Ascot Group Limited

Financial Condition Report

For the year ended December 31, 2023

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Financial Condition Report
Year ended December 31, 2023

Prepared in accordance with the reporting requirements of the Bermuda Monetary Authority

Contents

Executive Summary

The Financial Condition Report ("FCR") covers the Business and Performance, Governance Structure, Risk Profile, Solvency Valuation and Capital Management of Ascot Group Limited and its subsidiaries ('Ascot Group" or "AGL") and Ascot Bermuda Limited ("ABL" or "Ascot Bermuda").

This FCR, with permission from the Bermuda Monetary Authority ("Authority"), includes the results and discussion of both AGL and ABL (AGL's designated insurer). Distinction between the two entities has been made in reporting financial results and discussing materially different operational and governance processes. Areas of the report which are the same across the Group are mentioned only once in this report.

This FCR has been prepared in accordance with the Bermuda Insurance (Public Disclosure) Rules 2015 and the Insurance (Group Supervision) Rules 2011.

AGL was incorporated in Bermuda on September 8, 2016. AGL acts primarily as the ultimate holding company of ABL, Ascot Underwriting Group Limited ("AUGL") and Ascot Insurance Holdings Limited ("AIHL").

ABL was incorporated in Bermuda on September 8, 2016 and is regulated by the Bermuda Monetary Authority providing both third party insurance and reinsurance and quota share reinsurance to Ascot Corporate Name Limited ("ACNL").

AUGL (a U.K. domiciled company) operates as a holding company for a number of entities including ACNL which is a U.K. domiciled company providing underwriting capacity as the corporate member for Syndicate 1414 ("the Syndicate" or "Ascot UK") at Lloyd's.

AIHL (a U.K. domiciled company) operates as a holding company for Ascot Insurance Company ("AIC") and Ascot Specialty Insurance Company ("ASIC"). AIC and ASIC write admitted and non-admitted business in the United States. AIC and ASIC commenced underwriting operations on January 1, 2019. In 2021, AIC acquired AmFed National Insurance Company ("AmFed"), a Mississippi workers' compensation insurance company, and Ascot Surety & Casualty Company ("ASC"), a U.S. Treasury-listed insurance carrier. Collectively, the operations of AIC, ASIC, AmFed and ASC are referred to as the "Ascot US".

AIHL also operates as a holding company for Ethos Specialty Insurance Services LLC ("Ethos"), a managing general underwriter ("MGU").

The 'Ascot Group Structure Chart' is included in the Appendix which provides details on the groups organizational structure.

Canada Pension Plan Investment Board ("CPP Investments") is the principal shareholder of AGL.

Business and Performance

Ascot Group is a global insurance and reinsurance organization offering a broad range of specialty insurance and reinsurance products to customers worldwide through underwriting platforms in the U.K., Bermuda, and the U.S. For the year ended December 31, 2023, Ascot's gross premiums written was $3,844 million, with $1,776 million (46%) written by the U.K segment, $1,041 million (27%) written by the Bermuda segment and $1,027 million (27%) written by the U.S. segment.

Ascot Group manages its operations through three underwriting segments:

1. U.K. segment, which operates through Syndicate 1414 at Lloyd's. The principal lines of business written by Syndicate 1414 are Aviation War, Cargo, Casualty, Energy, Healthcare, Marine Hull and Liability, Personal Accident, Political Risk and Terrorism, Professional Indemnity, Property, Space, Specie and Fine Art insurance & Treaty reinsurance. Ascot Underwriting Limited ("AUL") is the managing agent of Syndicate 1414 and the underwriting capacity is provided by ACNL.
2. Bermuda segment, which principally operates through ABL. ABL commenced underwriting operations in 2018 and writes Property and Casualty insurance and reinsurance. ABL's principal product lines are Property reinsurance, Casualty and Specialty reinsurance, Excess Casualty insurance and Professional Lines insurance. ABL commenced writing Marine and Energy reinsurance in January 2024.
3. U.S. segment, which operates through the Ascot US. Ascot US is licensed to write business across all 50 U.S. states and Washington, D.C. The U.S. platform is focused in three areas; Specialty insurance, Financial Lines insurance and Portfolio Solutions. The Specialty Lines include Ocean Marine, Inland Marine, Environmental, Excess & Surplus Casualty, Excess Casualty and Workers' Compensation. The Financial Lines of insurance include Management Liability, Financial Institutions, Cyber, Errors and Omissions ("E&O"), Surety and Trade Credit. Portfolio Solutions offers a broad range of capacity for MGAs, MGUs, Captives and other organizations looking for a long-term risk assumption partner.

In addition, Ascot operates a managing general underwriter ("MGU"), Ethos. Ethos, which was formed in 2017, manages specialty insurance programs on behalf of third-party carriers and affiliated entities. Ethos is a licensed surplus lines broker in all 50 U.S. states and Washington, D.C. and is also a Lloyd's cover holder. Its principal product lines are Mergers and Acquisitions Representations and Warranties, Casualty and Property.

Through its indirect ownership of the operating insurance companies of the Group, ABL consolidates all of the underwriting and investing operations of the Ascot Group and therefore the financial information provided in this financial condition report for Ascot Group is not repeated for ABL unless materially different.

Name of Insurance Group

Ascot Group Limited

Designated Insurer

Ascot Bermuda Limited

Approved Group Supervisor

Insurance Supervisor

Bermuda Monetary Authority ("BMA")
BMA House
43 Victoria Street, Hamilton
Bermuda

Approved Group Auditor

Deloitte Ltd, Corner House,
20 Parliament Street,
Hamilton.
Bermuda

Ownership Details

Canada Pension Plan Investment Board ("CPP Investments") is the principal shareholder of AGL.

Group Structure

Our corporate structure, as at the date of this Report, is attached at Appendix A.

Business Written

Gross premiums written by BMA prescribed class of business for the years ended December 31, 2023, and 2022:

$000	For the year ended December 31, 2023	For the year ended December 31, 2022
Property Catastrophe	613,255	694,402
Property	365,461	283,029
Marine & Energy	477,101	524,012
Casualty	1,952,517	1,399,822
Specialty	8,411	-
Personal Accident	17,403	13,112
Credit / Surety	132,369	338,016
Professional	270,263	316,559
Aviation	7,162	7,963
Total	**3,843,942**	**3,576,915**

Source: BSCR Schedule IVA (EBS)

Net premiums written by BMA prescribed class of business for the years ended December 31, 2023, and 2022:

$000	For the year ended December 31, 2023	For the year ended December 31, 2022
Property Catastrophe	396,541	432,467
Property	263,460	204,668
Marine & Energy	397,685	421,281
Casualty	1,498,760	1,008,354
Specialty	8,411	-
Personal Accident	15,193	11,115
Credit / Surety	107,612	316,595
Professional	185,247	201,519
Aviation	6,098	3,476
Total	**2,879,007**	**2,599,475**

Source: BSCR Schedule IVA (EBS)

Net premiums written by geographic area for the years ended December 31, 2023, and 2022:

$000	For the year ended December 31, 2023	For the year ended December 31, 2022
North and South America	2,307,706	1,859,980
Europe	440,840	329,791
Asia & Oceania	112,907	322,675
Rest of World	17,554	87,029
Total	**2,879,007**	**2,599,475**

Source: Schedule IVC (EBS)

Investment Performance

The Ascot Group principally invests in high quality fixed maturity securities, highly liquid short-term investments and cash and cash equivalents. In addition, the Group has an allocation to risk assets including hedge funds, private equity and debt funds, senior secured credit funds and bank loans.

The Ascot Group's cash and cash equivalents are on deposit with various reputable financial institutions located principally in Bermuda, the U.S. and the U.K.

The investment portfolio is managed by external investment managers in accordance with investment guidelines. Invested assets are held by an independent third-party custodian.

As of December 31, 2023, the weighted average credit quality of the fixed maturity investment portfolio was AA-. The effective duration of the fixed maturity investment portfolio (including short term investments) was 3.2 years at December 31, 2023.

The fair value of investments and performance of our investment portfolio for the years ended December 31, 2023 and 2022 are outlined in the following table. Investment performance is calculated as the net investment income divided by the average (determined using the opening and closing position) fair market value of the portfolio.

For the year ended December 31, 2023	Investment Income $000	Market Value $000	Performance %
Fixed maturity securities	133,882	4,722,142	3.29%
Other investments	13,292	260,479	6.57%
Short term investments	4,835	115,053	2.37%
Cash and cash equivalents	29,388	552,781	5.82%
Total gross investment income	**181,397**	**5,650,455**	**3.64%**
Investment expenses	(4,375)	-	-
Net investment income	**177,022**	**5,650,455**	**3.55%**

Source: US GAAP consolidated Financial Statements (except performance percentages for which the calculation basis is stated above).

