Compre Group Holdings Limited

Annual Report and Consolidated Financial Statements
31 December 2022

Compre Group Holdings Limited

Company information

Directors

Jacqueline King	Resigned 29 June 2022
Luigi Sbrozzi	
Kevin Sarafilovic	Resigned 15 July 2022
Rhonda Ramparas	Appointed 29 June 2022
Emmanuel Clarke	Appointed 29 June 2022
Frank Koster	Appointed 29 June 2022 / Resigned 1 December 2022
Aaron Papps	Appointed 29 June 2022
Robert Perry	Appointed 29 June 2022
William Bridger	Appointed 29 June 2022
Anup Seth	Appointed 22 January 2023

Company secretary

Conyers Corporate Services (Bermuda) Limited

Registered office

c/o Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Registered number

56052

Auditors

Mazars LLP
30 Old Bailey
London
EC4M 7AU

Compre Group Holdings Limited

Registered number 56052
Performance Review

Business Performance - A strong year for Compre

2022 was a pivotal year for Compre Group Holdings Limited (CGHL and herein referred to, simultaneously with the collection of subsidiaries below CGHL, as Compre Group or the Group) as it continued its quest to be a preferred choice for legacy solutions in the mid-tier transaction space. The areas of focus for Compre at the outset of 2022 were to continue to pursue strategic growth, deliver strong financial performance and optimise its operating platform.

The Group was incorporated in November 2020 by international private equity firm Cinven and British Columbia Investment Management Corporation (BCI) and acquired the Compre Group from the previous shareholders in April 2021. During the year, Compre Group's regulatory supervision moved to the Bermuda Monetary Authority (BMA) following the successful re-domiciliation of the Group from Malta to Bermuda and CGHL became the new supervised holding company of the Group with effect from 1 July 2022. As a result, this is the first year where the Group's consolidated results are reported at the level of CGHL.

For the purposes of this Performance Report, the comparative period has been shown on a like for like basis (as if all Group companies had been part of the CGHL group for the full 2021 year) in order to show a meaningful performance trend. The 2021 comparatives included in the financial statements have been prepared on the basis disclosed in Note 1.

<u>Strategic Growth</u>

Backing up the growth delivered in 2021, Compre Group signed deals in 2022 to acquire $462m of new reserves with $172m of these reserves already onboarded in the year and the remaining expected to be delivered in 2023 following regulatory approval processes. Through these deals, the Group were able to execute its vision of setting up a centre of excellence for European Medical Malpractice liabilities which has added to the Group's expertise around casualty lines. Further details of the transactions concluded in 2022 are as follows:

Deals signed and completed in 2022

1. In April 2022, Compre Group entered into a small loss portfolio transaction with a German re-insurer to acquire a portfolio of motor and marine business in run-off in the Netherlands.
2. In August 2022, Compre Group received regulatory approval to complete a loss portfolio transaction of a French Medical Malpractice (MedMal) portfolio from a European insurer. The portfolio contains legacy, live and prospective risks through 2023.

Deals signed in 2022 and expected to complete in 2023

1. In August 2022, Compre Group agreed to acquire technical liabilities of approximately EUR 200 million through a loss portfolio transfer (LPT) of hospital liability (MedMal) portfolio of German insurer Basler Sachversicherungs-AG ("Basler"), a subsidiary entity of the Baloise Group. The portfolio mainly consists of underwriting years 2004 to 2018 and as such has been in run-off for several years. The transaction is subject to regulatory approval by the German Federal Financial Supervisory Authority ("BaFin").
2. In October 2022, Compre Group signed agreements to acquire the Irish subsidiary of Covéa, Medical Insurance Company DAC (MIC), which provided general liability insurance covering professional medical malpractice risks. MIC entered into run-off in 2015. The transaction remains subject to appropriate regulatory approvals.

Deals signed since the Balance Sheet date and expected to complete in 2023

1. In March 2023, Compre signed an agreement with SiriusPoint Limited for a LPT on a diversified portfolio of primarily reinsurance business. The LPT covers approximately $1.3bn of reserves as at the valuation date of 30 September 2022, with completion expected by mid-2023 subject to regulatory approvals.

The table below illustrates the significant growth in new business activity in the last few years especially in the last 24 months.

Deal Volume (based on signing date)	2022	2021	2020	2019
Acquired Reserves ($m)	462	405	201	98

The Group continues to offer high quality, knowledgeable resources to administer run-off services throughout Europe, the Lloyd's market and North America.

<u>Strong Financial Performance</u>

As a legacy specialist, our financial performance is driven by underwriting retrospective legacy deals which in turn drive income recognition. As a result, the Group considers operating profit and growth in Tangible Net Asset Value (TNAV) based on all signed deals in the year as key measures of success. The operating profit accounting for all signed deals in the year amounted to $69.8m which represents growth of 84.7% over the prior year $37.8m. This was driven by the new deals mentioned earlier along with positive development on the existing portfolio and strong net investment income. Over the same period and on the basis of all signed deals in the year being considered, TNAV grew by 17.1% from $400.5m in 2021 to $469.0m in 2022.

Performance Review (continued)

Key Performance Indicators ($m)	2022	2021	Change
Operating Profit[1]	69.8	37.8	84.7%
Tangible Net Asset Value[2]	469.0	400.5	17.1%

The Group continued to expand its balance sheet through new transactions in 2022. As a result, Assets under Management (AuM) have grown 9.8% in 2022 over prior year which includes the mark-to-market impacts on the asset portfolio experienced across the industry driven by the significant increase in interest rates across the world in response to the global inflationary pressures and the war in Ukraine. Excluding such impacts, the growth in AuM in 2022 over prior year would be 20.6%. With an increasing asset base and a well matched portfolio of assets and liabilities on currency and duration, Compre Group has benefited from the increase in yields through higher reinvestment returns and higher yield on the overall portfolio. The impacts are visible on the net investment income of the Group which has grown from $3.8m in 2021 to $17.2m in 2022. Net income after tax, including impacts for all signed deals, was $72.7m which was significantly higher than the prior year figure of $45.9m.

Despite a tough macroeconomic environment, continued competition in the legacy Property & Casualty (P&C) space and significant growth, the Group has maintained its underwriting discipline as is reflected in the Group's strong financial results.

Operational Platform Optimisation

The Group optimised its operating and capital structure by redomiciling to Bermuda under the supervision of the Bermuda Monetary Authority (BMA) and issuing $197m of subordinated debt, most of which is listed on the International Securities Market (ISM). This has allowed the business to pursue its growth ambitions and have adequate capital and liquidity available for pursuing deals in a competitive legacy P&C market.

The Group has continued to invest significantly in the business which is reflected in the significant increase in operating expenses in 2022 compared to prior year. We aim to continue enhancing our market leading platform to increase deal capacity and provide better service to our clients through a unified, data driven and agile operating and technology platform. Significant investments have been made in enhancing our proprietary claims management tool, creation of a data analytics team and several technology implementations to enhance the operating efficiency of the organisation. We continued to invest in people with an increase of 35.8% in our headcount year on year and learning & development continuing to remain a key focus area for our business. Our team of 129 (2021: 95) people remains committed to creating value for our clients and shareholders and we are extremely proud of and thankful for their commitment to Compre.

Capital and Solvency

The Group has significantly strengthened its capital and solvency position having raised $197m of subordinated debt in the year. In addition, the acquisitions completed in 2022 have diversified very well with the existing portfolio and as a result, the capital consumption in 2022 has been more efficient than otherwise. The Finance and Risk functions have worked closely together to ensure that the Group's portfolio of assets and liabilities is well matched from a duration and currency perspective. As a result, in a year of considerable macro-economic volatility, the economic balance sheet has shown the required resilience leading to relatively low volatility on the Group's Solvency Coverage Ratio (SCR) through the year from external factors.

Capital and Solvency Metrics	2022	2021	Variance
Own Funds ($m)	533	317	68.1%
Solvency Ratio (BSCR) (%)[3]	234%	146%	88% pts

The Compre Group has continued to exhibit its core ethos in 2022 by continuing to grow with a mid-market focus, remain committed to its clients by building strong relationships and pursuing underwriting discipline in a fairly competitive legacy space. The Group are very encouraged by it's achievements to date and remains committed to making Compre Group the preferred partner in the P&C legacy space. The Group thanks it's employees for their dedication and hard work. And the Group would also like to thank its shareholders, for their continued support.

[1] Operating profit refers to profit before tax adjusted for items outside the control of the management team such as mark to market movement on investments, discounting on liabilities, currency related movements and other non-recurring items. The figure shown is based on all signed deals in the year including those that are expected to complete in 2023.

[2] Tangible Net Asset Value excludes goodwill and other intangible assets from the net asset value.

[3] The Group commenced reporting under Bermuda Solvency Coverage Requirements (BSCR) in 2022. Therefore, the 2021 figures show an indication of what the Group’s Enhanced Capital Requirement (ECR) would have been as at 31 December 2021 had it been required to report one at that date. As the Group was not required to report an ECR as at 31 December 2021, the figures have been prepared for illustrative purposes by the Group in accordance with the Group’s interpretation of the BSCR. In particular, neither the figures shown nor the bases, assumptions and interpretations upon which they have been prepared, have been audited or reviewed by the BMA.

Strategic Review of the Business

Introduction to Compre Group

CGHL was incorporated in November 2020 by private equity firm Cinven and BCI. The Group is domiciled in Bermuda and is under the regulatory supervision of the BMA. The principal activities of CGHL (the Parent Company or Company) and its subsidiaries are the acquisition and subsequent management of legacy, or prior year, insurance and reinsurance liabilities which can include both run-off re/insurance portfolios as well as prior year liabilities for ongoing business still being underwritten.

Compared to traditional insurance and reinsurance business models, the legacy re/insurance business model typically benefits from less volatile underlying liabilities, reflecting the fact that (i) losses generally are known when the prior year liabilities are acquired and can be re-underwritten to higher levels of profitability, (ii) claims typically have a more predictable pay-out pattern and (iii) there is limited catastrophic or single event risk that has already occurred. In addition, the legacy market is less reliant on the broader property and casualty insurance market and pricing environment.

The Group is a legacy specialist with over 30 years' experience in the provision of re/insurance legacy business solutions, proactively managing the claims liabilities acquired and has experience in acquiring most classes of direct and reinsurance business, including property, liability, marine and motor accident.

The regulated insurance and reinsurance companies in the Group are:

- Pallas Re is domiciled in Bermuda and regulated by the BMA;
- Bothnia International Insurance Company Ltd (Bothnia) is domiciled in Finland and regulated by the Finanssivalvonta (FIN-FSA); and
- Compre Corporate Member (1) Limited and Compre Corporate Member (2) Limited which are corporate members regulated by Lloyd's and supporting our syndicate 1994.

During the year, the Group undertook a process to transfer all insurance liabilities out of London & Leith Insurance PCC SE (LLSE) to other risk carriers in the Group and received approval to de-authorise the entity from underwriting further insurance business. LLSE is domiciled in Malta and the entire process was completed post approvals from relevant regulatory authorities. A process to wind down the company will be commenced in due course.

Private equity firm Cinven and Canadian pension fund BCI are ultimately the majority shareholders alongside certain members of Compre's management team as minority shareholders. The investors have strong knowledge of the insurance industry and are actively involved in the management of the business.

Strategy and Vision

The Group's vision is to be a leading global legacy acquirer with a focus on the mid-sized transactions market, where it believes that lower competition results in better pricing, providing a differentiated experience through its disciplined and collaborative approach, making it the legacy partner of choice for its customers. The Group's aim is to carry out its business plan of growing the economic value of the business whilst ensuring appropriate protection for policyholders. The Group continues to build on the strategy outlined in 2021 for building a business of scale in the P&C legacy market. During the year, it has successfully repositioned the Group in the market closing larger deals than previously by :

- Changing the focus of client discussion to reflect a new risk appetite;
- Continued development of building an operational platform for scale;
- Optimised its capital structure by issuing $197m of subordinated debt in June 2022 to fund new transactions and repay senior debt facilities which were not capital efficient under the Bermuda Solvency Capital Requirements;
- Established a centre of excellence in European Medical Malpractice liabilities;
- Greater presence in North America to access market opportunities in this region;
- Solidified the Lloyd's pillar to be ready to execute the full range of legacy transactions at Lloyd's, in partnership with Apollo Syndicate Management Limited; and
- Expanded its talent pool with significant new hires across the business.

Industry Outlook

The P&C legacy market remained competitive in 2022 with 48 deals announced in the year by 16 legacy solutions providers including Compre. In terms of value of transactions announced, approximately $8bn of liabilities were transacted in 2022 which is consistent with prior year although the average deal size in 2022 appears to be higher. Of the $8bn volume, $6.4bn was related to US risks and the remaining driven by UK and Europe. Transaction activity was driven by structural reforms in the insurance industry such as Solvency II and Decile 10 (Lloyd's) but also commercial factors which have driven (re)insurers to consider capital allocation in light of the hard rating environment prevalent across P&C lines of business, especially reinsurance. Insurance Business Transfers (IBT) in the US were approved by a few jurisdictions with more approvals expected in 2023 in other federal jurisdictions. Legacy solutions have gained prominence over the years with the size of P&C legacy reserves estimated to be $960bn at the end of 2022 with an addressable market for Compre in North America and Europe representing more than 80% of this. Transaction volume for legacy solutions is expected to increase in 2023 impacted by less reinsurance capacity, higher reinsurance rates and higher reinsurance attachment points. This means that insurers are having to hold a greater net retention at a higher price than in previous years, increasing capital demands and cost. The Compre Group continues to see strong engagement with its clients and it's deal pipeline is indicative of the appetite for legacy solutions being as robust as ever in the market.

Macroeconomic Outlook

After more than a decade of low interest rates and excess liquidity across the globe driven by the Global Financial Crisis in 2008 and by the Covid-19 pandemic in the recent years, the central banks across the world raised interest rates significantly and in unison in response to sustained inflationary pressures. Inflation was further compounded by the Russia – Ukraine conflict which led to significant increase in prices of a number of commodities, especially oil, natural gas and food grains. The Federal Reserve in the US raised its benchmark rate by over 400 basis points (bps) to finish at 4.25% at the end of 2022. The Eurozone emerged out of a long running period of negative interest rates and finished 2022 with a benchmark interest rate of 2.00%, an increase of 250 bps in the year. Similarly, the Bank of England raised its base rate from 0.25% at the beginning of 2022 to 3.50% by the end of it and quickened its pace of rate increases in the year despite being one of the first central banks to raise rates. Driven by the rate increases in the US, the USD has strengthened against most major currencies in 2022 and there has been significant currency volatility in the UK especially during the brief tenure of the Liz Truss premiership. The interest rate environment led to a general widening of credit spreads in 2022 and significant decline in equity markets especially for indices with a high proportion of technology stocks.

The inflationary pressures have started to recede towards the end of 2022 and green shoots appear to be on the horizon. In the fourth quarter of 2022 volatility although remaining elevated was less than previous quarters, with bonds ending the year on a mixed note with eurozone risk free rates edging higher in contrast to the UK which have seen a significant decrease, while in the US risk free remained relatively stable. Credit spreads tightened across the board in the fourth quarter on improved risk sentiment. Economic data remained resilient by the end of 2022 with the US unemployment rate below 4% and labour force participation rate having stagnated around 60%. The Compre Group aims to remain committed to maintaining a resilient economic balance sheet through a well-matched asset – liability portfolio and will continue to pursue an asset strategy that is consistent with its risk appetite.

