Retired Non-Executive Director

SLT Senior Leadership Team

● Chair

AC Audit Committee

RC Risk Committee

IC Investment Committee

ESC Environmental, Social and Sustainability Committee

REM Remuneration Committee

NG Nomination & Governance Committee

MEMBER	ROLE
Andy Haste[1] (appointed July 2024)	**NED** ESC IC NG (Chair)
Giorgia Rodigari[2] (appointed 18 November 2024)	**NED**
Miriam Greenwood (November 2021)	**NED** ESC (Chair) REM NG
Peter Hazell (May 2018)	**NED** AC (Chair) RC REM (Chair) NG
Paul Ceurvorst (May 2018)	**NED** AC RC (Chair) ESC REM NG
Paul Meader (September 2015)	**NED** ESC IC (Chair) REM NG
Ian Owen (September 2015)	**NED** AC RC
Neil Robertson (May 2021)	Group Chief Executive Officer **E SLT**
Gavin Phillips (January 2022)	Group Chief Financial Officer **E SLT** IC
Sam Harrison (September 2023)	Group Chief Underwriting Officer **E SLT**
Michael Watson[3] (1 September 2015 – 30 June 2024)	**RNED**
Gareth Russell	Chief Investment Officer IC
Barbara Turner	Group Chief HR Officer **SLT**
Kate Roy	Group Chief Operating Officer **SLT**
Lindsay Astor	Group Chief of Staff and Head of Strategy **SLT**
Nick Betteridge	Group Chief Actuary **SLT**
Mark Newman	UK Chief Executive Officer **SLT**
Charles Cooper	Bermuda Chief Executive Officer **SLT**
Soon Keen Lee	APAC Chief Executive Officer **SLT**
Sheldon Lacy	Group Chief Risk Officer **SLT**
Lisa Davis	US Chief Executive Officer **SLT**

1 Andy Haste joined the Board and NomGov Committee from 1 July 2024; and has subsequently been appointed to Investments and ESS Committees in December 2024.

2 Giorgia Rodigari was appointed to the Board on 18 November 2024.

3 Michael Watson stepped down from the Board, NomGov and Investment Committee on 30 June 2024.

The Leadership Team and Governance

The Leadership Team (LT), led by the Group Chief Executive Officer, is charged with implementing the Group's strategic objectives and managing daily operations. Composed of industry leaders and experts, the LT reflects the Group's commitment to diversity and inclusion, achieving near gender parity.

The LT is further supported by Management Forums and Executive Committees (ExCos), which enhance decision-making processes, streamline communication, and promote best practices across the Group. These structures collectively ensure effective governance and operational excellence.

Board and Committee Meeting Attendance (2024)

In 2024, the Board held five meetings, with four scheduled, and one additional meeting addressing strategic matters.

The Audit Committee held five meetings, with four meetings scheduled, and one additional meeting, addressing strategic matters.

The Risk Committee held five meetings, with four meetings scheduled, and one additional meeting, addressing strategic matters.

The Nominations and Governance Committee held three meetings, with one scheduled meeting, and two additional meetings addressing strategic matters.

The Environmental, Social and Sustainability Committee held three meetings, with all as scheduled meetings.

The Investment Committee held two meetings, both as scheduled meetings.

The Remuneration Committee held eight meetings, with four meetings scheduled, and four additional meetings addressing strategic matters.

Directors unable to attend meetings have sent apologies in advance and are provided with the opportunity to provide feedback to the Chair in advance.

Director Attendance

The Board has consistently demonstrated strong attendance throughout the year, with directors regularly contributing to discussions. Additionally, directors frequently attend meetings beyond their formal committee membership, ensuring they remain fully informed on relevant business matters. This comprehensive approach reflects the Board's ongoing commitment to effective governance and collective oversight, in line with best practices. The following table reflects Director's attendance as members only.

NON-EXECUTIVE DIRECTOR	BOARD (5)	AUDIT (5)	RISK (5)	NOMGOV (3)	ESS (3)	INVESTMENT (2)	REMUNERATION (4)
Andy Haste[1]	2/2	-	-	1 / 1		-	-
Miriam Greenwood	5/5	-		2 / 3	3 / 3		3/4
Peter Hazell	5/5	5 / 5	5 / 5	3 / 3			4/4
Paul Ceurvorst	4/5	5 / 5	5 / 5	3 / 3	3 / 3		4/4
Paul Meader	4/5			3 / 3	2 / 3	2 / 2	4/4
Ian Owen	4/5	5 / 5	5 / 5				
Michael Watson[2]	3/3	-	-	1 / 1	-	1 / 1	3/3
Executive Directors							
Neil Robertson	4 / 5	-	-	-	-	-	-
Gavin Phillips	5 / 5	-	-	-	-	2 / 2	-
Sam Harrison	4 / 5	-	-	-	-	-	-

1 Andy Haste joined the Board and NomGov Committee from 1 July 2024; and has subsequently been appointed to Investments and ESS Committees in December 2024.

2 Michael Watson stepped down from the Board, NomGov and Investment Committee on 30 June 2024

SHELDON LACY
Group Chief Risk Officer

11 March, 2025

Governance

Non-Executive Directors

NED ESC IC NG

ANDY HASTE

INDEPENDENT NON-EXECUTIVE CHAIR AND CHAIR OF NOMINATIONS & GOVERNANCE COMMITTEE

With vast experience in corporate leadership across financial services, Andy has successfully guided numerous boards through transformation and governance improvements. His strategic insight and expertise in organisational leadership help strengthen Canopius' governance framework and support its long-term sustainability, focusing on board composition and succession planning.

NED ESC REM NG

MIRIAM GREENWOOD OBE DL

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIR OF ENVIRONMENTAL, SOCIAL, AND SUSTAINABILITY (ESS) COMMITTEE

Miriam brings a wealth of experience in corporate governance and sustainability, with over 30 years in senior roles at various financial institutions and publicly listed companies. Her expertise in regulatory compliance and strategic oversight allows her to guide the board on environmental, social, and sustainability matters, helping shape Canopius' sustainability strategy.

NED AC RC ESC REM NG

PAUL CEURVORST

INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIR OF RISK COMMITTEE

With over forty years of experience in the (re)insurance industry, Paul has overseen complex risk management and strategic decision-making processes. He served as CEO of Gen Re's London market operations, providing him with a strong foundation in risk governance. His extensive leadership experience enables him to assess and mitigate risk effectively while ensuring the alignment of risk management strategies with the Group's objectives.

NED ESC IC REM NG

PAUL MEADER

INDEPENDENT NON-DIRECTOR AND CHAIR OF INVESTMENT COMMITTEE

With over three decades of experience in the financial sector Paul brings deep knowledge in financial strategy and investment governance. His leadership in the Investment Committee ensures sound decision-making in asset management and long-term investment strategies.

KEY

NED Non-Executive Director
E Executive Director
RED Retired Executive Director
SLT Senior Leadership Team
Chair
AC Audit Committee
RC Risk Committee
IC Investment Committee
ESC Environmental, Social and Sustainability Committee
REM Remuneration Committee
NG Nomination & Governance Committee

NED AC RC REM NG

PETER HAZELL

INDEPENDENT NON-EXECUTIVE DIRECTOR, CHAIR OF AUDIT COMMITTEE AND CHAIR OF REMUNERATION COMMITTEE

Peter brings expertise in financial auditing, risk management, and regulatory compliance. His experience with audit committees strengthens Canopius' financial integrity and accountability, ensuring rigorous auditing processes are in place to maintain transparent reporting. Peter's broad experience in financial and governance roles equips him with the necessary skills to oversee executive compensation. He ensures alignment with the Group's long-term strategy, market standards, and shareholder interests through transparent and fair executive compensation practices.

NED

GIORGIA RODIGARI

NON-EXECUTIVE DIRECTOR (AS OF 18 NOVEMBER 2024)

Giorgia brings extensive expertise in private equity, investment banking, and risk management, with a strong track record of driving strategic investments and operational excellence across regulated industries. Her deep understanding of financial services, coupled with her proficiency in investment strategy, corporate governance, and regulatory compliance, positions her as a key contributor to the Board's strategic oversight and long-term growth. Giorgia will play a vital role in supporting the Group's strategic direction.

NED AC RC

IAN OWEN

NON-EXECUTIVE DIRECTOR

With over 40 years of experience in the insurance industry, Ian Owen is a highly experienced board leader and a Fellow of the Institute of Actuaries. He has held non-executive roles at Prudential Assurance, Direct Commercial, AllClear, Seven Investment Management, Kingsbridge, A-Plan, Guardian Financial Services, Partnership Assurance, Resolution Life, Unum, Liverpool Victoria, Endsleigh, AA Insurance Services and Lucida Group. Before transitioning to non-executive roles, Ian held senior executive positions at Zurich Financial Services, BAT Financial Services, and Eagle Star, where he played a pivotal role in shaping business strategy and driving operational excellence.

Governance continued

Executive Directors

E SLT

NEIL ROBERTSON

GROUP CHIEF EXECUTIVE OFFICER

Neil was appointed as Group CEO of Canopius in January 2022 after joining the Group as Group Deputy CEO in May 2021. He previously served as CEO of Global Specialty at AXA XL, managing a multi-billion-dollar portfolio. With over 30 years in the insurance industry, Neil has held key leadership roles, including Chief Executive of Insurance Underwriting at XL Catlin and seven years as CEO of XL Group's Lloyd's Managing Agency.

Skills and Expertise: Leadership, strategic vision, insurance underwriting, portfolio management, and shareholder value enhancement.

E SLT

GAVIN PHILLIPS

GROUP CHIEF FINANCIAL OFFICER

Gavin joined Canopius as Group CFO in January 2022, overseeing Finance, Actuarial, Investments, and M&A. With a career beginning at Lloyd's as a graduate, Gavin spent nearly three decades at PwC, holding senior roles such as Regional Financial Services Leader. He was also CFO of Prudential plc's UK life insurance business from 2017-2019.

Skills and Expertise: Financial leadership, actuarial expertise, mergers and acquisitions, risk management, and financial strategy.

E SLT

SAM HARRISON

GROUP CHIEF UNDERWRITING OFFICER

Sam began his 30-year career at Commercial Union in 1995, moving to QBE Syndicate 1036 in 1998, and later holding senior underwriting leadership roles. In 2017, he was promoted to Managing Director of QBE European Operations, Insurance Division. Sam joined Canopius in October 2023 as Group Chief Underwriting Officer, leading their underwriting strategy.

Skills and Expertise: Insurance underwriting, risk management, leadership, portfolio diversification, and international markets.

KEY

NED Non-Executive Director
Chair
ESC Environmental, Social and Sustainability Committee
E Executive Director
AC Audit Committee
REM Remuneration Committee
RED Retired Executive Director
RC Risk Committee
NG Nomination & Governance Committee
SLT Senior Leadership Team
IC Investment Committee

LINDSAY ASTOR

SLT

CHIEF OF STAFF AND HEAD OF STRATEGY

Lindsay joined Canopius in December 2021 from AXA XL, where she led Underwriting Management for UK & Lloyd's and managed underwriting governance. She previously worked as Chief of Staff at AXA XL, reporting to Neil Robertson during his tenure there.

Skills and Expertise: Strategic planning, operational leadership, governance, crisis management, and business development.

KATE ROY

SLT

GROUP CHIEF OPERATING OFFICER

Kate joined Canopius in early 2022 as Group COO. With vast experience across brokers, carriers, and outsourced service providers, Kate previously served as COO for Willis Towers Watson and held senior positions at AIG and Capita Insurance Services.

Skills and Expertise: Operations management, digital transformation, client-centric strategies, and efficiency in complex business units.

BARBARA TURNER

SLT

GROUP CHIEF HR OFFICER

Barbara joined Canopius in 2013 as Group Head of HR and has over 30 years of HR experience in international financial services. She previously managed HR for the EMEA region at Bank of Tokyo Mitsubishi UFJ Ltd. Barbara has also held senior HR positions at UBS and ABN AMRO, driving major cultural change.

Skills and Expertise: Human resources management, organisational culture transformation, employee development, and international HR strategy.

Governance continued

Executive Directors continued

SLT

SHELDON LACY

GROUP CHIEF RISK OFFICER

Sheldon joined Canopius in 2019 following a career in risk management. After starting in banking, he transitioned to insurance in 2005, holding key roles in financial risk, capital management, and enterprise risk management at firms including RSA, Talbot Underwriting, and AmTrust at Lloyd's.