For the year ended December 31, 2022	Investment Income $000	Market Value $000	Performance %
Fixed maturity securities	63,793	3,417,345	2.02%
Other investments	(3,712)	144,127	(2.74)%
Short term investments	2,984	292,162	1.53%
Cash and cash equivalents	6,849	457,858	1.46%
Total gross investment income	**69,914**	**4,311,492**	**1.77%**
Investment expenses	(3,510)	-	-
Net investment income	**66,404**	**4,311,492**	**1.68%**

Source: US GAAP consolidated Financial Statements (except performance percentages for which the calculation basis is stated above).

Material Income and Expense for the Reporting Period

The Group's financial results for the years ended December 31, 2023, and 2022, are presented below:

	2023	2022
	(in thousands U.S. dollars)	
REVENUES		
Gross premiums written	$ 3,843,943	$ 3,576,914
Reinsurance premiums ceded	(964,935)	(977,439)
Net premiums written	2,879,008	2,599,475
Earned premiums	3,640,883	3,240,719
Earned premiums ceded	(927,561)	(935,715)
Net premiums earned	2,713,322	2,305,004
Net investment income	177,022	66,404
Net realized and unrealized gains (losses) on investments	121,552	(280,712)
Other income	23,523	22,007
TOTAL REVENUES	**3,035,419**	**2,112,703**
LOSSES AND EXPENSES		
Net incurred losses and loss adjustment expenses	1,551,913	1,555,761
Acquisition costs	646,826	534,399
General and administrative expenses	382,446	284,227
Financing costs	21,294	21,980
Amortization of intangible assets	7,050	7,136
Net foreign exchange (gains) losses	(4,317)	15,208
TOTAL LOSSES AND EXPENSES	**2,605,212**	**2,418,711**
INCOME (LOSS) BEFORE TAXES	**430,207**	**(306,008)**
Income tax benefit	22,739	3,462
NET INCOME (LOSS)	**$ 452,946**	**$ (302,546)**
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustment	868	(2,899)
Total other comprehensive income (loss), net of tax	868	(2,899)
COMPREHENSIVE INCOME (LOSS)	**$ 453,814**	**$ (305,445)**

Source: AGL Consolidated Statement of Income 2023 and 2022.

Ascot's main sources of income are from its underwriting and investing activities. The net premiums earned for the year ended December 31, 2023 was $2,713 million compared to $2,305 million for the year ended December 31, 2022. The $408 million (or 17.7%) increase was driven by growth in all the Group's underwriting segments – UK ($148 million increase, 12.8%), Bermuda ($68 million increase, 9.0%) and US ($193 million increase, 48.8%).

Net investment income for the year ended December 31, 2023, was $177 million, an increase of $111 million (167%) compared to $66 million of net investment income in 2022. This increase was driven by higher interest rates in 2023 combined with the increased invested assets base ($5.7 billion of cash and investments as of December 31, 2023, compared to $4.3 billion as of December 31, 2022).

For the year ended December 31, 2023, Ascot recorded in net income $122 million of net realized and unrealized gains on investments compared to $281 million of net realized and unrealized losses on investments in 2022. Ascot's fixed maturity securities are accounted for under U.S. GAAP as trading and are carried at fair value with unrealized gains and losses recorded in net realized and unrealized gains (losses) on the investments in the income statement. Effective January 1, 2024, Ascot is designating all new purchases of fixed maturity securities as available for sale (under U.S. GAAP) and the unrealized gains and losses will be recorded in accumulated other comprehensive income in shareholders' equity.

Material expenses comprise claims, acquisition costs and operational expenses. In 2023, the Group was impacted by catastrophe losses of $103.2 million compared to losses of $280.0 million in 2022. In 2023, the Group benefitted from net favorable prior year development of $17.4 million compared to $155.3 million of net unfavorable development of prior year reserves in 2022. The unfavorable development in 2022 was principally in the Company's property lines of business and related to various catastrophe events in 2020 and 2021 accident years and certain per risk losses in the 2019 to 2021 accident years.

The Group generated net income of $452.9 million for the year ended December 31, 2023, compared to a net loss of $302.5 million for the year ended December 31, 2022.

The key performance indicators used by Ascot are as follows:

$000	For the year ended December 31, 2023	For the year ended December 31, 2022
Gross premiums written	3,843,943	3,576,914
Net premiums earned	2,713,322	2,305,004
Underwriting income (loss)	205,592	(34,669)
Investment income	177,022	66,404
Non-GAAP operating income [1]	305,466	2,082
Combined ratio [2]	92.4%	101.5%

[1] Non-GAAP operating income is defined as net income after tax excluding (1) after-tax net realized and unrealized gains and losses on investments included in net income, (2) after-tax strategy costs, (3) after-tax foreign exchange gains and losses, and (4) after-tax intangible asset amortization
[2] The combined ratio is defined as net losses and loss adjustment expenses, acquisition costs and general and administrative expenses (excluding Corporate expenses and Ethos general and administrative expenses) divided by net premiums earned.

Any Other Material Information

None.

Governance Structure

Ascot has established and continues to maintain a sound corporate governance framework that includes principles on levels of authority, accountability, responsibility, compliance, and oversight. Ascot's governance framework has regard for international best practice on effective corporate governance.

Ultimate responsibility for sound and prudent governance rests with the respective Boards of Directors of AGL and ABL. The Boards are responsible for ensuring that corporate governance policies and practices are developed and applied in a prudent manner. To guide the Boards' responsibilities, the companies have documented bye-laws, Governance Manuals, Board Terms of Reference, Board Committee Terms of Reference and organisational charts. The Boards meet regularly throughout the year and operate within the established governance framework and within their terms of reference.

The Boards undertake to periodically review the effectiveness of the companies' governance frameworks together with the Board's own effectiveness and performance. The governance structure described and embedded within Ascot is continually reviewed to ensure it continues to meet the needs of the business and the expectations of external parties such as regulators including the BMA, and rating agencies including AM Best.

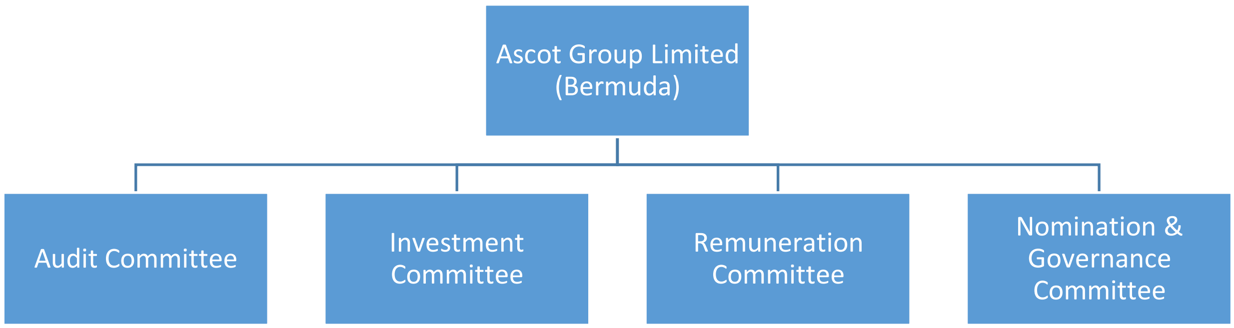
An independent review of the governance system is performed by Internal Audit. This occurs at two levels; firstly, a scheduled specific governance review within a rolling three-year Internal Audit program; secondly compliance with the governance system is assessed when reviewing all functional business areas.

The operations of AGL and ABL are directed from Bermuda and the meetings of the Boards of Directors, and its Board-level Committees are held there.

The AGL Board has appointed several committees to manage aspects of the Group's affairs. Each committee operates within established written terms of reference and each committee Chairperson reports directly to the Board.

The Board–Level Committees undertake activities on behalf of AGL and ABL.

The structure of these committees is outlined below:



Audit Committee whose role is to review and monitor:

- the integrity of the financial statements of the Company.
- the effectiveness of the Company's internal controls.
- the adequacy of reserves.
- the effectiveness of the internal audit process and the relationship with the internal auditor.
- the effectiveness of the external audit process and the relationship with the external auditor.

Investment Committee whose role is to monitor the management and performance of the investment strategy of the Group within the risk framework and in relation to appropriate benchmarks.

Remuneration Committee whose role is to undertake certain activities in relation to the remuneration of Company and Group personnel, and together with the Nomination & Governance Committee, the oversight of succession planning for the Board and of the Company's executive management team. In conjunction with the Nomination & Governance Committee, the Remuneration Committee evaluates performance and succession planning. The Remuneration Committee is primarily responsible for performance plans, reviews, and assessments.

Nomination & Governance Committee whose role is to undertake certain activities in relation to the nomination of directors to the Board, the evaluation of the effectiveness of the Board, and, together with the Remuneration Committee, the oversight of succession planning for the Board and the Group's executive management team. The Committee takes a leadership role in shaping the corporate governance of the Company and the conduct of the Board. In conjunction with the Remuneration Committee, it evaluates performance and succession planning. It has primary oversight over policies and procedures, particularly with respect to succession planning.

