SOLVENCY & FINANCIAL CONDITION REPORT (SFCR)

ARGUS INSURANCE COMPANY (EUROPE) LTD.

FINANCIAL YEAR END: 31 MARCH 2025

ARGUS

Our Interest is You.

OUR VISION

To give more and more people the freedom to do what matters most.

OUR MISSION

To provide financial services which predict and protect for the future, always ensuring "Our Interest is You".

OUR PURPOSE

At Argus, our purpose is to deliver long-term sustainable returns to our shareholders through exceptional customer service, delivered by engaging and motivating our staff. "Our Interest is You" spans across all stakeholders as we seek to provide exceptional value through the solutions and services that we offer.

OUR VALUES

Integrity

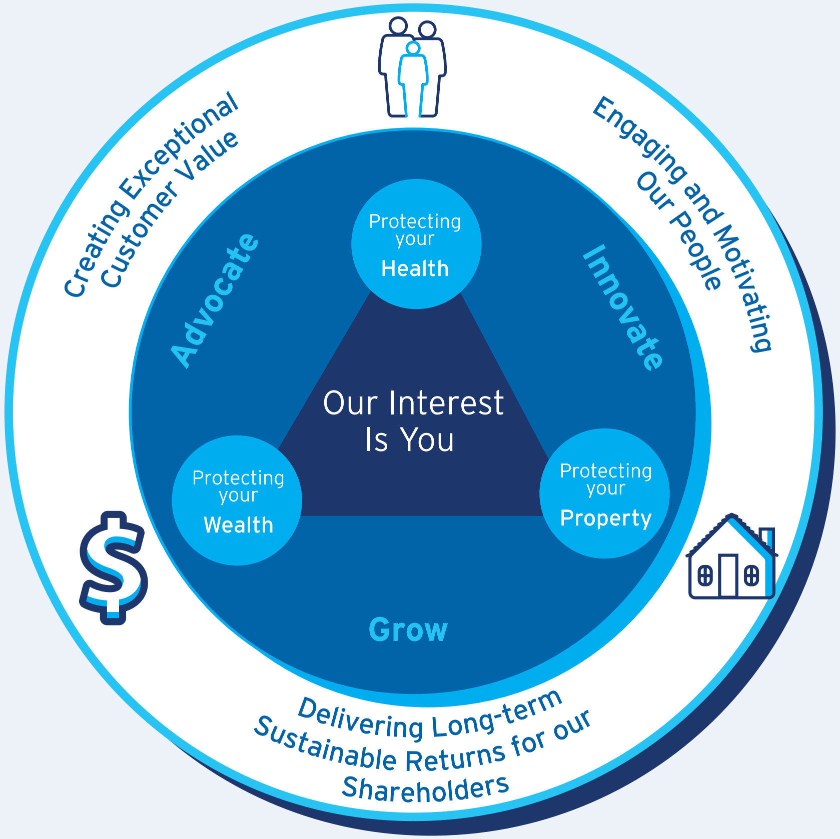
Fairness

Excellence

Respect

Professionalism

Teamwork



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EXECUTIVE SUMMARY

This report is published annually to satisfy the public disclosure requirements of the Financial Services (Insurance Companies) Regulations 2020. It provides material information relating to business performance, system of governance, risk profile, solvency, and capital management. Argus Insurance Company (Europe) Limited (AICEL) is a wholly owned subsidiary of Argus Group Holdings (Europe) Limited with the ultimate parent company being Argus Group Holdings Limited (AGHL).

On 6 January 2025, AGHL was acquired by BF&M Limited, a Bermuda public company with no controlling interest vested in any one person or persons.

On 14 May 2025, BF&M Limited was renamed Allshores Limited. The Company underwrites certain risks in the property and casualty classes. AICEL is registered and domiciled in Gibraltar and is authorised and regulated by the Gibraltar Financial Services Commission (GFSC) under the Gibraltar Financial Services Act 2019, and the Financial Services (Insurance Companies) Regulations 2020, as amended by the Financial Services (Insurance Companies) (Amendment) (EU Exit) Regulations 2021). AICEL also undertakes business through its overseas third country branch in Malta (Malta Branch), registered with the Malta Business Registry and regulated by the Malta Financial Services Authority (MFSA). AICEL offers a broad range of general insurance products to both commercial and individual customers in Gibraltar and Malta. Products are distributed through selected intermediaries and direct to the public in Gibraltar, and through selected intermediaries and tied insurance intermediaries in Malta.

The Company's strategic focus is to ensure long-term sustainability through the continued development of strong relationships with key brokers, the expansion of profitable product lines, and by focusing on client retention and organic growth.

For the financial year ended 31 March 2025, AICEL underwrote gross written premiums of £26.5 million, up from £25.5 million the previous year, marking a £0.98 million (4%) increase. The company reported profit before tax of £6.7 million, an increase of £6.5 million compared to profit of £0.16 million for year ended 31 March 2024. AICEL has consistently exceeded the Solvency Capital Requirements (SCR) and the Minimum Capital Requirements (MCR) throughout the year.

The Solvency Capital Requirement (SCR) and Minimum Capital Requirements (MCR) for the Company is reported quarterly and calculated by the Actuarial function using the Standard Formula model. For the purposes of determining solvency coverage, the balance sheet requires specific valuation rules to be applied as outlined in Sections D and E of this report, meaning that there are differences between the 'Solvency' balance sheet and that reported in the Company's annual statutory financial statements. The table below shows overall net assets on a statutory financial statement (or Statutory) and Solvency II basis as at 31 March 2025:

£'000	Solvency II	Statutory Accounts
Total Assets	48,025	46,621
Total Liabilities	26,365	25,925
Own Funds	21,660	20,696
SCR	13,297	
Solvency coverage	163%	

The Company exceeded the SCR and MCR throughout the year and has continuously complied with all aspects of the Solvency II regulations from the date of first implementation on 1 January 2016.

Peter Dunkerley
Director
7 July 2025

Alex Bonavia
Director
7 July 2025

A. BUSINESS & PERFORMANCE

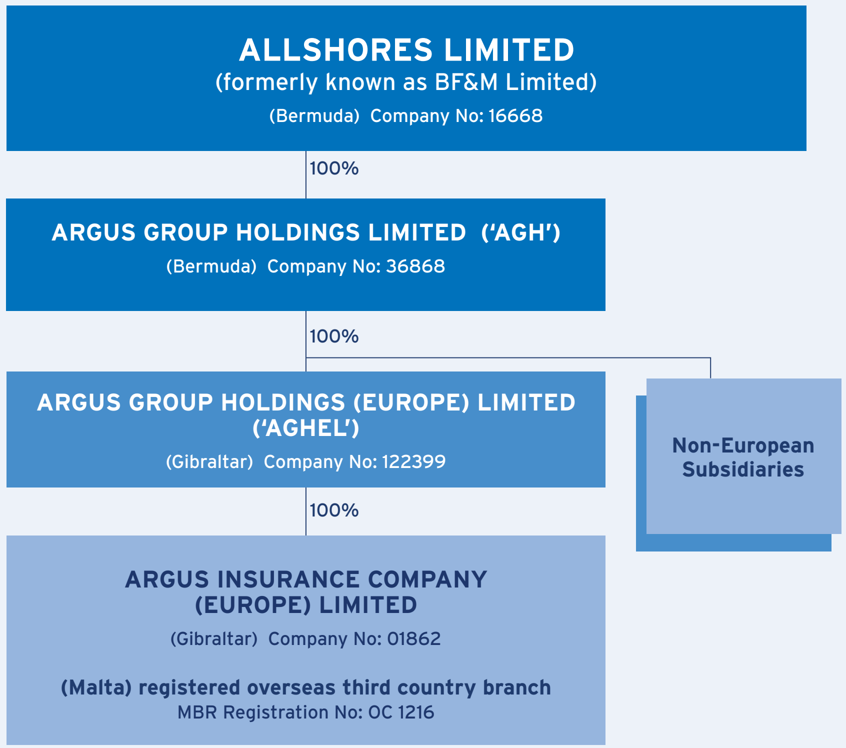
1. BUSINESS

AICEL is a Gibraltar registered company which is 100% owned by Argus Group Holdings (Europe) Limited, also a Gibraltar registered company. Argus Group Holdings (Europe) Limited is 100% owned by Argus Group Holdings Limited, a Bermuda registered company. On 6 January 2025, AGHL was acquired by BF&M Limited (the "Parent"), a Bermuda public company with no controlling interest vested in any one person or persons. On 14 May 2025, BF&M Limited was renamed Allshores Limited. The Company underwrites certain risks in the property and casualty classes.

The principal activities of the Company are Insurance and Risk Management.

Name of the Undertaking	**Argus Insurance Company (Europe) Limited** Unit G.04 West One, Europort Road, Gibraltar, GX11 1AA Tel: + 350 200 79520 Fax: + 350 200 70942 Company Registration Number: 01862
Lines of Business	Motor (Liability and Other) Property Marine Liability Accident
Financial Supervisory Authority	**Gibraltar Financial Services Commission** PO Box 940, Suite 3, Ground Floor, Atlantic Suites, Europort Avenue, Gibraltar Tel: + 350 200 40283 Fax: + 350 200 40282
External Auditor	**EY Ltd** Suite 3C Regal House, 3 Queensway, Gibraltar Tel: + 350 200 13239

ARGUS INSURANCE COMPANY (EUROPE) LIMITED
SIMPLIFIED GROUP STRUCTURE



A. BUSINESS & PERFORMANCE

2. UNDERWRITING PERFORMANCE

For the year ended 31 March 2025, the Company reported profit of £6.7 million, a £6.5 million increase from prior year. The increase was primarily driven by the increase in new business written in both Gibraltar and Malta and ultimate reserve releases from prior years, reflecting favourable claims developments (both Gibraltar and Malta).