Skills and Expertise: Risk management, financial risk, Solvency II compliance, enterprise risk management, and insurance strategy.

SLT

NICK BETTERIDGE

GROUP CHIEF ACTUARY

Nick has been with Canopius since 2011 and became Group Chief Actuary in 2018, leading pricing, reserving, and capital management. Before joining Canopius, he worked as an actuarial consultant at Lane Clarke & Peacock.

Skills and Expertise: Actuarial pricing, reserving, capital management, and general insurance.

SLT

MARK NEWMAN

UK CHIEF EXECUTIVE OFFICER

Mark was previously CEO of APAC & MENA and returned to the UK to formally begin his new role as CEO of Canopius UK in June 2024. He joined Canopius in 2016 as CEO of APAC & MENA, responsible for business development and operations in Singapore, Australia, and with Lloyd's China. Mark has held leadership roles at Sedgwick, Marsh, Guy Carpenter, and XL Catlin.

Skills and Expertise: International operations management, leadership in the Asia-Pacific market, strategic integration, and mergers.

KEY

NED Non-Executive Director
E Executive Director
RED Retired Executive Director
SLT Senior Leadership Team
Chair
AC Audit Committee
RC Risk Committee
IC Investment Committee
ESC Environmental, Social and Sustainability Committee
REM Remuneration Committee
NG Nomination & Governance Committee

LISA DAVIS

US CHIEF EXECUTIVE OFFICER

Lisa joined Canopius in 2020 as President and Chief Underwriting Officer, later becoming CEO of the US & Bermuda operations. She previously held senior roles at Sompo International and Zurich Insurance.

Skills and Expertise: Underwriting leadership, specialty insurance market strategy, and regional insurance operations.

CHARLES COOPER

SLT

GLOBAL HEAD OF REINSURANCE, BERMUDA CEO

Charles has over 25 years of experience in insurance and reinsurance, having held senior roles at AIG, Zurich North America, Validus Re, XL Re Ltd, and AXA XL. He currently heads Canopius Reinsurance Ltd and oversees its global reinsurance business.

Skills and Expertise: Reinsurance, underwriting leadership, global insurance management, and strategic oversight.

SOON KEEN LEE

APAC & MENA CHIEF EXECUTIVE OFFICER

Soon Keen (SK) joined Canopius in June 2024 and has over 25 years of experience in broking, insurance and reinsurance. Previously holding a number of property underwriting leadership and management roles at AIG, Catlin and Aspen Re Singapore.

Skills and Expertise: Broking, Property Insurance and Reinsurance underwriting, portfolio management, regional reinsurance operations and strategic oversight.

Stakeholder Engagement

The Board of Canopius Group Limited is dedicated to fostering the company's long-term success, benefiting shareholders, employees, customers, and other stakeholders. The Board ensures its decisions reflect the interests of these groups, operating with responsibility and sustainability at the forefront.

Our decision-making process balances financial performance with stakeholder interests, legal compliance, and environmental and social responsibilities. The Board's strategic objectives align with these interests, focusing on long-term sustainability.

This statement outlines the Board's consideration of these factors during the reporting period, emphasising our commitment to responsible governance and stakeholder engagement.

Shareholder Engagement

The Board is committed to delivering value through performance, growth, and financial stability. We maintain transparent communication with shareholders through quarterly reports and the Annual Report, which provide critical insights into the company's performance. Regular dialogue is held with analysts and our shareholders personally engaged by the Chair and Group CEO. To further strengthen shareholder engagement, a Non-Executive Director (NED) was appointed to represent shareholder interests, ensuring that their views are effectively communicated at the Board level.

Capital Provider Engagement

Strong relationships with capital providers, including reinsurers, support our diversified capital structure and financial growth. Strategic partnerships, particularly in our Bermudian business, are key to optimising capital efficiency. In 2024 we have developed strategic long-term relationships with key reinsurers, reflecting continued confidence in our underwriting and capital management strategy.

Employee Engagement

Employees are essential to the execution of our strategic goals. We foster a high-performing, inclusive workforce through engagement programmes, town hall meetings, and feedback platforms. These initiatives help align employee contributions with corporate objectives. Over 75% of employees participated in engagement surveys, influencing initiatives to improve employee experience and internal processes.

We are committed to upholding our responsibilities by fostering a culture of openness and accountability. Employees are encouraged to raise concerns about potential wrongdoing, through our "Call It Out" platform launched during 2024, ensuring they are supported and protected throughout the process. The Board actively promotes employee growth through our talent development programmes ensuring alignment with both individual aspirations and organisational goals. This approach aligns with our values and long-term success.

Policyholder Engagement

The Board prioritises policyholder interests, ensuring high-quality products and services that meet evolving customer needs while adhering to regulatory standards. Feedback from policyholders, including surveys and Net Promoter Scores (NPS), informs strategic decisions. Our digital transformation efforts aim to streamline processes and enhance customer experience while ensuring regulatory compliance.

Supplier Engagement

Strong, ethical relationships with suppliers and distribution partners, including brokers, are vital for the company's success. Our supplier engagement strategy focuses on collaboration, transparency, and sustainability. In 2024, strategic investments in the Underwriting business enhanced operational efficiency and strengthened partnerships, driving improved business outcomes.

Regulatory Engagement

The Board actively engages with regulatory bodies to ensure compliance with legal and regulatory obligations. In 2024, we met all regulatory reporting requirements, demonstrating our commitment to high compliance standards. Regular dialogue with regulators supports transparency and accountability, safeguarding the company's long-term sustainability.

Community Engagement

We are committed to supporting the communities where we operate, understanding that our success is linked to their well-being. Employees contributed over 700 volunteer hours in 2024, with financial contributions exceeding £113,000 supporting initiatives in all the regional communities in which we operate. We integrate local community interests into our decision-making, balancing business objectives with social impact as part of our corporate social responsibility strategy.

Directors' Report

The directors of Canopius Group Limited ("CGL") present their Directors' Report for the Group for the year ended 31 December 2024. The names of all persons who were directors during the year are listed on page 58.

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 $31.6m (2023 $42.7m).

Results and Performance

The Group result for the year ending 31 December 2024 was a profit after tax of $401.3m (2023: $363.4m). The key performance indicators are shown on pages 2 and 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.

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 11 March, 2025 and signed on its behalf on 11 March, 2025 by:

ANDREW HASTE
Chairman

GAVIN PHILLIPS
Chief Financial Officer

Statement of directors' 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 IFRS accounting standards ("IFRS"). 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 judgements 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 and Professional Advisors

Directors	Andrew Haste (appointed 1 July 2024) Paul Ceurvorst Miriam Greenwood Peter Hazell Paul Meader Ian Owen Gavin Phillips Neil Robertson Michael Watson (resigned 30 June 2024) Samuel Harrison Giorgia Rodigari (appointed 18 November 2024)
Company Secretary	Mourant Secretaries Secretary (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

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 2024 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 19 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 2024 and of the group's profit and the company's loss 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 2026.

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.

Independent Auditor's Report to the Members of Canopius Group Limited continued

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 57, 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.

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 including 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 calculating the (re)insurance contract assets/liabilities including the risk adjustment and discount rates;
  - 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 2025

GROUP ACCOUNTS

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 31 DECEMBER 2024

$'000	Notes	**31 December 2024**	31 December 2023
Insurance revenue	24(a)	**3,125,124**	2,490,949
Insurance service expenses	24(a)	**(2,384,830)**	(1,756,552)
Insurance service result before reinsurance contracts held		**740,294**	734,397
Allocation of reinsurance premiums	6, 24(b)	**(861,204)**	(717,023)
Amounts recoverable from reinsurers for incurred claims	6, 24(b)	**479,936**	267,518
Net expense from reinsurance contracts held	6	**(381,268)**	(449,505)
Insurance service result		**359,026**	**284,892**
Net fair value gains on financial assets at fair value through profit or loss	8	**47,960**	59,366
Other investment revenue	9	**149,780**	117,351
Investment fees and expenses	10	**(3,970)**	(3,591)
Net investment result		**193,770**	**173,126**
Insurance finance expense (insurance contracts issued)	11	**(167,733)**	(138,350)
Reinsurance finance income (reinsurance contracts held)	11	**69,769**	51,331
Net insurance financial result		**(97,964)**	**(87,019)**
Fees and commission income	7	**9,096**	8,248
Other operating income		**14,826**	7,204
Finance costs	12	**(7,516)**	(10,389)
Other operating and administrative expenses	5	**(77,286)**	(43,569)
Foreign exchange losses		**(645)**	(3,569)
Profit before tax		**393,307**	**328,924**
Income tax credit	14	**7,971**	34,440
Profit for the year		**401,278**	**363,364**
Profit attributable to:			
Equity holders of the parent		**401,155**	364,285
Non-controlling interest		**123**	(921)
Profit for the year		**401,278**	**363,364**

The notes on pages 67 to 141 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2024

$'000	31 December 2024	31 December 2023
Profit for the year	**401,278**	363,364
Other comprehensive income (OCI):		
OCI that may be reclassified to profit or loss in subsequent period:		
Currency translation differences	**(1,345)**	4,301
Total comprehensive income recognised for the year	**399,933**	**367,665**
Total comprehensive income is attributable to:		
Equity holders of the parent	**399,810**	368,586
Non-controlling interest	**123**	(921)
	399,933	**367,665**

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

The notes on pages 67 to 141 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2024

$'000	Notes	31 December 2024	31 December 2023
Assets			
Intangible assets	15	**198,023**	193,431
Property and equipment	16	**9,313**	11,456
Right-of-use assets	29	**17,589**	28,121
Deferred tax asset	14(d)	**61,171**	43,054
Reinsurance contract assets	24(b)	**1,292,393**	1,079,722
Financial investments			
- *Measured at fair value through P&L*	17	**3,650,522**	3,098,188
- *Measured at amortised cost*	17	**69,330**	63,467
Derivative financial instruments	18	**14,830**	7,548
Income tax receivable	14(c)	**4,813**	783
Trade and other receivables	20	**112,598**	108,310
Other assets	21	**152,214**	155,437
Cash and cash equivalents	22	**197,360**	119,999
Total assets		**5,780,156**	**4,909,516**
Equity			
Issued share capital	23	**341,868**	341,868
Issued share premium	23	**345,332**	345,332
Capital reserves		**759,956**	759,956
Foreign currency translation reserve		**(55,984)**	(54,639)
Retained earnings		**594,994**	225,409
Equity attributable to equity holders of the parent		**1,986,166**	**1,617,926**
Non-controlling interests		**801**	678
Total equity		**1,986,967**	**1,618,604**
Liabilities			
Insurance contract liabilities	24(a)	**3,542,596**	3,074,105
Lease liabilities	29	**26,016**	38,903
Deferred tax liabilities	14(d)	**38**	36
Derivative financial liabilities	18	**2,456**	7,911
Income tax payable	14(c)	**1,058**	726
Trade and other payables	25	**221,025**	169,231
Total liabilities		**3,793,189**	**3,290,912**
Total equity and liabilities		**5,780,156**	**4,909,516**

The notes on pages 67 to 141 form part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 11 March, 2025 and signed on its behalf on 11 March, 2025 by:

ANDREW HASTE
Chairman

GAVIN PHILLIPS
Chief Financial Officer

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2024

	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 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**
Profit/(loss) for year	**–**	**–**	**–**	**–**	**401,155**	**401,155**	**123**	**401,287**
Other comprehensive income	**–**	**–**	**–**	**(1,345)**	**–**	**(1,345)**	**–**	**(1,345)**
Total comprehensive income/(loss)	**–**	**–**	**–**	**(1,345)**	**401,155**	**399,810**	**123**	**399,933**
Dividends paid	**–**	**–**	**–**	**–**	**(31,570)**	**(31,570)**	**–**	**(31,570)**
At 31 December 2024	**341,868**	**345,332**	**759,956**	**(55,984)**	**594,994**	**1,986,166**	**801**	**1,986,967**

Dividends per share in 2024 amounted to $0.09 (2023: $0.12).

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the results and financial position of Group entities that have a functional currency different from the Group's presentation currency.

The capital reserves are comprised of capital contributions received.