Board and Senior Executive

a) Board and Senior Executive Structure, role, responsibilities and segregation of responsibilities.

AGL Board of Directors

Listed in the table below are the directors of the Board of Directors of AGL Board as of the date of this report:

Name	Position
Neill Currie	Executive Chairperson
Jonathan Zaffino	Group Chief Executive Officer & President
Peter Busse	Non-Executive Investor Director
Mary Chen	Non-Executive Investor Director
Thomas Kalvik	Non-Executive Investor Director
Samuel Blaichman	Non-Executive Investor Director
Sir Richard Dearlove	Non-Executive Independent Director
Susan Sutherland	Non-Executive Independent Director
Murray Wallace	Non-Executive Independent Director

AGL Executive Management ("Group Executive Committee")

Listed in the table below are the AGL Executive Management Committee as of the date of this report:

Name	Position
Jonathan Zaffino	Group Chief Executive Officer & President
Elizabeth Johnson	Group Chief Operating Officer
Matthew Kramer	Chief Executive Officer, Ascot US
Mark Pepper	Group Chief Underwriting Officer
Mark Smith	Group Chief Risk Officer
Ian Thompson	Chief Executive Officer, Ascot Bermuda
Mark Wilcox	Group Chief Financial Officer
William Thygeson	Group Chief Human Resource Officer

ABL Board of Directors

Listed in the table below are the directors of the Board of Directors of ABL Board as of the date of this report:

Name	Position
Neill Currie	Chairperson of the Board
Samuel Blaichman	Non-Executive Investor Director
Mary Chen	Non-Executive Investor Director
Thomas Kalvik	Non-Executive Investor Director
Simon Kimberley	Executive-Director, Chief Underwriting Officer - Property, Ascot Bermuda
Ian Thompson	Executive-Director, Chief Executive Officer, Ascot Bermuda
Jonathan Zaffino	Executive-Director, Group Chief Executive Officer & President

ABL Senior Management and Officers

Listed in the table below are the ABL Senior Management and Officers as of the date of this report:

Name	Position
Ian Thompson	Chief Executive Officer
Alexander D'Urso	Chief Risk Officer
Elizabeth Duncan	Chief Financial Officer and Group Financial Controller
Michael Grayston	Treasurer
Simon Kimberley	Chief Underwriting Officer - Property
Justin Keith	Chief Underwriting Officer – Casualty & Specialty

Responsibilities of the Board

There is an established system of governance with clear segregation of duties and delegation of responsibilities to various committees reporting to the Ascot Group Board. Similarly, ABL has a formalized committee structure in place.

The Board maintains and exercises ultimate authority over and accountability for the strategic and business decisions of the Group, the risk control framework, business performance and compliance with legal, regulatory and solvency requirements.

The AGL Board consists of the Executive Chairman, Executive Directors and Non-Executive Directors. The role of the Chairman of Ascot Group is separate from that of the Chief Executive Officer. The composition of AGL's Board reflects the range of skills, knowledge, and experience necessary for the

Board to be effective. The objective in determining the Board's composition is to ensure an appropriate level of skill and capability that provides both appropriate challenge and guidance to management.

The responsibilities and composition of the ABL Board and Executive Management Committee are consistent with those described for AGL to the extent they are relevant.

Remuneration Practices

The Group's remuneration provides employees with basic salaries and short-term incentive compensation. Additionally, executives receive long-term incentive compensation. Employees and executives also receive other benefits including those pursuant to local statutory requirements and individual employment agreements.

All components are considered in aggregate when evaluating and making decisions with respect to each component. A portion of employee and executive compensation is variable and performance-based on both individual and Group performance. The risk implications of incentives created by the Company's remuneration policies are considered as part of the Company's risk management practices.

A description of the elements of employee/ executive compensation are:

Basic Salary – Fixed annual cash amount, comprises the base component of total compensation. Established based on individual experience as well as role, responsibilities, market conditions. Reviewed annually and revised based on individual and Group performance as well as market conditions.

Short-Term Incentive – Variable cash compensation, funded at the Group level based on the Group's performance relative to Plan and annual Return on Equity (ROE) goals. The amount awarded to any individual is therefore reflective of annual Group and individual performance. This aligns with management and shareholder interests and is designed to reward performance consistent with the Company's objectives.

Long-Term Incentive – An equity-based compensation plan called the Executive Management Deferred Compensation (EMDC) plan which includes Restricted Share Units (RSUs) and Performance Share Units (PSUs). This is designed to incentivize long-term performance, attract talent, and promote retention.

Other benefits – Reflective of the location of employees, specific local market practices and benefits. Includes retirement benefits, healthcare, and certain statutory contributions. Consistent with local market practices to remain competitive and attract talent.

The AGL Remuneration Committee ensures that the necessary and appropriate financial and human resources are in place. The Group Human Resource department conducts periodic reviews to ensure compensation is appropriate.

Non-Executive Board members receive a flat fee for annual service and reimbursement of certain expenses.

Pension or Early Retirement Schemes for Members, Board and Senior Employees

The Company maintains defined contribution plans to provide retirement benefits to eligible employees. Contributions, which are managed externally, are based on eligible compensation.

The Company's Non-Executive Directors do not receive pension or retirement benefits.

Shareholder Controllers, Persons who Exercise Significant Influence, the Board or Senior Executive Material Transactions

During the year ended December 31, 2023, ABL returned $50m to its parent, AGL, through a capital distribution.

Fitness and Proprietary Requirements

Fit and Proper Process in assessing the Board and Senior Executive

The Company appoints senior executives and members of the Board based on the individual's expertise and experience. All candidates must undergo recruitment and background screening. The Nomination & Governance Committee monitors the composition of the Board, its diversity, skills, expertise, experience, knowledge, and independence. An induction process is undertaken for newly appointed Directors and is an extension of the HR function's regular induction program for employees, with further training given based on individual needs and requirements.

Ascot Group has procedures in place to ensure that all key functions of the business are managed by individuals who are deemed fit and proper to carry out their responsibilities. This involves having measures in place to ensure that relevant individuals have adequate expertise, knowledge, and experience for their specific role ('Fit'), and that their reputation and integrity is appropriate ('Proper'). This also establishes the responsibility for maintaining the fit and proper controls and the relevant reporting processes attached to it. The Company's Fit and Proper Policy is included in the Staff Handbook, to which management is bound.

Directors and Officers Skills and Expertise

The skills and expertise of Directors and Officers of Ascot Group and Ascot Bermuda are included in Appendix B.

Risk Management and Solvency Self-Assessment

Risk Management Process & Procedures to Identify, Measure, Manage and Report on Risk Exposures

Ascot Group has an enterprise-wide approach to risk management. The risk management framework provides a formal structure for risk governance and risk-based decision-making as well as a controlled and consistent approach for how risk is identified, measured, mitigated, monitored, and reported across the Group. This enables risks to be regularly monitored and evaluated against risks appetites and limits, to assess the overall level of risk being taken by Ascot Group.

Ascot operates under the 'three lines of defence' model which serves to distinguish the roles and responsibilities at various levels of the business.

The Group Chief Risk Officer facilitates the effective operation of enterprise risk management throughout Ascot and works in conjunction with the entity Chief Risk Officers to ensure a cohesive and coherent risk management framework. ABL leverages the Ascot Group risk management framework whilst maintaining separate accountability within ABL reporting to the ABL Executive Committee on a quarterly basis.

The key elements of the risk management framework are outlined below.

Risk Identification - Risk identification involves understanding what threats exist and how they may make it more difficult to achieve stated business objectives, or even prevent them from being achieved altogether. It includes the identification of emerging risks, with information considered from a variety of internal and external sources. Material risks and the controls used to mitigate them are documented with the risk register.

Risk Assessment – Each risk in the risk register is assessed in terms of likely impact to the business. The assessment of the impact and consequences of a risk is carried out by the team/individual best placed to perform the assessment, this may be the specific risk/control owner and/or the risk team. A ranking system is in place to illustrate the severity and frequency of loss for each individual risk sub-group. Risk appetites are set by for the key risks identified within the risk register to ensure clear boundaries are defined.

Risk Management - In managing our risks, we consider how and through what mechanisms we control the risks identified and ensure they remain within the appetite set for that area of risk. The risk register details all the key controls in place for the key risks identified within the business. The operation and monitoring of key controls is elevated to risk appetites which are monitored on a quarterly basis.

Risk Monitoring and Reporting - Risk monitoring is the process of tracking risk management execution and ensuring the continuation of appropriately identifying and managing new risks. Monitoring and reporting exist at different levels throughout the Company. The Enterprise Risk Management ("ERM") function provides quarterly risk reporting to the Group and entity level boards at Ascot.