Total Underwriting Performance

(£'000)	2025	2024	Variance	Variance %
Gross written premiums	**26,516**	**25,534**	**982**	**4%**
Insurance revenue	26,177	24,409	1,768	7%
Insurance service expenses	(12,342)	(16,687)	4,345	26%
Net expense from reinsurance contracts incurred	(3,327)	(4,396)	1,069	24%
Net insurance service result	**10,508**	**3,326**	**7,182**	**216%**
Investment income	1,151	1,318	(167)	(13%)
Net finance expenses from insurance contracts	(907)	(155)	(752)	(485%)
Net finance income from reinsurance contracts	170	43	127	295%
Net financial result	**414**	**1,206**	**(792)**	**(66%)**
Other income	58	173	(115)	(66%)
Operating expenses	(4,325)	(4,550)	225	5%
(LOSS) / PROFIT BEFORE TAX	**6,655**	**155**	**6,500**	**4194%**

A. BUSINESS & PERFORMANCE

The following tables provide breakdowns of the underwriting performances for the years ended 31 March 2025 and 2024 by lines of business.

Gibraltar & Malta Combined Underwriting Performance Report: results for the year ended 31 March 2025

(£'000)	Accident	Motor	Marine	Property	Liability	Total
Gross written premiums	**1,152**	**14,401**	**529**	**7,523**	**2,911**	**26,516**
Insurance revenue	1,023	14,355	523	7,446	2,830	26,177
Insurance service expenses	(412)	(6,059)	(476)	(3,414)	(1,981)	(12,342)
Net expense from reinsurance contracts incurred	(167)	(918)	(116)	(1,716)	(410)	(3,327)
Net insurance service result	**444**	**7,378**	**(69)**	**2,316**	**439**	**10,508**
Investment income						1,151
Net finance expenses from insurance contracts						(907)
Net finance income from reinsurance contracts						170
Net financial result						**414**
Other income						58
Operating expenses						(4,325)
LOSS BEFORE TAX						6,655

Gibraltar & Malta Combined Underwriting Performance Report: results for the year ended 31 March 2024

(£'000)	Accident	Motor	Marine	Property	Liability	Total
Gross written premiums	**1,365**	**14,337**	**487**	**7,633**	**1,712**	**25,534**
Insurance revenue	1,262	14,102	479	7,064	1,502	24,409
Insurance service expenses	(665)	(11,222)	(353)	(3,900)	(547)	(16,687)
Net expense from reinsurance contracts incurred	(292)	(1,867)	(174)	(1,350)	(713)	(4,396)
Net insurance service result	**479**	**2,836**	**13**	**2,785**	**460**	**3,326**
Investment income						1,318
Net finance expenses from insurance contracts						(155)
Net finance income from reinsurance contracts						43
Net financial result						**1,206**
Other income						173
Operating expenses						(4,550)
PROFIT BEFORE TAX						155

A. BUSINESS & PERFORMANCE

The following tables provide breakdowns of the underwriting performances for the years ended 31 March 2025 and 2024 by geographical areas.

Gibraltar reported a profit before tax of £2.8 million for the year ended 31 March 2025, a significant increase from the prior period profit of £0.95 million. The increase in profit is primarily attributable to higher insurance revenue driven by new business, as well as a release of reserves from prior accident years following a thorough review of claims reserves.

Gibraltar Underwriting Performance

(£'000)	2025	2024	Variance	Variance %
Gross written premiums	**11,987**	**11,776**	**211**	**2%**
Insurance revenue	12,054	11,026	1,028	9%
Insurance service expenses	(5,093)	(5,654)	561	10%
Net expense from reinsurance contracts incurred	(2,086)	(2,704)	618	23%
Net insurance service result	**4,875**	**2,668**	**2,207**	**83%**
Investment income	443	583	(140)	(24%)
Net finance expenses from insurance contracts	(334)	(90)	(244)	(271%)
Net finance income from reinsurance contracts	44	(14)	58	414%
Net financial result	**153**	**479**	**(326)**	**(68%)**
Other income	35	37	(2)	(5%)
Operating expenses	(2,261)	(2,231)	(30)	(1%)
PROFIT BEFORE TAX	**2,803**	**954**	**1,849**	**194%**

For the year ended 31 March 2025, Malta reported a profit of £3.9 million, compared to a loss of £0.8 million in the prior period. This positive turnaround is primarily attributable to a release of claims reserves, following a detailed analysis of prior period accident year claims.

Malta Underwriting Performance

(£'000)	2025	2024	Variance	Variance %
Gross written premiums	**14,529**	**13,758**	**771**	**6%**
Insurance revenue	14,123	13,383	740	6%
Insurance service expenses	(7,249)	(11,033)	3,784	34%
Net expense from reinsurance contracts incurred	(1,241)	(1,692)	451	27%
Net insurance service result	**5,633**	**658**	**4,975**	**756%**
Investment income	708	735	(27)	(4%)
Net finance expenses from insurance contracts	(573)	(65)	(508)	782%
Net finance income from reinsurance contracts	126	57	69	121%
Net financial result	**261**	**727**	**(466)**	**(64%)**
Other income	23	136	(113)	(83%)
Operating expenses	(2,064)	(2,319)	255	11%
(LOSS) / PROFIT BEFORE TAX	**3,852**	**(799)**	**4,651**	**582%**

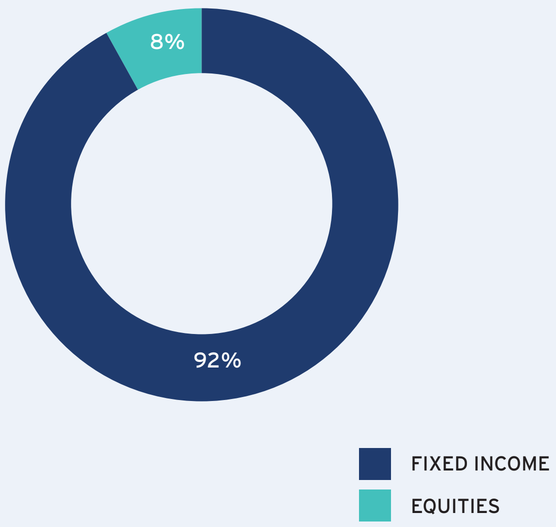
A. BUSINESS & PERFORMANCE

3. INVESTMENT PERFORMANCE

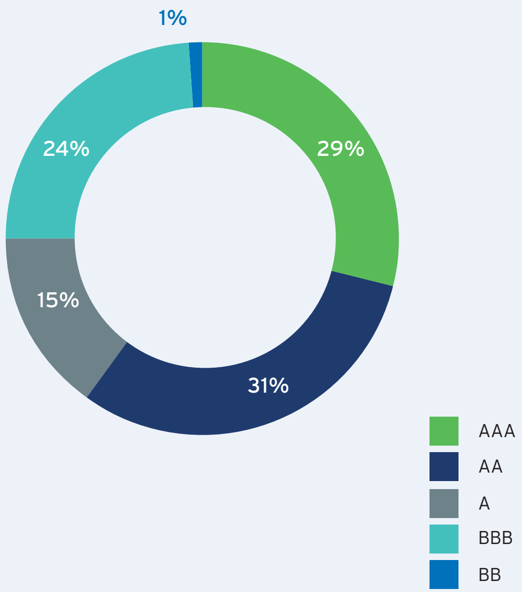
The Company's investment portfolio is structured to ensure sufficient liquidity to meet policyholder obligations while enhancing shareholder value through the generation of appropriate long-term, risk-adjusted returns.

As at 31 March 2025, 92% of the portfolio is allocated to fixed income bonds, of which 99% are investment grade. The weighted average credit quality of the fixed income portfolio is A+, with a weighted average duration of 2.31 years.

INVESTMENT ASSETS 2025



FIXED INCOME PORTFOLIO RATINGS 2025



A. BUSINESS & PERFORMANCE

For the year ended 31 March 2025, the consolidated investments yielded a positive return of £1.2 million, £0.1 million lower when compared with the prior year of £1.3 million. The decrease in return was caused by the unrealised losses of the equity investments, characterised by market movements.

The table opposite provides a breakdown of the Company's investment portfolio by asset class along with the total returns generated for the years ended 31 March 2025 and 2024.

	2025		2024	
(£'000)	Asset Balance	Total Return	Asset Balance	Total Return
Fixed Income	31,167	1,114	26,872	1,104
Equities	2,714	37	2,072	198
TOTAL	**33,881**	**1,151**	**28,944**	**1,302**

The table below provides a breakdown of (loss)/income generated under each asset class:

	2024				2023			
(£'000)	Net Interest Income	Realised Gains	Unrealised Movement Via P&L	Total Return	Net Interest Income	Realised Gains	Unrealised Movement Via P&L	Total Return
Fixed Income	387	271	456	1,114	426	(730)	1,408	1,104
Equities	44	-	(7)	37	38	-	160	198
TOTAL	**431**	**271**	**449**	**1,151**	**464**	**(730)**	**1,568**	**1,302**

During the fiscal year, the Company's consolidated fixed income assets generated a net gain of £1.2 million, of which the Sterling and Euro Portfolio contributed a gain of £0.5 million and £0.7 million, respectively. The income is comprised of interest income and realised and unrealised gains of £1.3 million which was offset by investment manager fee expenses of £0.1 million. The Company consolidated equity investments generated a net income of £0.04 million, which comprised of dividend income, and realised and unrealised gains and losses, under the current accounting policy.