The notes on pages 67 to 141 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2024

$'000	Notes	2024	2023
Operating activities			
Profit before tax		**393,307**	328,924
Adjustments for:			
Net change in insurance contract assets and liabilities		**468,491**	3,573
Net change in reinsurance contract assets and liabilities		**(212,671)**	83,251
Net change in other assets and liabilities		**31,640**	32,274
Finance costs	12	**7,516**	10,389
Net fair value gains on financial assets at fair value through profit or loss	8	**(47,960)**	(59,366)
Other investment revenue and investment fees and expenses	9, 10	**(145,810)**	(113,760)
Amortisation of intangibles	5, 15	**7,483**	4,154
Depreciation of property and equipment	5, 16	**2,458**	2,323
Depreciation of right-of-use assets	5, 29	**3,955**	4,360
Net foreign exchange differences		**1,843**	3,891
Income tax paid	14(c)	**(14,141)**	(15,707)
Net cash flows from operating activities		**496,111**	**284,306**
Investing activities			
Purchases of financial investments		**(1,881,191)**	(1,413,810)
Disposal of financial investments		**1,376,843**	1,080,234
Investment income - interest	9	**145,796**	112,554
Investment income - dividends	9	**3,984**	4,797
Investment fees and expenses		**(3,835)**	(3,567)
Net purchase of intangible assets	15	**(12,326)**	(13,923)
Net purchase of property and equipment	16	**(497)**	(941)
Net cash flows used in investing activities		**(371,226)**	**(234,656)**
Financing activities			
Dividends paid		**(31,570)**	(42,700)
Finance costs		**(6,889)**	(10,703)
Payment of principal portion of lease liabilities	29	**(4,716)**	(1,497)
Net cash flows used in financing activities		**(43,175)**	**(54,900)**
Net increase/(decrease) in cash and cash equivalents		**81,710**	(5,250)
Net foreign exchange on cash and cash equivalents		**(4,349)**	1,604
Cash and cash equivalents at beginning of year		**119,999**	123,645
Cash and cash equivalents at end of year	22	**197,360**	**119,999**

The notes on pages 67 to 141 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

YEAR ENDED 31 DECEMBER 2024

1. Corporate information

Canopius Group Limited, a limited company incorporated and domiciled in Jersey, is the parent undertaking and controlling party of the Canopius group of companies (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.

A summary of the material 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. The financial statements were authorised for issue by the Board of Directors on 11 March 2025.

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 IFRS accounting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with the Companies (Jersey) Law 1991.

The financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities (including derivatives instruments), which are measured at fair value, and insurance and reinsurance contracts, which are measured in accordance with the requirements of IFRS 17. The financial statements are presented in US dollars and values are rounded to the nearest thousand ($000), except where indicated.

The preparation of financial statements in conformity with IFRS accounting standards 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 2024 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 cash flow 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 2026 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 2024.

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 related to incurred claims - are accrued based on past insurable events, so will not be impacted by any future impact of climate change.

2. Material accounting policies, judgements and estimates

(continued)

Insurance liabilities related to remaining coverage - the fulfilment cash flows used in identifying and measuring onerous contracts are based on current expectations of the impact of climate change on the timing, frequency and severity of claims and claims settlements.

Intangible assets - as set out in note 15, the valuation of intangible assets with indefinite useful lives are assessed for impairment based on the recoverable amount of the Syndicates at Lloyd's cash-generating unit ("CGU"), which incorporates current expectations of the impact of climate change on the Group and the Syndicates at Lloyd's CGU.

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.

2.2 Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the Company and its subsidiaries. Subsidiaries are 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full 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 to account for business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

All acquisition-related expenses are charged to profit or loss when incurred and included 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 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 each of the Group's CGUs that are expected to benefit from the business 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 CGU.

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

2.3.1 New and amended standards and interpretations - adopted

In the current year, the Group has applied amendments to IFRS issued by the IASB that are mandatorily effective for a reporting period that begins on or after 1 January 2024. The new effective requirements are:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- Lease Liability in Sale and Leaseback - Amendments to IFRS 16
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

None of these amendments have had a material impact on the Group.

2.3.2 New and amended standards and interpretations - not yet adopted

The following new standards, amendments and interpretations are issued but not yet mandatorily effective for the reporting period ending 31 December 2024 and have not been early adopted:

- Lack of exchangeability - Amendments to IAS 21 (effective for annual reporting periods beginning on or after 1 January 2025). These amendments are not expected to have a material impact on the Group's financial statements.
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026). These amendments are not expected to have a material impact on the Group's financial statements.
- IFRS 19 Subsidiaries without Public Accountability - Disclosures (effective for annual periods beginning on or after 1 January 2027). The Group does not expect this standard to have an impact on the Group's financial statements as the Group does not meet the eligibility criteria for applying this standard.
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027). IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. Furthermore, it also requires disclosure of newly defined management-defined performance measures. The Group is currently assessing the implications of applying the new standard on the Group's financial statements.

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 amounts in any single scenario, excluding scenarios that lack commercial substance. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

(II) SEPARATING COMPONENTS

The Group assesses its insurance contracts to determine whether they contain distinct components that 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.

2. Material accounting policies, judgements and estimates

(continued)

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 that 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 dividing each portfolio, 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, are 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); or
- 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 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.

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; and
  - 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.

2. Material accounting policies, judgements and estimates

(continued)

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 PAA contains an option not to adjust for the time value of money where claims are expected to be paid within one year of the loss event, the Group has not used this option; 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.

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.

2. Material accounting policies, judgements and estimates

(continued)

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 2024 and 31 December 2023 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 asset for incurred claims ("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).

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 insurance services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

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:
  - As a reduction to incurred claims within insurance service expenses 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.
  - As a reduction to the liability for incurred claims in the statement of financial position.

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

2. Material accounting policies, judgements and estimates

(continued)

(XI) ACQUISITION COSTS

The Group identifies acquisition costs as 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, 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 the 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.

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:

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).

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 to 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.

2. Material accounting policies, judgements and estimates

(continued)

(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 in 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 recognition of the corresponding insurance contracts 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.

(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, are accounted for on the following basis:

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 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.

2. Material accounting policies, judgements and estimates

(continued)

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 the 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.

(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 the consolidated 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 CGU 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 derecognition 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.

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.

2. Material accounting policies, judgements and estimates

(continued)

(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 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 to both 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 the 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.

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.

2. Material accounting policies, judgements and estimates

(continued)

FINANCIAL LIABILITIES AT AMORTISED COST

Financial liabilities at amortised cost 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. 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.

(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 that 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.

2. Material accounting policies, judgements and estimates

(continued)

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, whether 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 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. Material accounting policies, judgements and estimates

(continued)

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 in which claims are reported relatively quickly after the claim event tend, to display lower levels of variations between initial estimates and final outcomes.

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 that 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 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.

2. Material accounting policies, judgements and estimates

(continued)

(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 is 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 2024 corresponds to a confidence level of 75% (2023: 75%). This is in line with the Group's target reserve confidence level range of 72.5% to 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 taking a fixed percentage of spreads on corporate bonds above risk-free rates.

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

At 31 December 2024

Currency	1 year	3 years	5 years	10 years
USD	**4.37%**	**4.23%**	**4.20%**	**4.23%**
GBP	**4.81%**	**4.52%**	**4.41%**	**4.43%**
EUR	**2.58%**	**2.45%**	**2.52%**	**2.69%**
CAD	**3.17%**	**2.99%**	**3.01%**	**3.24%**
AUD	**4.08%**	**3.86%**	**3.94%**	**4.26%**

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%
AUD	4.33%	4.11%	4.09%	4.47%

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 reporting 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.

Notes to the Consolidated Financial Statements continued

YEAR ENDED 31 DECEMBER 2024

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 2024	% equity interest 2023
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)	Managing General Agent	**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	Service company	**100%**	100%
Canopius ILS Limited	Bermuda	Reinsurance company	**100%**	100%
Vave Holdings Limited	Jersey	Holding company	**100%**	100%
Vave Underwriting Agency Inc.	USA (Delaware)	Appointed representative	**100%**	100%
Vave Digital Services Limited	England and Wales	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%

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 attributable 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 2024

$'000	Note	**UK**	**USA and Bermuda**	**APAC**	**Eliminations and other adjustments**	**Corporate**	**Total**
Insurance revenue	24(a)	**2,251,534**	**559,381**	**333,769**	**(19,560)**	**–**	**3,125,124**
Insurance service expenses	24(a)	**(1,723,058)**	**(407,197)**	**(270,502)**	**24,569**	**(8,642)**	**(2,384,830)**
Insurance service result before reinsurance contracts held		**528,476**	**152,184**	**63,267**	**5,009**	**(8,642)**	**740,294**
Allocation of reinsurance premiums	6, 24(b)	**(559,710)**	**(146,636)**	**(62,020)**	**(25,855)**	**(66,983)**	**(861,204)**
Amounts recoverable from reinsurers for incurred claims	6, 24(b)	**338,924**	**20,401**	**36,393**	**17,235**	**66,983**	**479,936**
Net expense from reinsurance contracts held	6	**(220,786)**	**(126,235)**	**(25,627)**	**(8,620)**	**–**	**(381,268)**
Insurance service result		**307,690**	**25,949**	**37,640**	**(3,611)**	**(8,642)**	**359,026**
Net investment result	11	**97,170**	**57,906**	**14,729**	**(6,245)**	**30,210**	**193,770**
Net insurance financial result	11	**(69,361)**	**(18,875)**	**(13,556)**	**4,102**	**(274)**	**(97,964)**
Other income		**–**	**9.683**	**–**	**–**	**14,239**	**23,922**
Finance costs	12	**–**	**–**	**–**	**–**	**(7,516)**	**(7,516)**
Other operating and administrative expenses	5	**–**	**–**	**–**	**–**	**(77,286)**	**(77,286)**
Foreign exchange losses		**–**	**–**	**–**	**–**	**(645)**	**(645)**
Profit before tax		**335,499**	**74,663**	**38,813**	**(5,754)**	**(49,914)**	**393,307**
Income tax credit	14	**–**	**–**	**–**	**–**	**7,971**	**7,971**
Profit for the year		**335,499**	**74,663**	**38,813**	**(5,754)**	**(41,943)**	**401,278**

4. Segmental reporting (continued)

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 losses		–	–	–	–	(3,569)	(3,569)
Profit before tax		225,177	101,206	42,038	(3,215)	(36,282)	328,924
Income tax credit	14	–	–	–	–	34,440	34,440
Profit for the year		225,177	101,206	42,038	(3,215)	(1,842)	363,364

There are no policyholders 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 $224.9m (2023: $233.0m). The non-current assets are predominantly located in the UK.

5. Other operating and administrative expenses

$'000	Note	2024	2023
Employee benefit expenses	13	**(239,540)**	(207,477)
Amortisation of intangible assets	15	**(7,483)**	(4,154)
Depreciation of property and equipment	16	**(2,458)**	(2,323)
Depreciation of right-of-use assets	29	**(3,955)**	(4,360)
Intercompany expense recharge in relation to Pillar Two top-up taxes	14	**(27,151)**	–
Premises expenses		**(8,883)**	(4,812)
Syndicate personal expenses and Lloyd's charges		**(42,138)**	(29,279)
Professional fees		**(35,926)**	(19,838)
IT costs		**(37,261)**	(37,586)
Other expenses		**(25,746)**	(21,189)
Total		**(430,541)**	(331,018)
Directly attributable expenses reclassified to insurance service expenses		**353,255**	287,449
Total other operating and administrative expenses		**(77,286)**	(43,569)

6. Net expense from reinsurance contracts held

$'000	2024	2023
Allocation of reinsurance premiums		
Contracts measured under the PAA	**(794,221)**	(643,008)
Contracts not measured under the PAA:		
Recovery of expected claims and other insurance service expenses	**(66,983)**	(74,015)
	(861,204)	(717,023)
Amounts recoverable from reinsurers for incurred claims		
Recoveries of incurred claims and other insurance service expenses	**566,144**	357,205
Changes that relate to past service – adjustments to incurred claims	**(76,459)**	(88,073)
Recoveries and reversal of recoveries of losses on onerous underlying contracts	**(13,131)**	577
Changes in the risk of reinsurers non-performance	**3,382**	(2,191)
	479,936	267,518
Total net expense from reinsurance contracts held	**(381,268)**	(449,505)

Notes to the Consolidated Financial Statements continued

YEAR ENDED 31 DECEMBER 2024

7. Fees and commission income

$'000	2024	2023
Management fees	**911**	464
Insurance services – commission and service fees	**8,185**	7,784
	9,096	8,248

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

$'000	2024	2023
Realised gains on financial investments	**10,413**	12,386
Unrealised gains on financial investments	**71,187**	89,191
Realised losses on financial investments	**(13,094)**	(34,943)
Unrealised losses on financial investments	**(20,519)**	(7,304)
Net fair value gains and losses on derivatives	**(27)**	36
Total	**47,960**	59,366