Outlook for 2023

Compre has increased its transaction volume significantly in the last couple of years in order to achieve its aim of building a balance sheet of scale. This will continue to be a key driver for us in 2023 as we continue to deepen our client relationships and offer solutions to cedants looking to optimise their capital structure or benefit from capital re-allocation towards more profitable lines of business in the current hard pricing environment. Our focus will remain on mid-tier transactions but our deal pipeline does include several large transactions (>$1bn of reserves). We will continue to expand our capital base to fund our growth through the right mix of equity and debt ensuring that our leverage remains within our internal tolerance levels.

On an operational level, we remain focussed on platform development in 2023 with plans to expand our centres of excellence in core lines of business to provide focused discipline and expertise aiming to improve both underwriting and claims management. In addition, Compre is committed to using technology as a key driver for its operational platform with several automation initiatives expected to be completed in a number of functional areas which will provide the capacity for the business to expand without a proportionate increase in operating costs.

We believe that Compre is well positioned in the P&C legacy market to pursue its growth ambitions in 2023 with a strong management team, supportive and reliable capital providers and a clear focus on maintaining underwriting discipline. The announcement of our first $1bn deal in March 2023 is indicative of our growing reputation and our aim to deliver value for all stakeholders and society in general.

DocuSigned by:
0B8A1C0B4DDE496...
William Bridger
Director

DocuSigned by:
FE017A05202B4AA...
Emmanuel Clarke
Director

10 May 2023

Registered number 56052
Directors' report

The directors present their report and the audited consolidated financial statements of Compre Group Holdings Limited for the year ended 31 December 2022.

Incorporation and principal activities

Compre Group Holdings Limited (known as Maple Bidco Limited at the time of incorporation) was incorporated under the laws of Bermuda on 13 November 2020. The principal activities of Compre Group Holdings Limited (the Parent Company or Company) and its subsidiaries (collectively, the Group) are the acquisition and subsequent management of insurance and reinsurance companies and portfolios in the run-off insurance market.

Results and dividends

The results for the Group are shown in the consolidated statement of comprehensive income on page 16. The directors are reporting a loss for the year ended 31 December 2022.

The directors do not recommend the payment of a dividend in the current year (2021: $Nil).

Review of business

During the year under review the Group made a loss after tax of ($10.2)m (2021: profit of $25m).

A more detailed analysis of the business performance during the year may be found within the Performance Review.

Environmental, Social and Governance (ESG)

Compre Group has made significant advancements to its Environmental, Social and Governance (ESG) strategy to date and has concentrated on three critical areas: (1) Measuring and understanding what drives Compre's carbon footprint (2) Embedding ESG in Compre's Investment guidelines and (3) Promoting and fostering Inclusion and Diversity across the organization. Compre have established an executive led ESG working group and developed processes to measure and monitor its Greenhouse Gas emissions. Compre has also embedded ESG into its Investment and Reserving policy and focused on augmenting the diversity, inclusion and wellness of its people.

Carbon Footprint reporting
The Group engaged external sustainability advisors, Anthesis, to conduct an assessment of its Direct and Indirect Greenhouse Gas emissions. This entailed a review and quantification of the emissions emanating from Compre offices and employee business travel, in so far as possible. The quantification of emissions from investment holdings was a separate exercise performed in conjunction with Compre's investment managers, Goldman Sachs Asset Management (GSAM). Compre also completed a climate survey risk assessment aligned to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Both reports identified that the largest emissions from the Compre Group are driven by its Bond portfolio where there is exposure to Utility, Energy and Consumer Noncyclical investments.

Investments
Compre have worked closely with its investment managers, GSAM, to embed ESG initiatives within its investment guidelines. It has identified certain investment categories to exclude from its investment guidelines as well as establishing minimum holdings in Green, Sustainable, Social Bonds (GSS Bonds). These investment proposals have been presented to the Group Investment Committee for approval. Exclusions include investments in controversial weapons, fur products, tobacco, GMO's and the minimum holding in GSS Bonds has been set at 3% of the investment portfolio.

Inclusion and Diversity
Compre is committed to fostering an environment where all its people can fulfil their potential and in which they feel comfortable to be themselves. Compre prides itself at being an inclusive and diverse workplace and has a culture of celebrating authenticity. Compre is deliberate about building a corporate culture of acceptance in all respects.

Currency

The accounts are drawn up in United States Dollar ("USD" or "$"). This is also the currency in which the Company's share capital is denominated.

Directors

The directors of the Company who served during the year are as follows:

Jacqueline King (Resigned 29 June 2022)
Luigi Sbrozzi
Kevin Sarafilovic (Resigned 15 July 2022)
Rhonda Ramparas (Appointed 29 June 2022)
Emmanuel Clarke (Appointed 29 June 2022)
Frank Koster (Appointed 29 June 2022 / Resigned 1 December 2022)
Aaron Papps (Appointed 29 June 2022)
Robert Perry (Appointed 29 June 2022)
William Bridger (Appointed 29 June 2022)

Principal risks and uncertainties facing the business

Management continually monitor the key risks facing the Group together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually. Additional information on management of insurance and financial risks can be found in note 4 on page 29.

The principal risks and uncertainties recognised by the directors of this Company in respect of insurance business in run-off are the unpredictable nature of claims arising on business written many years ago, asset risk and the exposure to currency exchange rate fluctuations. These risks are mitigated by active claims management, reinsurance arrangements, regular monitoring and management of interest rate and foreign exchange risks.

Financial risk management and exposures

The following are considered by the Board to be the Group's principal risks and are regularly monitored by the Board:

- Strategic risk – economic loss resulting from failed business strategy and strategic objectives;
- Regulatory Risk – failure to comply with regulatory requirements that could impact on the ability of the Group to conduct its business;
- Operational Risk – failure of operational aspects that could have material negative impacts related to people, processes, systems, and external factors;
- Insurance Risk – economic loss associated with insurance liabilities acquired and related to data quality, reserve assessment and claims payments;
- Financial Risk – economic loss resulting from a failure in investment strategy and/or investment underperformance or reinsurance default;
- Reputational Risk – the risk associated with the potential for loss of economic value resulting from any reputation damaging incident; and
- ESG Risk – transition and physical risks arising as a result of consideration (or lack of) environmental, social and governance impact within business, including climate change.

Ukraine

The Group does not have any material direct exposure to Ukraine or Russia. However, the on-going events continue to present a threat to the global economic environment and stability. The Group will continue to monitor the situation and take appropriate measures, if and when required.

Auditors

The auditors, Mazars LLP, who were appointed in 2022, have expressed their willingness to continue in office, and a resolution proposing their reappointment and authorising the directors to fix their remuneration will be put before the members at the next annual general meeting.

Disclosure of information to auditors

Each of the persons who is a director at the date of this report confirms that:

1. As far as each of them is aware, there is no information relevant to the audit of the Group's consolidated financial statements for the year ended 31 December 2022 of which the auditors are unaware; and

2. The directors have taken all steps that they ought to have taken in their duty as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Approval

Approved by the directors and signed on 10 May 2023.

DocuSigned by:
0B8A1C0B4DDE496...
William Bridger
Director

DocuSigned by:
FE017A05202B4AA...
Emmanuel Clarke
Director

Registered office:

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Independent auditor's report to the members of Compre Group Holdings Limited

Opinion

We have audited the consolidated financial statements of Compre Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, 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 Notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRSs).

In our opinion, the consolidated financial statements:

1. give a true and fair view of the state of the group's affairs as at 31 December 2022 and its loss for the year then ended; and
2. have been properly prepared in accordance with IFRSs.

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 and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

Other matter

Without qualifying our opinion, we draw attention to note 1 on page 20 of the financial statements and the fact that the comparative information in the accounts was unaudited as the group was entitled to exemption from audit.

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.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

1. Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
2. Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
3. Evaluating the directors' method to assess the group's ability to continue as a going concern;
4. Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
5. Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
6. Reviewing the appropriateness of the directors' disclosures in the financial statements.

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 ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorized for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Valuation of Technical Provisions (Gross): $736 million. Refer to Note 3: "Significant management judgements in applying accounting policies and estimation uncertainty- Technical provisions for outstanding claims and reinsurers' share of insurance liabilities Technical provisions represent the largest liability of the group. Valuation of these liabilities, specifically claims incurred but not reported (IBNR) is highly judgmental and requires several actuarial assumptions (specifically claims inflation, expected development patterns and expected loss ratios) to be made that have a material impact on the valuations. Changes in these assumptions could lead to technical provisions not falling within a reasonable range of possible estimates and result in a material misstatement in the financial statements.	Our audit team included actuarial specialists. In conjunction with the actuarial specialists, we performed the following procedures to test the valuation of insurance liabilities: 1. Met with the group's actuarial team involved in the reserving process to discuss the reserving methodology, management controls on the relevant models, changes in assumptions and questions arising from our review of internal and external reserving reports. 2. Performed independent projections on selected portfolios, covering those portfolios that have the highest estimation uncertainty based on December 2022 data and compared the results with the reserves recorded by the group both at a portfolio and aggregate level. 3. Challenged actuarial methodologies and compared them against recognized actuarial practices. 4. Challenged assumptions used in the valuation of insurance liabilities for portfolios with high estimation uncertainty, but which are less material. This included performing a combination of benchmarking the group's assumptions against those used in the market for similar lines of business, conducting diagnostic tests to assess whether the methods used align with development patterns and loss ratios suggested by the data and recalculating the group's estimates to ensure computational accuracy. 5. Analysed movements in ultimate losses and actual vs. expected analyses for the remaining classes of business. 6. Conducted a roll-forward to 31 December 2022 on the portfolios independently projected, and classes analysed through methodology and assumptions by analysing actual experience. Where there has been an increase in uncertainty during the roll forward period, we reperformed our analysis. We performed the procedures above over the valuation of insurance liabilities without control reliance, as the nature of the account balance is such that we would expect to obtain sufficient audit evidence through substantive procedures alone. Our observations Based on our procedures, we found the valuation of insurance liabilities to be reasonable.

Valuation and accounting for new loss portfolio transfers: $211 million (value of acquired gross reserves). Refer to Note 3: "Significant management judgements in applying accounting policies and estimation uncertainty- Technical provisions for outstanding claims and reinsurers' share of insurance liabilities Loss portfolio transfers are material to the group and there is uncertainty in the valuation of the insurance liabilities acquired. There is a risk that the accounting treatment of loss portfolio transfers is not in line with the reporting framework and the financial statements might be materially misstated. New loss portfolio transfers also pose a risk to capital management and the group's ability to meet existing liabilities whilst continuing to grow further.	Our audit team included actuarial specialists. In conjunction with the actuarial specialists, we performed the following procedures to test the valuation and accounting for new loss portfolio transfers. 1. Gained a detailed understanding of the end-to-end process of onboarding of new portfolios, including the nature of portfolios acquired in the current year, focusing on bespoke elements that may require unique actuarial methodologies and assumptions to value, as well as requiring unique technical accounting treatment. 2. For transactions completed, formal legal agreements were reviewed and assets relating to these portfolios were confirmed. 3. With the support of our own actuarial specialists; reviewed the reserves established relating to new transferred portfolios. This involved discussions with the group's actuaries, the review of the relevant due diligence performed by the group and any updated assessment by the group of these reserves post-acquisition. 4. With the support of our technical accounting specialists, reviewed the application of the accounting policy and verified that appropriate and sufficient disclosures are made to the financial statements. We performed the procedures above over the valuation and accounting for new loss transfers without control reliance, as the nature of the account balance is such that we would expect to obtain sufficient audit evidence through substantive procedures alone. Our observations Based on our procedures, we found the valuation and accounting treatment of new loss portfolio transfers to be reasonable.
Valuation of goodwill: ($77 million) Refer to Note 2.7: "Goodwill" Goodwill arose from the acquisition of Cambridge TopCo Limited and its subsidiaries by the group on 14 April 2021. Under IFRSs, the initial recognition of goodwill acquired in a business combination should be in accordance with IFRS 3. Further, the group is required to annually assess any potential impairment of the goodwill. This annual impairment test was significant to our audit because the goodwill balance of $77 million as of December 31, 2022 is material to the financial statements. In addition, management's assessment process is complex and highly judgmental and is based on assumptions, specifically future cashflows, perpetual growth rate and discount rate, which are affected by expected future market or economic conditions.	Our audit team included technical accounting and impairment specialists. We performed the following procedures to test the valuation of goodwill: 1. With the support of our technical accounting specialists, and our actuarial specialists, we evaluated the accuracy of the initial goodwill recorded in accordance with IFRS 3 by auditing the individual components of the acquired assets and liabilities as of 14 April 2021. 2. For both 31 December 2021 and 31 December 2022, we assessed and challenged the appropriateness of the key assumptions and inputs used by the group in the value-in use computation, which are mainly made up of the following elements: a. Future cashflows b. Perpetual growth rate c. Discount rate 3. With the support of impairment specialists, we evaluated the reasonableness of the cashflow projection through benchmarking to historical performance of the group. 4. Performed a trend analysis on future performance and challenged any significant increase or decrease in future profitability in light of actual observed performance. 5. We evaluated the perpetual growth rate through benchmarking to industry growth rates of comparable companies and the long-term nominal GDP rate. 6. We evaluated the discount rate through benchmarking to industry discount rates for comparable companies. 7. We have stress tested the key inputs that flow into the valuation model. We performed the procedures above over the valuation of goodwill without control reliance, as the nature of the account balance is such that we would expect to obtain sufficient audit evidence through substantive procedures alone. Our observations Based on our procedures, we found the valuation of goodwill to be reasonable.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing, and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

Overall materiality	$ 5.2 million
How we determined it	0.5% of Total Liabilities
Rationale for benchmark applied	In determining our materiality, we considered financial metrics which we believed to be relevant and concluded that total liabilities were the most relevant benchmark. We believe that the benchmark of total liabilities is the most appropriate for a group involved in the acquisition and management of insurance portfolios in run off, as it is not significantly impacted by the volatility arising from loss portfolio transfers.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at $3.6 million, which represents 70% of overall materiality. The primary factors we considered in determining the level of performance materiality include our understanding of the group's control environment and our expectation of the number of errors in the current year audit.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above $0.15 million (3% of overall materiality) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our tests included, but were not limited to, obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error, review of minutes of directors' meetings in the year and enquiries with management. As a result of our procedures, we did not identify any Key Audit Matters relating to irregularity or fraud. The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

Our group audit scope included an audit of the group financial statements of Compre Group Holdings Limited. Based on our risk assessment, seven components of the group were subject to full scope audit and seven components were subject to specified procedures. Of the components subjected to full scope audit, four were audited by the group audit team directly and three were audited by component auditors.

We used the outputs of risk assessment, our understanding of the group, and we also considered qualitative factors in order to ensure that we obtained sufficient coverage across all material financial statement line items.