4. PERFORMANCE OF ANY OTHER ACTIVITIES

No other income generating activity other than the carrying on of insurance business is undertaken by AICEL.

5. ANY OTHER INFORMATION

None.

B. SYSTEM OF GOVERNANCE

1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

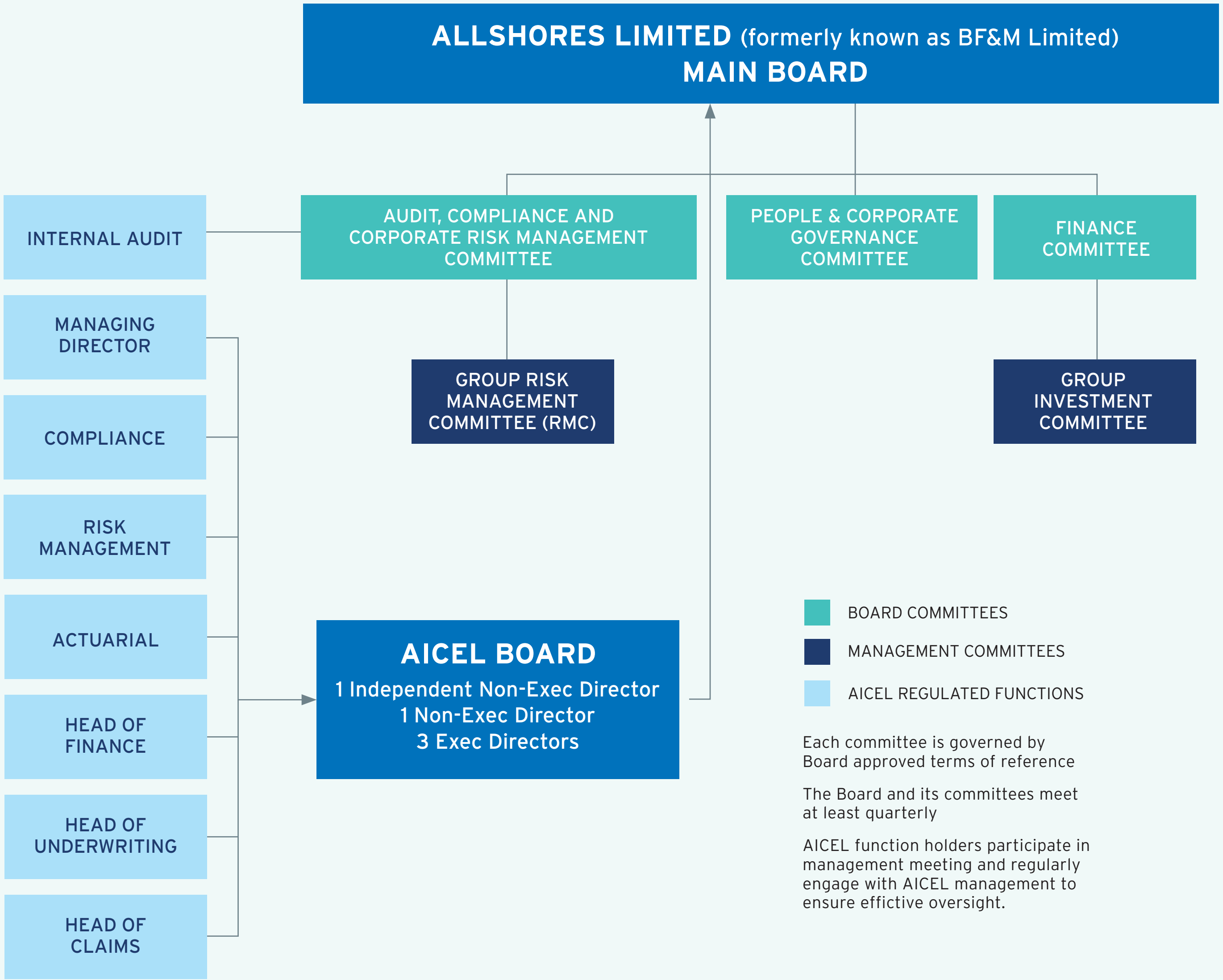
The Board of directors ("Board") establish the company's purpose, values and strategy and have overall responsibility for oversight of the Company including the Malta Branch, and for ensuring that management of the Company ("Management") complies with the legal and regulatory requirements in both jurisdictions. The Board adhere to the Articles of Association, which details each director's statutory and fiduciary duties under Gibraltar law.

The Company's Board of Directors are:

Michael Macelli	Chairperson* Independent Non-Executive Director
Constantinos Miranthis	Non-Executive Director
Abigail Clifford	Executive Director
Peter Dunkerley	Executive Director
Alex Bonavia	Executive Director

*pending approval by the GFSC as at 31st March 2025.

Management is responsible for the day-to-day operations and administration of the Company. AICEL operates within the following Group governance structure:



B. SYSTEM OF GOVERNANCE

The Group Risk Management Committee, chaired by the Group Chief Capital and Risk Officer, ensures alignment of the AICEL risk governance framework to that of the Group operating model. This committee reports in to the Group Audit, Compliance and Corporate Risk Management Committee of the Board.

Group Audit, Compliance and Corporate Risk Management Committee
The Group Audit, Compliance and Corporate Risk Management Committee is tasked with assisting the Group Board of Directors in fulfilling its oversight responsibilities for the Company's financial reporting process, the system of internal controls, the audit process, as well as the Company's process for monitoring compliance with laws and regulations and the code of conduct.

It is also tasked with assisting the Group Board of Directors in fulfilling its oversight responsibilities for the Company's risk management, assets liability management and financial investments (the latter as defined in the Group's Investment Policy), as well as the Company's process for monitoring overall compliance with those matters.

The Group Finance Committee
The Finance Committee reports to the Board on the financial performance and alignment of strategic planning and objectives of the Company, as well as ensuring adherence by the Group to the Investment Guidelines. The Finance Committee assesses the adequacy of the strategic planning process, approves the budget, reviews and recommends any proposal to enter into a transaction with significant financial impact. In addition, this committee is charged with ensuring the Board is aware of matters which may significantly impact the financial condition or affairs of the Group or its subsidiaries

Group People and Corporate Governance Committee (P&C)
The Group's compensation programme is a key component of our talent management strategy and incentivises forward-looking activities that generates long-term sustainable value. The Company's remuneration packages offered to staff are designed to attract, retain and motivate high quality employees. Both fixed and variable remuneration is offered. Fixed remuneration is given in the form of a base salary and is determined by taking into account an individual's experience and qualifications.

Variable remuneration is discretionary and takes the form of a cash bonus and is available to all staff. Three factors that impact the variable remuneration are the Company's market position, the individual employee's performance and the Group's ability to meet its financial and strategic targets. The granting of restricted Group stock is at the discretion of the P&C Committee. When determining stock distributions, consideration is given to further enhance the Group's ability to retain the services of key employees.

Comprehensive salary reviews are conducted as part of the annual performance appraisal process. The Human Resource department ensures that remuneration is internally equitable and aligned with market-competitive compensation levels.

The P&C Committee reports to the Board on the effectiveness of the corporate governance system, executive compensation and succession matters . The P&C Committee is empowered to review and approve key compensation policies on behalf of the Group and to ensure that such policies provide total compensation which is competitive in the marketplace. The P&C Committee annually reviews and approves the Company's remuneration and compensation policies. This includes the executive total

B. SYSTEM OF GOVERNANCE

compensation plan structure, short-term incentive compensation plans, review of performance evaluations and equity-based plans to the Company's executive officers and other designated senior officers. Additionally, the Committee is charged with oversight of plans for the Group Chief Executive Officer (CEO) and senior officers' development and succession. The Committee is also responsible for overseeing the governance policies related to the Board, reviewing the Board structure and composition and Board culture and effectiveness and ensures that the Group adheres to its Bye-Laws.

The Group P&C Committee is tasked with organising and overseeing the process by which individuals are nominated to become board members along with matters of corporate governance, including advising the Board on matters of

- board organisation, membership and function;
- committee structure and membership; and
- conduct of board and shareholder meetings.

The Group P&C Committee also plays an integral role in the appointment of directors to subsidiary boards and committees establishing selection criteria and periodically reviewing the structure, operation, composition processes and practices of the boards and committees.

The Company has not established its own separate remuneration committee and therefore maintains a Remuneration Policy which is set by the Group. The Company has one Independent Non-Executive Director and one Non-Executive Director, both of whom receive a fixed fee which has no variable or performance-related elements. The remaining Executive Directors are employees of the Company or from the Group and are therefore remunerated based on their employment contract. The Executive Directors receive no additional remuneration or share options based upon their role as Directors.

During the year the Company did not pay a dividend to the Group (£nil paid in 2025) but management fees have been paid in the amount of £0.7 million from the Company to its parent. There were no other material transactions between the Company and Group.

2. FIT & PROPER REQUIREMENTS

The Board recognise that the "Fit and Proper" requirements demand certain qualities for persons responsible for the oversight and management of a financial services provider and those with responsibility for its key functions.

The Board ensures that any candidates proposed for membership on the Board, or for other key functions or roles, are assessed to ensure that they fulfil fit and proper requirements. This assessment takes into account their responsibilities, skills, and experience across the following areas:

- Insurance and financial markets
- Business Strategy and Models
- Systems of governance
- Regulatory frameworks and requirements
- Financial and actuarial analysis; and
- Skills relevant to individual roles and responsibilities

Due diligence checks include verification of identification and address. Searches on due diligence databases are carried out and the candidate is asked to declare any interests to enable the Board to review whether they conflict with the Company's interests. All conflicts of interest identified are recorded on a Log.