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	2024	2023
Interest revenue from financial investments at amortised cost	**7,579**	6,523
Dividend income	**3,984**	4,797
Interest income from financial investments at fair value through P&L and cash and cash equivalents	**138,217**	106,031
Total	**149,780**	117,351

10. Investment fees and expenses

$'000	Note	2024	2023
Investment management expenses		**(4,071)**	(3,616)
Net credit impairment gains on financial assets	28.4.3(b)(ii)	**101**	25
Total		**(3,970)**	(3,591)

11. Total investment income and net insurance financial result

$'000	Note	2024	2023
Investment Income			
Net fair value gains on financial assets at fair value through profit or loss	8	**47,960**	59,366
Other investment revenue	9	**149,780**	117,351
Investment fees and expenses	10	**(3,970)**	(3,591)
Total amounts recognised in profit and loss		**193,770**	173,126
- Unwind of discounting		**(171,121)**	(119,474)
- Impact of changes in interest rates		**3,388**	(18,876)
Insurance finance expense (insurance contracts issued)		**(167,733)**	(138,350)
- Unwind of discounting		**75,519**	45,975
- Impact of changes in interest rates		**(5,750)**	5,356
Reinsurance finance income (reinsurance contracts held)		**69,769**	51,331
Total net investment income, (re)insurance finance income / (expense)		**95,806**	86,107

12. Finance costs

$'000	Note	2024	2023
Fees for letters of credit		**(5,693)**	(5,440)
Interest on lease liabilities	29	**(1,424)**	(1,343)
Interest on LPT reinsurance premium payable		**–**	(3,188)
Trustee fees, bank charges and interest expenses		**(399)**	(418)
		(7,516)	(10,389)

13. Employee benefit expenses

$'000	2024	2023
Salaries and wages	**(199,290)**	(174,127)
Social security costs	**(22,341)**	(17,266)
Pension costs – defined contribution plans	**(10,663)**	(8,151)
Other benefits	**(7,246)**	(7,933)
	(239,540)	(207,477)

Employee benefits include termination payments of $1.5m (2023: $2.7m).

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 that were not subject to tax in 2024. 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 for the years ended 31 December 2024 and 31 December 2023 respectively are:

(a) Consolidated statement of profit or loss

$'000	2024	2023
Current tax		
Current tax on profits for the year	**(5,623)**	(8,346)
Foreign tax	**(3,130)**	(5,313)
Adjustments for current tax on prior periods	**(1,753)**	473
Total current tax charge	**(10,506)**	(13,186)
Deferred tax		
Origination and reversal of temporary differences	**20,249**	47,451
Adjustments for deferred tax on prior periods	**(1,772)**	(188)
Impact of change in deferred tax rate	**–**	363
Total deferred tax credit	**18,477**	47,626
Total income tax credit	**7,971**	34,440

(b) Reconciliation of tax credit/(charge)

$'000	2024	2023
Profit before tax	**393,307**	328,924
Tax at 25% (2023: 23.5%)	**(98,327)**	(77,297)
Non-deductible expenses	**(6,674)**	(4,604)
Differences in overseas tax rates[1]	**46,999**	33,971
Adjustments for tax on prior periods	**(3,525)**	285
Effects of previously unrecognised losses now recognised	**66,246**	83,017
Effect of group relief	**5,217**	2,998
Effect of deferred tax rate change	**–**	363
Overseas taxes paid	**(3,130)**	(5,313)
Other	**1,165**	1,020
Total income tax credit	**7,971**	34,440

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

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 through the introduction of the Pillar Two Global anti-Base Erosion Rules ("GloBE Rules").

The GloBE Rules propose four new taxing mechanisms under which multinational enterprises (MNEs) that meet certain specified conditions, in particular as to size, 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 impacted MNE operates. The STTR is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions, which, otherwise, are not subject to a minimum level of tax.

Finance (No.2) Act 2023 ("FA 2023") is the first implementation of the GloBE Rules in the UK. It introduces a global minimum effective tax rate of 15% and implements a domestic top-up tax (QDMTT) and a multinational top-up tax (IIR), effective for reporting periods starting on, or after, 31 December 2023. Similar legislation has been, or is expected to be, introduced in the other territories in which the Group operates (with the exception of Bermuda and the USA).

Pillar Two top-up taxes of $27.2m will be due in the UK for 2024 in relation to the profits from the Group's Bermuda operations under the UK IIR (2023: $Nil). This top-up tax is recorded in the accounts of Fortuna Topco Limited, the Ultimate Parent Entity, in accordance with the requirements of FA 2023. However, as the liability arises on the profits generated within the CGL Group, the expense has been recharged to CGL.

The effective tax rate in Bermuda is currently nil but will be 15% as of 1 January, 2025 in accordance with legislation enacted in Bermuda on 27 December 2023. From 2025, those profits will be subject to domestic tax in Bermuda at a rate of 15% and, thus, material UK Pillar Two top-up taxation relating to Bermuda is not expected to arise.

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 (payable)/receivable, net

$'000	2024	2023
At 1 January	57	(2,451)
Taxes recorded in the statement of profit or loss	(10,506)	(13,186)
Payments made on account during the year	14,141	15,707
Foreign exchange adjustments	63	(13)
At 31 December	3,755	57
Reflected in the statement of financial position as follows;		
Income tax receivable	4,813	783
Income tax payable	(1,058)	(726)
Net income tax receivable	3,755	57

14. Income Tax (continued)

d) Deferred tax, net

$'000	2024	2023
Excess of tax over book depreciation	2,901	3,422
Tax on underwriting losses	81,484	62,644
Tax on intangible asset	(23,512)	(24,117)
Bonus accrual	1,861	3,655
Other deferred tax balances	4,046	4,363
Differences between accounting basis and tax basis for (re)insurance contract assets and liabilities	(5,647)	(6,949)
Total deferred tax asset	61,133	43,018
Reflected in the statement of financial position as follows;		
Deferred tax asset	61,171	43,054
Deferred tax liability	(38)	(36)
Net deferred tax asset	61,133	43,018

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 that 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 assets.

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 $23m (2023: $199m), which have no expiry date, except for $1m (2023: $2m) of US losses expiring in 2035, and have not been recognised for deferred tax purposes. An amount of $88m of deferred tax asset has been recognised in relation to the crystallised underwriting losses (2023: $70m).

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	2024	2023
Balance at 1 January	43,018	(4,930)
Origination and reversal of temporary differences	20,249	47,451
Adjustments for deferred tax on prior periods	(1,772)	(188)
Impact of change in deferred tax rate	–	363
Foreign exchange and other adjustments	(362)	322
Balance at 31 December	61,133	43,018

15. Intangible assets

$'000	Goodwill	Syndicate participation rights	Distribution channels intangible asset	IT Software and licences	Total
Cost					
At 1 January 2023	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**
Additions	–	78	–	12,248	12,326
Disposals	–	–	–	(934)	(934)
Exchange and other	–	–	–	(491)	(491)
At 31 December 2024	**58,631**	**86,322**	**28,983**	**50,042**	**223,978**
Accumulated amortisation					
At 1 January 2023	–	–	5,893	9,125	15,018
Amortisation in the year	–	–	1,965	2,189	4,154
Disposals	–	–	–	(745)	(745)
Exchange and other	–	–	–	1,219	1,219
At 31 December 2023	**–**	**–**	**7,858**	**11,788**	**19,646**
Amortisation in the year	–	–	1,965	5,518	7,483
Disposals	–	–	–	(934)	(934)
Exchange and other	–	–	–	(240)	(240)
At 31 December 2024	**–**	**–**	**9,823**	**16,132**	**25,955**
Carrying amount					
At 31 December 2023	58,631	86,244	21,125	27,431	193,431
At 31 December 2024	**58,631**	**86,322**	**19,160**	**33,910**	**198,023**

15. Intangible assets (continued)

Intangible assets with an indefinite useful life

Goodwill and syndicate participation rights are deemed to have an 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 goodwill and syndicate participation rights intangible were both allocated to the syndicates at Lloyd's 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. The fair value measurement was categorised as level 3 within the fair value hierarchy based on the inputs used in the valuation technique. The method used for establishing the fair value did not change from the previous period. The analysis indicates sufficient headroom 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.

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 2024 (2023: none).

The distribution channels intangible asset has a remaining amortisation period of nine years (2023: ten years). No other intangible assets with finite useful lives are individually material.

16. Property and equipment

$'000	Note	Computer equipment	Fixtures, fittings and equipment	Leasehold improvements	Total
Cost					
At 1 January 2023		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**
Additions		**1**	**94**	**402**	**497**
Disposals		**(5,605)**	**–**	**(48)**	**(5,653)**
Exchange		**(171)**	**(72)**	**(139)**	**(382)**
At 31 December 2024		**6,162**	**3,499**	**10,008**	**19,669**
Accumulated depreciation					
At 1 January 2023		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**
Charge for the year	5	**1,201**	**215**	**1,042**	**2,458**
Disposals		**(5,605)**	**–**	**(48)**	**(5,653)**
Exchange		**(102)**	**(51)**	**(47)**	**(200)**
At 31 December 2024		**4,189**	**2,379**	**3,788**	**10,356**
Carrying amount					
At 31 December 2023		3,242	1,262	6,952	11,456
At 31 December 2024		**1,973**	**1,120**	**6,220**	**9,313**

Notes to the Consolidated Financial Statements continued

YEAR ENDED 31 DECEMBER 2024

17. Financial investments

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

$'000	2024	2023
Fair value		
Debt securities and other fixed income securities	2,378,791	2,127,443
Holdings in collective investment schemes	1,050,793	785,548
Equity shares	51,972	77,129
Private credit funds	168,966	108,068
Total financial assets at fair value through profit or loss	3,650,522	3,098,188

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

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

(b) Financial assets carried at amortised cost

$'000	2024	2023
Debt instruments at amortised cost	69,330	63,467
Total	69,330	63,467

Debt instruments at amortised cost comprises US property bridge loans of $69.3m (2023: $63.5m). 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, forward contracts used to hedge excess foreign currency exposures, and equity options used to hedge exposure to equity prices. 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.

	2024			2023		
$'000	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Derivatives at FVPL:						
Interest rate futures	243	(412)	716,006	392	(165)	42,105
Forward exchange contracts	13,678	(2,044)	689,764	7,156	(7,746)	817,121
Equity options	909	–	308,163	–	–	–
	14,830	(2,456)	1,713,933	7,548	(7,911)	859,226

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.

19. Fair value measurement

i) Valuation

The Group has classified its financial instruments as at 31 December 2024 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 (2023: $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.

19. Fair value measurement (continued)

ii) Fair value measurement of assets

$'000	Level 1	Level 2	Level 3	Total
Financial assets at 31 December 2024				
Debt securities and other fixed income securities	**723,890**	**1,645,901**	**–**	**2,378,791**
Holdings in collective investment schemes	**852,397**	**198,396**	**–**	**1,050,793**
Equity shares	**28,245**	**–**	**23,727**	**51,972**
Private credit funds	**–**	**23,421**	**145,545**	**168,966**
Derivative assets	**1,152**	**13,678**	**–**	**14,830**
Financial assets	**1,605,684**	**1,890,396**	**169,272**	**3,665,352**
Other assets – overseas deposits	**28,279**	**123,935**	**–**	**152,214**
Total	**1,633,963**	**2,014,331**	**169,272**	**3,817,566**
Financial liabilities at 31 December 2024				
Derivative liabilities	**412**	**2,044**	**–**	**2,456**
Total	**412**	**2,044**	**–**	**2,456**

$'000	Level 1	Level 2	Level 3	Total
Financial assets at 31 December 2023				
Debt securities and 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

The level within the hierarchy in which 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 syndicate's 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 syndicate's 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.

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 2024 (or 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	2024	2023
At 1 January	**118,404**	92,223
Total net (loss)/gain through profit or loss	**(4,579)**	13,866
Purchases	**128,356**	86,491
Disposals	**(72,912)**	(74,176)
At 31 December	**169,272**	118,404
Total net gain/(loss) through profit or loss related to financial instruments held at the end of the period	**2,197**	10,854

20. Trade and other receivables

$'000	2024	2023
Other debtors	**30,383**	39,145
Accrued income	**45,203**	35,694
Amounts due from parent undertakings	**37,012**	33,471
	112,598	108,310
Amounts due within 1 year	**112,598**	108,310
Amounts due in over 1 year	**–**	–
	112,598	108,310

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

Other debtors include $4.0m (2023: $8.2m) of unsettled investment trades, resulting from trading activity over the year-end date. These amounts were settled in January 2025.