At the group level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the Annual Report and Consolidated Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

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 controls as the directors determine are 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 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 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, and insurance laws and regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

1. Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
2. Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
3. Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
4. Considering the risk of acts by the group which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Bermuda Companies Act 1981.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the measurement of insurance liabilities and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

1. Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
2. Gaining an understanding of the internal controls established to mitigate risks related to fraud;
3. Discussing amongst the engagement team the risks of fraud; and
4. Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the group's members as a body in accordance with the engagement letter dated 06 April 2023. Our audit work has been undertaken so that we might state to the group'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 group and the group's members as a body for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Bill Schiller
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Bill Schiller
for and on behalf of Mazars LLP
Chartered Accountants
30 Old Bailey
London
EC4M 7AU
United Kingdom
10 May 2023

Compre Group Holdings Limited

Consolidated Income Statement
For the year ended 31 December 2022

	Note	2022 $000	2021 $000
Gross premiums		**3,474**	(1,307)
Written premiums ceded to reinsurers		**(1,179)**	(532)
Net written premiums		**2,295**	(1,839)
Earned premiums, net of reinsurance			
Change in provision for unearned premiums, gross	28	**4,069**	—
Net change in provision for unearned premiums		**4,069**	—
Net earned premiums		**6,364**	(1,839)
Interest income	6	**18,664**	924
Fair value (losses)/gains	7	**(107,368)**	397
Other operating revenue and income	8	**121**	329
Other (expense)/income		**(88,583)**	1,649
Total expense		**(82,219)**	(190)
Gross claims paid	4	**(133,848)**	(82,961)
Claims ceded to reinsurers	4	**22,971**	13,829
Gross change in the provision for claims	28	**251,514**	226,485
Change in the provision for claims ceded to reinsurers	28	**(19,123)**	(91,400)
Net claims		**121,514**	65,953
Finance costs	9	**(13,607)**	(4,322)
Other operating and administrative expenses	10	**(46,561)**	(42,854)
Other expenses		**(60,168)**	(47,175)
Net gains from claims net of expenses		**61,346**	18,778
(Loss)/profit before taxation		**(20,873)**	18,588
Income tax credit	13	**10,675**	6,363
(Loss)/profit for the period		**(10,198)**	24,951

The notes on pages 20 to 63 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2022

	2022	2021
	$000	$000
(Loss)/profit for the period	**(10,198)**	24,951
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	**333**	(2,730)
Reclassification of currency translation differences upon disposal of subsidiary	**—**	257
Unrealized loss from available for sale securities	**(238)**	—
Items that will not be reclassified to profit or loss in subsequent periods:		
Actuarial gains on pension obligation	**—**	370
Total other comprehensive income for the period	**95**	(2,103)
Total comprehensive (expense)/income for the period	**(10,103)**	22,848

The notes on pages 20 to 63 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
For the year ended 31 December 2022

	Note	2022 $000	2021 $000
Assets			
Goodwill	14	**77,206**	77,206
Intangible assets	15	**954**	—
Property, plant and equipment	16	**463**	463
Right-of-use asset	17	**1,755**	2,126
Financial investments	20	**1,093,494**	996,204
Loans receivable	21	**33,435**	17,946
Reinsurers' share of Technical Provisions	22	**118,189**	128,040
Insurance receivables	23	**61,082**	12,737
Other receivables	23	**8,390**	11,398
Deferred tax assets	30	**16,069**	2,105
Prepayments and accrued income		**7,480**	5,150
Cash and cash equivalents	24	**74,955**	127,860
Total assets		**1,493,470**	1,381,235
Equity and liabilities			
Equity			
Issued share capital	25	**2,630**	2,630
Share premium account	26	**445,183**	445,183
Other reserves	27	**(2,008)**	(2,103)
Retained earnings		**14,753**	24,951
Total equity		**460,558**	470,661
Liabilities			
Technical Provisions	28	**736,098**	772,723
Borrowings	33	**243,414**	102,731
Lease liabilities	17	**1,939**	2,345
Deferred taxation	30	**10,531**	7,295
Insurance payables	31	**27,621**	13,349
Accruals and deferred income		**8,822**	6,190
Other payables	32	**4,054**	4,297
Current tax liabilities		**433**	1,644
Total liabilities		**1,032,912**	910,574
Total equity and liabilities		**1,493,470**	1,381,235

The notes on pages 20 to 63 form an integral part of these consolidated financial statements.

Compre Group Holdings Limited

Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

	Issued share capital	Share premium	Other reserves	Retained earnings	Total equity
	\$000	**\$000**	**\$000**	**\$000**	**\$000**
Opening balance	–	–	–	–	–
Transactions with owners					
Issue of shares	2,630	445,183	—	—	447,813
Profit for the period	—	—	—	24,951	24,951
Other comprehensive income	—	—	(2,103)	—	(2,103)
Total comprehensive income for period	—	—	(2,103)	24,951	22,848
At 31 December 2021	2,630	445,183	(2,103)	24,951	470,661
At 1 January 2022	**2,630**	**445,183**	**(2,103)**	**24,951**	**470,661**
Loss for the year	**—**	**—**	**—**	**(10,198)**	**(10,198)**
Other comprehensive income	**—**	**—**	**95**	**—**	**95**
Total comprehensive income for year	**—**	**—**	**95**	**(10,198)**	**(10,103)**
At 31 December 2022	**2,630**	**445,183**	**(2,008)**	**14,753**	**460,558**

The notes on pages 20 to 63 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 December 2022

	2022	2021
	$000	$000
Cash flows from operating activities		
(Loss)/profit before tax	**(20,873)**	18,588
Adjustment for:		
- Change in operating assets	**13,316**	235,976
- Change in operating liabilities	**(234,105)**	(254,486)
- Interest income	**(18,664)**	(924)
- Net finance costs	**13,607**	4,322
- Amortisation of intangible assets	**289**	12
- Depreciation of property, plant and equipment	**177**	140
- Depreciation of right-of-use assets	**470**	265
- Fair value movements	**107,368**	666
- Loss upon loss of control over subsidiary (note 10)	**–**	5,837
- Change in pension obligation	**–**	(766)
Net cash inflows from loss portfolio transfers	**167,418**	–
Interest received	**20,308**	5,350
Income tax paid	**(1,266)**	(847)
Net cash from operating activities	**48,045**	14,132
Cash flows from investing activities		
Payment for acquisition of subsidiary, net of cash acquired (note 35)	**–**	(183,725)
Purchases of intangible assets	**(1,274)**	–
Purchases of property, plant and equipment	**(227)**	(123)
Proceeds from disposal of property, plant and equipment	**–**	(4)
Net cash outflow from loss of control over subsidiaries	**–**	(3,775)
Purchases of investments	**(517,135)**	(682,546)
Proceeds from disposal of investments	**293,426**	558,549
Net cash used in investing activities	**(225,211)**	(311,624)
Cash flows from financing activities		
Issue of shares	**–**	443,231
Proceeds from issue of borrowings	**197,420**	2,841
Repayments of borrowings	**(55,369)**	(15,185)
Repayment of principal amount of lease liabilities	**(560)**	(221)
Interest and other finance costs paid	**(13,506)**	(4,072)
Net cash from financing activities	**127,985**	426,594
Movement in cash and cash equivalents	**(49,180)**	129,102
Exchange losses on cash and cash equivalents	**(3,726)**	(1,242)
Opening balance of cash and cash equivalents	**127,860**	–
Closing balance of cash and cash equivalents (note 24)	**74,954**	127,860

The notes on pages 20 to 63 form an integral part of these consolidated financial statements.

1. Corporate information

Compre Group Holdings Limited is an exempted company limited by shares that was incorporated and registered in Bermuda on 13 November 2020 under its original name Maple Bidco Limited; it is referred to throughout these consolidated financial statements by its current name, which it adopted on 22 April 2022. Compre Group Holdings Limited's immediate parent company is Maple Finco Limited and its ultimate parent company is Maple Feederco Limited. Maple Feederco Limited is also the Group's ultimate controlling party.

Compre Group Holdings Limited was incorporated by international private equity firm Cinven and British Columbia Investment Management Corporation for the purpose of acquiring a 100% ownership in Cambridge Topco Limited, which was then the parent company of the Compre Group. Details regarding the acquisition, which was completed in April 2021, are disclosed in note 35.

The consolidated financial statements incorporate the financial statements of the parent company and entities (its subsidiaries) controlled by the company (collectively comprising the Group) made up to the 31 December in each year. Information on the Group's structure is disclosed in note 18.

The current period in these financial statements represents 1 January 2022 to 31 December 2022, whereas the comparative period represents the period from 13 November 2020 (being the date of incorporation of Compre Group Holdings Limited) up to 31 December 2021. As set out in the accounting policy disclosed in note 2.5, the results of the acquired subsidiaries have been consolidated with effect from the date of acquiring control (note 35). Throughout these financial statements and notes that cover the financial period from 13 November 2020 to 31 December 2021, such as the income statement, the statements of comprehensive income, changes in equity and cash flows, and related notes, are presented as '2021' within the respective disclosures; items presented as 'opening balances' within these financial statements refer to 13 November 2020 in the case of comparative information. The comparative period is unaudited as the company was entitled to an exemption from the audit requirement.

The Group's principal activities are the acquisition and subsequent management of insurance and reinsurance companies and portfolios in the run-off insurance market.

2. Accounting policies

2.1. Basis of preparation

Statement of compliance

These consolidated financial statements are the parent company's first consolidated financial statements; they have been prepared in accordance with International Financial Reporting Standards ("IFRS"). They were authorised for issue in accordance with a resolution of the directors on 19 April 2023.

Basis of measurement

The financial statements have been prepared on the historical cost basis with the exception of financial instruments measured at fair value, insurance claims reserves, deferred tax assets, and defined benefit obligations.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. Thus they have adopted the going concern basis of accounting in preparing the financial statements.

2.2. Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

2. Accounting policies (continued)

2.3. 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 United States Dollars ("USD"), which is also the functional currency of the parent company. All financial information presented in USD has been rounded to the nearest thousand USD, except when otherwise indicated. In tables with rounded figures, sums may not add up due to rounding.

2.4. Foreign currency

Transactions in foreign currencies are translated into the functional currency at the prior month's closing exchange rates of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at each reporting date are translated into the functional currency at the closing exchange rates as at that date. Foreign currency differences are generally recognised in profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of foreign subsidiaries are translated into United States Dollars at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at average exchange rates for the year for which the accounts have been prepared. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the component of other comprehensive income relating to that particular foreign subsidiary is recognised in profit or loss.

Any goodwill arising on the acquisition of foreign subsidiaries and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign subsidiaries and translated at the spot rate of exchange at the reporting date.

2.5. Basis of consolidation

The Group financial statements consolidate those of the parent company and the entities it controls (the 'subsidiaries'). Control is established when the parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Where a subsidiary is acquired/disposed of during the year, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal.

All inter-company balances and transactions between group companies have been eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

Underwriting members at Lloyd’s have several but not joint liability for the transactions of the syndicates in which they participate. Therefore, for each managed syndicate on which the Group participates, only the relevant proportion of the transactions, assets and liabilities of those syndicates are reflected in the consolidated financial statements. Syndicate assets are held subject to trust deeds for the benefit of the syndicate’s insurance creditors. As at 31 December 2022 and 2021 Compre Corporate Member 2 Limited, a subsidiary of the Group, provided 100% of the capital for Syndicate 1994 and therefore all transactions, assets and liabilities of Syndicate 1994 have been included in the Group’s financial statements.

2.6. Business combinations

The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred, liabilities incurred and any equity interest issued by the Group; it includes the fair value of any assets or liabilities arising from a contingent arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary’s financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values; deferred tax balances are however measured in accordance with the policy disclosed in note 2.26.

2. Accounting policies (continued)

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (i) fair value of consideration transferred, (ii) the recognised amounts of any non-controlling interest in the acquiree and (iii) acquisition-date fair values of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

2.7. Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. After initial recognition, goodwill is measured at cost less accumulated impairment losses. See note 14 for a description of impairment testing procedures.

2.8. Other intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisable amount of an intangible asset with a finite useful life is allocated on a systematic basis over that period. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed at least each financial year-end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. The useful life is deemed to be:

Computer software 4 years

2.9. Property plant and equipment

Property, plant and equipment is recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the cost of dismantling and removing the asset and restoring the site on which it is located.

After recognition, all property, plant and equipment is carried at cost less any accumulated depreciation impairment losses.

Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Computer equipment	25% per annum
Fixtures and fittings	20% per annum

The residual value and the useful life of an asset is reviewed at least at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in profit or loss.

2.10. Leases – group as lessee

The right-of-use asset consists of the lease of offices which are carried under the cost model. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

At inception of the contract, the Group assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

2. Accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Amounts expensed by the Group during the year in respect of short-term leases are presented in note 17.

2.11. Impairment of non-financial assets

An asset or cash-generating unit is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The impairment loss is allocated to reduce the carrying amount of the asset, first against the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.12. Financial assets

Initial recognition and measurement

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments designated at fair value through profit or loss, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value. Changes in fair value are recorded in 'Fair value gains and losses'. Interest is accrued and presented in 'Investment income' or 'Finance cost', respectively, using the effective interest rate (EIR).

Dividend income is recorded in 'Other operating income' when the right to the payment has been established.

2. Accounting policies (continued)

Available-for-sale financial assets

Available-for-sale financial investments include equity and debt securities. Equity investments (including investments in funds) classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised in other comprehensive income in the available-for-sale reserve. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available-for-sale investments is reported as interest income using the EIR. Dividends earned whilst holding available-for-sale investments are recognised in the statement of profit or loss as 'Investment income' when the right of the payment has been established. When the asset is derecognised or determined to be impaired, the cumulative gain or loss is reclassified from available-for-sale reserve to the statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost, using the EIR, less allowance for impairment. Amortised cost is calculated by considering any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in 'finance income' in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as investment income in the income statement) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments (including funds) classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

2. Accounting policies (continued)

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Temporary deferral of IFRS 9

A temporary exemption from the adoption of IFRS 9 is available to companies that, considering their activities as a whole (at the reporting entity level), meet the following qualifying criteria: (i) they have not previously applied IFRS 9; and ii) they have activities that are predominantly connected with insurance (the 'predominance test'). Each reporting entity has to assess whether it is eligible for the temporary exemption. A company that qualifies for the temporary exemption from IFRS 9 and chooses to use it must apply IAS 39 rather than IFRS 9 to all, rather than some, of its financial assets.

The predominance test was carried out and it was concluded that the Group can apply the temporary deferral approach as over 93% of the Group's liabilities arise from insurance contracts within the scope of this IFRS. Furthermore, the Group's activities are predominantly connected.

2.13. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position. Deposits, as well as insurance funds withheld, are only included within cash and cash equivalents if the Group is able to access the assets in the short term without requiring another party's consent, and the underlying instruments are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14. Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium represents the value of shares issued in excess of the nominal value of those shares less a deduction for issuance costs.

The currency translation reserve arises on the translation of foreign subsidiaries' financial information, as disclosed in note 2.4, and the available-for-sale reserve arises upon the fair valuation of available-for-sale financial assets, as disclosed in note 2.12.

Retained earnings include all current year profits and losses and prior years' profits and losses.

2.15. Borrowings and related costs

Borrowings are initially recorded at fair value less transaction costs incurred. Subsequently borrowings are stated at amortised cost and interest is recognised in the Consolidated Income Statement over the period of the borrowings. Fees paid on the establishment of the loan and other debt facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Upon the draw down the transaction costs are netted off against the liability and subsequently charged to the Consolidated Income Statement as part of finance costs on financial liabilities measured using the effective interest rate.

2.16. Derivative financial instruments

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Company has both a legally enforceable right and intention to offset.

2.17. Gross written premiums

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense.

2.18. Unearned premiums

Unearned premiums represent the proportion of premiums written and unexpired policies acquired in that year that relate to unexpired terms of policies in force at the end of each accounting period. These premiums are calculated separately for each insurance policy on a pro-rata basis, and subsequently recognized in the Consolidated income statement over the period during which the policies are in force.