B. SYSTEM OF GOVERNANCE

Fit and Proper requirements are ongoing and are assessed on an annual basis in accordance with the Company's Fit and Proper Policy.

The Board has not established its own committee for this purpose. All candidates for election as non-executive directors are determined by the Group People and Corporate Governance Committee.

The Board has collectively demonstrated a diverse mix of skills, knowledge and experience throughout the reporting period in the following areas:

- Accounting, financial, and actuarial analysis
- Internal Audit
- Business judgement
- General management
- Local and international insurance and reinsurance, including product knowledge
- Familiarity with Gibraltar and Malta economies and their respective political and social contexts
- Familiarity with the Gibraltar and Malta legal, compliance and regulatory frameworks and requirements.

Members of the Board and the Group committees and those carrying out other significant functions have extensive knowledge and experience across a variety of areas. This ensures that there is an appropriate spread of skills for managing the business leadership and vision.

3. RISK MANAGEMENT SYSTEM AND ORSA

Risk Management System

The Board is ultimately responsible for ensuring the effectiveness of the risk management system, setting the Company's risk appetite and overall risk tolerance limits, as well as providing the main risk management strategies and policies.

Material risks addressed by the risk management system include the following:

- Underwriting risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk

The Board has established an AICEL Risk Management Policy. The Risk Function's responsibilities include:

- Ensuring the effective operation of the Company's risk management system
- Monitoring the risk management system
- Monitoring the general risk profile of the Company
- Reporting on risk exposures and advising Management and the Board on risk management matters

The Risk Function reports to the executive Group Risk Management Committee and to the Company's Board on a quarterly basis.

Risk Management Strategies, Objectives, Processes and Reporting

The Company aims to ensure that all material risks are considered when managing the business. The ultimate goal is to ensure policyholder protection and to enable the Company to achieve its overall strategic objectives, while maintaining regulatory compliance. The processes in place are intended to identify all material risks, minimise risks wherever possible, and manage and control all significant risks to be within acceptable limits.

The Company has developed a Risk Appetite Statement, which provides a guide to management for the consideration of risk when managing the business. The statement includes the Company's:

- Risk Principles
- Risk Tolerances

The actions and policies implemented to meet strategic objectives and regulatory obligations form the core of the risk management framework. The Company's systems, processes and controls are considered proportionate and appropriate to the nature, scale and complexity of the Company's risks and operations.

B. SYSTEM OF GOVERNANCE

Identification, Measurement, Monitoring, Management and Reporting of Risks

The Company ensures that the risk management system and solvency assessment systems are embedded in the running of its business through the quarterly Group Risk Management Committee, and through the Company's Board which considers the Company's specific risks. All material risks, business decisions and strategic planning are brought to the committee and Board for review and approval. Business decisions are assessed taking into consideration the risks and the Company's appetite, as defined in the Company's Risk Appetite Statement. A solvency assessment is carried out on a forward-looking basis at least quarterly. The impact on solvency and capital from potential material business decisions is incorporated in the Medium-Term Capital Plan and reported to the Company's Board.

The Risk Register is a key input into the risk management framework, and any material changes in the underlying risks will be considered for potential impact on the Company's capital requirements. Such changes include, but are not limited to, changes in business mix, strategy, and investments.

The controls identified in the Risk Register to monitor, mitigate, and control the risks facing the Company are reviewed for continued relevance and documented. Compliance with the components of the controls is verified via the ongoing management reviews and Internal Audit. Any significant issues are reported to the Company's Board.

Implementation of the Risk Management Framework

The risk assessment exercise takes place annually in conjunction with the annual business planning and strategy review cycle. The identified risks, together with risk measurement and mitigation controls respectively, are recorded in the risk register of the Company. The risk identification process takes into consideration all material risks identified and included in the Financial Services (Insurance Companies) Regulations 2020 and uses the Group Risk Assessment Guidelines and Risk Register Templates. Risk Registers are reviewed and challenged by the Group Risk Management Committee and the Company's Board.

Own Risk and Solvency Assessment ORSA Process and Integration

A policy setting out the parameters to satisfy the requirement to carry out an Own Risk and Solvency Assessment (ORSA) was established at Group level and adopted by the Company. The purpose of the policy is to ensure that all material risks faced by the Company are appropriately assessed and the level of capital required in managing these risks, or other risk mitigation measures, are determined and put in place. The ORSA provides the Board and Management with a thorough understanding of the Company's risk profile and provides the information needed to make appropriate decisions.

The Company produces an ORSA at least annually incorporating the output from the annual business planning process. Additional ORSAs may be produced in response to material changes to the Company's risk profile.

The ORSA is produced by Management in conjunction with the Group's Actuarial and Risk functions. The ORSA report is discussed and challenged by the Company's Board. The Company's Board maintains oversight, ensuring that the ORSA takes account of the Company's material risks and is aligned with the Board's strategy for the business.

The ORSA approval process includes comment, review, and approval by the Group Risk Management Committee and final approval by the Company's Board.

B. SYSTEM OF GOVERNANCE

Relationship between Solvency Needs, Risk Profile, Capital Management and Risk Management
The ORSA enables the Board to assess the Company's capital needs over the planning horizon. The ORSA is carried out taking due account of the Company's specific risk profile. This includes risks explicitly captured in the Standard Formula, as well as risks which are either not captured or not able to be mitigated through capital.

The ORSA process operates continuously throughout the year, with consideration being given as to whether any decisions, events, issues, market factors or similar are likely to impact the Company's risk profile, appetite, available capital, or other relevant matters. In such a case, the impact on the Company's own assessment of its capital needs will be considered and, if required, a further ORSA, together with the SCR calculation, will be carried out. This ensures that the Company's existing and forecast capital position and risk profile are properly considered in any strategic decisions.

The Company's capital management policy has been established to ensure that the Company has in place the appropriate levels and quality of capital required by the SCR calculation and as determined by the ORSA. The policy aims to ensure that appropriate plans are in place to enable the Company to meet its capital requirements both in the immediate and the medium-term and that all items of own funds comply with the relevant rules, regulations, and legislation.

Management considers the capital requirements of the Company on a quarterly basis, and reports to the Group Risk Management Committee through the Medium-Term Capital Plan. The Medium-Term Capital Plan is prepared quarterly outlining the actions to be taken for the subsequent year, and further into the future as appropriate. These actions are based on:

- The adequacy of capital held as at the quarter end date
- A forecast of business performance
- The impact of distributing surplus capital
- Other business decisions in line with the Company's strategic goals.

The Medium-Term Capital Plan ensures that the Company is sufficiently capitalised to meet all statutory and regulatory requirements.

4. INTERNAL CONTROL SYSTEM

The Board has established a system of internal controls comprised of the internal control environment monitoring and reporting mechanisms to ensure that business objectives are achieved in an effective and efficient manner; and that reliable financial information is produced for the decision-making process.

The adherence to internal policies and procedures is an integral part of the business culture. Senior management of the Company ensure that the internal control system and control activities are commensurate with the risks arising and that all personnel are aware of their role and responsibilities.

Monitoring and Reporting
The Board has an established Compliance function, which is responsible for the ongoing monitoring of, and reporting on, the Company's adherence to its internal control system. The compliance function is headed by the Compliance Officer. The Compliance function reports to the Group Chief Compliance Officer and the Group Risk Management Committee. In addition, the Compliance function provides quarterly updates directly to the Board.

B. SYSTEM OF GOVERNANCE

Compliance Function

The Company's Compliance function's primary responsibilities include:

- Establishing and implementing the Company's compliance program
- Ensuring that all personnel are aware of their role in the Company's internal control system
- Monitoring and reporting on compliance with policies and procedures, applicable laws and regulations, as well as with the Board approved standards of business conduct policy
- Monitoring regulatory changes and advising Management and the Board where such changes have implications for the Company's regulatory compliance risks
- Advising Management and the Board on compliance issues pertaining to any regulatory frameworks the Company is subject to

Non-compliance incidents are dealt with promptly in proportion to the severity of the incident.

5. INTERNAL AUDIT FUNCTION

The Internal Audit function is managed by the Head of Internal Audit. The Function receives its mandate from the Board which specifies the authority, role and responsibilities of the Department and is documented in the Group Internal Audit Charter. The Function's authority is created by its direct reporting relationship to the Board. The Head of Internal Audit will report functionally to the Board and administratively (e.g. day-to-day operations) to the EVP Group Chief Financial Officer. The Head of Internal Audit is responsible for developing and implementing a Board-approved Group Internal Audit Strategy and Plan that sets out the following:

- Scope and types of services to ensure risks relating to the achievement of the Group's strategic objectives are appropriately identified and managed.
- Ensure operations, systems, processes and programs are being carried out effectively and efficiently and comply with the Group's policies and procedures and applicable laws, regulations and governance standards.
- Resources and assets are acquired economically, used efficiently and sustainably and protected adequately.

At least quarterly, formal and informal communication will be provided to the Board on the Group Internal Audit Plan, budget and revisions; Internal Audit Reports, Remediation Tracker and other matters.

Where necessary, the Internal Audit function may carry out audits and/or special investigations as requested by Senior Executives and the Board.

B. SYSTEM OF GOVERNANCE

6. ACTUARIAL FUNCTION

The Company's Actuarial Function is managed by an employed individual within the Group and encompasses the requirements of the Financial Services (Insurance Companies) Regulations 2020. The Function is responsible for the following key areas:

- Overseeing and validating the calculation of technical provisions
- Calculating the Company's Solvency Capital Requirement
- Opining on the adequacy of reinsurance arrangements
- Opining on the overall underwriting policy
- Contributing to the Company's risk management system

The Company engages an external actuarial firm to carry out the reserve calculations, and to opine on the reinsurance arrangements and underwriting policy, under the oversight of the Actuarial Function holder, and ultimately the Board. The Actuarial Function holder is responsible for providing a recommendation to Management regarding the adequacy of the reserves. The Actuarial Function holder reports at least annually to the Board on the nature, reliability, and adequacy of the Company's reserves for insurance liabilities.