21. Other assets

Other assets include overseas deposits of $152.2m (2023: $155.4m), which are lodged as a condition of conducting underwriting business in certain countries.

22. Cash and cash equivalents

$'000	2024	2023
Cash at bank and in hand	**171,613**	103,022
Cash equivalents	**25,747**	16,977
	197,360	119,999

The cash and cash equivalents include $91.8m (2023: $94.5m) 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	2024 Number	2023 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 2023 Number	Changes in issued capital Number	At 31 December 2023 Number	Changes in issued capital Number	At 31 December 2024 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 2023 $	Changes in issued capital $	At 31 December 2023 $	Changes in issued capital $	At 31 December 2024 $
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 2023 $	Changes in issued share premium $	At 31 December 2023 $	Changes in issued share premium $	At 31 December 2024 $
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**

24. Reconciliation of the measurement components of insurance contract balances

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

		2024					
		Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA			
$'000	Note	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment	Contracts not measured under the PAA	Total 2024
Insurance contract liabilities as at 1 January		4,234	(7,402)	(2,913,343)	(157,594)	–	(3,074,105)
Insurance contract assets as at 1 January		–	–	–	–	–	–
Net insurance contract liabilities as at 1 January		4,234	(7,402)	(2,913,343)	(157,594)	–	(3,074,105)
Insurance revenue		3,125,124	–	–	–	–	3,125,124
Incurred claims and related expenses		–	12,935	(1,499,845)	(83,445)	–	(1,570,355)
Changes that relate to past service – adjustments to LIC		–	–	59,153	50,495	–	109,648
Amortisation of insurance acquisition cash flows		(707,072)	–	–	–	–	(707,072)
Losses and reversal of losses on onerous contracts		–	(6,152)	–	–	–	(6,152)
Other incurred insurance service expenses		–	–	(210,899)	–	–	(210,899)
Insurance service expenses		(707,072)	6,783	(1,651,591)	(32,950)	–	(2,384,830)
Unwind of discounting		–	–	(171,121)	–	–	(171,121)
Impact of changes in interest rates		–	–	3,388	–	–	3,388
Insurance finance expenses	11	–	–	(167,733)	–	–	(167,733)
Impact of changes in foreign exchange rates		1,333	–	33,858	1,559	–	36,750
Total changes in the statement of profit or loss		2,419,385	6,783	(1,785,466)	(31,391)	–	609,311
Impact of increased participation in syndicate following RITC		(3,720)	–	(25,004)	(1,037)	–	(29,761)
Investment components		1,367	–	(1,367)	–	–	–
Premiums received		(3,294,821)	–	–	–	–	(3,294,821)
Claims and other expenses paid		–	–	1,426,679	–	–	1,426,679
Insurance acquisition cash flows		820,101	–	–	–	–	820,101
Total cash flows		(2,474,720)	–	1,426,679	–	–	(1,048,041)
Net insurance contract liabilities as at 31 December		(53,454)	(619)	(3,298,501)	(190,022)	–	(3,542,596)
Insurance contract liabilities as at 31 December		(53,454)	(619)	(3,298,501)	(190,022)	–	(3,542,596)
Insurance contract assets as at 31 December		–	–	–	–	–	–

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

		2023					
		Liability for remaining coverage		Liability for incurred claims			
				Contracts measured under the PAA			
$'000	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		–	–	–	–	–	–

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

$'000	Note	2024 Assets for remaining coverage Excluding RI share of the loss component	RI share of the loss component	Amounts recoverable for incurred claims Contracts measured under the PAA Estimate of the present value of future cash flows	Risk adjustment	Contracts not measured under the PAA	Total 2024
Reinsurance contract liabilities as at 1 January		–	–	–	–	–	–
Reinsurance contract assets as at 1 January		92,256	679	937,158	49,629	–	1,079,722
Net reinsurance contract assets as at 1 January		**92,256**	**679**	**937,158**	**49,629**	**–**	**1,079,722**
Allocation of reinsurance premiums		**(861,204)**	**–**	**–**	**–**	**–**	**(861,204)**
Recoveries of incurred claims and related insurance service expenses		–	12,711	424,654	27,518	101,261	566,144
Changes that relate to past service – adjustments to incurred claims		–	–	(63,140)	(13,319)	–	(76,459)
Recoveries and reversal of recoveries of losses on onerous underlying contracts		–	(13,131)	–	–	–	(13,131)
Effect of changes in non-performance risk of reinsurers		–	–	3,382	–	–	3,382
Amounts recoverable from reinsurers for incurred claims		**–**	**(420)**	**364,896**	**14,199**	**101,261**	**479,936**
Net income/expense from reinsurance contracts held	6	**(861,204)**	**(420)**	**364,896**	**14,199**	**101,261**	**(381,268)**
Unwind of discounting		12,719	–	62,800	–	–	75,519
Impact of changes in interest rates		(4,693)	–	(1,057)	–	–	(5,750)
Reinsurance finance income	11	**8,026**	**–**	**61,743**	**–**	**–**	**69,769**
Impact of changes in foreign exchange rates		(4,615)	–	(4,894)	(320)	–	(9,829)
Total changes in the statement of profit or loss		**(857,793)**	**(420)**	**421,745**	**13,879**	**101,261**	**(321,328)**
Impact of increased participation in syndicate following RITC		**(365)**	**–**	**17,656**	**341**	**–**	**17,632**
Investment components		**(7,208)**	**–**	**7,208**	**–**	**–**	**–**
Reinsurance premiums paid		1,028,846	–	–	–	–	1,028,846
Recoveries from reinsurance		–	–	(411,218)	–	(101,261)	(512,479)
Total cash flows		**1,028,846**	**–**	**(411,218)**	**–**	**(101,261)**	**516,367**
Net reinsurance contract assets as at 31 December		**255,736**	**259**	**972,549**	**63,849**	**–**	**1,292,393**
Reinsurance contract liabilities as at 31 December		–	–	–	–	–	–
Reinsurance contract assets as at 31 December		255,736	259	972,549	63,849	–	1,292,393

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

		2023					
		Assets for remaining coverage		Amounts recoverable for incurred claims			
				Contracts measured under the PAA			
$'000	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

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 2024
Reinsurance contract asset as at 1 January		116,370	–	–	116,370
Experience adjustments		(14,866)	–	–	(14,866)
Changes that relate to current service		(14,866)	–	–	(14,866)
Changes in estimates that do not adjust the CSM		49,144	–	–	49,144
Changes that relate to future service		49,144	–	–	49,144
Net income/(expense) from reinsurance contracts held		34,278	–	–	34,278
Unwind of discounting		12,719	–	–	12,719
Impact of changes in interest rates		(4,693)	–	–	(4,693)
Insurance finance expenses		8,026	–	–	8,026
Impact of changes in foreign exchange rates		(6,814)	–	–	(6,814)
Total changes in the statement of profit or loss		35,490	–	–	35,490
Impact of increased participation in syndicate following RITC		1,713	–	–	1,713
Reinsurance premiums paid		218,277	–	–	218,277
Recoveries from reinsurance		(101,261)	–	–	(101,261)
Total cash flows		117,016	–	–	117,016
Reinsurance contract asset as at 31 December		270,589	–	–	270,589

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

$'000	Note	Estimates of present value of future cash flows	Risk adjustment	Contractual service margin	Total 2023
Reinsurance contract liability as at 1 January		70,263	–	–	70,263
Experience adjustments		(44,719)	–	–	(44,719)
Changes that relate to current service		(44,719)	–	–	(44,719)
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		34,910	–	–	34,910
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		45,240	–	–	45,240
Impact of increased participation in syndicate following RITC		2,889	–	–	2,889
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

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.

Gross undiscounted liabilities for incurred claims at 31 December 2024

$000s Underwriting year - gross:	Before 2019	2019	2020	2021	2022	2023	2024	**Total**
Estimate of total cost of claims								
At end of year 1		505,787	641,700	611,323	740,224	576,861	1,028,353	
At end of year 2		1,336,576	1,127,882	1,154,985	1,228,608	1,117,660		
At end of year 3		1,407,154	1,162,951	1,159,604	1,299,310			
At end of year 4		1,390,738	1,142,915	1,160,916				
At end of year 5		1,426,245	1,158,015					
At end of year 6		1,476,352						
Gross estimates of the undiscounted amount of the best estimate claims	17,622,817	1,476,352	1,158,015	1,160,916	1,299,310	1,117,660	1,028,353	**24,863,423**
Cumulative payments to date	(17,079,114)	(1,226,693)	(900,162)	(773,291)	(761,258)	(339,058)	(116,035)	**(21,195,611)**
Gross estimates of the undiscounted amount of the best estimate claims less payments	543,703	249,659	257,853	387,625	538,052	778,602	912,318	**3,667,812**
Risk adjustment								**190,022**
Effect of discounting								**(369,311)**
Total gross liabilities for incurred claims								**3,488,523**

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

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

Net undiscounted liabilities for incurred claims at 31 December 2024

$000s **Underwriting year – net:**	Before 2019	2019	2020	2021	2022	2023	2024	**Total**
Estimate of total cost of claims								
At end of year 1		428,055	493,535	398,160	509,079	426,703	696,434	
At end of year 2		1,084,286	780,256	834,995	864,511	835,844		
At end of year 3		1,093,027	831,598	841,060	899,235			
At end of year 4		1,073,710	832,336	847,733				
At end of year 5		1,077,794	844,235					
At end of year 6		1,081,296						
Net estimates of the undiscounted amount of the best estimate claims	11,859,733	1,081,296	844,235	847,733	899,235	835,844	696,434	**17,064,509**
Cumulative payments to date	(11,659,073)	(933,495)	(667,694)	(592,091)	(545,659)	(282,900)	(99,762)	**(14,780,674)**
Net estimates of the undiscounted amount of the best estimate claims less payments	200,660	147,801	176,541	255,642	353,576	552,944	596,672	**2,283,835**
Risk adjustment								**126,174**
Impact of reclassifying reinsurance contract assets related to loss portfolio transfer[1]								**270,589**
Effect of discounting								**(228,473)**
Total net liabilities for incurred claims								**2,452,125**

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).

1 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	**2024**	2023
Other creditors including taxation and social security	**34,176**	49,569
Accruals and deferred income	**159,698**	119,662
Amounts due to parent undertakings	**27,151**	–
	221,025	169,231
Amounts due within one year	**221,025**	169,231
	221,025	169,231

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

Other creditors include $5.2m (2023: $6.7m) of unsettled investment trades, resulting from trading activity over the year end date. The amount was settled in January 2025.

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 2022 and updated to 31 December 2024 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:

	2024 % per annum	2023 % per annum
Discount rate	**5.4**	4.5
Retail Price Index assumption	**3.1**	3.1
Consumer Price Index assumption	**2.6**	2.6
Pension increase assumption (non-GMP)	**3.0**	3.0

The underlying mortality assumption is based upon the standard table known as S4LPA on a year of birth usage with CMI 2023 future improvement factors with a long-term annual rate of future improvements of 1% per annum (2023: S3LPA tables and CMI 2022 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 2024, the present value of the scheme liabilities was $7.2m (2023: $8.4m) and the market value of scheme assets was $7.0m (2023: $8.4m), giving a deficit of $0.2m (2023: surplus of $nil) calculated based on the above assumptions and in accordance with the requirements of accounting standards.

The latest full 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 (2023: $0.8m) 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 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"), which oversees the capital adequacy of CRL. CRL is required to demonstrate capital adequacy to the BMA through the submissions of Bermuda Solvency Capital Requirement calculations, which consider the risk profile of CRL and determines the amount of capital that 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 (2023: $48m).

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 that 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 surplus capital ratio and operational liquidity. As at 31 December 2024, the unutilised portion was $107.0m (2023: $157.0m).

The Group's capital requirement, as at 31 December 2024, 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 (CUS), the Bermudian class 4 reinsurer (CRL) and the Group's participation on Lloyd's Syndicate 4444.