2. Accounting policies (continued)

2.19. Claims paid

Gross claims paid comprises both claims approved for payment in the year and paid claims incorporated into the Group by way of a portfolio transfer. Claims are presented in the income statement as 'claims paid' when payment has been approved and a creditor has been recognised; claims arising via a portfolio transfer are recognised when a legal agreement is reached between the original risk carrier and the third party transferring the risk.

2.20. Technical provisions

Non-life technical provisions comprise the outstanding claims provision and the provision for unearned premium. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with claims related costs, including future run-off expenses and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. No provision for equalisation or catastrophe reserves is recognised.

Technical provisions are discounted to present value to reflect an adjustment for the time value of money. Management considers this measurement to give more relevant information about the Group's financial position, as it is consistent with the IASB's deliberations on IFRS 17, in which the Board noted that the measurement of all insurance contracts should reflect the effect of the timing of cash flows.

Technical provisions are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

2.21. Reinsurance

The Group cedes insurance risk in the normal course of business. A reinsurance asset (reinsurers' share of technical provisions) is recognised to reflect the amount estimated to be recoverable under the reinsurance contracts in respect of the outstanding claims reported. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. Any impairment loss is recorded in profit or loss.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Consistent with technical provisions, reinsurance assets are discounted to present value to reflect an adjustment for the time value of money.

2.22. Retroactive Reinsurance

Under retroactive reinsurance, the Group assumes liabilities incurred as a result of past insurable events. Legal transfers (loss portfolio transfers) that are not business combinations (see note 2.6) are also accounted for as retroactive reinsurance. The Group recognises assets acquired and liabilities assumed as a direct consequence of retroactive reinsurance agreements on the earlier of the following occurrences:

- the beginning of the coverage period; and
- the date when the first payment from a cedant becomes due.

The Group measures the assets acquired and the liabilities assumed in retroactive reinsurance agreements in accordance with the accounting policies for the respective assets and liabilities; these primarily include financial assets and technical provisions, policies for which are disclosed in notes 2.12, 2.13 and 2.20. Future adjustment premiums arising from retroactive reinsurance agreements are only recognised when there is a reliable measure for them, which is generally not expected to occur before such adjustment premiums crystallise and are notified to the Group.

Gains or losses on retroactive reinsurance, representing the difference between the assets acquired and the liabilities assumed, are recognised in profit or loss immediately upon initial recognition and are not amortised.

Subsequent changes to the estimated timing and amount of loss payments on retroactive reinsurance are reflected in profit or loss in accordance with the policies set out in notes 2.19 and 2.20.

2. Accounting policies (continued)

2.23. Insurance claims handling expenses

The provision for the costs of handling and settling claims to extinction and all other costs of managing the run-off is based on an analysis of the expected costs to be incurred in run-off activities, incorporating expected savings from the reduction of transaction volumes over time. Changes in the estimates of such costs and future investment income are reflected in the year in which the estimates are made.

2.24. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources to, and assessing performance of, the business, and of making strategic decisions, has been identified as the board of directors of Compre Group Holdings Limited. Taking cognisance of the discrete financial information that is provided to the board of directors, the Group has been determined to constitute one reportable segment, that is the acquisition and subsequent management of insurance and reinsurance companies and portfolios in the run-off insurance market.

2.25. Defined benefit obligation

The Group operated a defined benefit pension scheme through its subsidiary in HIR Pensionsgesellschaft mbH, up until the disposal of this subsidiary in November 2021. The schedule had required contributions to be made to a trustee-administered independent fund.

The cost of providing benefits under the scheme was determined annually using the projected unit credit acquired method. The present value of the defined benefit obligation was determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. The net interest cost was calculated by applying the discount rate to the balance of the defined benefit obligation.

Re-measurements of the net defined benefit liability also comprised actuarial gains and losses; these re-measurements were recognised immediately in the Statement of Financial Position with a corresponding debit or credit entry to retained earnings through Statement of Comprehensive Income (SOCI) in the year in which they occurred. Re-measurements of the net defined benefit liability recognised in SOCI were not reclassified to profit or loss in subsequent periods.

2.26. Income tax

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting year.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

3. Significant management judgements in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements and estimation uncertainties in applying the accounting policies of the Group that have a significant risk of resulting in a material adjustment to the carrying amount of the Group's assets and liabilities in the next financial year. Where there is uncertainty, the Group bases its assumptions and estimates on parameters available at the time when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments are however inherently subject to change (or changes in circumstances) that are beyond the Group's control. Any such changes are reflected in the assumptions when they occur.

The most significant management judgements and estimates have been applied in the accounting for the acquisition of the Compre Group, the calculation of insurance contract provisions and reinsurers' share of insurance liabilities, and future claims handling expenses. Information about the judgements and estimates made in respect of the business combination are disclosed in note 35. Information about other estimates and assumptions that have the most significant effect on the recognition of assets, liabilities, income and expenses is provided below.

Technical provisions for outstanding claims and reinsurers' share of insurance liabilities

The Group is exposed to technical provisions for outstanding claims, against which it holds assets representing reinsurers' share of those insurance liabilities. Gross technical provisions include an estimate of provisions for claims incurred but not reported ("IBNR"). The carrying amount of the gross liabilities and of the reinsurers' share thereof is disclosed in notes 4 and 28. The measurement of these provisions inherently gives rise to measurement uncertainty as the ultimate costs of gross claims, as well as amounts recovered from reinsurers, could vary materially from the amounts recognised in these financial statements.

Provisions for outstanding claims are established based on actuarial and statistical projections and other estimates of the ultimate cost of settlement. The Group estimates technical provisions gross of reinsurance recoveries, and performs a netting down exercise to calculate the amounts that will be recoverable from reinsurers. Traditional actuarial techniques are used to estimate future liabilities for each major class of liabilities and other estimates of the ultimate cost of settlement, and to derive IBNR reserves for the Group's exposure. The models are designed explicitly to reflect the features of the risks and all information currently available in the market.

These techniques and projections are however dependent on a number of assumptions, and actual experience will often differ from these assumptions. Whilst management believe that the provisions for outstanding claims are fairly stated, these estimates inevitably contain inherent uncertainties, also because significant periods of time may elapse between the occurrence of an incurred loss, the reporting of that loss to the Group and the Group's payment of the loss and the receipt of reinsurance recoveries. These uncertainties are inherent in much of the business underwritten by the Group, and may cause the ultimate net costs of settling the liabilities to differ from the amounts previously estimated. Changes in the carrying amount of net technical provisions that are attributable to changes in these estimates and assumptions are recognised in the Group's income statement in the accounting period in which the estimates and assumptions are updated.

The Group calculates its actuarial liabilities using standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a management margin. Those projections of technical provisions are discounted to present value; this calculation is based on the estimated timing of cash outflows required to settle the claims, and the determination of interest rates used to discount those cash flows.

Effective 1 July 2022, the Group supervisor transitioned from the Malta Financial Services Authority to the Bermuda Monetary Authority. As a direct consequence of this change, from that date, the Group changed the method it uses to estimate the present value of claims reserves, with the discount rates now being aligned with the Bermuda Solvency Capital Requirements rules. The change in estimation has been recognised prospectively in 2022, and resulted in a decrease of $11 million in the carrying amount of net technical provisions as on the date of transition.

Information about how the risk is managed, and how sensitive the carrying amounts are to changes in assumptions, including with respect to the discounting of technical provisions to present value, is disclosed in note 4 and an analysis of claims development is disclosed in note 28.

Other technical provisions

The provision for the cost of handling and settling outstanding claims is presented in the statement of financial position within 'technical provisions'. Information about the amounts to which the Group is exposed is disclosed in note 28.

The provision for the cost of handling and settling outstanding claims to extinction and for all other costs of managing the run-off is based on an analysis of the expected costs to be incurred in run-off activities, incorporating expected savings from the reduction of transaction volumes over time.

The period of run-off may vary depending on the nature of insurance liabilities within each insurance company subsidiary. Ultimately, the period of run-off is dependent on the timing and settlement of claims and the collection of reinsurance recoveries; consequently, similar uncertainties apply to the assessment of the provision of such costs.

4. Management of insurance and financial risks

The Group's activities expose it to a variety of insurance and financial risks. Management is responsible for managing the Group's exposure to these risks and, where possible, for introducing controls and procedures that mitigate the effects of the exposure to risk.

The following describes the Group's exposure to the more significant risks and the steps management have taken to mitigate their impact.

(a) Insurance risk

The Group includes insurance risk carriers who provide run-off services but do not provide live underwriting operations. The Group is therefore not exposed to underwriting risk except as provided below under reserving risk.

The Group's concentration of insurance risk by geographical location of risk carriers is as follows:

	Gross liabilities	**Reinsurance of liabilities**	**Net liabilities**
	$000	**$000**	**$000**
Europe	**(146,415)**	**17,851**	**(128,564)**
North America	**(466,669)**	**57,037**	**(409,632)**
Lloyd's	**(123,014)**	**43,301**	**(79,713)**
As at 31 December 2022	**(736,098)**	**118,189**	**(617,909)**

	Gross liabilities	Reinsurance of liabilities	Net liabilities
	$000	$000	$000
Europe	(216,207)	20,957	(195,250)
North America	(404,674)	51,586	(353,088)
Lloyd's	(151,842)	55,497	(96,345)
As at 31 December 2021	(772,723)	128,040	(644,683)

The movement in the Group's outstanding claims is as follows:

	2022	**2021**
Provision for outstanding claims, including other provisions	**$000**	**$000**
Paid claims	**133,848**	82,961
Opening balance	**772,723**	–
Exchange movement	**(11,607)**	–
Opening balance (revalued)	**761,116**	–
Acquisition of subsidiaries (note 35)	**–**	465,865
Liabilities acquired on portfolio transfers	**210,902**	538,707
Exchange movement	**15,034**	(5,364)
Movement in outstanding claims	**(251,514)**	(226,485)
Closing balance	**735,538**	772,723
Claims incurred in period	**(117,666)**	(143,524)

4. Management of insurance and financial risks (continued)

Reinsurance	2022 $000	2021 $000
Paid claims	**(22,971)**	(13,829)
Opening balance	**(128,040)**	–
Exchange movement	**723**	–
Opening balance (revalued)	**(127,317)**	–
Acquisition of subsidiaries (note 35)	**–**	(84,388)
Liabilities acquired on portfolio transfers	**(10,159)**	(135,264)
Exchange movement	**164**	212
Movement in outstanding claims	**19,123**	91,400
Closing balance	**(118,189)**	(128,040)
Claims incurred in period	**(3,848)**	77,571

Net Liabilities	2022 $000	2021 $000
Paid claims	**110,877**	69,132
Opening balance	**644,683**	–
Exchange movement	**(10,884)**	–
Opening balance (revalued)	**633,799**	–
Acquisition of subsidiaries (note 35)	**–**	381,477
Liabilities acquired on portfolio transfers	**200,743**	403,443
Exchange movement	**15,198**	(5,152)
Movement in outstanding claims	**(232,391)**	(135,085)
Closing balance	**617,349**	644,683
Claims incurred in period	**(121,514)**	(65,953)

In accordance with the policy described in note 2.20, the amounts for technical provisions as disclosed in the above tables are discounted to their present value. The discount rate comprises risk-free yield curve in the relevant currencies of the technical provisions, adjusted by an illiquidity premium that reflects the characteristics and liquidity of fulfilment cash flows. In selecting a discount rate, regard is also given to the duration of the expected settlement dates of the claims.

4. Management of insurance and financial risks (continued)

The range of discount rates and the mean term of liabilities is disclosed below:

	Discount rate		Mean term of liabilities	
	2022	**2021**	**2022**	**2021**
Class	**Per cent**	**Per cent**	**Years**	**Years**
Asbestos, pollution and health hazard (APH) liabilities	2.24% to 6.32%	-0.56% to 2.23%	8.7	8.9
Non-APH liabilities	2.05% to 6.32%	-0.56% to 2.23%	4	4.5

If the cash outflows required to settle net technical provisions or if the discount rates were to be increased/decreased, the net result for the reporting period would be impacted as follows:

	Impact of change in estimate of cash outflows to settle technical provisions		Impact of change in interest rate used for discounting	
	2022	**2021**	**2022**	**2021**
	+/- 2.5%	**+/- 2.5%**	**+/-2.5%**	**+/-2.5%**
	$000	**$000**	**$000**	**$000**
Change in profit and loss (pre-tax)				
Increase in cash outflows / decrease in interest rates	**(15,448)**	(16,117)	**(70,083)**	(97,078)
Decrease in cash outflows / increase in interest rates	**15,448**	16,117	**54,583**	70,729

Reserving risk

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

Reserving risk is managed through the application of an appropriate reserving approach and the application of extensive due diligence on new run-off acquisitions prior to acceptance.

The Group faces risk under insurance and reinsurance contracts from which the actual amounts of claims and benefit payments, or the timings thereof, differ from expectations. The frequency of claims, their severity, actual benefits paid, subsequent development of long- tail claims and external factors beyond the Group's control, especially inflation, legal and regulatory developments, and others, have an influence on the principal risk faced by the Group. Additionally, the Group is subject to the underwriting of cedants for certain reinsurance treaties and to claims management by companies and other data provided by them.

Despite these uncertainties, the Group seeks to ensure that sufficient reserves are available to cover its liabilities.

(b) Capital management

The Group's policy is to maintain a strong capital base to support its business plans and comply with all regulatory requirements on an ongoing basis whilst assessing the impact of capital employed on shareholder returns. The Group defines capital as shareholders' equity as presented within the statement of financial position.

The Group is required to maintain minimum solvency standards and to hold available statutory capital and surplus equal to or exceeding the Enhanced Capital Requirement as determined by the Bermuda Monetary Authority ("BMA").

The Group was in full compliance with the regulatory capital requirements throughout the financial year and at 31 December 2022. The Group's total statutory economic capital and surplus of $533M (2021: $317M) was in excess of the required ECR of $228M(2021: $217M).

The Group commenced reporting under Bermuda Solvency Coverage Requirements in 2022. Therefore, the 2021 figures show an indication of what the Group's ECR would have been at 31 December 2021 had it been required to report one at that date. As the Group was not required to report an ECR as at 31 December 2021, the figures have been prepared for illustrative purposes by the Group in accordance with the Group's interpretation of the BSCR. In particular, neither the figures shown nor the bases, assumptions and interpretations upon which they have been prepared, have been audited or reviewed by the BMA.

Based on management calculations to date, the Group is sufficiently capitalised and was compliant at all times with the regulatory capital requirements as stipulated by the relevant regulatory bodies .

4. Management of insurance and financial risks (continued)

(c) Financial risk

Other than in the case of exposures to technical insurance balances which were described above, the Group's risk primarily arises on its investments (including cash and cash equivalents).

The Board is responsible for setting an investment strategy for the management of the Group's assets. The investments of the Group are primarily managed by external investment managers, appointed by the Board. The Board is responsible for setting the policy to be followed by the investment managers. The Board strives to mitigate the impact of interest rate fluctuation and credit risks and to provide appropriate liquidity, in addition to monitoring and managing foreign exchange exposures.

The main objective of the Group's investment policy is to maximise return whilst protecting the underlying value and ensuring the Group continues to meet its solvency requirements.