Ascot's risk appetite is expressed by quantitative and qualitative risk appetite statements, limits, and tolerances. Risk appetites are monitored quarterly and reviewed on an annual basis by the Board to ensure they appropriately capture the risks faced by the Company and align with the business and strategic objectives.

Risk Management and Solvency Self-Assessment Systems Implementation

The solvency self-assessment outlines the quantity and quality of capital required to support Ascot Group's strategy and seeks to identify and measure all material risks. The Company's risk management framework outlines risk appetite and tolerance.

Ascot's risk management framework is implemented and integrated into its operations through the systems, processes, procedures, and controls developed by management. The implementation of the solvency self-assessment includes the process by which Ascot Group assesses all the risks faced by the business and the appetite for those risks which, in turn, drives the controls the Company has in place, and the capital needed to support them.

Ascot's Group Solvency Self-Assessment report (GSSA) is prepared on an annual basis, with abridged reporting on a quarterly basis. This may be supplemented by ad hoc reporting, should a material event occur that requires the solvency assessment to be refreshed. The GSSA includes an element of strategic review with consideration given to a forward-looking business plan and the capital required to support the business over time. Included within the GSSA are elements of capital, business performance, strategic information, emerging risks, and risk appetite – all areas required to enable sound decision making.

The Ascot capital risk appetite is set to maintain capital levels that are sufficient to satisfy legal entity regulatory requirement and to support desired credit rating.

Relationship Between Solvency Self-Assessment, Solvency Needs & Capital, and Risk Management

Solvency self-assessment is a continuous process encompassing the business plan, strategy, current and forward-looking risk profile of the business and the quality and quantity of capital required. The process incorporates identification, assessment, monitoring, and reporting of the key risks to the Company, and to identify the capital necessary to ensure the overall solvency requirements are met. The GSSA is integrated into the Group's broader risk management framework and governance structures, enabling Ascot to:

- Assess the risks the business faces.

- Judge how best to control those risks.
- Report on the adequacy of those controls and risk assessments.
- Monitor capital to ensure it is adequate for the risks faced and is in line with capital risk appetites.
- Plan for future business strategy.

Solvency Self-Assessment Approval Process

Many of the individual components within the GSSA process are performed throughout the year and presented to the Group Board, Group Executive Committee, ABL Board, and members of the Ascot Bermuda Executive Committee. Contributions to the report are made by a combination of departments including ERM, Financial Planning & Analysis, Finance, Exposure Management, Operations, Claims, IT and Compliance teams.

The Group Board and the Group Executive Committee review the GSSA Report on an annual basis.

Internal Controls

Internal Control System

The Company has established an internal control framework encompassing all key controls over the business, both financial and non-financial which enables the Company to achieve its business plan goals within its defined risk appetite. The effectiveness of these controls is regularly reviewed within the Governance structure established at Ascot.

Ascot has a defined organisational structure, with clearly understood lines of responsibility and delegation of authority to help ensure that policies are effectively implemented and adhered to. Through its oversight, the Board is responsible for monitoring controls used to assess and manage exposure to all areas of risk.

Detailed operational procedures are adopted and followed across the Ascot Group in its principal functional activities and are designed to incorporate key controls which are subject to ongoing review to ensure that they are being operated effectively and that they are suitable to manage any significant business risks faced.

A Governance framework is in place to ensure appropriate oversight. This comprises the Group Board, the board level committees and the Group Executive Committee. Various risk policies and associated procedures are documented. Controls and exception reports around these processes provide management information to the relevant Committee that has responsibility for that area of the business.

A risk governance structure is in place to ensure risks are managed within the risk appetite set by the Board. The Risk Register documents the key risks and associated controls. These risks and controls have owners and are subject to periodic review as part of the risk assessment process.

In addition to the Ascot Group Board, the sub committees of the Board and the Group Executive Committee, the Company's risk management, compliance, actuarial, internal audit and the finance functions are key contributors to the governance and oversight of the Group's system of internal controls.

The finance function is responsible for the implementation and maintenance of accounting policies and procedures to ensure the accurate recording and reporting of financial information. The finance function reports to the Group Chief Financial Officer. The finance function principally comprises professionally qualified accounting staff. The finance function ensures:

- The accuracy of the Company's consolidated U.S. GAAP and annual consolidated statutory financial statements.
- That the Company is compliant with relevant U.S. GAAP accounting policies and standards. The Company is compliant with regulatory financial reporting obligations to the BMA.

Compliance Function

The compliance function oversees the governance structure and assists in the internal controls process. Each operating jurisdiction (Bermuda, UK and US) has a compliance function responsible for ensuring compliance with local regulation, legislation and policies and procedures. This encompasses areas such as underwriting authority, money laundering, bribery, corruption, and sanctions. It also includes identification of compliance risk and assessment of the potential impact of changes in the legal and regulatory environment.

Internal Audit

Internal Audit is responsible for providing independent and objective assurance on the operations of each of the entities within Ascot Group. Internal Audit is a key function in the control environment of the Group, ensuring that the policies and procedures are implemented and being carried out correctly and operating effectively at all levels of the organization.

The internal audit function is carried out by Grant Thornton and the SVP, Internal Audit and Advisory in the US. Grant Thornton reports directly to the Group Audit Committee. Grant Thornton is currently responsible for Group audits and audits over the UK and Bermuda entities. The SVP, Internal Audit and Advisory along with Grant Thornton is currently responsible for US audits. The SVP, Internal Audit and Advisory reports directly to the Ascot US Audit Committee.

Actuarial Function

The Group Actuarial Function is led by the Group Chief Actuary and each operating jurisdiction has an Actuarial function which includes all individuals performing actuarial work for Ascot including both in-house and external actuarial resource. The actuarial function is responsible for the following areas within the business:

- Establishing Incurred But Not Reported Reserves ("IBNR") and calculating Technical Provisions: including ensuring appropriateness of methodologies, models and assumptions used in the determination of IBNR reserves and calculation of the technical provisions, assessing adequacy and quality of data and comparing actuarial central estimates against experience.
- Assisting with the underwriting process, including those surrounding pricing and writing of underwriting contracts.
- Assisting in the execution of the risk management framework, particularly as it relates to modelling techniques used to estimate potential exposures and capital requirements, forward looking analysis and stress testing.

The Group's loss and loss expense reserves are reviewed by the Group Reserve Committee and Reserving Committees at each operating jurisdiction. The actuarial work with respect to reserve setting at ABL is supported in part by an external actuarial team, overseen by the ABL Chief Actuary. All assumptions and methodologies are ultimately owned by the relevant Ascot Reserving Committee, with challenge from the in-house actuarial team who are represented on the Reserving Committee.

Outsourcing

Outsourcing Policy and Key Functions that have been Outsourced

Ascot supplements its operational resources using outsourcing arrangements. This strategy is supported by investment in in-house managers who control the quality of the outsourced functions. Particular attention has been applied to process design and training to ensure that activities are performed to a level that we would expect if the functions were performed at Ascot. Service level agreements (SLAs) are in place as per contractual arrangements which are regularly monitored.

Policies in place define the minimum operational standards, and roles and responsibilities, pertaining to the Appointment and Management of Outsource Service Providers (OSPs).

Terms and conditions for material outsourcing contracts are approved in accordance with the Company's corporate governance and risk management frameworks.

The Company has strategies and controls in place to mitigate the associated risks that are introduced through the outsourced provision of services to the Group. Each engaging company within the Group is responsible for ensuring the design and operation of controls employed by the outsource service provider are commensurate and aligned with Ascot's own risk management framework.

The Board has a responsibility to ensure that an outsourced service does not diminish Ascot's ability to fulfil its obligations to customers, regulators or other stakeholders. Core management functions such as setting strategies and polices, oversight of operational processes, financial responsibility and reporting are not outsourced.

The functions that are either fully or partially outsourced by Ascot to third parties include internal audit, actuarial reserving analysis and the management and accounting of investments.

Material Intra-Group Outsourcing

Ascot leverages a global shared service model, through which Group companies have access to operational functions provided by other subsidiaries of the Ascot Group. This allows Ascot to benefit from efficiency, expertise and economies of scale. These arrangements cover support for information technology (infrastructure and services), operations, actuarial, risk management, legal, claims operations, reinsurance, and reporting services.

Risk Profile

Material Risks the Insurer is Exposed to During the Reporting Period

The key risks faced by Ascot Group include insurance risk, credit risk, market risk, liquidity risk and operational risk. Additionally, specialty and property catastrophe exposed classes of business are particularly susceptible to emerging risks such as changes in technology, market dynamics, regulatory and legal landscapes, and climate change. Ascot must proactively identify, assess, and manage these emerging risks.

Insurance Risk - Insurance risk refers to the fluctuations in timing, frequency, and severity of insured events relative to the expectations at the time of underwriting. Insurance risk can also refer to fluctuations in the timing and amount of claim settlements. Specific examples of insurance risk include variations in the amount or frequency of claims or the unexpected occurrence of multiple claims arising from a single cause. Insurance risk also includes the potential for inadequate pricing or reserving assumptions.