$'000	2024	2023
Shareholders' equity	**1,986,166**	1,617,925
Less: Intangible assets	**(198,023)**	(193,431)
Add: Deferred tax on intangible assets	**23,342**	23,834
Tangible net assets	**1,811,485**	1,448,328
Utilised letter of credit facilities	**218,000**	270,475
Total available capital	**2,209,485**	1,718,803
Capital requirements:		
Syndicate 4444	**1,366,687**	1,220,783
Canopius Reinsurance Limited	**6,578**	–
Canopius US Insurance Inc.	**4,727**	1,878
Canopius Managing Agents Limited	**500**	508
	1,378,492	1,223,169
Surplus Capital Ratio	**147%**	141%

The capital requirements reported for CRL and CUSI represent the difference between their local regulatory capital requirement and the amount they have provided as Funds at Lloyd's under intra-group quota share arrangements with Syndicate 4444's capital provider, Canopius Corporate Capital Limited (CCCL). This presentation has been adopted because Syndicate 4444's capital requirement is not reduced by the existence of the intra-group quota shares.

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, as well as to ensure insurance liabilities can be met as they fall due and our commitment to clients is satisfied. Management and the Board recognise the critical importance of having an effective risk management framework in place. The Group Risk Management Framework, owned by the Board, details the risk management principles upon which Group's risk strategy, risk appetite, risk governance, risk culture and risk management processes 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 decision-making authority including the delegation of 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 to which the business is exposed.

Risk governance is led by the Group Risk Committee (on behalf of the Board), whose membership is comprised 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 of a strong risk management and control culture, which is embedded into "business as usual practice" and supported by an enterprise wide set of policies and practices.

28. Risk management (continued)

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, which provide guidance, 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.

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 Group 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 that the organisation has the capability to monitor and control.

The Group's core business is the underwriting of (re)insurance, so the risk appetite is primarily focused on insurance risk. However, returns on investments also make a positive contribution to profit, 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

The Risk function supports Management and the Board in understanding and overseeing the management of the key risks in Canopius Group's risk universe. The risk universe, which is the comprehensive range of potential risks that the organisation may face, is used as the starting point for creating and reviewing the risk register. It provides positive assurance that all risk areas are identified and managed, and establishes a common view of risk across all Canopius Group entities.

A main component of the Group Risk Framework is the Risk Lifecycle, which is Canopius' approach to ensuring that all risks that are relevant to the business are thoroughly and continuously considered.

RISK IDENTIFICATION

The Risk function engages with management's business planning process to identify key risks to achieving the strategic objectives of the business plan in the immediate and short term.

Additionally, risks are identified 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.

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. The risks on the risk register are continuously assessed and updated by the Risk team, in response to input from all levels within the Group and reported to the Risk Committee and the Board for oversight.

RISK ASSESSMENT

Risks are formally assessed by the risk owners at least once a year based on their likelihood and severity considering the control environment internally and external factors. Risk assessment exercises, including the ranking of the assessment output, help focus attention on the highest priority risks and help minimise the likelihood of any surprises.

Risk assessments are facilitated by the Risk team and informed by risk management information and analysis from the Group Risk Framework. Related mitigating controls to the risk can include the establishment and communication of policies, implementation of formal risk assessment and approval processes, and the establishment of delegated authorities and limits where relevant. The implementation of robust risk controls is designed to enable the optimisation of risk and return on both a portfolio and a transactional 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 controls 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, and it covers (but is not limited to) risk appetite monitoring, key risk indicators, risk and control assessments/Internal Control Framework, stress and scenario testing, and emerging risk reporting. This feeds into key documents, including the Group Risk Opinion, Own Risk and Solvency Assessment and Commercial Insurer's Solvency Self Assessment reports.

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. Risk management (continued)

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 manner;
(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. We consider risks from climate change to fall within the strategic risk category and this will be covered in more detail in the Strategic Risk section.

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 Divisional and Group Underwriting Guidelines, underwriting authority limits that are agreed and signed off by the Underwriting Management 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, Canopius Reinsurance Limited and Canopius US Insurance, Inc. The Group owns a number of underwriting service companies and insurance intermediaries in the US, Bermuda, Singapore, Malaysia and the UK and it has a branch 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. The Group Underwriting and Distribution Forum oversee and challenge the underwriting teams' plans in alignment with the overall Group underwriting strategy, prior to being incorporated into the Group business plan. These plans are approved by the Group Board and respective underwriting entity Boards (of Canopius Managing Agents Limited, Canopius Reinsurance Limited and Canopius US Insurance, Inc.), as applicable.

The Group's underwriters use a variety of techniques in the underwriting of insurance and reinsurance business. This includes 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 and expenses, and ultimately, 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.

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.

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 that are put in place to reduce gross insurance risk do not perform as anticipated.

28. Risk management (continued)

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 ongoing 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 that reduce the recoveries made.

The sensitivity of profit or loss after tax and equity to reinsurance recoveries related to the liability for incurred claims 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 insurance contract written premiums, monitor claims development patterns and determine the claims provisions. The Group reviews at least quarterly, premium and claims experience by class of business and year of account, and the 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.

CONCENTRATIONS OF INSURANCE RISK

The following table sets out the Group's concentrations of insurance risk by product type measured in terms of insurance revenue.

$'000	2024	2023
Property and casualty	**1,136,685**	950,867
Specialty	**789,809**	673,314
Reinsurance	**676,115**	474,221
Professional lines	**370,179**	388,509
Portfolio solutions	**171,896**	35,599
Eliminations and other adjustments	**(19,560)**	(31,561)
Total	**3,125,124**	2,490,949

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 undiscounted liabilities as at 31 December 2024 is 2.8 years (2023: 2.7 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.

	2024		
$'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%	(26,153)	(16,362)
	–1%	26,153	16,362
Weighted average term to settlement	+0.5yrs	49,554	30,786
	–0.5yrs	(50,524)	(31,384)
Risk adjustment confidence level	+5%	(38,812)	(26,140)
	–5%	35,819	22,684

	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)
Risk adjustment confidence level	+5%	(41,356)	(23,387)
	–5%	25,762	20,248

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 the 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.

28. Risk management (continued)

An asset-liability management framework sets out the Group's 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.

(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 $127.2m (2023: $97.1m).

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	**2024**	2023
Liability for remaining coverage - loss component	**(619)**	(7,402)
Liability for incurred claims - estimate of the present value of future cash flows	**(3,298,501)**	(2,913,343)
Liability for incurred claims - risk adjustment	**(190,022)**	(157,594)
Insurance contract liabilities - total amount sensitive to changes in interest rate	**(3,489,142)**	(3,078,339)
Insurance contract liabilities - total amount not sensitive to interest rates	**(53,454)**	4,234
Total Insurance contract liabilities	**(3,542,596)**	(3,074,105)
Asset for remaining coverage - RI share of loss component	**259**	679
Asset for remaining coverage - contracts measured under the GMM	**270,589**	116,370
Asset for incurred claims - estimate of the present value of future cash flows	**972,549**	937,158
Asset for incurred claims - risk adjustment	**63,849**	49,629
Reinsurance contract assets - total amount sensitive to changes in interest rates	**1,307,246**	1,103,836
Reinsurance contract assets - total amount not sensitive to changes in interest rates	**(14,853)**	(24,114)
Total reinsurance contract assets	**1,292,393**	1,079,722
Debt instruments at fair value through profit and loss	**2,378,791**	2,127,443

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.

28. Risk management (continued)

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	2024 Impact on profit or loss after tax and equity	2023 Impact on profit or loss after tax and equity
Net insurance contract liabilities and reinsurance contract assets	+100 bps	**37,693**	31,540
Fixed income debt instruments	+100 bps	**(31,425)**	(26,625)
Net insurance contract liabilities and reinsurance contract assets	–100 bps	**(39,931)**	(33,141)
Fixed income debt instruments	–100 bps	**31,425**	26,625

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 contract liabilities and reinsurance contract assets. The aggregate average duration of the fixed income investment portfolio at 31 December 2024 was approximately 1.8 years (2023: 1.6 years), and that of net discounted insurance contract liabilities and reinsurance contract assets was 2.5 years (2023: 2.5 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:

At 31 December 2024 $'000	AUD	CAD	EUR	GBP	Other	USD	Total
Reinsurance contract assets	**5,800**	**2,709**	**82,594**	**112,269**	**(209)**	**1,089,230**	**1,292,393**
Financial investments	**65,202**	**117,211**	**265,284**	**261,813**	**–**	**3,010,342**	**3,719,852**
Derivative Financial assets	**4,977**	**5,059**	**923**	**1,497**	**721**	**1,653**	**14,830**
Trade and other receivables	**481**	**100**	**6**	**33,295**	**197**	**78,519**	**112,598**
Other assets	**39,341**	**24,424**	**14**	**77,587**	**–**	**10,848**	**152,214**
Cash and cash equivalents	**26,861**	**53**	**9,158**	**22,243**	**842**	**138,203**	**197,360**
Insurance contract liabilities	**(88,312)**	**(67,072)**	**(301,062)**	**(410,467)**	**–**	**(2,675,683)**	**(3,542,596)**
Derivative Financial liabilities	**(339)**	**(143)**	**(108)**	**(1,448)**	**(62)**	**(356)**	**(2,456)**
Trade and other payables	**(6,505)**	**107**	**(629)**	**(120,292)**	**(7,312)**	**(86,394)**	**(221,025)**
Net Exposure	**47,506**	**82,448**	**56,180**	**(23,503)**	**(5,823)**	**1,566,362**	**1,723,170**

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

28. Risk management (continued)

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 2024 $'000	AUD	CAD	EUR	GBP
10% rate increase				
Financial assets	**13,686**	**14,685**	**27,539**	**39,644**
Insurance contract liabilities and reinsurance contract assets	**(8,251)**	**(6,436)**	**(21,847)**	**(29,820)**
Total impact on profit or loss before tax	**5,435**	**8,249**	**5,692**	**9,824**
10% rate decrease				
Financial assets	**(13,686)**	**(14,685)**	**(27,539)**	**(39,644)**
Insurance contract liabilities and reinsurance contract assets	**8,251**	**6,436**	**21,847**	**29,820**
Total impact on profit or loss before tax	**(5,435)**	**(8,249)**	**(5,692)**	**(9,824)**

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)

(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 the 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 $1,762m (2023: $1,474m). 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.

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 2024 $'000	AAA	AA	A	BBB	Other and/or not rated	Total
Amounts relating to reinsurance contracts held*	**–**	**205,484**	**656,651**	**–**	**110,414**	**972,549**
Debt and fixed income securities	**1,204,460**	**478,960**	**559,231**	**136,140**	**–**	**2,378,791**
Debt instruments at amortised cost	**–**	**–**	**–**	**–**	**69,330**	**69,330**
Holdings in collective investment schemes	**404,164**	**284,128**	**184,335**	**2,210**	**175,956**	**1,050,793**
Private credit funds	**–**	**–**	**–**	**–**	**168,966**	**168,966**
Trade and other receivables	**–**	**–**	**–**	**–**	**112,598**	**112,598**
Other assets – overseas deposits	**67,293**	**16,244**	**14,719**	**10,087**	**43,871**	**152,214**
Cash and cash equivalents	**–**	**–**	**197,360**	**–**	**–**	**197,360**
Total	**1,675,917**	**984,816**	**1,612,296**	**148,437**	**681,135**	**5,102,601**

At 31 December 2023 $'000	AAA	AA	A	BBB	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	90,513	118	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	8,172	59,072	155,437
Cash and cash equivalents	–	–	119,999	–	–	119,999
Total	1,471,683	869,045	1,453,131	98,685	512,887	4,405,431

*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.

The underlying investments in the 'other/not rated' holdings in collective investment schemes (that includes participation in investment pools) at 31 December comprised:

$'000	2024	2023
Absolute return funds	157,356	60,804
Bond funds	11,567	26,555
Hedge funds	19	27
Money market funds	7,014	3,442
BBB and below securities	2,210	–
Total	**178,166**	90,828

II) IMPAIRMENT LOSSES ON FINANCIAL ASSETS SUBJECT TO IMPAIRMENT ASSESSMENT

The Group holds a portfolio of participations in 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 secured 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 12 month ECL ("12mECL") or lifetime ECL ("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 whether 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 LTECL.

The LTECL 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 LTECL 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 Not credit impaired	LTECL Credit impaired	2024 Total
Carrying value:				
Gross amount at 1 January	213	–	–	213
New assets originated or purchased	39	–	–	39
Assets derecognised or matured	(71)	–	–	(71)
Movement between 12mECL and LTECL	(6)	–	6	–
Net remeasurement of loss allowance	(67)	–	(2)	(69)
At 31 December	108	–	4	112

$000s	12mECL	LTECL Not credit impaired	LTECL Credit impaired	2023 Total
Carrying value:				
Gross amount at 1 January	238	–	–	238
New assets originated or purchased	126	–	–	126
Assets derecognised or matured	(68)	–	–	(68)
Movement between 12mECL and LTECL	–	–	–	–
Net remeasurement of loss allowance	(83)	–	–	(83)
At 31 December	213	–	–	213

During 2024, the Group has not purchased or originated any financial assets that were credit impaired at the time of purchase (2023: $Nil).