The investment allocation at the end of the period is shown below:

	2022	2021
	$000	$000
Asset Backed	**185**	3,316
Financial	**260,767**	215,931
Government	**362,554**	373,388
Industrial	**341,377**	303,832
Mortgage-backed	**23,010**	33,131
Municipal	**14,797**	345
Utility	**25,475**	32,389
Funds	**56,847**	24,103
Deposits	**8,482**	9,769
Total investments (note 20)	**1,093,494**	996,204

Market risk

Market risk is the risk that the fair value or cash flows of financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Group is exposed to market risk as a consequence of fluctuations in values or returns on assets which are influenced by one or more external factors. These include changes and volatility in interest rates and inflation expectations.

Interest rate risk

In general, the Group is exposed to risk associated with the effect of fluctuations in the prevailing level of market rates. Assets carrying variable rates expose the Group to cash flow interest rate risk. Assets carrying fixed rates expose the Group to fair value interest rate risk. The Group manages this risk through a selection of well-diversified investments through the appointment of specialist investment managers who manage the portfolio duration and associated cash flows in line with the duration and cash flows of the technical provisions. Detailed investment guidelines are implemented, restricting the level of investment in any one instrument, and the maturity date of investments. Investment performance is regularly monitored against market-based benchmarks.

4. Management of insurance and financial risks (continued)

(c) Financial risk (continued)

The Group's exposure to interest rate risk is set out in the following table:

	2022		2021	
	Fixed rates of interest	**Floating rates of interest**	Fixed rates of interest	Floating rates of interest
	$000	**$000**	$000	$000
Investments in bonds (note 20)	**984,637**	**43,527**	927,320	35,011
Loans receivable (note 21)	**33,435**	**–**	17,946	–
Cash and cash equivalents (note 24)	**74,955**	**–**	127,860	–
Borrowings (note 33)	**(160,000)**	**(83,414)**	–	(102,731)
Net exposure to interest rate risk as at 31 December	**933,027**	**(39,887)**	1,073,126	(67,720)

The Group's profit or loss is sensitive to the impact that movements in market rates of interest will have on the above financial instruments; other comprehensive income is not directly sensitive to interest rate movements. The following analysis shows what impact a reasonably possible shift in market rates of interest (when holding all other variables constant) would have on profit for the period:

	2022	**2021**
	$000	$000
Change in profit and loss (pre-tax)		
Increase by 100 basis points (2021:100 bps)	**(45,004)**	(46,388)
Decrease by 50 basis points (2021:50 bps)	**22,502**	23,194

The Group's other financial instruments do not bear interest, and accordingly give rise to fair value interest rate risk. However, as these amounts are measured at amortised cost, any changes in fair value as a result of changes in market rates of interest would have no impact on the Group's results.

In those instances where interest is payable on insurance policies (e.g. in the case of damages awarded by Courts), that interest is included in the claims cost. Technical provisions are however discounted to present value, and their sensitivity to the level of market interest rates is disclosed in note 4(a).

Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises wherever financial instruments are denominated in a currency other than the respective group entity's functional currency. Currency risk also arises on technical insurance balances.

The Group's principal transactions giving rise to currency risk are denominated in EUR, USD and GBP, and therefore its exposure to foreign exchange risk arises primarily with respect to those currencies. The Group's financial assets are primarily denominated in the same currency as its insurance liabilities and reinsurance thereon. Assets and liabilities are reviewed on a quarterly basis, on a risk carrier level to ensure that these match for the major currencies subject to a tolerance limit. These are reported via the quarterly management accounts which are approved by the Group Board.

4. Management of insurance and financial risks (continued)

(c) Financial risk (continued)

The Group's principal assets and liabilities are shown below:

	GBP	EUR	USD	CHF	Other	Items denominated in functional currency	Total
	$000	$000	$000	$000	$000	$000	$000
Net insurance contract liabilities	**(38,359)**	**(165,333)**	**(91,714)**	**(765)**	**(11,301)**	**(310,437)**	**(617,909)**
Financial investments	**30,439**	**300,306**	**44,403**	**–**	**6,050**	**712,296**	**1,093,494**
Insurance receivables/payables	**(153)**	**36,131**	**(6,445)**	**–**	**421**	**3,507**	**33,461**
Loans and receivables	**3,177**	**170**	**8,456**	**–**	**199**	**21,433**	**33,435**
Other receivables/payables	**4,505**	**875**	**(3,803)**	**507**	**(54)**	**2,305**	**4,335**
Current tax assets/liabilities	**(130)**	**–**	**–**	**–**	**–**	**(303)**	**(433)**
Deferred tax assets/liabilities	**18,177**	**(11,941)**	**–**	**(257)**	**–**	**(441)**	**5,538**
Cash and cash equivalents	**7,412**	**13,039**	**6,768**	**3,028**	**10,069**	**34,639**	**74,955**
Borrowings	**409**	**(42,648)**	**–**	**–**	**–**	**(201,175)**	**(243,414)**
Other provisions	**258**	**988**	**40**	**(3)**	**–**	**(2,625)**	**(1,342)**
Total as at 31 December 2022	**25,735**	**131,587**	**(42,295)**	**2,510**	**5,384**	**259,199**	**382,120**

	GBP	EUR	USD	CHF	Other	Items denominated in functional currency	Total
	$000	$000	$000	$000	$000	$000	$000
Net insurance contract liabilities	(75,153)	(10,423)	(99,841)	166	(12,436)	(446,996)	(644,683)
Financial investments	48,886	59,074	56,524	–	6,797	824,923	996,204
Insurance receivables/payables	11,485	2,243	(8,277)	(3)	5,278	(11,338)	(612)
Loans and receivables	1,011	404	6,971	–	306	9,254	17,946
Other receivables/payables	(343)	1,813	(27)	99	(1,606)	7,165	7,101
Current tax assets/liabilities	–	–	–	–	–	(1,644)	(1,644)
Deferred tax assets/liabilities	9,359	(14,255)	–	(261)	–	(33)	(5,190)
Cash and cash equivalents	17,929	20,707	5,983	3,141	14,025	66,075	127,860
Borrowings	–	(11,836)	(57,754)	–	–	(33,141)	(102,731)
Other provisions	125	(327)	(263)	–	(2)	(573)	(1,040)
Total as at 31 December 2021	13,299	59,482	(96,684)	3,142	12,362	401,610	393,211

A 10% weakening of the GBP against the USD exchange rate would result in a $2.3m (2021: $1.2m) loss in the income statement and a 10% weakening of the EUR against the USD rate would result in a $12.0m (2021: $5.4m) loss in the income statement.

4. Management of insurance and financial risks (continued)

(c) Financial risk (continued)

Liquidity risk
Liquidity risk is the risk that the Group may not have liquid assets available at the right times to be able to pay its liabilities, despite the fact that it meets its regulatory solvency requirements. The Group maintains adequate free cash flows to finance its day-to-day operations. The risk that the Group fails to hold cash balances that are sufficient to pay creditors is managed by the use of cash flow forecasts and related monitoring systems. A review is performed on a quarterly basis along with an assessment of asset liability management and a prudent policy is maintained and conducted with respect to the duration of investments. The investment policy is reviewed annually.

The following are the remaining contractual maturities of non-derivative financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements. Amounts are grouped into timing buckets at the earliest date on which the contractual counterparties may request payment.

	Contractual timing of cash flows			
	Less than one year	After one year but less than five years	More than five years	Total
	$000	$000	$000	$000
2022				
Borrowings (note 33)	**22,327**	**89,827**	**258,414**	**370,568**
Lease liabilities (note 17)	**480**	**863**	**596**	**1,939**
Insurance payables (note 31)	**27,621**	**–**	**–**	**27,621**
Accruals and deferred income	**8,822**	**–**	**–**	**8,822**
Other payables (note 32)	**4,054**	**–**	**–**	**4,054**
Total as at 31 December 2022	**63,304**	**90,690**	**259,010**	**413,004**
2021				
Borrowings (note 33)	60,820	12,894	52,668	126,382
Lease liabilities (note 17)	361	1,032	952	2,345
Insurance payables (note 31)	13,349	–	–	13,349
Accruals and deferred income	6,190	–	–	6,190
Other payables (note 32)	4,297	–	–	4,297
Total as at 31 December 2021	85,017	13,926	53,620	152,563

The table below summarises the maturity profile of the Group's gross outstanding claim liabilities based on remaining contractual obligations and the estimated timing of claim payments.

	Estimated timing of cash flows			
	Less than one year	After one year but less than five years	More than five years	Total
	$000	$000	$000	$000
Gross Outstanding Claim Liabilities:				
2022	**178,816**	**343,236**	**214,046**	**736,098**
2021	170,421	341,568	260,734	772,723

4. Management of insurance and financial risks (continued)

(c) Financial risk (continued)

In addition to the above recognised financial liabilities, the Group is also exposed to liquidity risk on open (unfunded) commitments to invest in financial assets. Open commitments at 31 December 2022 amounted to \$33.9m (2021: \$25.2m), and the Group could be requested on demand to fund these open commitments. Nevertheless, management expects that calls to fund the open commitments will be staggered over a period of time that is generally estimated to be of not less than two years from when the initial commitment is made.

Credit risk

Credit risk is the risk that another party fails to perform their financial obligations or fails to perform them in a timely fashion. The Group's credit risk primarily arises on its investments in bonds and on its cash and cash equivalents; it also arises on receivables.

The Group seeks to manage this risk by having a concentration of assets that are rated externally and that are considered to be of investment grade quality.

In the case of the investment portfolio, the Group has established investment guidelines that are also designed to mitigate credit risk by ensuring diversification of holdings. The credit risk in respect of reinsurance debtors is managed by the monitoring of reinsurers' ratings and the exposure of the debt to each reinsurer.

The Group's exposure to counterparty credit risk arises on the below instruments. The following table sets out the credit risk exposure and ratings of financial investments which are susceptible to credit risk. The ratings used have been sourced from S&P, Moody's or Fitch. When ratings for the same instrument or issuer differ across the various rating agencies, the Group uses the second-best rating. The remaining unrated assets are not classified by S&P, Moody's or Fitch.

	AAA \$000	AA \$000	A \$000	BBB \$000	BB \$000	B \$000	Unrated \$000	Total \$000
Government Bonds (note 20)	**24,631**	**348,403**	**6,594**	**1,305**	**–**	**–**	**–**	**380,933**
Corporate Bonds (note 20)	**9,554**	**66,108**	**300,565**	**227,192**	**32,557**	**11,056**	**199**	**647,231**
Investment in funds (note 20)	**0**	**–**	**–**	**–**	**–**	**–**	**64,794.0(**	**64,794**
Other Investments (note 20)	**536**	**–**	**–**	**–**	**–**	**–**	**–**	**536**
Loans receivable (note 21)	**–**	**8,355**	**7,724**	**413**	**–**	**1,200**	**15,743**	**33,435**
Cash and Cash equivalents (note 24)	**2,888**	**41,721**	**29,036**	**1,275**	**–**	**35**	**–**	**74,955**
Reinsurers' share of Technical Provisions (note 22)	**–**	**24,957**	**61,104**	**3,601**	**–**	**7,516**	**21,011**	**118,189**
Insurance receivables (note 23)	**–**	**110**	**41,907**	**212**	**–**	**9,897**	**8,956**	**61,082**
As at 31 December 2022	**37,609**	**489,654**	**446,930**	**233,998**	**32,557**	**29,704**	**110,703**	**1,381,155**

	AAA \$000	AA \$000	A \$000	BBB \$000	BB \$000	B \$000	Unrated \$000	Total \$000
Government Bonds (note 20)	18,650	353,982	–	–	–	–	–	372,632
Corporate Bonds (note 20)	13,881	71,458	251,538	212,928	30,643	9,251	–	589,699
Investment in funds (note 20)	–	–	–	–	–	–	33,337	33,337
Other Investments (note 20)	536	–	–	–	–	–	–	536
Loans receivable (note 21)	–	3,978	4,127	197	–	–	9,644	17,946
Cash and Cash equivalents (note 24)	9,426	83,184	33,822	1,391	–	37	–	127,860
Reinsurers' share of Technical Provisions (note 22)	–	60,676	34,468	9,438	–	–	23,458	128,040
Insurance receivables (note 23)	–	–	–	–	–	–	12,737	12,737
As at 31 December 2021	42,493	573,278	323,955	223,954	30,643	9,288	79,176	1,282,787

The carrying values in the above table represent the maximum exposure to credit risk at the financial position date in respect of these assets.

The Group does not have a history of non-performance by its counterparties, and other than in the case of the provision recognised against potential impairment on insurance receivables, as disclosed further in note 23, no significant credit losses are expected to be incurred.

5. Change in accounting policies and disclosures

Initial Application of International Financial Reporting Standards

The Group has adopted the following amended IFRS as of 1 January 2022:

- Amendments to:
  - IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021)
  - IFRS 3 Business Combinations (effective 1 January 2022);
  - IAS 16 Property, Plant and Equipment (effective 1 January 2022); and
  - IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective 1 January 2022); and
- Annual Improvements 2018-2020 (effective 1 January 2022)

These amendments have not had a material impact on the amounts recognised in the current and prior periods, and are not expected to significantly affect future periods.

Standards, interpretations and amendments to published standards in issue but not yet effective for financial periods beginning on 1 January 2022

The below new and amended IFRS have been issued but are not yet effective for financial periods beginning on 1 January 2022; the Group has not early adopted them.

- IFRS 9 Financial Instruments (effective 1 January 2023)
- IFRS 17 Insurance Contracts (effective 1 January 2023)
- Amendments to:
  - IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective 1 January 2023)
  - IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023)
  - IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023)
  - IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
  - IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current – Deferral of Effective Date; and Non-current Liabilities with Covenants (effective 1 January 2024)
  - IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective I January 2024)

Although IFRS 9 was effective from 2018, the IASB had agreed to extend the fixed expiry date of the temporary exemption from applying IFRS 9 for qualifying insurers (as contained in IFRS 4), so that all qualifying entities must apply IFRS 9 for annual reporting periods beginning on or after 1 January 2023. The Group has elected to apply the above deferral. As disclosed in further detail below, the Group has adopted UK GAAP on 1 January 2023. Accordingly, the above new and amended standards will have no impact on the Group.

Adoption of UK GAAP

After careful consideration, the Directors resolved to adopt UK GAAP with effect from the financial period that began on 1 January 2023; the date of transition to UK GAAP, being the first day of the comparative period in the first financial statements to comply with UK GAAP, will accordingly be 1 January 2022. The necessary restatements and reconciliations from IFRS to UK GAAP will be included in the Group's financial statements for the year ending 31 December 2023.

5. Change in accounting policies and disclosures (continued)

The key changes to the measurement of the Group's assets and liabilities as at the date of transition and as at 31 December 2022 are set out below:

Area of change	Line items impacted	Nature of change
Leases	• Right-of-use asset; and lease liability. • Depreciation charge; interest expense; and rental charge.	Under IFRS, the Group recognises right-of-use assets and lease liabilities for virtually all leases for which it is a lessee. Right-of-use assets are depreciated on a straight line over the lease term, and lease liabilities are measured at amortised cost; lease rentals being allocated between reduction in the outstanding lease liability, and interest expense. Under UK GAAP, the Group is required to assess whether lease agreements are finance leases or operating leases. Management has determined that the Group's lease arrangements are all operating leases. In recognising and measuring operating leases, any lease rental payments required over the non-cancellable portion of a lease are recognised as an expense on a straight line basis over the lease term; any difference between the expense and the amounts actually paid are recognised and presented as prepayments or accruals. The adoption of UK GAAP will accordingly result in the reversal of the right-of-use asset and leases liability. Additionally, the cumulative depreciation charge and interest expense will also be reversed and replaced by a rental expense.
Goodwill	• Goodwill • Amortisation charge	Goodwill is not amortised under IFRS, and is tested annually for impairment; no impairment charge has been recognised under IFRS. Under UK GAAP, goodwill needs to be amortised over its useful life. The initial measurement of goodwill on 1 January 2022 under UK GAAP is equivalent to its carrying amount under IFRS as at that date, with no adjustment being required for amortisation in the period prior to 1 January 2022. An amortisation charge will however be recognised for the period from 1 January to 31 December 2022.
Tax balances	• Deferred tax balances	Deferred tax balances are impacted by the tax effect of the adjustment to the recognition and measurement of lease arrangements.