The key components of insurance risk for Ascot include:

- Underwriting risk (including cycle, gross losses, pricing): The risk arising from uncertainties about the ultimate amount of net cash flows from premiums, commissions, claims and claims settlement expenses paid under a contract (prospective in nature).
- Claims management: The risk arising from the uncertainties associated with the quantum of claims that will be paid out on policies underwritten.
- Catastrophes & aggregation and reinsurance risk: The risk arising from concentration of exposures by industry, geography, line of business, a single insured or single insured event, and:
- Risk arising from concentration of exposures to catastrophe perils.
- Clash risk, or risks arising from exposures in which multiple insureds suffer losses from the same occurrence, or the same cause of loss.
- Reserving risk: the risk that the estimation of future claims payments in respect of earned premium is inadequate.
- Broker relationships: the risk that broker relationships are not maintained which could lead to a significant reduction in premium for Ascot.
- Policy wordings: the risk that contract wordings do not reflect the type of insurance coverage the Company believed it was selling and that consequently losses arise in the future that were not considered when underwriting and pricing the policy.

Several controls are deployed to manage the amount of insurance exposure, which include:

- Defined limits of risks at policy and aggregate level.
- Peer review and grading of insurance policies written, and associated MI provided to relevant committee.
- Clearly defined underwriting authorities and monitoring.

Rating analysis and detailed management information ("MI") to measure risks accepted.

Credit Risk - Credit risk is the risk of default of a counterparty or obligor including the risk of default under mitigating contracts like reinsurance, financial instruments, and premium payments from policyholders. It also includes the assessment and management of the aggregation or concentration of credit risk, whether by counterparty, industry or rating. Credit risk on inwards premium receivables from insureds and cedants is managed by conducting business with reputable brokers with whom the Group has established relationships, and by credit control policies and procedures. Credit risk on reinsurance recoverable is managed by criteria set for ensuring exposure is limited depending on credit rating of counterparty as well as overall counterparty limits. The review and approval of all reinsurer securities is facilitated by the relevant reinsurance committee.

Market risk - Market risk is defined as the potential loss in value or earnings arising from changes in the values at which assets and liabilities may be traded as a result of external market and economic factors including:

- Changes in the overall level of interest rates.
- Change in the shape of yield curve.
- Inflation rate changes.
- Changes in the overall level of credit spreads.
- Changes in the shape of the credit spread curve.
- Exchange rate movements.

In addition to the above external factors, market risk may also arise from controllable factors such as concentrations in allocations to specific asset classes. Ascot's investment strategy was developed to manage the impact of market risk to acceptable levels, to the extent possible. The investment strategy ensures diversification and limits concentrations of exposures for example to a particular asset class or sector. Ascot also manages is exposure to currency and duration by aligning the currency and duration of its assets compared to its liabilities. The effectiveness of this risk mitigation is monitored by the Group Investment Committee and by the Group Board through their review of quarterly reporting.

Operational Risk - Operational risk is defined as the risk of loss, resulting from inadequate or failed internal processes, people and systems, or from external events. Key risks considered here include Operational Resilience, Culture, Outsourcing, Legal and Regulatory risk, and Information Security risk. Controls are in place to mitigate these risks including but not limited to:

- Documented procedures for key processes (e.g. outsourcing)
- IT security policies and disaster recovery plans
- Operational resilience plan

- Underwriting and claims guidelines
- Maintaining various contingency plans (e.g. server backups)
  Ascot controls Cyber risks through several methods including firewalls, email scanning and group wide training on IT and cyber security.

Liquidity Risk - Liquidity risk is the risk that the Company is unable to meet its obligations due to the lack of sufficient liquid assets or is forced to sell assets at a potentially disadvantageous time to meet outgoing cash flow and collateral requirements or has difficulty in raising capital when needed. Cashflow forecasts are performed to assess the need for future liquidity. The effectiveness of the liquidity risk mitigation techniques is monitored by the Board's Investment Committee.

Group Risk - Group risk is the risk of another part of the corporate group causing damage to the Ascot business via its actions. The damage may be caused by action taken that is directly targeted at Ascot, or indirectly as a result of group activities in other affiliated entities. Group risk includes reputational risk and risk of loss arising from the adverse effect of management decisions on business strategies and their execution. The Group has employed strategies for managing relationships between intragroup entities and understanding of requirements of all jurisdictions which can impact the Group and where necessary plan for alternatives.

Material Risk Concentrations

The Company's Board set tolerances around key risk exposures according to the Board approved risk appetites. These tolerances are monitored by the ERM function and reported to the Board on a quarterly basis. Key exposures include exposure to significant natural catastrophe events.

The Company monitors aggregation of exposure to natural catastrophe events against risk appetites and limits using stochastic catastrophe modelling tools and internally developed aggregation tools.

The Company has defined investment guidelines and a conservatively managed investment portfolio to ensure appropriate oversight and monitoring of the investment portfolio. These guidelines reduce the material risk concentrations associated with investment risk.

The assets that potentially subject the Company to concentrations of credit risk consist principally of cash and investments, reinsurance recoverable and premiums receivable balances, as described below. Credit risk is the risk of default of a counterparty or obligor including the risk of default under mitigating contracts like reinsurance, financial instruments, and premium payments from policy holders. The Company mitigates credit risk through the application of detailed counterparty credit assessments, working to ensure that contractual terms are fit for purpose and that full disclosure of relevant information is made, and through exerting contractual and other credit control measures in pursuit of premium and reinsurance recoverable due.

Cash and Investments - To mitigate concentration and operational risks related to cash and cash equivalents, the Company limits acceptable counterparties based on current rating, outlook and other relevant factors. The Company's cash and cash equivalents are on deposit with various highly rated financial institutions. Credit risk arises from the failure of the counterparty to perform according to the terms of a contract. The Company's deposits are with reputable banks to minimize this risk and are located principally in Bermuda, the U.K. and the U.S.

The Company's investment portfolio is managed by external investment managers in accordance with its investment guidelines. The Company limits credit risk through diversification, by limiting exposure to issuers based on credit rating and, with respect to custodians, through contractual and other legal remedies.

Reinsurance recoverable balances - The Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk arising from its exposure to individual reinsurers.
Reserves for reinsurance recoverable deemed uncollectible are based on an estimate of the amount of the reinsurance recoverable balance that will ultimately not be recovered due to reinsurer insolvency, contractual dispute, or some other reason. The Company has not historically experienced significant credit losses. In determining an allowance for credit losses, the Company considers historical information in combination with counterparty financial strength ratings and the extent to which they are collateralized. The Company assesses the risk of future default by evaluating current market conditions for the likelihood of default and calculates its provision for current expected credit losses under the probability of default and loss given default methodology.

Premiums receivable balances - The diversity of the Company's client base limits the credit risk associated with its premium balance's receivable. In addition, for insurance contracts, the Company has contractual rights to cancel coverage for non-payment of premiums and for reinsurance contracts, it has contractual rights to offset premiums receivable with corresponding payments for losses and loss expenses.

Brokers - The Company produces its third-party business through brokers and direct relationships with insurance companies.

The Company has policies and standards in place to manage and monitor credit risk from intermediaries with a focus on day-to-day monitoring of the largest positions. These contractual rights contribute to the mitigation of credit risk, as does the monitoring of aged receivable balances.

Investment in Assets in Accordance With the Prudent Person Principles of the Code of Conduct

Ascot's investment portfolio is managed by external third-party investment managers, under the strategic direction set out in the Company's investment policy guidelines, which is consistent with the Prudent Person Principles of the Code of Conduct. The investment portfolio is diversified and managed with consideration given to market risk, credit risk, interest rate risk, currency risk, and liquidity risk. The Company holds a liquid, highly rated, high quality, low volatility fixed income portfolio in order to support insurance reserves and ensure that claims and obligations can be paid as they fall due.

The investment guidelines are governed by the Investment Committee of the Board and are reviewed on at least an annual basis.

Stress Testing and Sensitivity Analysis to Assess Material Risks

The Company performs stress testing on an annual basis in relation to its material risks in order to determine the adequacy of capital and liquidity to ensure regulatory requirements are met.

Stress testing and sensitivity analysis is performed over investment/market risks related to the Company's invested assets, and insurance risk as relates to the Company's underwriting risks and policy liabilities including man-made and natural catastrophe events to assess the potential impact to the company's solvency position.

- Investment/Market risk testing responds to interest rate shocks, market downturns, inflationary pressures, and currency shocks. The results of this are used to assist with determining the strategic direction of the investment allocation and guidelines.
- Insurance risk testing includes concentration and aggregation scenario simulation, through the use of catastrophe modelling techniques. The modelled results provide insight and quantification of aggregate and single-event perils, by geographic region and event type, and the potential for clash risk. Catastrophe modelling simulations assist in the identification and subsequent management of underwriting risk.