Without taking account of collateral or other credit enhancements, the Group's total exposure to credit risk on its participations on the portfolio of US property bridge loans was $69.3m (2023: $63.5m).

The loans are secured on underlying commercial real estate developments situated in the USA. As at 31 December 2024 the aggregate value of the loans on which the Group participates is $1,525.1m (2023: $1,140.1m) and the value of these underlying properties is estimated to be $3,567.7m (2023: $2,746.2m).

The aggregate value of the loans on which the Group participates, which are considered credit impaired, is $6,000k (2023: none), the Group's participation on these loans is $765k. An estimated value of $5,977k has been assigned to collateral for the purposes of calculating the ECL for these credit impaired loans, the Group's share of the value assigned to the collateral is $762k.

(c) Liquidity risk

Liquidity risk arises where insufficient liquid 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.

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 with the date of the maturity of the 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. None of the net undiscounted estimates of future cash flows in the liability for incurred claims held by the Group as at 31 December 2024 or 31 December 2023 is payable on demand.

	2024							
$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	**241,251**	**301,739**	**302,113**	**272,878**	**222,057**	**1,038,753**	**–**	**2,378,791**
Debt instruments at amortised cost	**41,310**	**24,465**	**3,555**	**–**	**–**	**–**	**–**	**69,330**
Holdings in collective investment schemes	**–**	**–**	**–**	**–**	**–**	**–**	**1,050,793**	**1,050,793**
Private credit funds	**–**	**–**	**–**	**–**	**–**	**–**	**168,966**	**168,966**
Derivative assets	**14,830**	**–**	**–**	**–**	**–**	**–**	**–**	**14,830**
Trade and other receivables	**–**	**–**	**–**	**–**	**–**	**–**	**112,598**	**112,598**
Other assets – overseas deposits	**152,214**	**–**	**–**	**–**	**–**	**–**	**–**	**152,214**
Cash and cash equivalents	**197,360**	**–**	**–**	**–**	**–**	**–**	**–**	**197,360**
	646,965	**326,204**	**305,668**	**272,878**	**222,057**	**1,038,753**	**1,332,357**	**4,144,882**
Financial liabilities								
Trade and other payables	**–**	**–**	**–**	**–**	**–**	**–**	**(221,025)**	**(221,025)**
Derivative liabilities	**(2,456)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,456)**
	(2,456)	**–**	**–**	**–**	**–**	**–**	**(221,025)**	**(223,481)**
Insurance contract balances								
Net undiscounted estimates of future cash flows in the liability for incurred claims	**(803,178)**	**(490,382)**	**(305,055)**	**(202,754)**	**(142,574)**	**(339,892)**	**–**	**(2,283,835)**
Net cash flows	**(158,669)**	**(164,178)**	**613**	**70,124**	**79,483**	**698,861**	**1,111,332**	**1,637,566**

28. Risk management (continued)

$000 Years to maturity	2023 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

The expected payment profile of lease liabilities, based on undiscounted cash flows, as at 31 December 2024 and 31 December 2023 are as follows:

$'000	2024	2023
Less than one year	**5,293**	5,874
Between one and two years	**4,929**	6,615
Between two and five years	**12,883**	17,871
Over five years	**7,391**	14,631
	30,496	44,991

The weighted average duration of fixed income investments by currency is shown below:

	2024 Years	2023 Years
Sterling	**0.1**	0.1
US dollar	**2.0**	1.8
Euro	**0.1**	0.1
Canadian dollar	**2.6**	2.1

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 1.2 years (2023: 1.1 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 capital 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. Risk management (continued)

28.4.5 RISKS FROM CLIMATE CHANGE

Canopius' management and Board considers climate change risks to be among the material strategic risks to the organisation's future success. Climate change risk is the risk of loss from the consequences of climate change as well as from the actions taken to address these consequences. This is broken down into physical risk (from physical damage caused by climate change, such as increasing occurrence of fires and floods), transition risk (risk arising to our business from the transition to a lower-carbon economy) and liability risk (risk from individuals or businesses seeking compensation for losses suffered as a result of climate change). How the Group manages climate change risks will also have implications on the Group's reputational and regulatory risks.

The Group has significantly advanced its climate risk framework in line with Canopius Group developments and evolving regulatory expectations. 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. It is managed and continues to be developed through multi-functional collaboration between Risk Management, Sustainability, Exposure Management and other teams as relevant.

The Group's climate risk framework is part of its wider Environmental, Social and Sustainability ("ESS") 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.

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. Canopius did not make a submission in 2024 due to significant changes in team structure, but will resume its annual submission process in 2025.

The Group has considered the impact of the risks of climate change and identified this as an area of continued focus, but has 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 2024.

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 2023	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
Additions	**–**	**–**	**–**
Disposals	**(5,642)**	**–**	**(5,642)**
Depreciation expense	**(3,948)**	**(7)**	**(3,955)**
Foreign exchange	**(935)**	**–**	**(935)**
At 31 December 2024	**17,582**	**7**	**17,589**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

$'000	2024	2023
At 1 January	**38,903**	35,860
Additions	**–**	3,064
Cancelled lease derecognised	**(8,284)**	(1,770)
Unwind of discounting (interest on lease liabilities)	**1,424**	1,343
Lease payments	**(4,716)**	(1,497)
Foreign exchange	**(1,311)**	1,903
At 31 December	**26,016**	38,903

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	2024	2023
Depreciation expense of right-of-use assets	**3,955**	4,360
Interest expense on lease liabilities	**1,424**	1,343
Expense relating to short-term leases*	**57**	38
Expense relating to leases of low-value assets*	**129**	245
Variable lease payments*	**1,375**	1,274
Total amount recognised in profit or loss	**6,940**	7,260

*These items are included in insurance service expenses.

29. Leases (continued)

The Group had total cash outflows for leases of $6.3m in 2024 (2023: $3.1m).

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 2024, undiscounted potential future lease payments of $19.1m (2023: $24.9m) 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 2024 the Group has two lease contracts that have not yet commenced, but to which the Group is committed (2023: None). The undiscounted future lease payments associated with these leases of $2.4m is not reflected in the amounts recognised within the consolidated statement of financial position.

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, $3,059m (2023: $2,753m) are held in Lloyd's Premium and other trust funds supporting insurance liabilities, or are collateralising letters of credit. These assets are subject to restrictions under the relevant trust deeds and bank facilities.

(b) Bank facilities

As at 31 December 2024, the Group had the following facility available to it for letters of credit, which may be deposited in FAL:

- $325m (2023: $427m) unsecured, of which $218m (2023: $270m) has been utilised to support underwriting on syndicate 4444.

In addition, CRL had the following facility:

- Letters of credit totalling $3.1m (2023: $2.3m) with various overseas cedants. Should CRL fail to meet its obligations under contracts with these cedants they would be able to draw down on these letters of credit. The letters of credit facilities are all secured by a charge over certain of CRL's bank deposits totalling $3.3m (2023: $2.3m).

31. Related party transactions

Details of the ultimate and immediate parent companies of the Company 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 21 (2023: 18) persons. 11 (2023: 9) of the key management persons were directors of the Company. 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	**2024**	2023
Short-term employment benefits	**17,862**	11,131
Post-employment benefits	**417**	418
Other long-term benefits	**–**	–
Termination benefits	**192**	–
Total	**18,471**	11,549

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 $5.52m (2023: $0.2m). FTL is the holding company of Fortuna Midco Limited ("FML"), which 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 $36.5m (2023: $33.5m) loan receivable from FML, which has a maturity date of 20 June 2025 and accrues interest at 6m USD Secured Overnight Financing Rate ("SOFR") + 3.5% (2023: 6m USD SOFR + 3.5%).

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 2024 totalled $59,204k (2023: $55,845k); the total liability for incurred claims related to this arrangement at the reporting date is $73,808k (2023: $56,200k).

Contributions of $137k (2023: $236k) were made to the KGM Pension and Life Assurance scheme by Canopius Services Limited in its capacity as sponsor of the defined benefit scheme to fund the expenses of administering the scheme.

Amounts due to parent undertakings within trade and other payables includes $27.2m (2023: $nil) payable to FTL, related to the recharge of Pillar Two top-up taxes due in the UK in relation to the 2024 profits from the Group's Bermuda operations.

32. Subsequent events

At a Board meeting on 11 March 2025 the Directors declared a dividend of $14m.

Statement of profit or loss and comprehensive income

FOR THE YEAR ENDING 31 DECEMBER 2024

$'000	Notes	2024	2023
Net fair value gains/(losses) on financial assets at fair value through profit or loss	4	**769**	3,554
Other investment revenue	5	**33,243**	44,472
Total revenue		**34,012**	48,026
Finance costs	6	**(4,177)**	(2,579)
Other operating and administrative expenses	7	**(73,044)**	(38,350)
Other expenses		**(77,221)**	(40,929)
(Loss)/profit before tax		**(43,209)**	7,097
Income tax credit/(expense)	8	**17,473**	–
(Loss)/Profit for the year		**(25,736)**	7,097

The Company did not recognise any other comprehensive income during the period.

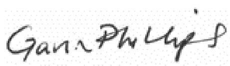
The notes on pages 146 to 158 form part of these financial statements.

Statement of financial position

AS AT 31 DECEMBER 2024

$'000	Notes	2024	2023
Assets			
Investment in subsidiary undertakings	9	**1,128,123**	1,128,123
Financial assets at fair value through profit or loss	10	**299,567**	335,149
Derivative financial instruments	11	**1,295**	712
Deferred tax assets	8(c)	**17,473**	–
Trade and other receivables	12	**–**	7,717
Cash and cash equivalents	13	**64,180**	4,993
Total assets		**1,510,638**	1,476,694
Equity and liabilities			
Equity attributable to equity holders of parent			
Issued share capital	14	**341,868**	341,868
Issued share premium	14	**345,332**	345,332
Capital reserves		**759,956**	759,956
Retained earnings		**(88,429)**	(31,123)
Total equity		**1,358,727**	1,416,033
Liabilities			
Derivative liabilities	11	**1,359**	844
Trade and other payables	16	**150,552**	59,817
Total liabilities		**151,911**	60,661
Total equity and liabilities		**1,510,638**	1,476,694

These financial statements were approved by the Board of Directors on 11 March 2025 and signed on its behalf on 11 March 2025 by:



ANDREW HASTE
Chair

GAVIN PHILLIPS
Chief Financial Officer

The notes on pages 146 to 158 form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to equity holders of the parent				
$'000	Issued share Capital note 14	Issued share Premium note 14	Capital reserves	Retained earnings	Total equity
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**
At 1 January 2024	**341,868**	**345,332**	**759,956**	**(31,123)**	**1,416,033**
Loss for year	–	–	–	(25,736)	(25,736)
Dividends paid	–	–	–	(31,570)	(31,570)
At 31 December 2024	**341,868**	**345,332**	**759,956**	**(88,429)**	**1,358,727**

The notes on pages 146 to 158 form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2024

$'000	Notes	2024	2023
Operating activities			
(Loss)/Profit before tax		**(43,209)**	7,097
Adjustment for:			
Change in operating assets		**(12,051)**	(3,758)
Change in operating liabilities		**68,299**	(673)
Finance costs	6	**4,177**	2,579
Fair value gains	4	**(769)**	(3,554)
Other investment revenue and investment fees and expenses	5	**(33,243)**	(44,472)
Net foreign exchange differences		**155**	(51)
Net cash flows used in operating activities		**(16,641)**	(42,832)
Investing activities			
Investment in subsidiary undertakings		**–**	(26,000)
Investment income	5	**33,243**	44,472
Purchase of financial assets	10(b)	**(254,238)**	(71,434)
Disposal of financial assets	10(b)	**292,301**	149,048
Net cash flows from investing activities		**71,306**	96,086
Financing activities			
Dividends		**(31,570)**	(42,700)
Issuance of loans payable to group undertakings	16	**41,511**	–
Repayment of loans payable to group undertakings	16	**(3,013)**	(15,382)
Finance costs		**(2,251)**	–
Net cash flows used in financing activities		**4,677**	(58,082)
Net increase/(decrease) in cash and cash equivalents		**59,342**	(4,828)
Net foreign exchange on cash and cash equivalents		**(155)**	51
Cash and cash equivalents at beginning of year		**4,993**	9,770
Cash and cash equivalents at end of year	13	**64,180**	4,993

The notes on pages 146 to 158 form part of these financial statements.