Management does not expect the above changes to have a significant impact on the Group's financial position and results. The financial impact will be disclosed in detail in the Group's financial statements for the year ending 31 December 2023.

6. Interest income

	2022	2021
	$000	$000
Interest income on debt securities	**17,628**	482
Loans and receivables interest income	**676**	431
Cash and cash equivalents interest income	**360**	11
	18,664	924

7. Fair value (losses)/gains

Fair value (losses)/gains arise on the following instruments classified as at fair value through profit or loss.

	2022	2021
	$000	$000
Financial instruments mandatorily classified as at fair value through profit or loss:		
- Derivative financial liabilities	**—**	1,078
Financial instruments initially designated as at fair value through profit or loss:		
- Debt instruments	**(107,368)**	(681)
	(107,368)	397

8. Other operating revenue and income

	2022	2021
	$000	$000
Other income	**121**	329
	121	329

9. Finance costs

	2022	2021
	$000	$000
Interest expense on overdraft	228	(4)
Net interest expense on defined pension benefit obligation	—	115
Interest expense on borrowings	13,379	4,211
	13,607	4,322

10. Other operating administrative expenses

	2022	2021
	$000	$000
Auditors' remuneration	540	544
Investment Charges	1,650	576
Employee benefits expense	18,245	10,734
Profit commission	(3,268)	784
Loss upon deconsolidation of a subsidiary	–	5,837
Operational expenses	25,787	11,992
Acquisition related expenses	—	9,826
Foreign exchange loss/(gain) for the period	3,606	2,561
	46,561	42,854

11. Employee benefit costs

	2022	2021
	$000	$000
Short-term employee benefits costs	**17,366**	10,759
Other pension costs	**879**	(25)
	18,245	10,734

12. Directors' remuneration

	2022	2021
	$000	$000
Directors' emoluments	**488**	3
Group contributions to pension schemes	**–**	–
	488	3

13. Income tax

	2022	2021
	$000	$000
Current tax		
Tax for current period	**(347)**	(166)
Prior period adjustment	**294**	(140)
Total current tax expense	**(53)**	**(306)**
Deferred tax		
Deferred tax for current period	**6,948**	6,669
Deferred tax in respect of prior period	**3,780**	—
Total deferred tax income	**10,728**	6,669
Total tax income	**10,675**	6,363

The tax rate used for the reconciliation is the corporate tax rate of 0% (2021: 0%).

The charge for the period is reconciled to the (loss)/profit for the period as follows:

	2022	2021
	$000	$000
(Loss)/profit before taxation	(20,873)	18,588
Tax charge at the applicable rate of 0% (2021 : 0%)	–	–
Tax effect:		
Non-deductible expenses	21,032	1,438
Exempt income	(30,659)	(16)
Amount not recognised	(259)	(474)
Effects of overseas tax rates	2,711	(5,966)
Foreign exchange	1,744	–
Other	360	(457)
Difference in Tax Rates	(1,530)	(1,028)
Prior period adjustment	(4,074)	140
Tax credit for the period	(10,675)	(6,363)

14. Goodwill

	2022	2021
	$000	$000
Cost		
Opening balance	**77,206**	—
Acquisition of subsidiary (note 35)	—	77,206
As at 31 December	**77,206**	77,206
Accumulated impairment		
As at 31 December	—	—
Carrying amount		
At 31 December	**77,206**	77,206

For the purposes of this calculation, all of the entities under CGHL are considered to be a single CGU as they were acquired in whole together. The recoverable amount of the cash generating unit (CGU) was determined based on the value in use and terminal value, with the main assumption relating to the growth rate of 2.5% being assumed for the years after those documented in the Strategic Business Plan of the Group. The cash flows used in the estimate are based on budgets approved by management. A discount rate of 14% was used.

Using these assumptions, the recoverable amount of the cash generating unit is estimated at $4,113m, resulting in a surplus in value in use over carrying amount of $3,435m. If the assumed growth rate was only 1%, then the resulting surplus in value in use would be $2,664m.

15. Intangible assets

	2022	2021
	$000	$000
Computer software		
Cost		
Opening balance	10	—
Acquisition of subsidiaries (note 35)	—	13
Additions	1,274	—
Foreign exchange differences	(14)	(3)
As at 31 December	1,270	10
Amortisation charge		
Opening balance	10	—
Charge	289	12
Foreign exchange differences	18	(2)
As at 31 December	317	10
Carrying amount		
As at 31 December	954	—

Intangible assets are non-current in nature.

During 2022, the Group acquired complete ownership of a claims management software which it continues to use as its core platform going forward.

16. Property, plant and equipment

	Computer equipment	Furniture and equipment	Total
	$000	$000	$000
Cost			
Opening balance	—	—	—
Acquisition of subsidiaries (note 35)	406	79	485
Foreign exchange differences	(9)	(9)	(18)
Additions	7	116	123
As at 31 December 2021	**404**	**186**	**590**
Foreign exchange differences	**(53)**	**(43)**	**(96)**
Additions	**27**	**200**	**227**
As at 31 December 2022	**378**	**343**	**721**

	Computer equipment	Furniture and equipment	Total
	$000	$000	$000
Depreciation			
Opening balance	0	0	0
Foreign exchange differences	(7)	(6)	(13)
Charge for period	95	45	140
As at 31 December 2021	**88**	**39**	**127**
Foreign exchange differences	**(21)**	**(24)**	**(45)**
Charge for period	**92**	**85**	**177**
As at 31 December 2022	**159**	**100**	**259**
Carrying amount			
As at 31 December 2022	**219**	**243**	**463**
As at 31 December 2021	316	147	463

Property, plant and equipment is non-current in nature.

17. Leases

The Group leases buildings for its office space, for which the Group is a lessee. The leases of office space typically run for a period of 3 - 5 years, with an option to renew the lease for an additional period at the end of the contract term. Options to renew have been inserted into lease arrangements to give the Group more flexibility.

Right-of-use assets

	Offices	Total
	$000	$000
Cost		
Opening balance	–	–
Acquisition of subsidiaries (note 35)	2,383	2,383
Foreign exchange differences on retranslation of subsidiaries	8	8
At 31 December 2021	2,391	2,391
Additions	**329**	**329**
Foreign exchange differences on retranslation of subsidiaries	**(230)**	**(230)**
At 31 December 2022	**2,490**	**2,490**

	Offices	Total
	$000	$000
Accumulated depreciation		
Opening balance	—	—
Charge	265	265
At 31 December 2021	265	265
Charge	**470**	**470**
At 31 December 2022	**735**	**735**
Carrying amount		
At 31 December 2022	**1,755**	**1,755**
At 31 December 2021	2,126	2,126

17. Leases (continued)

Lease liabilities

The carrying amount of the lease liabilities approximates the fair value. The Group does not face a significant liquidity risk with regard to its lease liabilities and these are monitored as part of the overall process of managing cash flows.

Contractual undiscounted cash flows relating to the Group's lease arrangements are disclosed in Note 4(c).

Lease liabilities included in the statement of financial position at 31 December

	2022	2021
	$000	$000
Non-current	**1,459**	1,984
Current	**480**	361
Total lease liabilities at 31 December	**1,939**	2,345

Amounts recognised in profit or loss

	2021	2020
	$000	$000
Depreciation of right-of-use assets	**470**	265
Interest expense on lease liabilities	**73**	52
	543	317

Cash flows

The total cash outflow for leases, including short-term leases, amounted to $0.6m(2021: $0.2m).

Short-term leases

Amounts recognised in profit or loss in respect of short-term leases amount to $Nil (2021: $Nil).

18. Group companies

The Group consists of the parent company, Compre Group Holdings Limited, incorporated in Bermuda and a number of subsidiaries held directly and indirectly by Compre Group Holdings Limited[4], which operate and are incorporated around Europe, Bermuda and the USA. Information about the subsidiaries of the Group is set out below:

			Percentage shareholding	
Company	**Country of incorporation**	**Principal activity**	**2022**	2021
Cambridge Topco Limited	Malta	Dormant company	**100**	100
Cambridge Holdco Limited	Malta	Dormant company	**100**	100
Compre (1) Limited	UK	Holding company	**100**	100
Compre Holdings Limited	UK	Holding company	**100**	100
Compre Services (UK) Limited	UK	Service company	**100**	100
Compre Services (Finland) Oy	Finland	Service company	**100**	100
Compre Services (Switzerland) AG	Switzerland	Service company	**100**	100
Compre Services (Germany) GmbH	Germany	Service company	**100**	100
Compre Services (USA) LLC	USA	Service company	**100**	–
London & Leith SE[5]	Malta	See footnote below	**100**	100
Aurora Versicherungs AG[6]	Switzerland	Insurance company	**–**	100
Bothnia International Insurance Company Limited	Finland	Reinsurance company	**100**	100
Pallas Reinsurance Company Limited	Bermuda	Reinsurance company	**100**	100
Compre Bermuda Holdings Limited	Bermuda	Holding company	**100**	100
Compre Corporate Member 1 Limited	UK	Lloyd's corporate member	**100**	100
Compre Corporate Member 2 Limited	UK	Lloyd's corporate member	**100**	100

[4] Compre Group Holdings Limited has a direct ownership of Cambridge Topco Limited, London & Leith Insurance PCCE, Compre (1) Limited and Compre Bermuda Holdings Limited; all other entities are either direct or indirect subsidiaries of these companies.
[5] London & Leith SE was de-regulated in November 2022 and as a result is no longer a regulated insurance carrier. It is expected to be liquidated in 2023.
[6] Aurora Versicherungs AG was liquidated in November 2022; the liquidation had no impact on the Group.

19. Financial assets

Analysis of financial assets by category

The Group's financial assets are analysed below into the respective categories.

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Total
	$000	$000	$000	$000
As at 31 December 2022				
Investments in bonds (note 20)	**1,028,164**	**–**	**–**	**1,028,164**
Investments in funds (note 20)	**17,119**	**47,675**	**–**	**64,794**
Deposits with ceding undertakings (note 21)	**–**	**–**	**33,435**	**33,435**
Insurance receivables (note 23)	**–**	**–**	**61,082**	**61,082**
Other receivables	**–**	**–**	**8,390**	**8,390**
Accrued income	**–**	**–**	**6,392**	**6,392**
Cash and cash equivalents (note 24)	**–**	**–**	**74,955**	**74,955**
Other financial investments (note 20)	**536**	**–**	**–**	**536**
	1,045,819	**47,675**	**184,254**	**1,277,748**
As at 31 December 2021				
Investments in bonds (note 20)	962,331	–	–	962,331
Investments in funds (note 20)	28,470	4,867	–	33,337
Deposits with ceding undertakings (note 21)	–	–	17,946	17,946
Insurance receivables (note 23)	–	–	12,737	12,737
Other receivables	–	–	5,691	5,691
Accrued income	–	–	4,713	4,713
Cash and cash equivalents (note 24)	–	–	127,860	127,860
Other financial investments (note 20)	536	–	–	536
	991,337	**4,867**	**168,947**	**1,165,151**

The Group's financial assets at fair value through profit or loss have been designated as such upon initial recognition.

Fair value of financial assets

Valuation policies

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 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.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

19. Financial assets (continued)

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Valuation processes

The Parent Company's Board approves the policies and procedures for both recurring fair value measurement, such as of financial assets at fair value through profit or loss and available-for-sale financial assets, as well as for non-recurring measurements, such as upon a business combination taking place.

Where necessary, the Group engages external valuers to value significant or complex assets, such as unquoted financial assets, and significant liabilities. Involvement of external valuers is determined annually by the Parent Company's Board. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior management decides, after discussions with the Parent Company's Board, which valuation techniques and inputs to use for each case.

At each reporting date, senior management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents and presents the valuation results to the Parent Company's Board. This includes a discussion of the major assumptions used in the valuations.

Valuation techniques used to determine fair values of financial instruments

Government and agencies fixed maturity securities – These securities are generally priced by pricing services or index providers. The pricing services or index providers may use current market trades for securities with similar quality, maturity and coupon. If no such trades are available, the pricing service typically uses analytical models which may incorporate option adjusted spreads, daily interest rate data and market/sector news. The Company generally classifies the fair values of government and agencies securities in Level 2.

Corporate fixed maturity securities – These securities are generally priced by pricing services or index providers. The pricing services or index providers typically use discounted cash flow models that incorporate benchmark curves for treasury, swap and high issuance credits. Credit spreads are developed from current market observations for like or similar securities. The Company generally classifies the fair values of its corporate securities in Level 2.

Investments in funds - These investments are generally priced on net asset values ("NAV") received from the fund managers or administrators. Due to the timing of the delivery of the final NAV by certain of the fund managers, valuations of certain alternative funds and specialty funds are estimated based on the most recently available information, including period end NAVs, period end estimates, or, in some cases, prior month or prior quarter NAVs. As this valuation technique incorporates both observable and significant unobservable inputs, the Company generally classifies the fair value of its investments in funds as Level 3.

Structured securities including mortgage and asset-backed securities – These securities are generally priced by broker/dealers. Broker/dealers may use current market trades for securities with similar qualities. If no such trades are available, inputs such as bid and offer, prepayment speeds, the U.S. treasury curve, swap curve and cash settlement may be used in a discounted cash flow model to determine the fair value of a security. The Company generally classifies the fair values of its structured securities in Level 2.

The following table provides the fair value measurement hierarchy of the Group's financial assets that are measured at fair value.

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
As at 31 December 2022				
Financial assets at fair value through profit or loss				
- Government bonds (note 20)	**–**	**380,933**	**–**	**380,933**
- Corporate bonds (note 20)	**–**	**647,231**	**–**	**647,231**
- Investments in funds (note 20)	**–**	**17,119**	**–**	**17,119**
- Other financial investments (note 20)	**–**	**536**	**–**	**536**
Available-for-sale financial assets				
- Investments in funds (note 20)	**–**	**–**	**47,675**	**47,675**
	–	**1,045,819**	**47,675**	**1,093,494**
As at 31 December 2021				
Financial assets at fair value through profit or loss				
- Government bonds (note 20)	–	372,632	–	372,632
- Corporate bonds (note 20)	–	589,699	–	589,699
- Investments in funds (note 20)	–	28,470	–	28,470
- Other financial investments (note 20)	–	536	–	536
Available-for-sale financial assets				
- Investments in funds (note 20)	–	–	4,867	4,867
	–	991,337	4,867	996,204

19. Financial assets (continued)

The following table presents the changes in level 3 items for the periods ended 31 December 2021 and 31 December 2022:

	2022 $000	2021 $000
Opening balance	**4,867**	–
Purchases	**46,864**	8,858
Disposals	**(4,463)**	(3,991)
Valuation	**(238)**	–
Foireign exchange differences	**645**	–
Balance as at 31 December	**47,675**	4,867

Due to the short-term nature of cash and cash equivalents, deposits with ceding undertakings, and other current receivables, their carrying amount is considered to be the same as their fair value.