The Actuarial Function contributes to the effectiveness of the risk management framework, particularly as it relates to policyholder obligations, potential exposures, and capital requirements. Analyses performed by the Actuarial Function include but are not limited to:

- Own risk and solvency self-assessment at least annually (ORSA)
- Asset liability matching quarterly
- Experience analyses at least annually
- Effectiveness of underwriting processes
- Effectiveness/appropriateness of reinsurance arrangements
- Product profitability, business performance

The Actuarial function reports on its activities via the relevant Group executive management committees and to the Board.

7. OUTSOURCING

The Company governs it's outsourcing arrangements, including those for critical functions, through its Group Vendor Management Policy, thereby ensuring that the outsourced functions are conducted in a sound manner in compliance with applicable laws and regulations, and in doing so, ensuring that the Company meets its financial and service obligations to policyholders. The Group Vendor Management Policy also applies to the outsourcing of non-critical functions.

The Company follows a robust governance process when selecting a Third-Party Service Provider (TPSP). Prior to the appointment of a TPSP, due diligence is undertaken by Management to assess the suitability, competency, and capability of each TPSP to carry out the outsourced function and the control environment in which it operates. Part of the control environment assessment is to ensure that the TPSP has sufficient data security controls in place to protect the Company data and that of its customers, as well as having an appropriate business continuity plan.

B. SYSTEM OF GOVERNANCE

The Company has set out a process for Management to monitor the performance of each outsourced critical function or service and to report to the Company all instances of non-compliance with the Company's standards or breach of laws and regulations in a timely manner.

Outsourcing Providers by Location:
The next table shows both the critical and non-critical operational functions which are outsourced by the Company and the location of that service provider's operations.

Third Party Outsourced Service Description	Location
Claims handling services	Spain
Payroll	Gibraltar/Malta
Actuarial Review	Ireland

The following table highlights the operational functions that are sourced from within the Group:

Intra-Group Outsourced Service	Location
IT Infrastructure & Support	Bermuda (Group)
Investment Function	Bermuda (Group)
Internal Audit Function	Bermuda (Group)

8. ANY OTHER INFORMATION

The Company continuously improves its compliance and governance systems by ensuring that they are reviewed, evaluated, and that recommendations are made to the Board regarding enhancing and developing systems. The Company also considers relevant advice and guidelines from industry bodies. New processes are implemented where appropriate and relevant for the size and complexity of the Company. Internal audits and external audits provide independent evaluation of the Company's systems of governance. Recommendations from these audits are considered by the Board and implemented in a manner proportionate to the business' risks.

C. RISK PROFILE

To facilitate effective business operations and to maintain consistency in its risk management process of risk identification, measurement, management, monitoring and reporting, the Company has identified material risks to which it is exposed. These risks are recorded on the Company's Risk Register and reviewed on at least an annual basis.

For each material risk, the Company has described the various mitigation controls and risk treatment to minimise or reduce the risk exposure arising.

The material risks to which the company is exposed include the following:

- Underwriting risk
- Market risk
  - Currency risk
  - Interest rate risk
  - Equity price risk
  - Credit spread risk
  - Concentration risk
- Credit (Default) risk
- Concentration of credit risk
- Liquidity risk
- Operational risk

1. UNDERWRITING RISK

Underwriting risk can arise from inadequate pricing or risk selection, inappropriate reserving, or other fluctuations in the frequency and severity of insured events.

The Company manages underwriting risk through regular reviews of the performance of the portfolio of business including loss ratios, claims frequency, claims costs and premiums. This is linked to a continuous feedback cycle of reserving and claims development. In Gibraltar the Company distributes its policies on a direct basis and via a network of brokers, whilst in Malta business is distributed via tied insurance intermediaries and independent brokers in competitive but stable small markets.

Claims are handled in-house, while specialist external legal or claims advice may be sourced for larger or more complex claims. Motor claims arising from incidents in Spain or involving Spanish third parties are outsourced to a third-party claims handler. Reserving practices and approach are set by the Company based on local market experience and results arising from external actuarial reviews.

Material Risk Concentrations

The Company underwrites a variety of classes of insurance, so the portfolio is diversified and not restricted to one product. Underwriting risk is monitored through the AICEL Underwriting and Claims Management Meeting , with significant underwriting risks escalated to the Group Risk Management Committee and the AICEL Board. Property risk concentration exposure is closely monitored in Gibraltar due to the size and built-up nature of the jurisdiction. The Company relies on several key intermediaries for its business; these relationships are monitored and managed closely.

Risk Mitigations

The Company mitigates underwriting risk through the purchase of reinsurance protection and implementation of appropriate controls including robust underwriting guidelines. Reinsurance is placed with counterparties that have a strong credit rating. Reinsurers are selected on the strength of financial ratings A- or higher as measured by Standard and Poor or A. M. Best. Management regularly monitors and performs an assessment of creditworthiness of reinsurers.

Stress and Sensitivity Testing

AICEL carried out stress testing as part of the ORSA process which considered reduced business volumes and loss ratio deterioration. Management has appropriate measures in place to monitor these risks and their assessment is that the SCR will continue to be met to a level within risk appetite.

C. RISK PROFILE

2. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include: currency risk, interest rate risk, equity risk and market concentration risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate from the expected value because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Sterling and Euros and its exposure to foreign exchange risk arises primarily with respect to Euros from the Malta business. The Company's practice is to ensure that all Euro-denominated liabilities are matched with Euro-denominated assets, thus mitigating currency exposure.

Interest Rate Risk and Credit Spread Risk

Interest rate risk is the potential for financial loss arising from unexpected changes in interest rates. Change in market interest rates can impact the reinvestment of matured investments, as the returns available on the new investment may be significantly different from the returns previously achieved.

Credit Spread risk is the risk of change in the expected market price for credit. This could lead to the devaluation of fixed interest assets, for example the Company's corporate bond holdings.

The Company manages these risks through:

- Asset allocation and diversification of the investment portfolio
- Investing in fixed income assets that closely match the liability product cash flows for products with fixed and highly predictable benefit payments
- Quantifying and reviewing regularly the risk associated with the mismatch in portfolio duration and cash flow

Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate from the expected value because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company manages equity price risk by setting and monitoring the objectives and constraints on investments, diversification plans, and the limits on investments in each country, sector, and market.

The Company has no significant concentration of equity price risk.

Concentration Risk

Concentration risk is the risk of an excessive investment exposure to an asset class, industry or geographic region.

The Company manages the risk by setting and monitoring the objectives and constraints on investments, diversification plans, and the limits on investments in each country, sector, and market.

C. RISK PROFILE

Prudent Person Principle

In accordance with the Group Investment Policy, investment activities are conducted at all times in accordance with all applicable external regulations and within the internal guidelines set for the Group's investment managers. The security, quality, liquidity, and profitability of the portfolio is outlined in section A.2. of this report.

The investment objectives are to manage investment risks consistent with the Group Risk Appetite, to minimise net interest rate risk exposure, to maintain sufficient liquidity, and to maximise the long-term risk-adjusted investment returns.

The Finance Committee of the Allshores Limited Board annually reviews the Group Investment Policy including the targeted asset mix for each product range. They also monitor compliance with the Policy quarterly and escalate any case where tolerance limits are exceeded.

Stress and Sensitivity Testing

The portfolio was stress tested by applying reductions in value to both the fixed income and equity portfolios; the latter was stressed more markedly given it is traditionally more volatile. Results show that the Company could withstand the shock since the solvency coverage post shock remained within appetite.

3. CREDIT RISK

Maximum Exposure to Credit Risk

The Company manages credit risk by applying diversification requirements, such as investing by asset class, geography, and industry. The Company conducts regular reviews of the credit quality ratings of its investments and conducts active credit risk governance, including independent monitoring and review, and reporting to management and the Company's Board.

Concentration of Credit Risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors, or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due. Aged receivables are monitored and reviewed on a quarterly basis; any significant aggregation is brought to the attention of the management. Similarly, reinsurance concentration limits are in place and reinsurance recoverables are monitored on a regular basis.

Stress and Sensitivity Testing

The portfolio was stress tested by modelling the effects of an immediate loss due to a counterparty failure of AICEL's largest counterparty with recovery of the balance limited to 50%. Results show that the Company's solvency coverage would remain within appetite immediately following the loss.

C. RISK PROFILE

4. LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they fall due. The Company's asset-liability management process allows it to maintain its financial position by ensuring that sufficient liquid assets are available to cover its potential liability funding requirements. The Company invests in various types of assets with a view to matching them with its liabilities of various durations. To strengthen its liquidity further, the Company actively manages and monitors its capital and asset levels, diversification and credit quality of its investments, cash forecasts, and actual amounts against established targets.

Short-term (less than one year) liquidity needs are more than adequately met by maturing bonds, the sale of equities, as well as by current operating cash flows. Longer duration cash flows are also backed by a broader range of asset classes including equity and other non-fixed income assets.

Based on the Company's historical cash flows and current financial performance, Management believes that the cash flow from the Company's operating activities will continue to provide sufficient liquidity for the Company to satisfy insurance liability and debt service obligations and to pay other expenses as they fall due.