The results of the Company's stress testing and sensitivity analysis for material risks are reported to the Ascot Board on at least an annual basis.

Solvency Valuation

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

The consolidated financial statements of Ascot Group are prepared in conformity with US GAAP accounting principles and form the basis of preparation for both the statutory financial statements and the economic balance sheet (EBS). The EBS is used by the Company and the BMA in assessing BMA prescribed the minimum solvency margin and capital requirement.

Ascot has used the valuation principles outlined by the BMA's "Guidance Note for Statutory Reporting Regime" for the Company's statutory filing for the year ended December 31, 2023. The Company's assets and liabilities are valued on a consistent economic basis under the EBS framework, whereby the potential accounting mismatches are reduced or eliminated - driven by the fair value basis which is applied to assets and liabilities. Fair value is defined as the value that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date.

The following describes how the fair value principles used for the Company's asset classes are valued for statutory EBS purposes:

- Cash equivalents include money-market funds and fixed interest deposits with a maturity of less than three months when purchased. Cash and cash equivalents are recorded at cost, which approximates fair value due to the short-term, liquid nature of these securities.
- Investments in fixed maturity securities are classified as trading and are carried at fair value, with related unrealized gains and losses recorded in Investment Income (line 31) of Form 2 Statutory Statement of Income.

  Fair values of the Company's fixed maturity securities are based on quoted market prices or, when such prices are not available, by reference to broker quotes and/or internal pricing valuation techniques. Investment transactions are recorded on a trade date basis with balances pending settlement recorded as receivable for securities sold or payable for securities purchased and included within sundry assets and sundry liabilities, respectively. For mortgage-backed and other asset-backed debt securities, fair value includes estimates regarding prepayment assumptions, which are based on current market conditions.
- Accounts Receivable and Premium Receivable are recorded under US GAAP at cost which is assessed for credit risk. For EBS, receivables are valued in the same way with the exception that any amounts due in more than one year are discounted at the relevant risk-free rate. Premium receivable that is not due or is deferred at the balance sheet date is included within the Company's EBS technical provisions.
- Deferred acquisition costs are included in the premium provision valuation within the Company's EBS technical provision.

Valuation Bases, Assumptions and Methods to Derive the Value of Technical Provisions

Technical provisions ("TP") are based on the best estimate of future cash flows required to settle the insurance and reinsurance obligations associated with existing business as of December 31, 2023. This also applies to business with inception dates subsequent to December 31, 2023, which has been bound (Bound but not Incepted, "BBNI").

In addition, a risk margin is included to reflect the inherent uncertainty contained within the underlying cash flows associated with insurance and reinsurance liabilities. The risk margin is calculated based on the cost of capital approach as described in the BMA's risk margin template. This method calculates the risk margin as the discounted cost of capital, net of investment expenses, required to support the liabilities until settled.

The best estimate for the EBS technical provision is calculated by starting with the US GAAP undiscounted and unpaid gross and net of reinsurance loss and loss adjustment expenses for losses incurred on or prior to December 31, 2023. Technical provisions also reflect future claim estimates on unexpired risks incepting on or prior to December 31, 2023, and BBNI exposures. The TP uses the US GAAP reserves, adjusted for the following:

- Expected reinsurance counterparty defaults.
- Events not in Data ("ENIDs").
- Other adjustments related to consideration for investment expenses.
- Discounting of cash flows (using the relevant risk-free interest rate as published by the BMA as of December 31, 2023).

The best estimate of the premium provision is calculated using the unearned premium reserve ("UEPR") on a US GAAP basis, adjusted for BBNI and applying expected future loss ratios, expense ratios and appropriate claims pay-out patterns to derive future expected cash flows.

The provisions are then discounted to take into account the time value of money, using the relevant risk-free interest rate term structures as published by the BMA as of December 31, 2023.

As of December 31, 2023, the total technical provisions amounted to $3,363.1 million comprising the following:

Economic Balance Sheet	Amount $000
Best estimate premium provisions	$22,184
Best estimate loss and loss adjustment expense provisions	$3,035,046
Risk margin	$305,913
Total general business insurance technical provisions	**$3,363,143**

Description of Recoverables from Reinsurance Contracts

The Company uses ceded reinsurance and retrocessional agreements to reduce its net exposures to loss on insurance and assumed reinsurance business. The agreements provide for recovery of a portion of underlying loss and loss adjustment expenses. The Company remains liable to its cedants irrespective of whether reinsurers meet their obligations under the agreements. The Company is exposed to credit risk from these agreements, which is monitored and evaluated on an ongoing basis. Provisions are made for any amounts deemed uncollectible. Reinsurance cover is purchased principally from highly rated reinsurance counterparties, having a credit rating of A- or higher or fully secured by collateral.

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

Similar to the valuation principles for assets, the Company's liabilities follow the valuation principles outlined by the BMA's "Guidance Note for Statutory Reporting Regime" which values liabilities using a fair value basis for EBS. The Company's other liabilities are valued on a U.S. GAAP basis and obligations expected to be settled in more than one year are discounted using the prescribed discount rates provided by the BMA as at December 31, 2023.

Any Other Material Information

None.

Capital Management

Eligible Capital

a) Capital Management Policy and Process for Capital Needs, How Capital is Managed and Material Changes During the Reporting Period

The primary capital management objectives of the Company are to maintain a strong capital base to settle policyholder claims, support the development of its business and to meet regulatory and rating agency capital requirements at all times. The Company recognises the impact on shareholder returns of the level of capital employed and seeks to maintain an appropriate balance. Ascot strives for an appropriate capital structure that efficiently allocates capital according to the Company's risk profile and appetite.

As at December 31, 2023 the capital resources of Ascot Group comprise U.S. GAAP shareholders' equity of $1.9 billion (December 31, 2022: $1.4 billion) and $400 million principal amount of 4.25% Senior Notes which are due December 13, 2030. The senior notes may not be redeemed or repaid at any time including on the scheduled maturity date without approval from the Bermuda Monetary Authority if the enhanced capital requirements of the Group would be breached immediately before or after giving effect to the redemption of such notes, unless, in each case, the Company replaces the capital represented by the notes to be redeemed with capital having equal or better capital treatment as the senior notes under applicable BMA rules. The senior notes were approved as Tier 3 capital by the BMA. The Company holds capital in excess of the BMA regulatory capital requirements.

To maintain a strong capital base, the Company identifies, assesses, manages and monitors the various risk sources it faces in the course of business both currently and as anticipated in the future. This process culminates in an assessment of the capital necessary to maintain solvency at the threshold targeted by senior management given the Company's risk profile and appetite. The Company's risk profile includes an assessment of the current and anticipated future material risks faced by the Company, the strength of the organisation's enterprise risk management, capital measures derived from proprietary and/or vendor models, qualitative risks, stress testing, liquidity.

Surplus capital is available to be either paid out in dividends or distributed as a capital return to the Company's parent, or, alternatively, capital can be utilized to support future growth throughout the Ascot Group. Ascot Group aims to generate positive cash flows from its insurance operations and investment portfolio in order to support future growth and preserve capital to support policyholder liabilities.

b) Eligible Capital Categorized by Tiers in Accordance to the Eligible Capital Rules Used to Meet ECR and MSM Requirements of The Insurance Act

As of December 31, 2023, the eligible capital resources available to satisfy regulatory requirements of the Minimum Margin of Solvency ("MSM") and Enhanced Capital Requirement ("ECR") was as follows:

Ascot Group

$000's	Eligible capital available to support MSM	Eligible capital available to support ECR
Tier 1	1,879,276	1,879,276
Tier 2	124,327	124,327
Tier 3	-	353,636
Total	**2,003,603**	**2,357,239**

The Group's Senior Notes were approved as Tier 3 capital by the BMA. The Group's remaining capital is principally Tier 1, the highest quality capital, consisting of capital stock, contributed surplus and statutory surplus. The Group has $124 million of Tier 2 capital, representing amounts transferred from Tier 1 to Tier 2 in respect of encumbered assets supporting policyholder obligations that are in excess of the underlying policyholder obligations.

Ascot Bermuda

$000's	Eligible capital available to support MSM	Eligible capital available to support ECR
Tier 1	2,241,280	2,241,280
Tier 2	124,327	124,327
Tier 3	-	-
Total	**2,365,607**	**2,365,607**

Over 94% of ABL's capital is Tier 1, the highest quality capital, consisting of fully paid common shares, contributed surplus and statutory surplus. ABL has $124 million of Tier 2 capital, representing amounts transferred from Tier 1 to Tier 2 in respect of encumbered assets supporting policyholder obligations that are in excess of the underlying policyholder obligations. ABL has no Tier 3 capital.

c) Confirmation of Eligible Capital That is Subject to Transition Arrangements

The Group has no eligible capital that is subject to transitional arrangements.

d) Identification of Any Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR

AGL is party to a net worth maintenance agreement with AIC, ASIC, AmFed and ASC whereby AGL will provide liquid assets to AIC, ASIC, AmFed and ASC to the extent needed to ensure AIC, ASIC ,AmFed and ASC maintain a minimum risk-based capital ratio (RBC) of at least 350% at all times. As of December 31, 2023, the RBC of AIC (which owns AmFed, ASC and ASIC) was 424%.