20. Financial investments

The following table analyses the Group's financial investments.

	2022 $000	2021 $000
Financial assets		
Investments in bonds:		
- Government bonds	**380,933**	372,632
- Corporate bonds	**647,231**	589,699
Investments in funds:		
- Open-end funds	**17,119**	28,470
- Closed-end funds	**47,675**	4,867
Other Financial investments	**536**	536
As at December 2022 and 2021	**1,093,494**	996,204

Investments in bonds are current in nature. The Group's available-for-sale financial investments are non-current in nature.

21. Loans receivable

Loans receivable comprise:

	2022 $000	2021 $000
Deposits with ceding undertakings	**33,435**	17,946

Deposits held with cedants are current in nature.

22. Reinsurers' share of technical provisions

	2022 $000	2021 $000
Reinsurers' share of technical provisions	**118,189**	128,040

At 31 December 2022, the Group conducted a review of the reinsurance assets and recognised an impairment loss of $3.6m (2021: $0.3m) in 'Change in the provision for claims ceded to reinsurers' (note 28).

The directors consider the carrying value of reinsurance assets that are neither past due nor impaired to be approximately equal to their fair value.

23. Insurance and other receivables

(a) Insurance receivables

	2022 $000	2021 $000
Due from reinsurers	**61,082**	12,737

Insurance receivables are stated net of impairment for estimated irrecoverable amounts of $0.7m (2021: $0.7m). This impairment has been determined by reference to past default experience and known issues. Write offs are made when the irrecoverable amount becomes certain.

Movement on the allowance for irrecoverable amounts on insurance receivables are as follows:

	2022 $000	2021 $000
Opening balance	**726**	–
Acquisition of subsidiaries (note 35)	**–**	1,539
Movement in provision for doubtful receivables	**(40)**	(813)
At 31 December	**686**	726

The directors consider the carrying value of insurance receivables that are neither past due nor impaired to be approximately equal to their fair value.

(b) Other receivables

Other receivables comprise deposits with financial institutions that do not meet the definition of Cash and Cash Equivalents under IAS 7 together with other receivables that are not presented under another line item in the Statement of Financial Position.

	2022 $000	2021 $000
Deposits	**–**	5,707
Other receivables	**8,390**	5,691
	8,390	11,398

The directors consider that the carrying amount of other receivables approximates to their fair value.

24. Cash and cash equivalents

	2022	2021
	$000	$000
Cash on hand and at bank	71,713	124,478
Short-term deposits	3,242	3,382
	74,955	127,860

The directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

25. Share capital

	31 December 2022 and 2021		
Class of share	Number of shares	Nominal value $	Total $000
Ordinary shares	259,717,033	0.01	2,597
Preference shares	3,289,500	0.01	33
Total	263,006,533		2,630

During 2021 the parent company issued 259,717,033 ordinary shares and 3,289,500 preference shares; there were no other movements in share capital in the period covered by these financial statements

The Ordinary shares are entitled to one vote per share, are entitled to discretionary dividends, and are entitled to the surplus assets in the event of a winding-up or dissolution of the parent company.

The Preference shares have no voting rights except in relation to an amalgamation or merger (in which case they will carry one thousandth of a vote per share), are entitled to a cumulative preferential dividend, and are only entitled to the subscription price and any accrued but unpaid dividends in the event of a winding-up or dissolution of the parent company. Redemption of the Preference shares, as well as declaration of preferential dividends, is at the discretion of the Company's directors However, no discretionary dividends may be paid on the Ordinary shares until any accrued but unpaid dividends on the Preference shares have been paid.

The above number of shares are authorised, issued and fully paid.

26. Share premium

	31 December 2022 and 2021	
Class of share	**Number of shares**	**Total**
	In '000s	**$000**
Ordinary shares	**259,717**	**440,634**
Preference shares	**3,290**	**4,549**
Total	**263,007**	**445,183**

Share premium is the payment for shares in excess of the nominal value of those shares.

27. Other reserves

	Currency translation reserve $000	Available-for-sale reserve $000	Other reserves $000	Total $000
Opening balance	**–**	**–**	**–**	**–**
Exchange differences on translating foreign operations	(2,730)	–	–	(2,730)
Reclassification of currency translation differences upon disposal of subsidiary	257	–	–	257
Actuarial gain/loss on defined benefit obligations	–	–	370	370
As at 31 December 2021	**(2,473)**	**–**	**370**	**(2,103)**
Currency translation differences	**333**	**–**	**–**	**333**
Unrealized (loss)/gain on available for sale securities	**–**	**(238)**	**–**	**(238)**
Other movements	–	–	–	–
As at 31 December 2022	**(2,140)**	**(238)**	**370**	**(2,008)**

The nature and purpose of the above reserves have been disclosed in note 2.14.

28. Technical provisions

Technical provisions are analysed as follows:

	2022		
	Gross liabilities	**Reinsurance**	**Net liabilities**
	$000	**$000**	**$000**
Unearned premium reserve	**560**	**–**	**560**
Provision for outstanding claims	**714,665**	**(115,600)**	**599,065**
Other technical provisions	**20,873**	**(2,589)**	**18,284**
Total	**736,098**	**(118,189)**	**617,909**

	2021		
	Gross liabilities	**Reinsurance**	**Net liabilities**
	$000	**$000**	**$000**
Unearned premium reserve	–	–	–
Provision for outstanding claims	753,343	(128,040)	625,303
Other technical provisions	19,380	–	19,380
Total	772,723	(128,040)	644,683

Unearned premium reserve

	Gross liabilities	**Reinsurance**	**Net liabilities**
	$000	**$000**	**$000**
Balance at 1 January 2022	**–**	**–**	**–**
Arising on acquisition of portfolio transfer	**4,629**	**–**	**4,629**
Earned premiums	**(4,069)**	**–**	**(4,069)**
Exchange rate changes	**–**	**–**	**–**
Balance at 31 December 2022	**560**	**–**	**560**
Opening balance	–	–	–
Arising on acquisition of portfolio transfer	–	–	–
Earned premiums	–	–	–
Exchange rate changes	–	–	–
Balance at 31 December 2021	–	–	–

28. Technical provisions (continued)

Provision for outstanding claims including other technical provisions

	Gross liabilities	Reinsurance	Net liabilities
	$000	$000	$000
At 1 January 2022	**772,723**	**(128,040)**	**644,683**
Movement through the income statement	**(251,514)**	**19,123**	**(232,391)**
Liabilities acquired on portfolio transfers	**210,902**	**(10,159)**	**200,743**
Exchange rate changes	**3,427**	**887**	**4,314**
At 31 December 2022	**735,538**	**(118,189)**	**617,349**
Opening balance	—	—	—
Acquisition of subsidiaries (note 35)	465,865	(84,388)	381,477
Movement through the income statement	(226,485)	91,400	(135,085)
Liabilities acquired on portfolio transfers	538,707	(135,264)	403,443
Exchange rate changes	(5,364)	212	(5,152)
At 31 December 2021	772,723	(128,040)	644,683

The movement for portfolio transfers reflects claims portfolio reserves taken on in the period which are matched by equivalent transfers of financial assets at fair value and reflected in investments and cash in the balance sheet. For further details of reinsurance assets, see note 22.

Gross claims liabilities include a provision for future claims handling and run off expenses of $20.9m (2021: $19.4m).

The below tables present information about annual reserving movements on the Group's outstanding claims reserves, analysed into gross reserving movements, movements in ceded claims, and net reserving movements.

For the purpose of these development tables, claims liabilities acquired in the business combination (note 35) have been reallocated to the prior reporting periods in which they were originally acquired by the members of the Compre Group. As a result, the reported acquisitions in the below tables for acquisition year 2021 represent the entire year from 1 January to 31 December 2021, whereas the comparative figures reported in the above table only include acquisitions that took place after 14 April 2021, being the date on which the Parent company acquired control over the Group.

28. Technical provisions (continued)

Movement in Gross ultimate claims ($000)		Acquired Reserves	FX movement	Paid Movement	Reserving movements by calendar year									Effect of discounting	Reserves at 31 December 2022
					2015	2016	2017	2018	2019	2020	2021	2022	Total		
Acquisition year	Pre 2015	85,768	8,446	(21,710)	(8,378)	(14,000)	(12,556)	(10,128)	1,606	1,694	(5,462)	(93)	(47,317)	(6,379)	18,808
	2015	1,591	25	(575)	(204)	(560)	561	(62)	(24)	(589)	(41)	–	(919)	(31)	91
	2016	35,968	1,673	(11,539)	–	2,823	254	(4,726)	(7,287)	(7,085)	135	(1,247)	(17,133)	(2,272)	6,697
	2017	192,644	(13,206)	(81,986)	–	–	6,381	(2,237)	338	1,229	(3,895)	(706)	1,110	(24,963)	73,599
	2018	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	2019	108,906	(9,571)	(59,455)	–	–	–	–	(3,175)	8,993	3,489	104	9,411	(9,988)	39,303
	2020	109,103	(8,189)	(36,277)	–	–	–	–	–	(7,346)	(17,837)	7,891	(17,292)	(5,845)	41,500
	2021	746,962	(2,451)	(141,517)	–	–	–	–	–	–	(122,249)	12,963	(109,286)	(104,064)	389,644
	2022	210,902	14,803	(7,448)	–	–	–	–	–	–	–	(28,764)	(28,764)	(23,597)	165,896
	Total	**1,491,844**	**(8,470)**	**(360,507)**	**(8,582)**	**(11,737)**	**(5,360)**	**(17,153)**	**(8,542)**	**(3,104)**	**(145,860)**	**(9,852)**	**(210,190)**	**(177,139)**	**735,538**

Movement in Ceded ultimate claims ($000)		Acquired Reserves	FX movement	Paid Movement	Reserving movements by calendar year									Effect of discounting	Ceded at 31 December 2022
					2015	2016	2017	2018	2019	2020	2021	2022	Total		
Acquisition year	Pre 2015	(24,874)	(645)	7,850	210	4,370	(25)	204	(3,866)	1,423	(1,444)	(503)	369	4,167	(13,133)
	2015	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	2016	–	(2,467)	(2,006)	–	–	–	4,489	342	(1,355)	1,177	(10)	4,643	(41)	129
	2017	–	(9)	1,649	–	–	–	(1,252)	(609)	(165)	(2,206)	(299)	(4,531)	1,086	(1,805)
	2018	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	2019	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	2020	(4,836)	1,013	–	–	–	–	–	–	–	–	(105)	(105)	942	(2,986)
	2021	(208,518)	712	43,083	–	–	–	–	–	–	70,876	(15,861)	55,015	21,367	(88,341)
	2022	(10,159)	89	348	–	–	–	–	–	–	–	(3,433)	(3,433)	1,102	(12,053)
	Total	**(248,387)**	**(1,307)**	**50,924**	**210**	**4,370**	**(25)**	**3,441**	**(4,133)**	**(97)**	**68,403**	**(20,211)**	**51,958**	**28,623**	**(118,189)**

Movement in Net ultimate claims ($000)		Acquired Reserves	FX movement	Paid Movement	Reserving movements by calendar year									Effect of discounting	Net at 31 December 2022
					2015	2016	2017	2018	2019	2020	2021	2022	Total		
Acquisition year	Pre 2015	60,894	7,801	(13,860)	(8,168)	(9,630)	(12,581)	(9,924)	(2,260)	3,117	(6,906)	(596)	(46,948)	(2,212)	5,675
	2015	1,591	25	(575)	(204)	(560)	561	(62)	(24)	(589)	(41)	–	(919)	(31)	91
	2016	35,968	(794)	(13,545)	–	2,823	254	(237)	(6,945)	(8,440)	1,312	(1,257)	(12,490)	(2,313)	6,826
	2017	192,644	(13,215)	(80,337)	–	–	6,381	(3,489)	(271)	1,064	(6,101)	(1,005)	(3,421)	(23,877)	71,794
	2018	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	2019	108,906	(9,571)	(59,455)	–	–	–	–	(3,175)	8,993	3,489	104	9,411	(9,988)	39,303
	2020	104,267	(7,176)	(36,277)	–	–	–	–	–	(7,346)	(17,837)	7,786	(17,397)	(4,903)	38,514
	2021	538,444	(1,739)	(98,434)	–	–	–	–	–	–	(51,373)	(2,898)	(54,271)	(82,697)	301,303
	2022	200,743	14,892	(7,100)	–	–	–	–	–	–	–	(32,197)	(32,197)	(22,495)	153,843
	Total	**1,243,457**	**(9,777)**	**(309,583)**	**(8,372)**	**(7,367)**	**(5,385)**	**(13,712)**	**(12,675)**	**(3,201)**	**(77,457)**	**(30,063)**	**(158,232)**	**(148,516)**	**617,349**

28. Technical provisions (continued)

Movement in Gross ultimate claims ($000)		Acquired Reserves	FX movements	Paid Movements	Reserving movements by calendar year 2015	2016	2017	2018	2019	2020	2021	Total	Effect of discounting	Reserves at 31 December 2021
Acquisition year	Pre 2015	85,768	7,211	(20,688)	(8,378)	(14,000)	(12,556)	(10,128)	1,606	1,694	(5,462)	(47,224)	(2,063)	23,004
	2015	1,591	34	(575)	(204)	(560)	561	(62)	(24)	(589)	(41)	(919)	(10)	121
	2016	35,968	1,844	(10,703)	–	2,823	254	(4,726)	(7,287)	(7,085)	135	(15,886)	(924)	10,299
	2017	192,644	(7,813)	(67,813)	–	–	6,381	(2,237)	338	1,229	(3,895)	1,816	(9,784)	109,050
	2018	–	–	–	–	–	–	–	–	–	–	–	–	–
	2019	108,906	(3,868)	(45,485)	–	–	–	–	(3,175)	8,993	3,489	9,307	(5,669)	63,191
	2020	109,103	(7,310)	(20,933)	–	–	–	–	–	(7,346)	(17,837)	(25,183)	(4,584)	51,093
	2021	746,962	(1,995)	(60,463)	–	–	–	–	–	–	(122,249)	(122,249)	(46,290)	515,965
	Total	**1,280,942**	**(11,897)**	**(226,660)**	**(8,582)**	**(11,737)**	**(5,360)**	**(17,153)**	**(8,542)**	**(3,104)**	**(145,860)**	**(200,338)**	**(69,324)**	**772,723**

Movement in Ceded ultimate claims ($000)		Acquired Reserves	FX movements	Paid Movements	Reserving movements by calendar year 2015	2016	2017	2018	2019	2020	2021	Total	Effect of discounting	Ceded at 31 December 2021
Acquisition year	Pre 2015	(24,874)	(450)	7,845	210	4,370	(25)	204	(3,866)	1,423	(1,444)	872	1,451	(15,156)
	2015	–	–	–	–	–	–	–	–	–	–	–	–	–
	2016	–	(2,467)	(2,010)	–	–	–	4,489	342	(1,355)	1,177	4,653	(15)	161
	2017	–	(30)	1,440	–	–	–	(1,252)	(609)	(165)	(2,206)	(4,232)	247	(2,575)
	2018	–	–	–	–	–	–	–	–	–	–	–	–	–
	2019	–	–	–	–	–	–	–	–	–	–	–	–	–
	2020	(4,836)	526	–	–	–	–	–	–	–	–	–	377	(3,933)
	2021	(208,518)	225	20,678	–	–	–	–	–	–	70,876	70,876	10,202	(106,537)
	Total	**(238,228)**	**(2,196)**	**27,953**	**210**	**4,370**	**(25)**	**3,441**	**(4,133)**	**(97)**	**68,403**	**72,169**	**12,262**	**(128,040)**