For insurance contract liabilities, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Stress and Sensitivity Testing
Liquidity risk is not subject to separate stress or sensitivity testing as it is not deemed to be material to AICEL given the nature of its investment portfolio and strategy.

5. OPERATIONAL RISK

Operational risk is defined as the risk of financial loss, and reputational or brand damage, resulting from inadequate or failed internal processes, people, systems or from external events, including legal and compliance risk.

The Company has an Operational Risk Management Policy, and procedures which cover the following areas:

- Identification of material operational risks to which the Company is, or might be, exposed and assessment of how to mitigate these risks
- Activities and internal processes for managing operational risks, including the IT systems
- Definition of risk tolerance limits regarding operational risk
- A process to identify, record and analyse the causes of operational risk events resulting from control breakdowns or non-compliance with operating Policies and Procedures, as well as customer complaints.
- The Company has established the following controls to mitigate operational risk:
  - Four-eyes processes for review and analysis
  - Information systems controls, as well as physical controls to ensure the integrity and protection of the Company's and customer's data is adequate
  - Employee training and awareness of the various cyber risks/threats and how to guard against them
  - Quarterly reporting of operational risk events to the Board
  - Disaster Recovery and Business Continuity plans

Stress and Sensitivity Testing
Operational costs were stress tested by imposing an immediate significant financial loss associated with an unexpected operational risk. These stresses are over and above the operational risk capital amount prescribed within the SCR. The results show that the Company could withstand such an unplanned financial loss.

C. RISK PROFILE

6. OTHER MATERIAL RISKS

A risk register of significant risks is maintained by Management and is reported to the Company's Board. As part of the risk management framework, AICEL continually looks to identify and assess the impacts caused by emerging or evolving risks. AICEL considers the following to be additional potentially material risks to the business:

Legislative and regulatory changes
Gibraltar's ongoing alignment with UK regulators, which will ensure continued access to the UK market through the Gibraltar Access Regime (GAR) mechanism, represents an increase in oversight and new regulatory standards for insurers.. Main areas of focus are Consumer Duty, Conduct, Regulated Individuals, reforms to Solvency II, Operational Resilience and Technology,

The Company and the Group employs individuals with appropriate qualifications and significant experience in various legal and regulatory environments to guide the business through these requirements and any other emerging regulatory frameworks.

Inflation
AICEL recognises the risk of inflation affecting its claims costs and monitors this carefully. The external actuary also provides an opinion on the potential effect of inflation as part of the biannual reserve review and, where appropriate, estimated ultimate loss ratios take inflation into account.

Climate Change Risk
Climate Change risk includes the following:

- Physical Risks - arises from increasing frequency, severity, and volatility of acute events, such as sea-level rise, hurricanes, floods, and wildfires.
- Transition Risk - will arise as society transitions to a low-carbon economy driven by market dynamics, technological innovation, policy action, and shifting sentiment or consumer preferences.
- Liability Risks - legal or liability risks will arise from lawsuits or external parties seeking to be compensated or claim damages due to the Company's contribution to or inaction to mitigate exposures relating to climate change.

We recognise that climate change has implications for our business, from risk, regulatory and sustainability perspectives. Following the amalgamation with BF&M, we are working on creating an integrated roadmap to embed climate change considerations across our wider business operations and risk management framework. This would include materiality assessment of climate risks with respect to exposures to physical and transition risks, embedding of climate change considerations into our investment decision-making process and reviewing the impact of climate risk on the insurance portfolio.

7. ANY OTHER INFORMATION

None.

D. VALUATION FOR SOLVENCY PURPOSES

1. ASSETS

The following table shows the differences between the Solvency II valuations of asset classes and those in the Company's Statutory Financial Statements:

ASSETS	Solvency II Value £000	IFRS Value £000	Variance £000
Deferred tax assets	-	-	-
Property, plant & equipment held for own use	1,219	1,570	(351)
Equities – listed	2,714	2,714	-
Government Bonds	17,786	17,906	(120)
Corporate Bonds	13,172	13,261	(89)
Reinsurance recoverables: Non-life excluding health	5,727	-	5,727
Reinsurance recoverables: Health similar to non-life	-	-	-
Insurance and intermediaries receivables	2,587	-	2,587
Reinsurance contract assets		6,087	(6,087)
R- AIC		7,617	
R- ARC		(1,530)	
Receivables (trade, not insurance)	203	-	203
Other assets	-	467	(467)
Cash and cash equivalents	4,616	4,616	-
TOTAL ASSETS	**48,025**	**46,621**	**1,404**

The key differences between the Company's assets on an IFRS basis and on a Solvency II are as follows:

- **Property, plant & equipment held for own use** - valued at market value under Solvency II.
- **Government Bonds** - accrued dividends not included under Solvency II
- **Corporate Bonds** - accrued dividends not included under Solvency II
- **Reinsurance recoverables:** Non-life excluding health – See Section D.2. for details
- **Reinsurance recoverables:** Health similar to non-life – See Section D.2. for details
- **Insurance and intermediaries receivables** - Receivables that are not overdue form part of the future cash flows reported within provisions for Solvency II and under IFRS 17, insurance receivables is included in the LRC
- **Receivables (trade, not insurance)** - Prepayments are valued at zero under Solvency II under IFRS 17, insurance receivables is included in the LRC
- **Reinsurance contract asset:** IFRS 17 measurement which largely represents the premium paid, adjusted for ceding commissions that are not contingent on claims and any amounts previously.

D. VALUATION FOR SOLVENCY PURPOSES

2. TECHNICAL PROVISIONS

Technical provisions represent the insurance liabilities as of the reporting date. The Technical provisions comprise of the Best Estimate of Liabilities (BEL) and a risk margin determined in accordance with the Financial Services (Insurance Companies) Regulations 2020 regulations 65 to 80. There have been no material changes or updates to assumptions in the calculation of the technical provisions for the Company as at 31 March 2025, as set out in the following table:

£000	Net BEL	Risk Margin	Net Solvency II Technical Provisions
Best Estimate Liabilities			
Motor Liability	8,099	274	8,373
Motor Other	3,682	125	3,807
General Liability	3,173	107	3,281
Property	(156)		(156)
Marine	202	7	208
Income Protection	60	2	62
SOLVENCY II TECHNICAL PROVISIONS	**15,060**	**515**	**15,575**
Expected Profit included in Future Premiums	**808**		

D. VALUATION FOR SOLVENCY PURPOSES

Actuarial Methodologies and Assumptions
The BEL is comprised of two components, the claims provision and the premium provision. The claims provision represents the liability for the unpaid portion of the claims that have occurred as of the valuation date. The premium provision represents the present value of the expected cash flows on the unexpired portion of all in-force policies and policies to which the Company is contractually bound that have yet to incept. These are commonly referred to as Bound But Not Incepted exposures (BBNI).

The starting point for deriving the BEL is the Company's unpaid claims liabilities on an IFRS basis. Traditional actuarial techniques are used, such as the Paid and Reported Loss Development methods, the Bornhuetter Ferguson method, the Expected Loss Ratio method and the Case Reserve Development method. The particular method selected for a particular reserve segment is judgmentally selected based on the applicability of each method and the availability of data to support each method.

No assumptions regarding Management actions are included in the calculation of the technical provisions. Expected policyholder behaviour is captured through the expected lapse rates with respect to policies in force, or bound, but not incepted underlying the derivation of the premium provisions.

Expected lapse rates are based on the Company's average lapse experience by reserve segment.

The key differences between the Company's insurance liabilities on an IFRS basis and on a Solvency II are as follows:

- **Discounting** – Cash flows are discounted using the risk-free term structure provided by European Insurance and Occupational Pensions Authority (EIOPA).
- **Unearned Premium** – These are replaced by premium provisions, which are valued on a best estimate basis taking account of all future premium cash inflows.
- **Expenses** – Expenses include run-off expenses; ceded expenses take account of reinsurance commissions from the Company's reinsurance programmes.
- **BBNI** – The technical provisions include future premium cash flows not yet due in respect of BBNI exposures up to the relevant contract boundary.
- **Adjustment for counterparty default** – Ceded liabilities are reduced for expected reinsurer default using the probability of default applicable to the credit rating of the counterparty as specified by the EIOPA guidance.
- **Events Not in Data (ENIDs)** – There may be possible future events which are not reflected in the historical data of the Company or the market. ENIDs are typically viewed as being low frequency and high severity events, but consideration also needs to be given to the potential for favourable loss experience not in the data. An ENID loading is applied to lines of business, and it applies to both the claims provisions and the premium provisions. The uplift factor is derived as the ratio of the "true mean" to the "mean only including realistically foreseeable events."

Allocation to Lines of Business
Best estimates and cash flows are calculated separately for each line of business. Data used in the derivation of the BEL has been satisfactorily segmented into homogeneous risk groups, consistent with the requirements of Solvency II.

Reinsurance Recoverables
The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance is placed on both a proportional and non-proportional basis. The expected cash flow of ceded losses for each year is based on the difference between the expected cash flow of gross and net unpaid claims liabilities, offset by an adjustment for expected reinsurer default.

D. VALUATION FOR SOLVENCY PURPOSES

Risk Margin
The risk margin has been calculated using Method 1. This method approximates the individual risks within all modules to be used for the calculation of future SCR. The future SCR is projected with this method until the BEL is fully run-off. A cost of capital rate of 4% is applied at each SCR estimate and discounted using the yield curve provided by EIOPA to estimate the cost of capital required to support the liabilities.

Material Changes
The calculation of the risk margin continues to be performed by the Company's internal Actuarial function. The Company has consistently used the Method 1 to calculate the risk margin.