ABL has provided assets in the form of fixed maturity securities, cash and other investments to satisfy Funds at Lloyd's (FAL) requirements for ACNL, an indirect subsidiary. As of December 31, 2023, the value of the assets pledged by ABL was $525 million, in addition ABL has pledged a letter of credit with face value $216 million for ACNL's FAL, which may be collateralized at the option of the Company. The FAL and letter of credit facility are used to support underwriting capacity provided by ACNL to Syndicate 1414 to underwrite insurance business through Lloyd's. In addition, ABL holds cash and investments to satisfy other Lloyd's requirements including Premium Trust Deeds, Funds in Syndicates and overseas deposits.

The Group through ABL and its subsidiaries holds cash and investments which are on deposit with U.S. insurance regulators to meet certain statutory requirements and also collateral to support bank credit facilities and certain insurance and reinsurance transactions. In addition, through its Ethos MGU business, the Group acts as a fiduciary for various insureds and in this role holds cash received from premiums and other amounts collected.

The availability and transferability of Ascot Group and ABL capital is also impacted by the individual solvency requirements of its regulated insurance subsidiaries.

e) Identification of Ancillary Capital Instruments Approved by the Authority

On March 5, 2021, the Group's Senior Notes due 2030 were approved by the Authority to be recorded as Other Fixed Capital on the Statutory Statement of Capital and Surplus on Form 8 Line 1 (c) and as Tier 3 Ancillary Capital.

f) Identification of Differences in Shareholders' Equity as Stated in the Financial Statements Versus the Available Capital and Surplus

The following is a reconciliation of the AGL US GAAP shareholders' equity to available statutory capital and surplus as of December 31, 2023:

Reconciliation of US GAAP to BSCR (EBS) Capital	December 31, 2023 ($000)
Shareholders' Equity per US GAAP	**1,868,921**
Non-admitted prepaid expenses	(23,459)
Goodwill and intangible assets	(212,542)
Deferred tax assets	264
Tier 3 Ancillary Capital (Senior notes)	353,636
Statutory Capital and Surplus	**1,986,820**
Gross loss and loss expense provision	420,742
Gross premium provisions	608,591
Reinsurance recoverable	(321,734)
Risk margin	(305,913)
BSCR (EBS) Economic Capital and Surplus	**2,388,506**
Encumbered assets not securing policyholder obligations	(31,268)
Total Available Statutory Economic Capital and Surplus	**2,357,239**

Regulatory Capital Requirements

a) ECR and MSM Requirements at the End of the Reporting Period

As of December 31, 2023 (the end of the reporting period), the Group and ABL's regulatory capital requirements were as follows:

Ascot Group	**Amount ($000)**	**Ratio %**
Minimum Solvency Margin	630,581	378%
Enhanced Capital Requirement (BSCR)	1,351,126	177%

Ascot Bermuda	**Amount ($000)**	**Ratio %**
Minimum Solvency Margin	338,266	709%
Enhanced Capital Requirement (BSCR)	1,353,065	177%

b) *Identification of Any Non-Compliance with the MSM and the ECR*

The Group and ABL were compliant with the MSM and ECR requirement at the end of the reporting period.

c) *A Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and Their Effectiveness*

Not applicable.

d) Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance

Not applicable.

Approved Internal Capital Model

a) Description of the Purpose and Scope of the Business and Risk Areas Where the Internal Model is Used

Not applicable – the Group has not applied to have an internal capital model approved to determine regulatory capital requirements.

b) Where a Partial Internal Model is Used, Description of the Integration with the BSCR Model

Not applicable.

c) Description of Methods Used in the Internal Model to Calculate the ECR

Not applicable.

d) Description of Aggregation Methodologies and Diversification Effects

Not applicable.

e) Description of the Main Differences in the Methods and Assumptions Used for the Risk areas in the Internal Model Versus the BSCR Model

Not applicable.

f) Description of the Nature & Suitability of the Data Used in the Internal Model

Not applicable.

Any Other Material Information

None.

Subsequent Events

None noted in addition to those already disclosed in this report. Subsequent events following the year ended December 31, 2023 have been evaluated up to and including May 28, 2024, the date of issuance of the group financial condition report.

Declaration on Financial Condition Report

To the best of our knowledge and belief, we the undersigned confirm that the Financial Condition Report fairly represents the financial condition of Ascot Group Limited, in all material respects.

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Jonathan Zaffino

Group Chief Executive Officer and Group President

May 28, 2024

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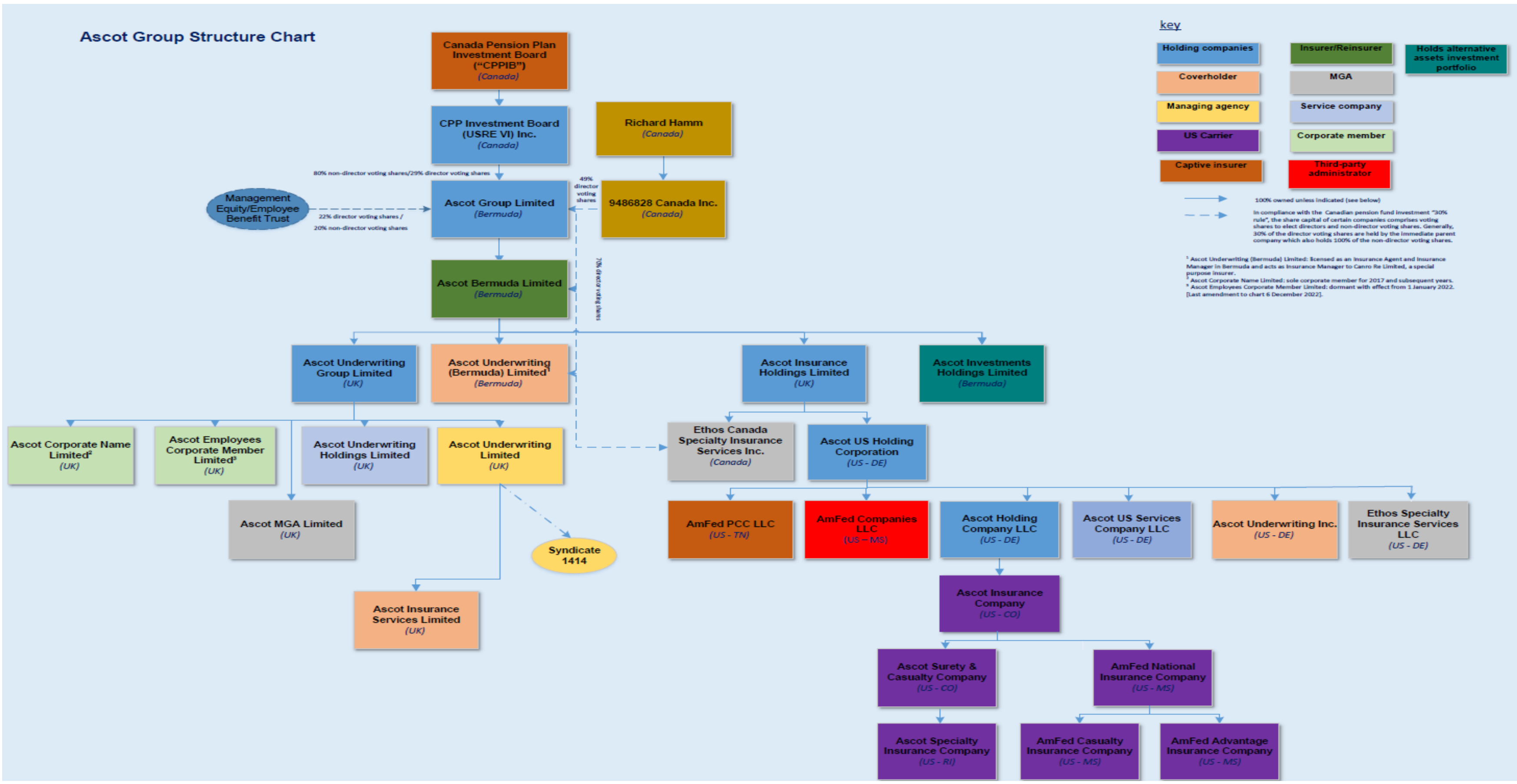
Mark Wilcox