Movement in Net ultimate claims ($000)		Acquired Reserves	FX movements	Paid Movements	Reserving movements by calendar year 2015	2016	2017	2018	2019	2020	2021	Total	Effect of discounting	Net at 31 December 2021
Acquisition year	Pre 2015	60,894	6,761	(12,843)	(8,168)	(9,630)	(12,581)	(9,924)	(2,260)	3,117	(6,906)	(46,352)	(613)	7,847
	2015	1,591	34	(575)	(204)	(560)	561	(62)	(24)	(589)	(41)	(919)	(10)	121
	2016	35,968	(623)	(12,713)	–	2,823	254	(237)	(6,945)	(8,440)	1,312	(11,233)	(939)	10,460
	2017	192,644	(7,843)	(66,373)	–	–	6,381	(3,489)	(271)	1,064	(6,101)	(2,416)	(9,537)	106,475
	2018	–	–	–	–	–	–	–	–	–	–	–	–	–
	2019	108,906	(3,868)	(45,485)	–	–	–	–	(3,175)	8,993	3,489	9,307	(5,669)	63,191
	2020	104,267	(6,784)	(20,933)	–	–	–	–	–	(7,346)	(17,837)	(25,183)	(4,207)	47,160
	2021	538,444	(1,769)	(39,785)	–	–	–	–	–	–	(51,373)	(51,373)	(36,088)	409,429
	Total	**1,042,714**	**(14,092)**	**(198,707)**	**(8,372)**	**(7,367)**	**(5,385)**	**(13,712)**	**(12,675)**	**(3,201)**	**(77,457)**	**(128,169)**	**(57,063)**	**644,683**

29. Defined benefit obligation

HIR Pensionsgesellschaft mbH (HIRP), which was a subsidiary of the Group until its disposal on 30 November 2021, provided pension benefits based on a final pensionable pay and length of service. These pension liabilities were recognised on the balance sheet until deconsolidation of the subsidiary. There is no requirement under German legislation to hold segregated assets in relation to the pension obligation. The investments held by HIRP therefore funded obligations in respect of pension liabilities. No contributions were made by members.

Up until its disposal during 2021, the pension scheme liabilities were determined by Mercer Deutschland GmbH, a professional firm of actuarial consultants on the basis of annual valuations using the projected unit method.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out during October 2021, prior to the loss of control over HIRP. After the loss of control of HIRP, the Group has no remaining defined benefit liabilities.

The Scheme typically exposed the Group to actuarial risks such as: interest rate risk and longevity risk.

Interest risk – A decrease in the bond interest rate will increase the pension liability.

Longevity risk – The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Mortality assumptions:

The decrement assumptions (biometric assumptions) used were based on the generally accepted tables from Klaus Heubeck "Richttafeln 2018 G". All members were retired.

The valuation was based on the following additional assumptions:

	2022	2021
Discount rate p.a. (10-year average for pension obligations)	–	1.01%
Pension increases p.a.	–	1.00%

In determining the above discount rates, use was made of the option of fixing the discount rate up to three months before the balance sheet date. The above discount rates were determined as of 31 October 2021 and projected to the date of disposal assuming an unchanged discount rate level.

The valuation of the entitlements for widow's/widower's benefit was performed with the so-called 'collective approach' which takes into account the probability of marriage from the biometric assumptions used.

Amounts recognised in profit or loss are as follows:

	2022	2021
	$000	$000
Net interest expense on defined pension benefit obligation	–	(115)

Amounts recognised in other comprehensive income are as follows:

Actuarial gains/(losses)	–	370

29. Defined benefit obligation (continued)

Movement in the present value of defined benefit obligation in the period was as follows:

	2022	2021
	$000	$000
Opening defined benefit obligation	–	–
Acquisition of subsidiaries (note 35)	–	(13,919)
Interest expense	–	(115)
Actuarial gains/(losses)	–	370
Pension payments made	–	766
Movement in foreign exchange	–	816
Derecognition of defined benefit obligation upon loss of control of subsidiary	–	12,082
Closing defined benefit obligation	–	–

Significant actuarial assumptions for the determination of the defined benefit obligation were discount rate and mortality.

The maturity profile of the defined benefit obligation, using the weighted average duration of liabilities, was 10 years prior to the loss of control over HIRP.

Reconciliation of opening and closing balances of Fair Value of Plans Assets for the year end

	2022	2021
	$000	$000
Opening fair value of plan assets	–	–
Acquisition of subsidiaries (note 35)	–	15,750
Investment return	–	85
Pensions payments	–	(766)
Other payments	–	(1,155)
Derecognition of defined benefit plan assets upon loss of control of subsidiary	–	(13,914)
Fair Value of Plan Assets as at 31 December	–	–

The above assets were invested in corporate bonds and cash.

30. Deferred taxation

Deferred taxation balances recognised in the statement of financial position

The Group’s recognised deferred taxation asset/(liability) arises on temporary differences attributable to:

	2022	2021
	$000	$000
Deferred tax asset on carried forward losses	**16,069**	2,105

30. Deferred taxation (continued)

	2022	2021
	$000	$000
Technical provisions	**9,722**	6,533
Other	**809**	762
Deferred tax liability	**10,531**	7,295
Net deferred tax asset /(liability)	**5,538**	(5,190)

The movements in the deferred taxation balances are analysed below.

	Losses carried forward	**Technical provisions**	**Other**	**Total**
	$000	**$000**	**$000**	**$000**
Opening balance	–	–	–	–
Acquisition of subsidiaries (note 35)	2,499	(10,742)	(3,616)	(11,859)
Amounts (charged)/credited in the income statement	(394)	4,209	2,853	6,669
As at 31 December 2021	**2,105**	**(6,533)**	**(763)**	**(5,190)**
Amounts (charged)/credited in the income statement	**13,964**	**(3,189)**	**(47)**	**10,728**
As at 31 December 2022	**16,069**	**(9,722)**	**(810)**	**5,538**

Unrecognised deferred taxation assets

The Group has carried forward UK tax losses of $16.3m (2021: $20.5m) for which a deferred tax asset has not been recognised. The tax losses can be carried forward indefinitely.

31. Insurance payables

	2022	2021
	$000	$000
Payables in relation to reinsurance business	**27,621**	13,349

The directors consider that the carrying amount of insurance payables approximates to their fair value. All amounts are payable within one year.

32. Other payables

	2022	2021
	$000	$000
Social security and other taxes	**638**	168
Other payables	**3,417**	4,129
	4,054	**4,297**

The directors consider that the carrying amount of other payables approximates to their fair value. All amounts are payable within one year.

33. Borrowings

	2022	2021
	$000	$000
Revolving credit facility	**–**	15,126
Term loans	**–**	41,250
Subordinated notes	**243,414**	46,355
	243,414	102,731
Amounts falling due within 1 year	**–**	56,376
Amounts falling due between 1 and 5 years	**–**	–
Amounts falling due after 5 years or more	**243,414**	46,355
	243,414	102,731

The Group had the following subordinated notes and term loans outstanding during the period covered by these financial statements. The origination and maturity dates disclosed in this table provide information about the period in which these borrowings were outstanding.

Facility	**Origination date**	**Maturity date**	**Rate**	**Principal**
USD subordinated notes	27 June 2022	27 June 2028	9.25%	USD 160m
EUR subordinated notes	27 June 2022	27 June 2028	3m Euribor + 5.6%	EUR 37.5m
USD subordinated notes	18 October 2019	24 October 2029	3m USD LIBOR + 6.9%	USD 16.5m
EUR subordinated notes	17 November 2017	5 January 2028	3m Euribor + 6.9%	EUR 2.5m
EUR subordinated notes	17 November 2017	5 January 2028	3m Euribor + 6.7%	EUR 24m
USD term loan	10 February 2021	30 September 2022	3m USD LIBOR + 2.25%	USD 41.25m

Information about the Group's exposure to liquidity risk and interest rate risk is disclosed in note 4 to these consolidated financial statements.

Revolving credit facility and term loans

At the acquisition date, the acquired group had a multi-currency revolving credit facility (RCF) with a maximum limit of $34.4m, of which $28.0m was drawn down, together with a term loan amounting to $41.3m with an original maturity date of December 2021.

During November 2021, the Group modified the terms of the above borrowings to adjust for the LIBOR reform, as well as to extend the original maturity dates to September 2022.

In February 2023, after the reporting period, the Group further modified the terms of the agreement to expand the facility and extend the original maturity dates to September 2025. The directors have determined that under IAS 39, these amendments are not a significant modification to the terms of the existing borrowings.

The Group pays a commitment fee based on the unutilised amount of the RCF; this fee is charged to the income statement as incurred, and is presented within ‘Finance costs’ in the Group’s consolidated income statement.

Subordinated loan notes

In June 2022, the Group issued two subordinated debt notes through the parent entity, Compre Group Holdings Limited. The key terms of the notes are set out below:

- $160m bearing a fixed rate of interest, maturing in June 2028, with semi-annual interest payments; and
- €37.5m bearing a floating rate of interest, maturing in June 2028, with quarterly interest payments.

The Group has an option to redeem the USD-denominated note on any date within the 6 months prior to maturity, and an option to redeem the EUR-denominated note 3 months prior to maturity. Management has determined that both options are closely related to the economic characteristics and risks of the host debt itself, and they have accordingly not been separated from the host contracts.

The subordinated notes serve the purpose of increasing the Group’s Tier 2 basic own funds regulatory capital for its solvency purposes. The Group has complied with the financial covenants of its borrowing facilities during 2021 and 2022.

33. Borrowings (continued)

Changes in liabilities arising from financing activities

	Revolving credit facility	Term loans	Subordinated notes	Lease liabilities	Total
	$000	$000	$000	$000	$000
Opening balance	–	–	–	–	–
Acquisition of subsidiaries (note 35)	27,959	41,250	47,949	2,513	119,671
New leases	–	–	–	–	–
Financing cash flows	(12,344)	–	–	(221)	(12,565)
Amortisation of issue costs	140	–	7	–	147
Foreign exchange movements	(629)	–	(1,601)	1	(2,229)
Other movements	–	–	–	52	52
At 31 December 2021	**15,126**	**41,250**	**46,355**	**2,345**	**105,076**
At 1 January 2022	**15,126**	**41,250**	**46,355**	**2,345**	**105,076**
New leases	**–**	**–**	**–**	**329**	**329**
Financing cash flows	**(13,742)**	**(41,250)**	**197,043**	**(560)**	**141,491**
Amortisation of issue costs	**96**	**–**	**229**	**–**	**325**
Foreign exchange movements	**(1,480)**	**–**	**(213)**	**(249)**	**(1,942)**
Other movements	**–**	**–**	**–**	**73**	**73**
At 31 December 2022	**–**	**–**	**243,414**	**1,938**	**245,352**

34. Contingencies and other commitments

There were no outstanding capital commitments, contingent assets or liabilities at 31 December 2022 (2021: $nil).

35. Business combination

Acquisition of the Compre Group

In November 2020, Compre Group Holdings Limited entered into a binding share purchase agreement (SPA) – completion of which was conditional on obtaining various regulatory approvals – for the acquisition of the entire shareholding of the Compre Group. The Compre Group is a legacy acquirer in the acquisition and management of (re)insurance companies and portfolios in run-off, and Cambridge Topco Limited was its parent company when the acquisition took place. The acquisition enabled the new investors to expand their investment portfolio in the financial services sector.

All regulatory approvals were obtained by 14 April 2021, and the SPA completion date was 28 April 2021. In determining the acquisition date, management assessed the date on which it obtained substantive rights to direct the relevant activities of the Compre Group. Certain decisions over relevant activities of the Compre Group could necessarily only be made after the completion date, whilst Compre Group Holdings Limited held veto rights over all other decisions about relevant activities. Management determined that, collectively, these were sufficient to grant Compre Group Holdings Limited control as of 14 April 2021 (the acquisition date).

The purchase consideration amounted to $274,085k, as analysed below. Acquisition-related costs of $9,826k are presented within 'Other operating and administrative expenses' in the income statement, and are included in operating cash flows in the statement of cash flows.

	Fair value
	$000
Cash consideration	269,503
Issue of preference shares	4,582
Total consideration at fair value	**274,085**

35. Business combination (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
	$000
Intangible assets	13
Property, plant and equipment	485
Right-of-use asset	2,383
Financial investments	426,725
Loans receivable	88,394
Reinsurers' share of Technical Provisions	84,388
Insurance receivables	145,411
Other receivables	15,964
Deferred tax assets	3,320
Prepayments and accrued income	2,852
Cash and cash equivalents	85,778
Technical provisions	(465,865)
Defined benefit pension obligation	(13,919)
Borrowings	(117,158)
Lease liabilities	(2,513)
Deferred taxation	(15,179)
Insurance payables	(16,457)
Accruals and deferred income	(6,110)
Derivative financial liability	(15)
Other payables	(19,212)
Current tax liabilities	(2,404)
Net identifiable assets acquired	196,880
Add: goodwill	77,206
Net assets acquired	**274,085**

The goodwill is attributable to the assembled workforce and to the high profitability of the acquired business. It will not be deductible for tax purposes.

The fair value of acquired net technical reserves has been estimated to be equal to the acquiree's best estimate of cash outflows required to settle outstanding claims (including IBNR and claims handling costs), a risk margin representing the risk that cash outflows required to settle the outstanding claims will be higher than the best estimate of those cash outflows, and an efficiency adjustment reflecting the assumption that the acquiree's senior management and claims handling teams will efficiently run off the insurance liabilities. Those liabilities were discounted to present value consistently with the accounting policy adopted by the Group in measuring insurance liabilities, as described in note 4(a).

The fair value of the acquired receivables is as disclosed in the above table. The contractual amounts due to the Group exceed the acquisition date fair values by $1,540k, and it is expected that the Group will collect an amount equal to their fair value.

As Compre Group Holdings Limited is itself a non-operating holding company with minimal activity, the consolidated results for the period ended 31 December 2021 were, with the exception of the $9,826k acquisition-related costs, contributed by the acquired Compre Group.

36. Related party relationships and transactions

Compensation of key management personnel

The key management personnel are considered to be the Board of Directors only. Details of the Directors' remuneration are disclosed in note 12.

Transactions and balances with other related parties

All the parent company's ordinary shares, which were issued in the comparative period (note 25) were issued to the immediate parent company. Additionally, 1,665,500 preference shares, which were also issued in the comparative period, were issued to key management personnel. Other than the issuance of shares, the Group did not have transactions with any related party during the year and therefore does not have any outstanding balances with related parties at the year end.

37. Post balance sheet events

In preparing the consolidated financial statements, the Company has evaluated subsequent events through 10 May 2023, and has concluded that the following matters requires disclosure.

On 2 March 2023 it was announced that the Group had signed an agreement with SiriusPoint Limited for a Loss Portfolio Transfer on a diversified portfolio of primarily reinsurance business. The Loss Portfolio Transfer covers approximately USD 1.3bn of reserves as at the valuation date of 30 September 2022, with the completion subject to regulatory approvals and other conditions of closing.