Level of Uncertainty
There is inherent uncertainty in estimating the technical provisions. Uncertainty may arise from the following areas:

- Outstanding losses may ultimately settle at a higher or lower amount than estimated from known information as of the valuation date;
- Future losses on both expired and unexpired business are based on actuarial assumptions, which take account of past experience and anticipated future changes. These assumptions may prove to differ from actual experience;
- ENIDs, by their nature are unpredictable and any allowance for ENIDs may prove to be overstated or understated;
- Expense assumptions are based on reasonable judgement reflecting past experience where appropriate. These assumptions may ultimately prove to differ from actual experience;
- Impact from unforeseen economic, legal and social trends.

The following table shows the movement from the IFRS insurance liabilities to the Solvency II technical provisions.

£000	Net
IFRS Reserves	**22,341**
Remove Unearned Premium Reserve	(9,110)
Expected Losses on Unexpired Risks	4,054
Expected Losses on BBNI Risks	453
Premium Receivables net of Expenses	(2,768)
ENIDs	681
Counterparty Default	1
Effect of Discounting	(592)
Risk Margin	515
SOLVENCY II TECHNICAL PROVISIONS	**15,575**

D. VALUATION FOR SOLVENCY PURPOSES

3. OTHER LIABILITIES

The valuation methods used are based on International Accounting Standards, as used in the Company's financial statements. The following table shows the differences between the Solvency II valuations of liability classes and those in the Company's Statutory Accounts. Explanations for the differences have been provided below.

- Technical Provisions – Non-life: best estimate - See Section D.2. for details
- Technical Provisions – Non-life: risk margin - See Section D.2. for details
- Technical Provisions – Health: best estimate - See Section D.2. for details
- Technical Provisions – Health: risk margin - See Section D.2. for details
- Insurance and intermediaries payables - payables that are not overdue form part of the future cash flows reported within provisions
- Insurance contract liabilities: IFRS 17 measurement for premiums paid post discounting and risk adjustment

LIABILITIES	Solvency II Value £000	IFRS Value £000	Variance £000
Technical Provisions – Non-life: best estimate	20,788	-	20,788
Technical Provisions – Non-life: risk margin	515	-	515
Insurance and intermediaries payables	1,431	-	1,431
Insurance contract liabilities		23,845	(23,845)
LRC		5,885	
LIC		17,960	
Deferred tax liability	145	-	145
Other payables	1,572	145	1,427
Payables (trade, not insurance)	1,915	1,935	(20)
TOTAL LIABILITIES	**26,366**	**25,925**	**441**

4. ALTERNATIVE METHODS FOR VALUATION

None.

5. ANY OTHER INFORMATION

None.

E. CAPITAL MANAGEMENT

1. OWN FUNDS

The Group's capital management policy ensures that AICEL has in place the appropriate levels and quality of capital required by the SCR calculation and to meet the internal view of capital as determined by the ORSA. AICEL's business planning period in this regard is over a 5 year time horizon. The policy aims to ensure that appropriate plans are in place to enable the Company to meet its capital requirements both in the immediate and the medium-term and that all items of own funds comply with the relevant rules, regulations, and legislation. The Medium-Term Capital Plan ensures that the Company is sufficiently capitalised to meet all statutory and regulatory requirements.

All the Company's own funds, except for deferred tax assets, are in the form of fully paid-up Share Capital. There were no dividend payments to Argus Group Holdings (Europe) Limited during the year.

The eligible amount of own funds to cover the SCR and MCR, classified by tiers is outlined in the following table.

OWN FUND ITEM	2025 £000	2024 £000	Quality
Share Capital	6,984	6,984	Tier 1
Share Premium	1,400	1,400	Tier 1
Reconciliation Reserve	13,276	5,458	Tier 1
Deferred Tax Asset	-	122	Tier 3
TOTAL	21,660	13,964	

E. CAPITAL MANAGEMENT

2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

SCR and MCR

There has not been any non-compliance with the SCR or MCR over the financial years ended 31 March 2025 and 2024.

As at 31 March 2025, the total value of the available capital increased compared to the prior year due to a decrease in the technical provisions, as well as improved profitability. Whilst an increase to the counterparty default risk charge led to an increase in the level of required capital.

£000	2025	2024
Solvency II minimum capital requirement (MCR)	3,350	3,495
Solvency II solvency capital requirement (SCR)	13,297	9,884
Solvency II eligible own funds	21,660	13,962
Solvency Capital Requirement Ratio	163%	141%

E. CAPITAL MANAGEMENT

SCR by Risk Module
The SCR and the Minimum Capital Requirement (MCR) for the Company as at 31 March 2025 is shown by risk module in the following table.

Calculation of the SCR
The Company uses the Standard Formula to determine the SCR. No simplifications have been used for any of the risk modules of the SCR, and the Company does not use any undertaking specific parameters. In addition, the Company does not use the duration-based equity risk sub-module in the calculation of the SCR.

Inputs Used to Calculate of the MCR
The inputs used to calculate the MCR are shown in the following table.

The MCR determined per the Standard Formula is the absolute floor of £3.4 million.

RISK MODULE	£000
Market Risk	4,661
Counterparty Risk	5,301
Health Non-Similar to Life Techniques Underwriting Risk	837
Non-Life Underwriting Risk	6,396
Diversification	(4,674)
Basic Solvency Capital Requirement	**12,521**
Operational Risk	776
Solvency Capital Requirement	**13,297**
Minimum Capital Requirement	**3,350**

LINE OF BUSINESS £'000	Net Best Estimate Liabilities	Net Written Premiums in the last 12 months
Motor Liability	8,099	6,784
Motor Other	3,682	6,247
General Liability	3,173	2,375
Property	(156)	1,266
Marine	202	98
Income Protection	60	1,617
TOTAL	**15,060**	**18,386**

E. CAPITAL MANAGEMENT

3. USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

Not applicable as long term business is not underwritten.

4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Company uses the Standard Formula.

5. NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

There has not been any non-compliance with the SCR or MCR over the financial year.

F. SUBSEQUENT EVENTS

Effective 14 May 2025, the ultimate Parent, previously known as BF&M Limited, legally changed its name to Allshores Limited. This name change reflects the ongoing integration and rebranding efforts under the Allshores Group. The change has no impact on the ownership structure, operations, or financial reporting of the Group.

Effective 23 June 2025, the GFSC approved the appointment of Mr. Macelli into the role of Chairperson of the Board.

Effective 11 April 2025, the GFSC approved the appointment of Ms. Gemma Rochelle into the role of Head of Compliance.

APPENDICES

ANNUAL QRTS 2024

The templates are included as follows:

IR.02.01.02	Balance Sheet
IR.05.02.01	Premiums, claims and expenses by country
IR.05.04.02	Non-life income and expenditure
IR.17.01.02	Non-Life Technical Provisions
IR.19.01.21	Non-life insurance claims
IR.23.01.01	Own funds
IR.25.04.21	Solvency Capital Requirement
IR.28.01.01	Minimum Capital Requirement - Only life or only non-life activity

IR.02.01.02
Balance Sheet

£000		Solvency II value
Assets		**C0010**
Goodwill	R0010	0
Deferred acquisition costs	R0020	0
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	1,219
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	33,672
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	2,714
Equities - listed	R0110	2,714
Equities - unlisted	R0120	0
Bonds	R0130	30,958
Government Bonds	R0140	17,786
Corporate Bonds	R0150	13,172
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	0
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	5,727
Non-life and health similar to non-life	R0280	5,727
Life and health similar to life, excluding index-linked and unit-linked	R0315	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	2,587
Reinsurance receivables	R0370	0
Receivables (trade, not insurance)	R0380	203
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	4,616
Any other assets, not elsewhere shown	R0420	0
TOTAL ASSETS	R0500	48,025

IR.02.01.02

Balance Sheet - *continued*

£000		Solvency II value
Liabilities		**C0010**
Technical provisions - total	R0505	21,302
Technical provisions - non-life	R0510	21,302
Technical provisions - life	R0515	0
Best estimate - total	R0542	20,787
Best estimate - non-life	R0544	20,787
Best estimate - life	R0546	0
Risk margin - total	R0552	515
Risk margin - non-life	R0554	515
Risk margin - life	R0556	0
Transitional (TMTP) - life	R0565	0
Other technical provisions	R0730	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	145
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	1,431
Reinsurance payables	R0830	1,572
Payables (trade, not insurance)	R0840	1,915
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	0
TOTAL LIABILITIES	R0900	26,365
EXCESS OF ASSETS OVER LIABILITIES	R1000	21,660

IR.05.02.01

Premiums, claims and expenses by country

Home Country - non-life obligations

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations	Total Top 5 and home country - non-life obligations
		C0010	C0020	C0070
	R0010		MT	
		C0080	C0090	C0140
Premiums written				
Gross - Direct Business	R0110	11,987	14,529	26,516
Gross - Proportional reinsurance accepted	R0120	0	0	0
Gross - Non-proportional reinsurance accepted	R0130	0	0	0
Reinsurers' share	R0140	4,900	2,854	7,754
Net	R0200	7,087	11,675	18,762
Premiums earned				
Gross - Direct Business	R0210	12,052	13,857	25,908
Gross - Proportional reinsurance accepted	R0220	0	0	0
Gross - Non-proportional reinsurance accepted	R0230	0	0	0
Reinsurers' share	R0240	4,858	2,651	7,508
Net	R0300	7,194	11,206	18,400
Claims incurred				
Gross - Direct Business	R0310	2,400	2,399	4,798
Gross - Proportional reinsurance accepted	R0320	0	0	0
Gross - Non-proportional reinsurance accepted	R0330	0	0	0
Reinsurers' share	R0340	1,300	688	1,988
Net	R0400	1,099	1,711	2,810
NET EXPENSES INCURRED	R0550	3,403	6,035	9,438