Group Chief Financial Officer

May 28, 2024

Appendix A


Ascot Group Structure Chart
Canada Pension Plan Investment Board ("CPPIB") (Canada)
CPP Investment Board (USRE VI) Inc. (Canada)
Richard Hamm (Canada)
80% non-director voting shares/29% director voting shares
Management Equity/Employee Benefit Trust
22% director voting shares /
20% non-director voting shares
Ascot Group Limited (Bermuda)
49% director voting shares
9486828 Canada Inc. (Canada)
Ascot Bermuda Limited (Bermuda)
70% director voting shares
Ascot Underwriting Group Limited (UK)
Ascot Underwriting (Bermuda) Limited¹ (Bermuda)
Ascot Insurance Holdings Limited (UK)
Ascot Investments Holdings Limited (Bermuda)
Ascot Corporate Name Limited² (UK)
Ascot Employees Corporate Member Limited³ (UK)
Ascot Underwriting Holdings Limited (UK)
Ascot Underwriting Limited (UK)
Ethos Canada Specialty Insurance Services Inc. (Canada)
Ascot US Holding Corporation (US - DE)
Ascot MGA Limited (UK)
Syndicate 1414
Ascot Insurance Services Limited (UK)
AmFed PCC LLC (US - TN)
AmFed Companies LLC (US – MS)
Ascot Holding Company LLC (US - DE)
Ascot US Services Company LLC (US - DE)
Ascot Underwriting Inc. (US - DE)
Ethos Specialty Insurance Services LLC (US - DE)
Ascot Insurance Company (US - CO)
Ascot Surety & Casualty Company (US - CO)
AmFed National Insurance Company (US - MS)
Ascot Specialty Insurance Company (US - RI)
AmFed Casualty Insurance Company (US - MS)
AmFed Advantage Insurance Company (US - MS)
key
Holding companies
Insurer/Reinsurer
Holds alternative assets investment portfolio
Coverholder
MGA
Managing agency
Service company
US Carrier
Corporate member
Captive insurer
Third-party administrator
100% owned unless indicated (see below)
In compliance with the Canadian pension fund investment "30% rule", the share capital of certain companies comprises voting shares to elect directors and non-director voting shares. Generally, 30% of the director voting shares are held by the immediate parent company which also holds 100% of the non-director voting shares.
¹ Ascot Underwriting (Bermuda) Limited: licensed as an Insurance Agent and Insurance Manager in Bermuda and acts as Insurance Manager to Canro Re Limited, a special purpose insurer.
² Ascot Corporate Name Limited: sole corporate member for 2017 and subsequent years.
³ Ascot Employees Corporate Member Limited: dormant with effect from 1 January 2022.
[Last amendment to chart 6 December 2022].

Appendix B

The skills and expertise of Directors and Officers of Ascot Group and Ascot Bermuda are outlined below:

Name	Position & Entity	Biography
Neill Currie	AGL & ABL Executive Chairperson	Neill is Executive Chairperson of Ascot Group and ABL. He co-founded Renaissance Re Holdings in 1993 and served as its Chief Executive Officer from November 2005 to July 2013. He served as a director of Platinum Underwriters Holdings from 2003 to 2005. Neill began his career as a reinsurance broker in the United States in 1976 and served in various senior capacities as a broker until forming Renaissance Re.
Jonathan Zaffino	Group President & Group Chief Executive Officer	Jonathan is Chief Executive Officer and President of Ascot Group Limited and a member of the Board. He is also a Director and CEO of AUL. From 2020 to February 2023, he was Group President with executive responsibility for the Group's U.S. and Bermuda insurance and reinsurance platforms. Before joining the company in 2020, he was President and CEO of Everest Insurance and Executive Vice President of Everest Re Group, Ltd. Prior to this, he was a Managing Director at Marsh before being appointed President of Victor O. Schinnerer's U.S. operations – a Marsh subsidiary. Throughout his 26-year career, Jon has held several Executive and Management positions at leading organizations across the underwriting and brokerage communities, having started his career at Chubb & Son.
Peter Busse	Non-Executive Investor Director	Peter Busse is Managing Director, Portfolio Value Creation for CPP Investments. Peter joined CPP Investments in 2014 and is involved in identifying and implementing value-creation opportunities across CPP Investments direct equity investments portfolio. Previously, Peter was a Director with AlixPartners LLP.
Mary Chen	Non-Executive Investor Director	Mary Chen is Principal, Direct Private Equity for CPP Investments. Mary joined CPP Investments in 2016. Previously, she was in the Strategy & Corporate Development team at CIBC where she focused on strategic acquisitions, investments, and dispositions.
Thomas Kalvik	AGL and ABL Non-Executive Investor Director	Tom Kalvik is Managing Director, Private Investments – Direct Private Equity (Financial Institutions Group) for CPP Investments. Prior to joining CPP Investments, Tom worked at Goldman Sachs in New York in their Merchant Banking Division. Prior to that, he worked in Goldman's Investment Banking Division, where he was a part of their Financial Institutions Group.

Samuel Blaichman	AGL and ABL Non-Executive Investor Director	Sam is Managing Director, Head of North America, Direct Private Equity at CPP Investments. Prior to joining CPP Investments in 2007, Sam worked as a management consultant at Bain & Company and in the Corporate Finance and Assurance groups at PwC. Sam holds a B. Comm. From McGill University and an MBA from Ivey Business School. He is a CFA Charter holder and a Chartered Professional Accountant.
Sir Richard Dearlove	Non-Executive Independent Director	In addition to his role as independent non-executive director of Ascot Group Limited, Sir Richard has served as independent non-executive Chairman of Ascot Underwriting Limited since 28 November 2006. Sir Richard received a MA Cantab, from the Queen's College, Cambridge University in 1966. Sir Richard is a former Chief of the Secret Intelligence Service (SIS).
Susan Sutherland	Non-Executive Independent Director	Susan is Non-Executive Director of Ascot Group Limited. She is an Independent Trustee of the Eaton Vance Funds in Boston, Massachusetts and previously served as a Non-Executive Director of Montpelier Re Holdings (Pembroke, Bermuda) and Hagerty Holdings (Traverse City, Michigan). Susan had a 30-year career with the U.S. law firm of Skadden, Arps, Slate, Meagher & Flom LLP.
Murray Wallace	Non-Executive Independent Director	Murray Wallace is a Non-Executive Director of Ascot Group Limited. Previously he served as President and CEO of Saskatchewan Government Insurance and CEO of Wellington Insurance, both property and casualty insurers in Canada. A Chartered Accountant, Murray has held the posts of Deputy Minister of Finance and Deputy Minister to the Premier in the Government of Saskatchewan, a Canadian province.
Ian Thompson	Vice President AGL, Chief Executive Officer, ABL	Ian is CEO of ABL. He joined Ascot in 2017 as Head of Casualty & Specialty, before promotion to Executive Vice President and Chief Underwriting Officer, Casualty & Specialty in 2020 and was promoted to CEO in February 2021. Ian joined Ascot after almost a decade at Hiscox Re as Head of Casualty & Specialty in Bermuda, before moving to Hiscox Re he worked at Catlin, heading the Healthcare and Professional Lines practice in London.
Mark Wilcox	Group Chief Financial Officer	Mark serves as the Chief Financial Officer for Ascot Group where he is responsible for leading Ascot's global finance organization and capital strategy, including all financial planning and analysis, tax and treasury functions. Prior to joining Ascot in late 2023, he served as the CFO of Selective Insurance Group where he was responsible for the

		modernization of Selective's financial reporting process. He has over 20 years of experience in the insurance industry.
Alexander D'Urso	Chief Risk Officer	Alex is the Chief Risk Officer for the Bermuda based entities of Ascot Group. Alex joined Ascot in 2016 to lead the UK capital modelling function prior to his promotion to Chief Risk Officer in Bermuda in 2018. Alex is a Fellow of the Institute and Faculty of Actuaries (UK) with over fifteen years insurance experience in consultancy and insurance companies.
Elizabeth Duncan	Chief Financial Officer and Group Financial Controller	Elizabeth is the Chief Financial Officer for Ascot Bermuda and Financial Controller for the Group, with oversight for all financial functions of the Ascot Bermuda entities and is responsible for Group financial reporting. Prior to joining Ascot Bermuda in 2018, Elizabeth was VP Corporate Finance at Enstar Group Limited from 2014, after starting her career in financial services external audit with KPMG in 2007. Elizabeth is a Member of CPA Bermuda and of the Institute of Chartered Accountants Australia and New Zealand, with over 15 years of experience in accounting and financial reporting specific to the insurance industry.
Michael Grayston	Treasurer	Michael has served as ABL's Treasurer and Ascot Group Treasurer since 2018. Prior to joining Ascot, Michael held the position of Treasurer and VP Investments for Ironshore Inc. from 2013 to 2018. He was Head of Business Development for HSBC Global Asset Management in Bermuda from 2011 until 2013, and prior to that held various treasury and investment roles with the ACE Group of Companies.