Notes to the Company Accounts

FOR THE YEAR ENDED 31 DECEMBER 2024

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 IFRS accounting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with the Companies (Jersey) Law 1991.

These financial statements are the Company's separate financial statements.

The financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities (including derivatives instruments), which are measured at fair value. The financial statements are presented in US dollars and values are rounded to the nearest thousand ($000), except where indicated.

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 2024. 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 2026 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 consist of interest accruing on loans payable, trustee fees and bank charges, and fees for letters of credit.

(C) 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 company's liability or asset for current tax is calculated using tax rates that have been enacted, or substantially enacted, by the reporting 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.

2.2 Summary of material accounting policies (continued)

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.

(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 AND MEASUREMENT

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 remeasured 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.

(G) FINANCIAL INSTRUMENTS

The Company measures financial instruments, such as derivatives, 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.

Notes to the Company Accounts continued

FOR THE YEAR ENDED 31 DECEMBER 2024

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

2.2 Summary of material accounting policies (continued)

The principal or the most advantageous market must be accessible by the Company. 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is 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 financial statements are categorised within the fair value hierarchy described in note 15.

(H) 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.

(I) 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 that 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.

(J) 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.

(K) 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.

(L) 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 a reporting period that begins on, or after, 1 January 2024. The new effective requirements are:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants - Amendments to IAS 1
- Lease Liability in Sale and Leaseback - Amendments to IFRS 16
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

None of these amendments have had a material impact to the Company.

The Company has not early adopted any new standards, amendments or interpretations that are issued but not yet mandatorily effective for the reporting period ending 31 December 2024.

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 9 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 92. The Company holds no investments in joint ventures or associates.

4. Net fair value gains/(losses) on financial assets at fair value through profit or loss

$'000	2024	2023
Realised gains on other financial assets	**5,157**	937
Unrealised gains on other financial assets	**11,966**	21,515
Realised losses on other financial assets	**(7,344)**	(10,861)
Unrealised losses on other financial assets	**(7,298)**	(9,232)
Net fair value gains and losses on derivatives	**(1,712)**	1,195
	769	3,554

5. Other investment revenue

$'000	2024	2023
Interest income on financial assets	**14,557**	17,133
Dividend income	**15,551**	25,198
Interest income on cash and cash equivalents	**3,616**	2,661
Gross investment income	**33,724**	44,992
Investment fees and expenses	**(481)**	(520)
Net investment income	**33,243**	44,472

Notes to the Company Accounts continued

FOR THE YEAR ENDED 31 DECEMBER 2024

6. Finance Costs

$'000	2024	2023
Fees for letters of credit	**(1)**	(66)
Loan interest expense	**(4,148)**	(2,492)
Trustee fees and bank charges	**(28)**	(21)
	(4,177)	(2,579)

7. Operating and administrative expenses

$'000	2024	2023
Head office costs	**3,882**	(108)
Intercompany expense recharge in relation to Pillar Two top-up taxes	**(27,151)**	–
Costs allocated from the service company	**(41,783)**	(34,218)
Other expenses	**(7,966)**	(3,689)
	(73,018)	(38,015)
Net foreign exchange adjustments	**(26)**	(335)
	(73,044)	(38,350)

The table below provides a breakdown of costs allocated from the service company.

$'000	2024	2023
Employee benefit expenses	**(30,463)**	(28,226)
Premises	**(49)**	(80)
Professional fees	**(7,422)**	(5,245)
Other expenses	**(3,849)**	(667)
	(41,783)	(34,218)

8. Income 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) Income tax credit/(charge)

$'000	2024	2023
Current tax		
UK Corporation Tax	**–**	–
Total current tax charge	**–**	–
Deferred tax		
Recognition of previously unrecognised tax losses	**17,473**	–
Total deferred tax credit/(charge)	**17,473**	–
Total tax credit/(charge) on loss on ordinary activities	**17,473**	–

(b) Reconciliation of tax charge

$'000	2024	2023
Profit/(loss) before tax	(43,209)	7,097
Tax at 25% (2023: 23.5%)	10,802	(1,668)
Non-taxable income	3,887	5,938
Non-deductible expenses	(5,979)	–
Group relief	(8,710)	–
Unrecognised deferred tax assets	–	(4,270)
Losses not previously recognised	17,473	–
Income tax credit/(charge)	17,473	–

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 $10,310k (2023: $76,074k), which have no expiry date and have not been recognised for deferred tax purposes due to uncertainty over the availability of future taxable profits. An amount of $17,473k (2023: $Nil) of deferred tax asset has been recognised in relation to losses.

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 through the introduction of the Pillar Two Global anti-Base Erosion Rules ("GloBE Rules"). The 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.

(c) Reconciliation of deferred tax assets, net

$'000	2024	2023
Balance at 1 January	–	–
Recognition of previously unrecognised tax losses	17,473	–
Balance at 31 December	17,473	–

Notes to the Company Accounts continued

FOR THE YEAR ENDED 31 DECEMBER 2024

9. Investment in subsidiary undertakings

$'000	2024	2023
At 1 January	**1,128,123**	1,102,123
Investment in Canopius Holdings UK Limited	**–**	26,000
At 31 December	**1,128,123**	1,128,123

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 businesses. The fair value measurement was categorised as level 3 within the fair value hierarchy based on the inputs used in the valuation technique. At 31 December 2024, 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.

10. Financial assets

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

$'000	2024	2023
Fair value (designated as such upon initial recognition)		
Debt securities and other fixed income securities	**221,187**	247,710
Holdings in collective investment schemes	**35,831**	44,881
Equity shares	**20,978**	37,472
Private credit funds	**21,571**	5,086
Total financial assets at fair value through profit or loss	**299,567**	335,149

Financial assets include $48.2m (2023: $119.1m) that are held in trust supporting insurance liabilities of the Group's managed syndicate. These assets are subject to restrictions under the relevant trust deeds and bank facilities.

(b) Carrying value of financial instruments other than derivatives

$'000	2024	2023
Fair value (designated as such upon initial recognition)		
At 1 January	**335,149**	410,404
Purchases	**254,238**	71,434
Disposals	**(292,301)**	(149,048)
Unrealised gains	**4,668**	12,283
Realised losses	**(2,187)**	(9,924)
At 31 December	**299,567**	335,149

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

11. 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, forward contracts used to hedge excess foreign currency exposures, and equity options used to hedge exposure to equity prices. The derivative financial instruments held by the Company 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.

	2024			2023		
$'000	**Assets**	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Derivatives at FVPL:						
Interest rate futures	**104**	**(122)**	**57,231**	392	(165)	42,105
FX forward derivatives	**282**	**(1,237)**	**85,231**	320	(679)	51,982
Equity options	**909**	**–**	**308,163**	–	–	–
	1,295	**(1,359)**	**450,625**	712	(844)	94,087

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 Company. Over-the-counter derivatives may expose the Company 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.

12. Trade and other receivables

$'000	**2024**	2023
Other debtors	**–**	7,713
Amounts due from Group undertakings	**–**	4
	–	7,717
Amounts due within one year	**–**	7,717
	–	7,717

The fair value of trade and other receivables approximate to their carrying value.

13. Cash and cash equivalents

$'000	**2024**	2023
Cash at bank and in hand	**60,557**	4,236
Cash equivalents	**3,623**	757
	64,180	4,993

The cash and cash equivalents include $56.0m (2023: $0.8m) that are held in trust, supporting insurance liabilities of the Group's managed syndicate. These assets are subject to restrictions under the relevant trust deeds and bank facilities.

Notes to the Company Accounts continued

FOR THE YEAR ENDED 31 DECEMBER 2024

14. Share capital and premium

Authorised shares	2024 Number	2023 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 2023 Number	Changes in issued capital Number	At 31 December 2023 Number	Changes in issued capital Number	At 31 December 2024 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 2023 $	Changes in issued capital $	At 31 December 2023 $	Changes in issued capital $	At 31 December 2024 $
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 2023 $	Changes in issued share premium $	At 31 December 2023 $	Changes in issued share premium $	At 31 December 2024 $
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**

15. Fair value measurement

i) Valuation

The Company has classified its financial instruments as at 31 December 2024 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 2024				
Debt securities & other fixed income securities	**16,592**	**204,595**	**–**	**221,187**
Holdings in collective investment schemes	**29,568**	**6,263**	**–**	**35,831**
Equity	**20,978**	**–**	**–**	**20,978**
Private credit funds	**–**	**–**	**21,571**	**21,571**
	67,138	**210,858**	**21,571**	**299,567**

$'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

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.

Notes to the Company Accounts continued

FOR THE YEAR ENDED 31 DECEMBER 2024

16. Trade and other payables

$'000	2024	2023
Amounts owed to Group undertakings	**145,578**	52,808
Accruals and deferred income	**5,000**	7,000
Other creditors	**(26)**	9
	150,552	59,817
Amounts due within one year	**71,100**	59,817
Amounts due after one year	**79,452**	–
	150,552	59,817

Amounts owed to Group undertakings include a total of $79.5m (2023: $39.0m) of loans payable to Group undertakings, including $37.9m due to Canopius Holdings UK Limited (2023: $36.0m), which has a maturity date of 31 December 2027 and accrues interest at 12m SONIA+2.38% (2023: 12m SONIA +2.23%), and $41.5m (2023: $Nil) due to Canopius Corporate Capital Limited, which has a maturity date of 31 December 2027 and accrues interest at 12m SOFR+2.23%.

Other intercompany amounts include $27.2m due to Fortuna Topco Limited (2023: $Nil), $9.9m due to Canopius Services Limited (2023: $4.7m), $17.1m due to Syndicate 4444 (2023: $6.5m) and $2.0m due to Canopius Reinsurance Limited (2023: $2.0m).

Changes in liabilities arising from financing activities

$'000	2024	2023
Total liabilities from financing activities at 1 January	**39,028**	50,381
Loan from subsidiary undertaking	**41,511**	–
Repayment of loan from subsidiary undertaking	**(3,013)**	(15,382)
Interest accrued and FX	**1,926**	4,029
Total liabilities from financing activities at 31 December	**79,452**	39,028

17. 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.

(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 2024 $'000	AAA	AA	A	BBB	Other and/ or not rated	Total
Debt securities and other fixed income	86,979	40,114	83,965	10,129	–	221,187
Holdings in collective Investment schemes	29,568	–	–	–	6,263	35,831
Private credit funds	–	–	–	–	21,571	21,571
Cash and cash equivalents	–	–	64,180	–	–	64,180
Total	**116,547**	**40,114**	**148,145**	**10,129**	**27,834**	**342,769**

At 31 December 2023 $'000	AAA	AA	A	BBB	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	3,366	13,370	302,670

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 (2023: no loss allowance).

$'000	Notes	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
Trade and other receivables	12	–	–	–
Cash and cash equivalents	13	64,180	–	64,180

Notes to the Company Accounts continued

FOR THE YEAR ENDED 31 DECEMBER 2024

17. 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 2024 and 31 December 2023 are as follows:

At 31 December 2024 $'000	Less than one year	Between one and five years	Over five years	Not dated	Total
Debt securities and other fixed income	**1,595**	**42,464**	**177,128**	**–**	**221,187**
Holdings in collective Investment schemes	**–**	**–**	**–**	**35,831**	**35,831**
Private credit funds	**–**	**–**	**–**	**21,571**	**21,571**
Cash and cash equivalents	**64,180**	**–**	**–**	**–**	**64,180**
Total	**65,775**	**42,464**	**177,128**	**57,402**	**342,769**

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

18. 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 to and from Group undertakings can be found in notes 12 and 16 of the Company accounts.

Loan interest expense in note 6 of the Company accounts relates to the related party loans disclosed in note 16 of the Company accounts.

Costs allocated to CGL from Canopius Services Limited and an expense recharge in relation to Pillar Two top-up taxes from Fortuna Topco Limited can be found in note 7 of the Company accounts.

19. Subsequent events

At a Board meeting on 11 March 2025 the Directors declared a dividend of $14m.

Glossary

Term	Description
Asset for remaining coverage ("ARC")	An entity's asset representing its reinsurers' share of the 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).
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 - undiscounted 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

Glossary continued

Term	Description
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.
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 reporting 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.

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