IR.05.04.02
Non-life income and expenditure

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)										
			All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)									
				Line of Business for: non-life insurance and accepted proportional reinsurance obligations								
												General liability insurance
				Income protection insurance (lines of business 2 and 14)	Motor vehicle liability insurance - personal lines - (line of business 4)	Motor vehicle liability insurance - non-personal lines (lines of business 4 and 16)	Motor vehicle other motor insurance - personal lines - (line of business 5)	Motor vehicle other motor insurance - non-personal lines (lines of business 5 and 17)	Marine, aviation and transport insurance (lines of business 6 and 18)	Fire and other damage to property insurance - personal lines - (Line of business 7)	Fire and other damage to property insurance - non-personal lines (Line of business 7 and 19)	Other general liability
		C0010	C0015	C0120	C0140	C0141	C0150	C0151	C0160	C0170	C0180	C0220
Income												
Premiums written												
Gross written premiums	R0110		26,516	1,688	3,645	4,569	3,215	2,971	529	1,299	5,688	2,911
Gross written premiums - insurance (direct)	R0111		26,516	1,688	3,645	4,569	3,215	2,971	529	1,299	5,688	2,911
Gross written premiums - accepted reinsurance	R0113											
Net written premiums	R0160		18,762	1,486	3,308	4,146	3,004	2,776	101	472	980	2,487
Premiums earned and provision for unearned												
Gross earned premiums	R0210		25,908	1,811	3,518	4,255	3,108	3,329	516	1,237	5,334	2,801
Net earned premiums	R0220		18,400	1,609	3,181	3,833	2,897	3,134	99	440	831	2,375
Expenditure												
Claims incurred												
Gross (undiscounted) claims incurred	R0610		4,798	-186	659	542	127	702	317	551	994	1,093
Gross (undiscounted) direct business)	R0611		4,798	-186	659	542	127	702	317	551	994	1,093
Gross (undiscounted) reinsurance accepted	R0612											
Net (undiscounted) claims incurred	R0690		2,810	-186	543	397	127	702	95	339	-302	1,095
Net (discounted) claims incurred	R0730	2,810	2,810									
Analysis of expenses incurred												
Technical expenses incurred net of reinsurance ceded	R0910	9,438										
Acquisition costs, commissions, claims management costs	R0985	3,844	3,844	417	770	1,062	635	813	43	-73	-517	694
Other expenditure												
Other expenses	R1140	799										
TOTAL EXPENDITURE	R1310	13,447										

IR.17.01.02
Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	**Total Non-Life obligation**
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Best estimate																		
Premium provisions																		
Gross	R0060		-57		1,415	1,110	128	530	258									3,383
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140		-17		10	0	83	711	-42									746
Net Best Estimate of Premium Provisions	R0150		-40		1,405	1,110	44	-181	299									2,638
Claims provisions																		
Gross	R0160		98		7,623	2,572	489	3,753	2,868									17,403
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240		-2		929	0	332	3,729	-6									4,982
Net Best Estimate of Claims Provisions	R0250		100		6,694	2,572	157	24	2,874									12,422
Total Best estimate - gross	R0260		41		9,038	3,682	616	4,283	3,126									20,787
Total Best estimate - net	R0270		60		8,099	3,682	202	-157	3,173									15,060
Risk margin	R0280		2		274	125	7	0	107									515
Technical provisions - total (best estimate plus risk margin)																		
Technical provisions - total	R0320		43		9,312	3,807	623	4,283	3,233									21,302
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330		-19		939	0	415	4,440	-48									5,727
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340		62		8,373	3,807	208	-157	3,281									15,575

IR.19.01.21

Non-life Insurance Claims

Accident year / Underwriting year: Z0020

Gross Claims Paid (non-cumulative)
Development year. Total Non-Life Business

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	Prior											91	91	91
R0160	N-9	3,438	1,732	369	189	219	26	9	328	2				6,311
R0170	N-8	2,647	1,887	312	154	40	131	17	7	5			5	5,199
R0180	N-7	2,831	1,905	437	280	77	53	21	4				4	5,606
R0190	N-6	3,944	2,479	405	119	443	97	0					0	7,485
R0200	N-5	3,042	2,103	271	389	601	12						12	6,418
R0210	N-4	2,734	1,748	284	153	222							222	5,141
R0220	N-3	3,671	2,498	682	291								291	7,141
R0230	N-2	3,544	2,851	629									629	7,025
R0240	N-1	3,704	2,927										2,927	6,630
R0250	N	3,916											3,916	3,916
												Total	**8,096**	**60,963**

Gross undiscounted Best Estimate Claims Provisions
Development year. Total Non-Life Business.

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	Prior											33	32
R0160	N-9					640	425	387	25	83	73		72
R0170	N-8				995	1,322	478	482	269	536			529
R0180	N-7			1,411	688	572	224	214	135				133
R0190	N-6		2,406	1,550	1,348	535	279	202					200
R0200	N-5	6,054	3,611	2,492	1,769	806	702						691
R0210	N-4	5,695	2,941	2,308	1,871	1,349							1,321
R0220	N-3	6,781	4,408	2,761	1,553								1,501
R0230	N-2	8,805	5,817	2,958									2,895
R0240	N-1	10,507	4,641										4,480
R0250	N	8,326											8,086
												Total	**19,941**

IR.23.01.01

Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	6,984	6,984			
Share premium account related to ordinary share capital	R0030	1,400	1,400			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	13,276	13,276			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Total basic own funds	R0290	21,660	21,660			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees	R0340					
Letters of credit and guarantees other	R0350					
Supplementary members calls	R0360					
Supplementary members calls - other	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	21,660	21,660			
Total available own funds to meet the MCR	R0510	21,660	21,660			
Total eligible own funds to meet the SCR	R0540	21,660	21,660			
Total eligible own funds to meet the MCR	R0550	21,660	21,660			
SCR	R0580	13,298				
MCR	R0600	3,350				
Ratio of Eligible own funds to SCR	R0620	163%				
Ratio of Eligible own funds to MCR	R0640	647%				

IR.23.01.01

Own Funds - *continued*

Reconciliation reserve		Total
		C0060
Excess of assets over liabilities	R0700	21,660
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Deductions for participations in financial and credit institutions	R0725	
Other basic own fund items	R0730	8,384
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	13,276

IR.25.04.21

Solvency Capital Requirement

£000		C0010
Net of loss-absorbing capacity of technical provisions		
Market risk	R0140	4,661
Interest rate risk	R0070	1,262
Equity risk	R0080	1,363
Property risk	R0090	
Spread risk	R0100	522
Concentration risk	R0110	37
Currency risk	R0120	3,402
Other market risk	R0125	
Diversification within market risk	R0130	-1,926
Counterparty default risk	R0180	5,301
Type 1 exposures	R0150	3,260
Type 2 exposures	R0160	2,398
Other counterparty risk	R0165	
Diversification within counterparty default risk	R0170	-357
Life underwriting risk	R0270	
Mortality risk	R0190	
Longevity risk	R0200	
Disability-Morbidity risk	R0210	
Life-expense risk	R0220	
Revision risk	R0230	
Lapse risk	R0240	
Life catastrophe risk	R0250	
Other life underwriting risk	R0255	
Diversification within life underwriting risk	R0260	
Total health underwriting risk	R0320	837
Health SLT risk	R0280	
Health non SLT risk	R0290	502
Health catastrophe risk	R0300	556
Other health underwriting risk	R0305	
Diversification within health underwriting risk	R0310	-221

£000		C0010
Net of loss-absorbing capacity of technical provisions		
Non-life underwriting risk	R0370	6,396
Non-life premium and reserve risk (ex catastrophe risk)	R0330	5,910
Non-life catastrophe risk	R0340	1,342
Lapse risk	R0350	464
Other non-life underwriting risk	R0355	
Diversification within non-life underwriting risk	R0360	-1,320
Intangible asset risk	R0400	
Operational and other risks	R0430	777
Operational risk	R0422	777
Other risks	R0424	
Total before all diversification	R0432	21,796
Total before diversification between risk modules	R0434	17,972
Diversification between risk modules	R0436	-4,674
Total after diversification	R0438	13,298
Loss-absorbing capacity of technical provisions	R0440	
Loss-absorbing capacity of deferred taxes	R0450	
Other adjustments	R0455	
Solvency capital requirement including undisclosed capital add-on	R0460	13,298
Disclosed capital add-on - excluding residual model limitation	R0472	
Disclosed capital add-on - residual model limitation	R0474	
SOLVENCY CAPITAL REQUIREMENT INCLUDING CAPITAL ADD-ON	R0480	13,298
Biting interest rate scenario	R0490	Increase
Biting life lapse scenario	R0495	

IR.28.01.01

Minimum Capital Requirement - Only life or only non-life activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	3,030

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030	60	1,486
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	8,099	7,454
Other motor insurance and proportional reinsurance	R0060	3,682	5,780
Marine, aviation and transport insurance and proportional reinsurance	R0070	202	101
Fire and other damage to property insurance and proportional reinsurance	R0080		1,452
General liability insurance and proportional reinsurance	R0090	3,173	2,487
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for non-life insurance and reinsurance obligations

		C0040
$MCRN_L$ Result	R0200	

Total capital at risk for all life (re)insurance obligations

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	3,030
SCR	R0310	13,298
MCR cap	R0320	5,984
MCR floor	R0330	3,324
Combined MCR	R0340	3,324
Absolute floor of the MCR	R0350	3,350
Minimum Capital Requirement	R0400	3,350

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